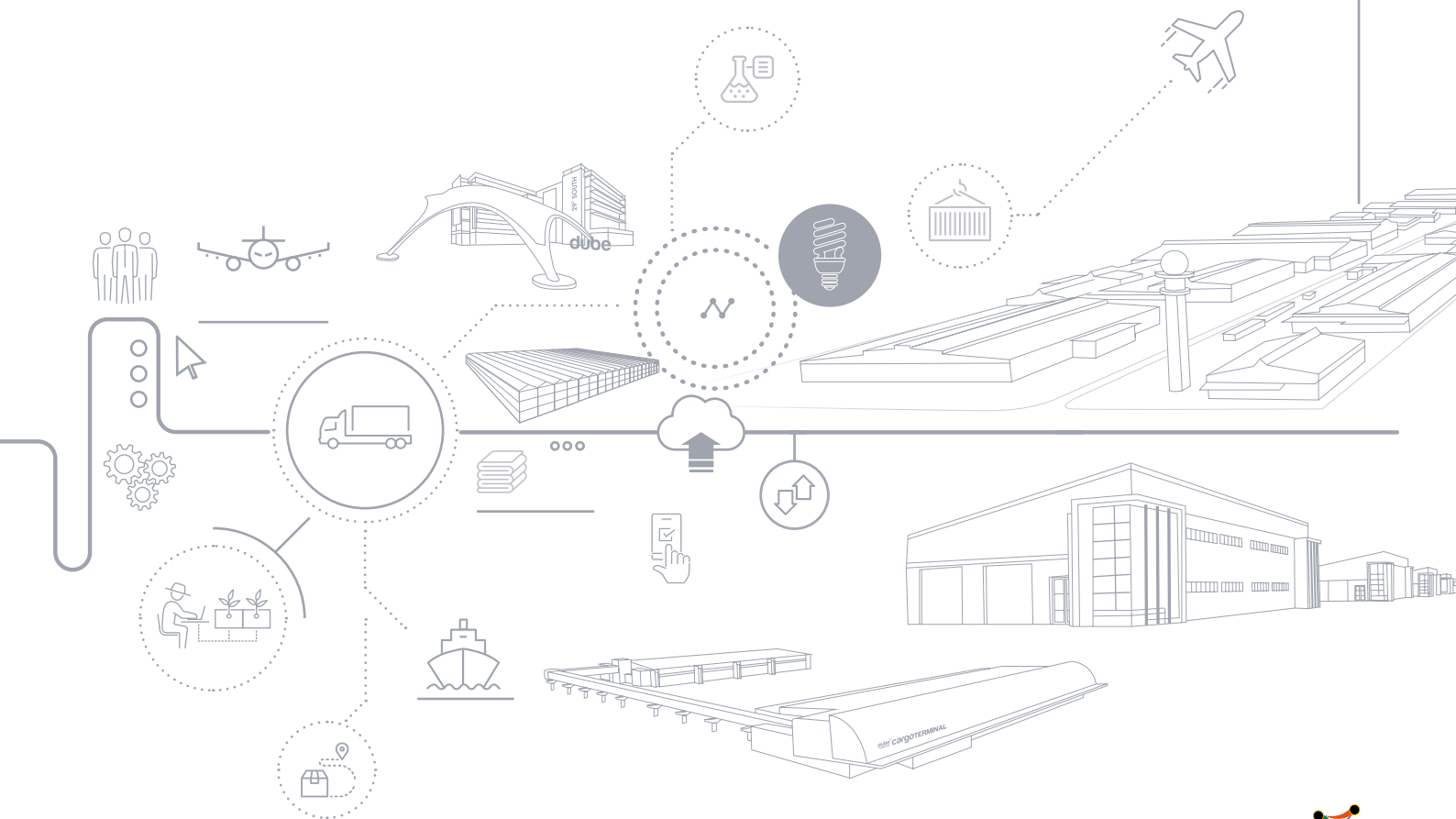


# 2019/20

## DUBE TRADEPORT CORPORATION ANNUAL REPORT



# NAVIGATING THIS REPORT

# 7 PROGRAMMES

-  Administration
-  Information and Communications
-  Cargo Development
-  Technology (Dube iConnect)
-  Property
-  Development Planning and Infrastructure
-  Dube AgriZone
-  Dube Special Economic Zone

# 6 CAPITALS

-  Manufactured Capital
-  Social and Relationship Capital
-  Financial Capital
-  Intellectual Capital
-  Human Capital
-  Natural Capital

## DEFINITION OF CAPITALS

- **Financial Capital:** Grant funding allocated to Dube TradePort Corporation;
- **Human Capital:** The knowledge, skill, motivation and experience of the leadership and employees;
- **Intellectual Capital:** Knowledge-based intangible intellectual property belonging to Dube TradePort Corporation, including systems, procedures, rights and licences;
- **Manufactured Capital:** Man-made physical infrastructure, buildings and equipment used in the production of goods or provision of services;
- **Natural Capital:** All renewable and non-renewable environmental resources that support the current, past or future prosperity of Dube TradePort Corporation; and
- **Social and Relationship Capital:** The relationships between Dube TradePort Corporation, communities and other stakeholders.

-  Strategic Goals
-  Dube TradeZone
-  Dube Cargo Terminal
-  Values
-  Dube City
-  COVID 19
-  Code of Conduct
-  Broad-Based Black Economic Empowerment

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- Dube TradePort Corporation Strategic Plan 2015-2020
- State of the Environment Report
- Corporate Services Report
- Dube TradePort Corporation Annual Performance Plan 2020/21
- Dube TradePort Corporation Five-year Strategic Plan 2020-2025

# FOREWORD

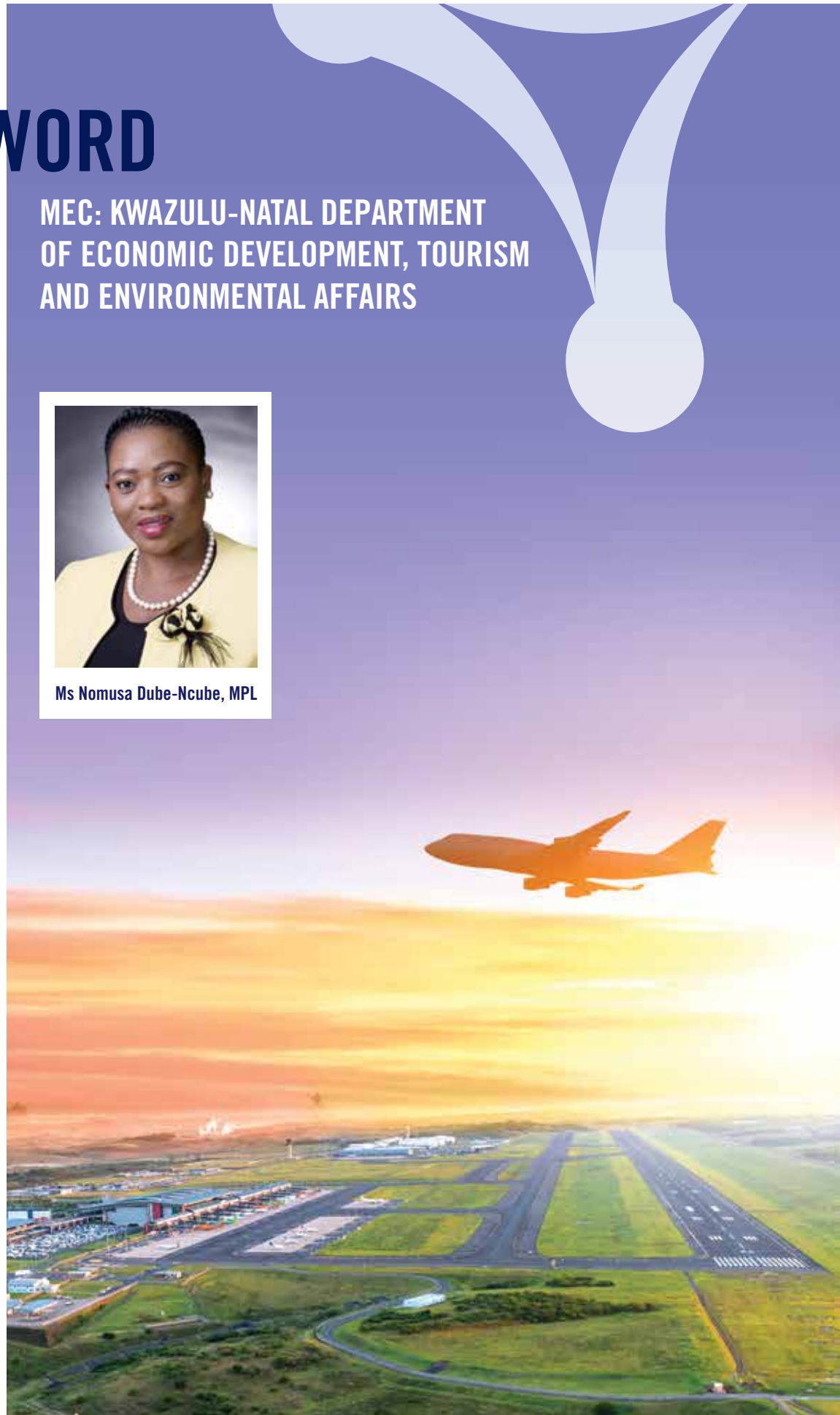


MEC: KWAZULU-NATAL DEPARTMENT  
OF ECONOMIC DEVELOPMENT, TOURISM  
AND ENVIRONMENTAL AFFAIRS

**6 MILLION** INTERNATIONAL PASSENGER  
ARRIVALS EXCEEDED SINCE 2010



Ms Nomusa Dube-Ncube, MPL



The COVID-19 pandemic affected our implementation plans in the last quarter of the 2019/20 financial year, forcing us to re-orientate our programmes to cope with this crisis, while still fulfilling our mandate as a Department.

Our challenge is to create a strong foundation for our economic recovery, which will enable us to uplift South Africans by creating a space for greater economic participation. This will allow us to develop a largely more resilient and prosperous society.

Dube TradePort Special Economic Zone is among the major projects through which we will enhance our provincial economic development programme. The Provincial Government views the transport and aviation sectors, in particular, as critical in driving re-industrialisation and creating new employment opportunities.

It is worth noting that Dube TradePort Special Economic Zone has made significant strides in cementing KwaZulu-Natal's place in the global aviation and logistics sector. Its implementation of world-class infrastructure and support services during the past decade has put KwaZulu-Natal in good stead to drive international and regional trade.

## **“THERE IS CONSENSUS THAT WE NEED TO CHANNEL OUR RESOURCES TOWARDS BUILDING LOCAL MANUFACTURING CAPACITY IN KEY SECTORS”**

During the past five years, cargo tonnage handled through Dube Cargo Terminal has doubled. This was achieved, in part, through a co-ordinated effort amongst entities under my Department's purview working in partnership with the Airports Company South Africa and the KwaZulu-Natal Tourism Authority.

These organisations came together to establish the KwaZulu-Natal Route Development Committee, which has led efforts to attract new international and regional air services into the province during the past six years.

Since opening its doors in 2010, King Shaka International Airport has seen international passenger arrivals exceed six million passengers, demonstrating the impact of new air services, which continue to deliver major dividends to the Province of KwaZulu-Natal in the form of tourists and business travellers.

Air services continue to play a major role in unlocking new opportunities across a full spectrum of sectors, including business and leisure travel, as well as trade and investment. It is no coincidence that the fastest-growing and most sustainable local economies across the world are served by airports with wide-reaching regional and international airline networks.

While the COVID-19 pandemic has temporarily halted all international travel, plans are already underway to assist airlines re-initiate direct air services into the Province as the world comes out of lockdown and international travel resumes. The Provincial Route Development

Committee will work closely with all international and regional airlines serving the Province, paying particular attention to the re-opening of routes that offer direct air services through King Shaka International Airport.

While the advent of the COVID-19 pandemic has destabilised global economies and threatened to render millions of people jobless, we must continue to find new opportunities for the sake of our people.

Within Government, there is consensus that we need to channel our resources towards building local manufacturing capacity in key sectors. We want the people of this Province to be skilled and afforded the support that will enable them to produce local products for domestic and export markets, and Special Economic Zones will play a central role in realising this objective, by becoming the fertile ground upon which we can create local value chains.

As the Department, we have finalised the KwaZulu-Natal Localisation Framework so that we ensure that people benefit from economic opportunities at a local level.

This will also be accompanied by a robust 'Buy Local Campaign' aimed at promoting local products and supporting local industries. We have also developed a strategy to ensure that infrastructure development projects and the maintenance of facilities are all geared towards creating adequate job opportunities for all our people in order to enhance our economic recovery.

Special Economic Zones are one of the most important tools used by Government to advance its strategic objectives of industrialisation, regional development and employment creation and will be instrumental in aiding the recovery from the economic effects of the COVID-19 pandemic.



Ms Nomusa Dube-Ncube, MPL  
MEC: KwaZulu-Natal Department of Economic  
Development, Tourism and Environmental Affairs

# PROFILE

## DUBE TRADEPORT CORPORATION



PRUDENT PREDETERMINED

CRITERIA EMPLOYED IN  
PROCUREMENT PROCESS

# 64%

POSITIVE PASSENGER GROWTH

IN SPITE OF RESTRICTED  
ECONOMIC GROWTH

# 5.5%

# VISION

TO BE THE LEADING GLOBAL MANUFACTURING AND AIR LOGISTICS PLATFORM IN SOUTHERN AFRICA, SEAMLESSLY INTEGRATED WITH INTER-MODAL ROAD, RAIL AND SEA INFRASTRUCTURE.

# MISSION

TO ENABLE THE DEVELOPMENT of an aerropolis by providing **leading-edge spatial planning** and infrastructure

TO ATTRACT AND SUSTAIN investment through the creation and operation of a **Special Economic Zone** and related commercial zones

TO GROW BUSINESS AND TRADE through enabling new **regional and international air services**



# DUBE TRADEPORT CORPORATION... AFRICA'S GLOBAL MANUFACTURING AND AIR LOGISTICS PLATFORM

## VALUES

The day-to-day business of Dube TradePort Corporation is conducted with honesty, integrity and in accordance with professional values, as set out below:

- **Professional Excellence:** Being passionate about value-adding professionalism;
- **Ubuntu:** Creating open, honest relationships which are 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 may be proud.

## STRATEGIC GOALS

Dube TradePort Corporation's strategic outcomes-orientated goals include:

- Driving the development of a sustainable aerotropolis to create new economic opportunities within the region;
- Operating a world-class and globally competitive Special Economic Zone, supported by high-end infrastructure;
- Securing private sector investment in targeted logistics, agri-processing, manufacturing, commercial and services sectors;
- Providing high quality competitive and sustainable services to those utilising Dube TradePort Corporation's cargo terminal, property zones, facilities and commercial operations;
- Sustaining and growing cargo and air services;
- Pursuing financial sustainability by driving revenue growth and increasing operational efficiencies;
- Maintaining effective corporate governance and human capital management; and
- Ensuring the efficacy of supply chain management for radical economic transformation.

## CODE OF BUSINESS CONDUCT

A Code of Business Conduct underpins Dube TradePort Corporation's business culture and that of its staff members.

Principles contained in the organisation's 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.

# CORPORATION

## STRUCTURE

ACCOUNTING AUTHORITY AND EXECUTIVE MANAGEMENT

PROVINCIAL GOVERNMENT OF KWAZULU-NATAL

DEPARTMENT OF ECONOMIC DEVELOPMENT,  
TOURISM AND ENVIRONMENTAL AFFAIRS

ACCOUNTING AUTHORITY (BOARD)

CHIEF EXECUTIVE OFFICER

EXECUTIVE MANAGEMENT

| PROGRAMME 1                     |                                |                                | PROGRAMME 2              | PROGRAMME 3                      | PROGRAMME 4              | PROGRAMME 5                     | PROGRAMME 6                             | PROGRAMME 7                      |
|---------------------------------|--------------------------------|--------------------------------|--------------------------|----------------------------------|--------------------------|---------------------------------|---|----------------------------------|
| Administration                  |                                |                                |                          |                                  |                          |                                 |   |                                  |
| Office of the CEO               | Corporate Services             | Finance                        | Cargo Development        | Property                         | Dube Agrizone            | ICT (Dube iConnect)             | Development Planning and Infrastructure | Special Economic Zone            |
| Executive Hamish Erskine<br>CEO | Acting Executive Barbara Bates | Executive Ayesha Swalah<br>CFO | Executive Mlibo Bantwini | Executive Kayaletu Ngqaka<br>COO | Executive Mlibo Bantwini | Executive Hamish Erskine<br>CEO | Executive Owen Mungwe                   | Executive Kayaletu Ngqaka<br>COO |



# OVERVIEW

## DUBE TRADEPORT SPECIAL ECONOMIC ZONE

Dube TradePort Corporation is a business entity of the KwaZulu-Natal Provincial Government. It is responsible for the development of Dube TradePort Special Economic Zone, a highly competitive business operating environment and home to King Shaka International Airport. Located 30 kilometres north of the coastal city of Durban, Dube TradePort Special Economic Zone is a 'Greenfield' development comprising in excess of 3 800 hectares and is strategically located between the key seaports of Durban and Richards Bay, on South Africa's eastern seaboard.

It incorporates:

### DUBE TRADEZONE

Dube TradeZone is a designated Special Economic Zone and comprises fully-serviced industrial real estate for, especially, manufacturing, assembling, air-related cargo distribution, high-tech aerospace services, electronics and pharmaceuticals production, automotive, clothing, textiles, cold-storage, warehousing, distribution and logistics. Dube TradeHouse is located within this precinct and provides a single, dedicated facility for the benefit of freight forwarders and shippers. Its position adjacent to Dube Cargo Terminal, affords the facility airside access, via an elevated cargo conveyor air bridge connection directly to Dube Cargo Terminal.

### DUBE CARGO TERMINAL

Dube Cargo Terminal is a state-of-the-art facility, purpose-built to be the most secure in Africa. Digital tracking, secure cargo and the on-site location of a full suite of the requisite statutory bodies ensures the quick turn-around and exceptionally efficient processing of cargo.

### DUBE AGRIZONE

Dube AgriZone is a designated Special Economic Zone that offers world-class agricultural facilities and technical support for the propagation, growth, packing and distribution of a wide range of high-value perishables and horticultural products by way of a thoroughly efficient supply chain, which displays the necessary agility required to ensure delivery to local, regional and international markets.

The facility comprises 16 hectares of glass greenhouses, a plant nursery and Dube AgriLab, which is a sophisticated, state-of-the-art tissue culture laboratory designed for the propagation of improved plant stock, as well as Dube AgriHouse office space. Individual growers active within this facility operate four dedicated Packhouses, one for each greenhouse. Said infrastructure is designed to handle all post-harvest requirements, such as pre-cooling, washing, grading, sorting and packaging. The Packhouses play a key role in ensuring shelf-readiness immediately upon departure from Dube AgriZone.

## DUBE CITY

Dube City is a premium 12-hectare office, retail and hospitality precinct located in an urban 'green' hub immediately adjacent to King Shaka International Airport. The evolving Dube City, a three-minute drive from the airport's passenger terminal, is home to Dube TradePort Corporation's head office, 29° South, with additional developments currently under construction.

## DUBE iCONNECT

Dube Trade Port Special Economic Zone has in place a dedicated Information Technology and Telecommunications provider, Dube iConnect. This facility delivers Infrastructure-as-a-Service, inclusive of regional disaster recovery.

## BOARD OF DUBE TRADEPORT CORPORATION

### STRUCTURE AND RESPONSIBILITIES

Dube TradePort Corporation's Board is structured so as to provide a diversity of skills and experience relevant to the organisation's business operations and the disparate environments in which it is active, whilst concurrently ensuring effective inter-Governmental co-operation and collaboration. As at 31 March 2020, the Board of Dube TradePort Corporation consisted of six non-executive members and one executive member, namely the Chief Executive Officer.

### BOARD RESPONSIBILITIES AS PER THE BOARD CHARTER

In line with the Dube Trade Port Corporation's annually reviewed Board Charter, the Board is responsible for:

- 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;
- Assuming responsibility for IT governance;
- Ensuring that an effective risk-based internal audit is in place;
- Ensuring that Dube TradePort Corporation complies with all laws and regulations; and
- Ensuring stakeholder communication through the integrity of the Annual Report.

# BOARD STRUCTURE

## AND RESPONSIBILITIES

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

| NAME                            | GENDER AND RACE | DESIGNATION                 | AGE | QUALIFICATIONS   | OTHER MEMBERSHIPS/ DIRECTORSHIPS   |
|---------------------------------|-----------------|-----------------------------|-----|--|--|
| Prof Zanele Bridgette Gasas     | African Female  | Board Chairperson           | 43  | <ul style="list-style-type: none"> <li>Adjunct Professorship of the Built Environment and the Construction Industry</li> <li>PhD in Construction Management</li> <li>M.Comm (Project Management)</li> <li>B.Building Arts in Architecture</li> </ul> | <ul style="list-style-type: none"> <li>Elilox Group Pty Ltd</li> <li>Umso Construction Pty Ltd</li> <li>Allan Gray Orbis Foundation</li> <li>Nelson Mandela University Investment Company</li> </ul>   |
| Paulos Ngcobo                   | African Male    | Investment Committee member | 57  | <ul style="list-style-type: none"> <li>Dip.Special Human Resources</li> <li>Dip.Labour Economics</li> </ul>  | <ul style="list-style-type: none"> <li>Beier Group of companies</li> <li>Abandawonye Trading CC</li> <li>Transman SA Pty Ltd</li> <li>Cornubia Square Pty Ltd</li> <li>Uniplate Pty Ltd</li> <li>Liberty Lane Trading 379 Pty Ltd</li> <li>Use It Waste Beneficiation</li> <li>E-Vend Pty Ltd</li> <li>Aldabri 29 Pty Ltd</li> <li>Owen Adendorff and Associates Pty Ltd</li> <li>Westmead Oil Pty Ltd</li> <li>Upper Highway Investments Pty Ltd</li> <li>Gap Plastics Pty Ltd</li> <li>Dormatorque Pty Ltd</li> <li>Aktiv Property Development Pty Ltd</li> <li>Etapicname Pty Ltd</li> <li>Fulele Investments Pty Ltd</li> <li>Isibaya Strategic Investments Pty Ltd</li> </ul> |
| Mpumelelo Gift Mahlase Zikalala | African Male    | Board Member                | 34  | <ul style="list-style-type: none"> <li>Bachelor of Law (LLB)</li> </ul>  | <ul style="list-style-type: none"> <li>Zikalala Attorneys</li> <li>Zikalala Corporation Pty Ltd</li> <li>Ezimoti Agricultural Primary Co-Op Limited</li> <li>Wakili Pty Ltd</li> <li>Zikalala Pty Ltd</li> </ul>   |
| Nokhana Moerane                 | African Female  | Board Member                | 60  | <ul style="list-style-type: none"> <li>B.Comm</li> <li>B.Law</li> <li>B.Laws</li> </ul>  | <ul style="list-style-type: none"> <li>MTK Moerane Investments Pty Ltd</li> <li>NestLife Assurance Corporation RF</li> <li>Endla Ecumenical Development Services of Africa</li> <li>CBD Biotechnologies Pty Ltd</li> </ul>   |

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

| NAME                           | GENDER AND RACE | DESIGNATION                          | AGE | QUALIFICATIONS  | OTHER MEMBERSHIPS/ DIRECTORSHIPS   |
|--------------------------------|-----------------|--------------------------------------|-----|---|--|
| Themba David Ndlovu            | African Male    | Board Member                         | 60  | <ul style="list-style-type: none"> <li>M.Ed. IEDP</li> </ul>  | <ul style="list-style-type: none"> <li>Mfundi Project and Development CC</li> <li>SBD Group of companies</li> <li>Cubana Maritzburg Pty Ltd</li> <li>Genius Management Solutions Pty Ltd</li> <li>Isibuko Holdings Pty Ltd</li> <li>Arfralink Trading Pty Ltd</li> <li>Chairperson: Board CATHSSETA</li> </ul> |
| Richard Vallihu                | Indian Male     | Board Member                         | 54  | <ul style="list-style-type: none"> <li>MBA</li> <li>Fin. Man. (Diploma)</li> <li>B.Sc (Hons)</li> </ul>                                 |  |
| Velenkosini Lindokuhle Mtshali | African Male    | Audit and Risk Committee member      | 42  | <ul style="list-style-type: none"> <li>CA (SA)</li> <li>Registered Auditor</li> <li>B.Comm (Hons) (Accounting)</li> </ul>               | <ul style="list-style-type: none"> <li>Bonakude Consulting Pty Ltd</li> </ul>  |
| Hlengiwe Makhathini            | African Female  | Investment Committee Chairperson     | 40  | <ul style="list-style-type: none"> <li>CA (SA)</li> <li>B.Comm (Hons) (Accounting)</li> <li>B.Comm (Accounting)</li> </ul>              | <ul style="list-style-type: none"> <li>Karsten Group Holdings Pty Ltd</li> </ul>   |
| Zahid Fakey                    | Indian Male     | Audit and Risk Committee Chairperson | 45  | <ul style="list-style-type: none"> <li>CA (SA)</li> <li>Registered Auditor</li> <li>B.Comm (Hons) (Accounting)</li> <li>CISA</li> </ul> | <ul style="list-style-type: none"> <li>National Bioproducts Pty Ltd</li> <li>Albaraka Bank Limited</li> <li>Unplugged Enterprises Pty Ltd</li> </ul>   |



### **Bavelile Gloria Hlongwa: 14 April 1981 – 13 September 2019**

It was with great sadness that we learnt of the tragic passing of Bavelile Hlongwa who served on the Board of Dube TradePort Corporation from 1 June 2017 until May 2019. Bavelile Hlongwa resigned from the Board in May 2019 when she took up her post as a Member of Parliament. She served South Africa as the Deputy Minister of Minerals and Energy until her untimely death in September 2019.

In addition to her Board membership at Dube TradePort Bavelile also served on the Dube TradePort Corporation Remuneration and Human Resources Committee where her interest and concern for the welfare of staff, particularly youth was evident. In the relatively short tenure at Dube TradePort Corporation, she made her mark in the Board and Committee where she challenged management to continually strive for greater achievements.

In Professor Gasa's words " We lost a firebrand, a leader, a servant of the people. We were richer for having known her and worked with her and the immense contributions she made". On the night she passed away, Bavelile and her security detail had stopped to assist another motorist whose vehicle had overturned, when another vehicle ploughed into the accident scene killing her and three other people.

Rest in Peace.

# CHAIRPERSON'S

## STATEMENT



HECTARES

TO BE COVERED BY DURBAN  
AEROTROPOLIS

32 000



Prof Zanele Bridgette Gasa



In the wake of the COVID-19 pandemic, as the Board of Dube TradePort Corporation, we are strengthened in our resolve to demonstrate sound stewardship of this organisation.

The Board has always recognised the relationship between good governance and healthy economic development. The mandate of Dube TradePort Corporation to act as a catalyst for economic development continues to be important, especially in prevailing tumultuous economic climate, while South Africa struggles with mounting unemployment rates, amid a stagnant economy and faced with the pressures of recovering from the impact of the global pandemic.

Good governance remains key to running an organisation that can effectively spur confidence amongst domestic and foreign direct investors alike. Dube TradePort Corporation's track-record of consecutive clean audits and the ability to deliver on projects in a timely manner, stands as testament to our resolve in driving new investment forward.

Notably, the Dube TradePort Special Economic Zone has managed to accrue a number of accolades, which have contributed to it being deemed to be one of South Africa's top 10 investment opportunities. In 2019, the Dube TradePort Special Economic Zone was awarded two prestigious international awards - the coveted United Nations Award for 'Excellence in Promoting Sustainable Investment in Special Economic Zones,' and the 2019 FEMOZA (World Free and Special Economic Zones Federation) award for 'Best Practice in Free and Special Economic Zones' - signalling Dube TradePort Special Economic Zone's growing reputation in the global arena, for its sound governance and robust systems that have made it a world-class industrial and commercial precinct.

## **“GOOD GOVERNANCE REMAINS KEY TO RUNNING AN ORGANISATION THAT CAN EFFECTIVELY SPUR CONFIDENCE AMONGST DOMESTIC AND FOREIGN DIRECT INVESTORS ALIKE”**

The year under review saw Dube TradePort Special Economic Zone attracting domestic and international investors, namely; LM Diapers, which produces disposable diapers, Conlog, a local electronics manufacturing company and CHEM Energy, an international fuel cell manufacturer. The investment by Mara Phones, made towards the end of the previous financial year, has also increased significantly.

In addition, the organisation was able to deliver the bulk earthworks relating to Dube TradeZone 2, which saw site platforms completed on 38 hectares of land and where Dube TradePort Corporation is aiming to attract R10 billion worth of private sector investment over the next five years, primarily targeting investors in the electronics and pharmaceutical sectors.

The KwaZulu-Natal Provincial Government has charged Dube TradePort Corporation with driving the development of a sustainable Durban Aerotropolis that is aimed at creating new economic opportunities for the

Province. As the implementing agent of this monumental undertaking, the Board of Dube TradePort Corporation, is truly humbled by the confidence the Provincial Government has shown in our organisation's ability to deliver this project.

The Durban Aerotropolis is envisaged to cover an area of 32 000 hectares of land, translating to 42 million square metres of developable property, inclusive of an open space network of 10 000 hectares. The intention is to create an estimated 750 000 employment opportunities over the 50-year planned implementation horizon. Once developed, it will provide the business community with rapid connectivity to suppliers, customers and enterprise partners nationally, regionally and internationally. The project will also enhance rapid infrastructure development which will, in turn, attract significant levels of investment into the region.

Dube TradePort Special Economic Zone already serves as the nerve-centre of the entire aerotropolis, with the development of King Shaka International Airport - Dube Cargo Terminal - light industrial and manufacturing precincts, including Dube TradeZone 1 and 2, as well as the agro-processing precinct, Dube AgriZone. The overall project has a potential investment value of R1 trillion, with a sphere of considerable influence throughout the province.

I would like to express the gratitude, of the Board, to the Provincial Government of KwaZulu-Natal for its continued support and strong leadership. Your clarity of vision and decisiveness lends a sense of calm and certainty to those of us who have the privilege of serving under your leadership.

I would conclude by thanking my Board colleagues, the Chief Executive Officer - who ably leads the executive team - and the staff of Dube TradePort Corporation for their commitment to the vision, and for the contributions that have made the Board proud and confident about engagement with all our stakeholders. We always know that you are delivering on the mandate.

Through every interaction, our members of staff are working to ensure that Dube TradePort Corporation is known to the world as a well-performing organisation driving re-industrialisation and export-orientated manufacturing.



Prof Zanele Bridgette Gasca  
Chairperson  
Dube TradePort Corporation

# VALUE CREATION PROCESS

## DUBE TRADEPORT CORPORATION

OUR VALUE CREATION, USING THE SIX CAPITALS, IS AS FOLLOWS:

### CAPITALS

### VALUE-ADDING ACTIVITIES



#### MANUFACTURED CAPITAL

- Cargo Terminal;
- 16 hectares of greenhouses;
- R4.82 billion of assets including:
  - o Bulk infrastructure;
  - o Dube iConnect equipment, and
  - o Buildings, plant and equipment.
- Development of Dube TradeZone 2;
- Development of mini-factories;
- 342 116m<sup>2</sup> leased in Dube TradeZone and Dube City;
- Careful scheduling of work and resources in Dube Cargo Terminal; and
- Execution of planned maintenance programmes.



#### FINANCIAL CAPITAL

- R482 million funding received in the form of Government grants;
- Designated Special Economic Zone; and
- Tenant and investor confidence.
- Air services strategy and route development;
- Focus on financial sustainability; and
- Construction of infrastructure projects.



#### HUMAN CAPITAL

- Positive employee relations with a diverse and representative workforce; and
- Skilled employees.
- Regular meetings with shop stewards and representatives of Trade Unions;
- Implementation of the Employment Equity Plan; and
- Approval of various Human Resources policies.



#### SOCIAL AND RESPONSIBILITY CAPITAL

- Empowered service providers;
- Engagements with communities;
- Collaborative partnerships; and
- Special Economic Zone incentives.
- Timely reporting to regulators, as per PFMA and other requirements;
- Approval of Special Economic Zone Enterprises by Board;
- Implementation of Corporate Social Investment initiatives;
- Customer survey undertaken;
- Execution of the approved B-BBEE strategy and implementation plan;
- Pre-determined criteria included in procurements focused on empowering previously disadvantaged service providers; and
- Implementation of enterprise and supplier development initiatives.



#### INTELLECTUAL CAPITAL

- Strong governance and compliance culture;
- Appropriately skilled employees;
- Robust supply chain process; and
- Well-regarded brand and reputation.
- Regular Board meetings attended by representatives of Department and Economic Development, Tourism and Environmental Affairs;
- Marketing campaigns completed during the year, and
- Brand survey undertaken.



#### NATURAL CAPITAL

- 3 449 hectares of land managed; and
- Energy, water and natural eco-systems.
- Air and water quality monitored throughout the precinct;
- 8 662m<sup>2</sup> of solar panels in Dube AgriZone; and
- Energy management project underway.

# VALUE CREATED

## MANUFACTURED CAPITAL



- 99.9% achievement of required processing time to load and offload cargo from aircraft;
- 23 734 tonnes of cargo processed through Dube Cargo Terminal;
- R46.5 million revenue from all properties leased;
- 96.9% occupancy of all buildings owned by Dube TradePort Corporation; and
- R84.9 million produce processed and handled at Dube AgriZone.

## FINANCIAL CAPITAL



- 20.5% increase in revenue generated accompanied by a modest 6.7% increase in costs; and
- R290.6 million capital expenditure on infrastructure projects;

## HUMAN CAPITAL



- 92.6% achievement of employment equity targets;
- Partnership with ICAS;
- 7.7% of employee costs spent on training initiatives;
- 26 internships provided;
- 92.8% black employees; and
- 41.8% female representation.

## SOCIAL AND RESPONSIBILITY CAPITAL



- 82.5% customer satisfaction, as measured in the Customer Satisfaction Survey;
- 84.6% achievement of B-BBEE implementation plan;
- 92.3% of procurement expenditure undertaken with empowered companies;
- Training activities provided for suppliers and would-be suppliers, aimed at improving the business skills of black-owned SMMEs;
- R86.4 million spent on construction with EMEs and QSEs; and
- 708 construction jobs created.

## INTELLECTUAL CAPITAL



- Clean audit opinion;
- 97.2% of implementation of ICT governance framework and policies;
- 90% implementation of King IV recommendations;
- 3 research projects by the Tissue Culture laboratory staff; and
- 11.9% increase in brand value.

## NATURAL CAPITAL



- 96.1% compliance with environmental authorisations;
- 24.8% of energy used in the greenhouses from renewable sources; and
- 44.4 million litres of water able to be stored in our ponds.

# CHIEF EXECUTIVE

## OFFICER'S REVIEW



92.3% OF PROCUREMENT SPEND WAS WITH BLACK-OWNED ENTERPRISES



Mr Hamish Erskine





## INTRODUCTION

During the 2019/20 financial year, South Africa continued to be constrained by domestic economic challenges, while the global economy was affected by US/China trade policy uncertainty, oil price fluctuations and Brexit negotiations. These disruptors have been overshadowed by the social and financial impact of the COVID-19 pandemic. 🌐

Against this backdrop, the 2019/20 financial year heralded several challenges, as well as a number of very pleasing achievements.

The tough economic environment is reflected in the organisation's achievement of 71.2% of the Annual Performance Plan. Where we have been able to achieve and even exceed targets, we are greatly encouraged by the progress we have made towards meeting the expectations of all our stakeholders, inclusive of investors, tenants and our Board. Our management team has reviewed and assessed areas in which we fell short of targets and has undertaken an organisational prioritisation plan of action in order to address areas of focus and improvement. These include investment growth, operational excellence and cargo development.

## OVERALL PERFORMANCE FINANCIAL: 📊

Revenue growth of 20.5% affords us the confidence that we have employed sound policies; policies which have assisted in moving the organisation towards resilience in the face of prevailing adverse economic conditions.

The achievement of client satisfaction survey results of 82.5% underlines the fact that our operational teams are diligently addressing the needs of our tenants and customers and assisting in the retention of these important investments and the jobs they support. This has enabled us to continue attracting encouragingly strong investment interest and the implementation of developments in our pursuit of economic growth and commercial sustainability. 📈📊👤

## BROAD-BASED BLACK ECONOMIC EMPOWERMENT: 🧑🏾🧑🏿

One of our key focus areas has revolved around achieving economic transformation via all our activities.

In 2016, the Board approved a Broad-Based Black Economic Empowerment (B-BBEE) Strategy for Dube TradePort Corporation. Since then we have concentrated on strategy implementation. Pleasingly, during the year under review, we had achieved 84.3% of our comprehensive B-BBEE Implementation Plan. 📈👤

Through the employment of prudent pre-determined criteria, we are pleased that 92.3% of our procurement expenditure with black-owned enterprises, including qualifying small-scale enterprises, exempt micro-enterprises, 51% black-owned and 30% black women-owned enterprises. Included in such expenditure was R86,4 million of construction expenditure with qualifying small-scale entities and exempt micro-enterprises. 📈👤

From an internal perspective, we have attained 92.6% of our employment equity targets, where our focus centres on achieving a transformed and equitable organisation, representative of the broader South African society and supportive of both people with disabilities and the development and upward mobility of women and Black employees. 🧑🏾🧑🏿👤

## SPECIAL ECONOMIC ZONE: 📍

Dube TradePort Special Economic Zone is one of the economic instruments adopted by the KwaZulu-Natal Provincial Government to fast-track the implementation of Provincial industrial development.

In delivering against its mandate, Dube TradePort Special Economic Zone has developed significant capacity to attract targeted investors through a strong investment support eco-system, including well-functioning relationships with Government entities, investment promotion agencies and both academia and enterprise development players.

The success of a Special Economic Zone can be measured by the success of the investors established within its boundaries. In the year under review, we were pleased to note the implementation of investment of some R350 million by Mara Phones, whilst other existing tenants invested a combined total of R92 million in additional manufacturing fixed assets. Whilst these investments are relatively modest, such growth during the prevailing tough economic conditions is very encouraging. 📈👤

During the year under review, the Board approved five investors as Special Economic Zone Enterprises. Two of these companies have already commenced operations in Dube TradeZone 1 and have invested R31 million in plant and equipment. 📈

Dube TradePort Corporation will, as part of our concerted investment drive, interact with various development finance institutions to ensure that funders are aware of opportunities available to potential investors in our Special Economic Zone. A particular focus will be placed on black-owned companies who are experiencing significant challenges in securing finance for investments. 📈

## SMALL, MEDIUM AND MICRO ENTERPRISES: 🧑🏾🧑🏿

Dube TradePort Corporation has also completed 18 mini-factory units, strategically designed to accommodate Small Medium and Micro Enterprises (SMMEs) and strategic start-up ventures that would create value chain linkages with targeted investors. 📈👤


The mini-factories have proven extremely popular with investors who require smaller premises to commence operations. Most of these companies have indicated interest in relocating to larger premises within the Special Economic Zone once they have become established and expanded their operations. 📈👤


Dube TradePort Corporation is pleased to be able to host such enterprises, from fledgling business status through to larger operations producing for both local and export markets. 📈👤


Whilst these successes are extremely pleasing, the Special Economic Zone has, in the difficult economic environment of the past year, been unable to attract the levels of investment originally anticipated. The impact of the COVID-19 pandemic is clearly being felt and has added to existing economic challenges. 🌐

However, our investment team has been re-organised in an effort to make optimal use of our resources and, in this regard, a focused drive to capitalise on Dube TradePort's unique position to attract investors into our Special Economic Zone is underway. 📈👤

## PROPERTY, COMMERCIAL, ADMINISTRATION AND OPERATIONS:

Revenue from our entity's commercial and industrial property grew by 8.4% during the year under review, to R46.5 million. Manufacturing we have continued to achieve excellent occupancy targets with regard to our building portfolio, attaining 96.9% for the 2019/20 financial year, a figure significantly higher than the national occupancy rate of 89%, published for the third quarter of 2019, and an increase of almost 2% over the previous year's average. 

Average rental rates have also shown a degree of growth, with a 3.3% increase for industrial properties and a 5.6% increase for commercial buildings. 


Construction of the 18 mini-factories, located in Dube TradeZone 1, was completed during the financial year under review and the further construction of a new 10 000m<sup>2</sup> facility will commence during the 2020/21 financial year. The addition of these facilities, as well as the development of Dube TradeZone 2, brings ever greater diversity to the property portfolio, which will facilitate the attraction of significantly more investors and tenants into the future. 




Dube TradePort Corporation has aimed to differentiate its property product by providing outstanding customer service and during these particularly challenging times our efforts have been redoubled.

The Property team was proud to report that their tenant service delivery focus had resulted in 100% of maintenance jobs logged by tenants being resolved in a timely manner during the review period.


## COVID-19 RESPONSE:

Dube TradePort Corporation has been able to assist tenants affected by the COVID-19 pandemic and lockdown. 

All tenants and developers were offered a three-month deferral of rental from April to June 2020. This rental may be paid over a five-month period, as businesses recover from the effects of the National lockdown and resultant economic impact. 



Several SMME tenants, which are totally dependent on the airline industry, were offered further rebates as a means of contributing to their sustainability through this unprecedented period.   

## DUBE AGRIZONE:

Following the conclusion of a lease agreement with McFair Holdings for Greenhouse A, the tenant commenced operations in May 2019. Within a short space of time and with limited inputs, McFair Holdings had produced pleasing crops of both peppers and tomatoes, whilst other operators continued operating at full capacity. Dube AgriZone has now achieved a 99.7% occupancy rate. 

Currently, Dube AgriZone derives 24.8% of its energy requirements from renewable resources.

As the energy requirements increase, measures will be implemented to ensure increased production is matched by increased renewable energy

resources. Initiatives include system optimisation so as to utilise less energy and the further recycling of water within the precinct.  


The prospect of a second phase development of Dube AgriZone has garnered significant interest from both local and international agricultural investors, wishing to participate in exciting opportunities which may be developed with the local value chain in the form of primary producers. Bulk civil infrastructure works are expected to commence during the second quarter of the 2020/21 financial year. 

During the year under review, an Environmental Authorisation was issued by the Department of Environmental Affairs, an achievement which unlocks the potential for future developments within Dube AgriZone's second phase. 


Although Dube AgriLab production volumes and sales volumes targets were not met, the use of the hardening greenhouse for propagation of seedlings for Dube AgriZone farmers, in addition to regular tissue culture production, proved to be effective, increasing production numbers during the first and second quarters of the financial year.


The hardening facility greenhouse is fully utilised as Dube AgriLab unit works on services for both Dube AgriZone farmers and external clients. Increasing the commercial production and sustainability of this facility has been earmarked as a priority for the 2020/21 financial year. 


## DUBE CARGO TERMINAL:

Dube Cargo Terminal continued to achieve growth in cargo throughput, although this was slowed during the last quarter, the consequence of the negative effects of the COVID-19 pandemic, which has impacted the global aviation industry. 


A 21% growth in high-value international export cargo helped to significantly boost the value of goods processed through Dube Cargo Terminal to R8.8 billion. Overall growth in international cargo volumes of 5.5 % was slightly above regional growth expectations. This also led to a substantial growth in revenue to R21.6 million. 

Working closely with airlines and other stakeholders, Dube Cargo Terminal was also able to successfully assist in handling dedicated freighters for medical relief efforts brought about by the pandemic. 

Dube Cargo Terminal also successfully maintained its impressive operational performance by exceeding all service level agreements with customer airlines, achieving an average of 99.9%, whilst providing effective intermodal air and road connectivity through Dube AiRoad. 

Dube Cargo Terminal underwent a number of regulatory and performance audits during the year under review, excelling in each. 

## DURBAN DIRECT:

A powerful focus on expanding direct air connectivity at Durban's King Shaka International Airport yielded a 6.3% increase in passenger volumes during the 11-month period prior to the COVID-19 pandemic. It was encouraging to witness that a record 6.1 million passengers travelled through the airport during the 2019/20 financial year. 

**96.95%** OCCUPANCY HIGHER THAN  
**89%** NATIONAL RATE  
ATTAINED



During the course of the last month of the financial year, March 2020, the full force of the global pandemic hit King Shaka International Airport, causing an immediate decline in passenger numbers by 51% compared against March 2019. 📉 🌐

Although South Africa has, in recent times, experienced tough economic conditions, our airline customers continue to see the value of including Durban as a destination to their global networks. Air Mauritius increased the frequency of its Durban-Mauritius route, from three to four-flights-a-week in July 2019. 📈

Qatar Airways introduced the state-of-the-art Airbus A350-900 airplane on the Durban-Doha route, and Emirates increased its frequency offering from 7 to 10 flights per week on the Durban-Dubai route during peak demand periods. 📈

The three-a-week British Airways non-stop flights between Durban and London Heathrow have been a success, with a 54% increase in passenger numbers travelling between the two centres. 📈

In the past, passengers flying between the two cities could only do so via OR Tambo International Airport in Johannesburg, adding significantly to journey times on travel itineraries. This illustrates how direct air connectivity is able to stimulate additional passenger demand. 📈

On the domestic front, airlines added 600 000 additional seats to the Durban market in the 2019/20 financial year, against the previous financial year, with domestic passenger numbers growing by 6.2% for the same period, demonstrating Durban's importance as a destination. 📈

However, the rapid global spread of COVID-19 and widening travel restrictions, resulted in plunging demand for air travel. Rising to the challenges of the crisis will be a mammoth and unprecedented task for the airlines and the broader aviation and travel sector. 🌐

The industry has overcome past health epidemics, economic recessions, unfortunate safety incidents and other debilitating events, but nothing on the scale and reach of the COVID-19 crisis. 🌐

The global economy is experiencing recession, with unemployment rates at levels not experienced since the Great Depression of 1929, making the road back for the industry considerably more difficult. From the industry's perspective, there are no real precedents to draw upon as regards a coherent way forward. 🤖

From the onset of the impact of COVID-19, the air services team has maintained regular communications with our airline partners, focusing discussions on crisis management and rapid operational planning and with dialogue now turning to the future. Winning back passenger trust and affording them the confidence to resume flying is the foremost consideration.

The key aim is to articulate these trust and confidence measures to our existing airline and potential new airline customers. Thus, our air services team is turning its attention to developing strategic objectives with our existing airline and new airline customers, while plotting a course for air connectivity in an unfamiliar post-COVID-19 world. The requirements for air service operation, whether upon resumption or as new, are now completely different. 📈

## DUBE iCONNECT:

Dube iConnect achieved encouraging growth in revenue during the financial year under review, with revenue increasing by 6%. The somewhat limited increase in revenue may be partially attributed to delays experienced in the replacement of onsite customers.

The Dube iConnect commercial team also assisted with a number of projects external to Dube TradePort, which also impacted the expected revenue increases. 📈

The focus for financial year under review centred on a technical refresh of core and critical equipment. During this time the Dube iConnect operations team replaced core network equipment and new distribution network equipment was ordered.

New data centre computer equipment arrived just before the end of the financial year, along with the first delivery of data centre storage equipment. The technical refresh will enable Dube iConnect to continue providing our clients with a world-class infrastructure and service. 🖱️

## DEVELOPMENT PLANNING AND INFRASTRUCTURE:

Dube TradePort Corporation continued in earnest with the delivery of bulk infrastructure and the creation of an environment conducive to attracting new investments during the year under review. 🖱️

Durban Aerotropolis master plan lead initiatives also continued being implemented during the 2019/20 financial year. The Aerotropolis Institute put in place its governance structures, as well as accreditation of certain courses.

A public transit development spine initiative saw the conclusion of the appointment of the transaction advisors for the Public Private Partnership process. 🖱️

A regional water treatment works project concluded the partnership agreement with various stakeholders, whilst all other projects which form part of the master plan continued with implementation initiatives. 🖱️


In regard to public infrastructure, the focus was on the finalisation of the Dube TradeZone 2 bulk earthworks project, which was delivered within record time. Work will commence during the second quarter of 2020 on the bulk infrastructure for Dube TradeZone2, which will result in 45 hectares of new industrial sites being developed. The development plans for the Automotive Supplier Park continue apace, with the intention of being ready by the end of 2021. 🖱️


The National Department of Forestry, Fisheries and Environment issued positive environmental authorisations for Dube TradeZone 3 and Dube AgriZone 2, allowing for the commencement of planning approvals for both precincts. In addition, environmental screening of Dube TradeZone 4 has been undertaken, highlighting both environmental constraints and growth opportunities for industrial development. 🏗️


In terms of our sustainability and natural capital expansion, we are continuing with the acquisition of new suitable land parcels, as well as rehabilitation and eco-system services maintenance to ensure ecological infrastructure resilience within the Dube TradePort precinct. 🏗️

## CORPORATE SERVICES:

During the 2019/20 financial year, we focused on the continued development of both our members of staff and interns, evidenced by expenditure equal to 7.7% of employee costs on training and development initiatives.  

Such initiatives included formal training towards the attainment of degrees and internationally-recognised certifications, as well as informal training, short courses and attendance at conferences. Our internal development and succession planning resulted in eight staff promotions during the 2019/20 financial year, all of whom were candidates targeted in our Employment Equity Plan. 



Corporate Social Investment initiatives are aimed at empowering women, youth and people with disabilities, as well as protecting the environment within the community areas we serve and in which we operate. The review period saw a total of 60 interns and apprentices involved with Dube TradePort Corporation and our issuance of 22 bursaries to external students requiring financial assistance. Other key initiatives included assisting emergent small-scale women farmers and the provision to 1 500 school girls of re-usable sanitary towels, thus empowering them, restoring their dignity and minimising disruptions to their schooling. 



Our Employee Wellness Programme continued supporting the emotional, mental and physical well-being of our members of staff, through a number of initiatives focused on gender-based violence, stress management, personal relationship management and financial wellness. 



Further information in this regard may be found in the Corporate Services Report available at: [www.dubetradeport.co.za/Annual\\_Reports](http://www.dubetradeport.co.za/Annual_Reports)

## IMPACT OF COVID 19:

Just days before the financial year-end, South Africa joined most of the world in instituting lockdown measures, although the impact of the virus could not be fully envisioned at that time.


With the onset of the COVID-19 pandemic, preventative initiatives were paramount in ensuring the health and safety of our employees. Protective equipment and sanitisers were procured and safety protocols drafted and implemented to facilitate safe working conditions.  


It is anticipated that cargo-handling revenue will be some R21 million lower than anticipated, the consequence of suspended flights in the first quarter of 2020. As previously mentioned, Dube TradePort Corporation was quick to institute effective measures to facilitate the long-term sustainability of its investors and tenants, together with its onsite Dube iConnect customers.  

Rental income is anticipated to reduce by at least R1.5 million, although this figure could increase further if more tenants businesses are negatively affected by the effects of the pandemic.  

In addition, Dube TradePort Corporation - along with the entire public sector - was forced to review expenditure and to reduce planned future operational expenditure. Certain capital projects, such as the planned multi-storey parkade in Dube City, are to be deferred. A reprioritisation

and review of projects is also being undertaken to ensure that they achieve the maximum output and alignment with the Provincial post-COVID Economic Recovery Strategy, ensuring that Dube TradePort Corporation's infrastructure projects provide the stimulus necessary to support the recovery.  

The readiness of Dube TradeZone 2 for tenants remains on track for 2021, although earlier occupation for site establishment and construction will be accommodated. 

The construction of Dube AgriZone 2 will commence shortly and the construction of the Automotive Supplier Park should also provide much-needed investment and new employment opportunities. 

## CONCLUSION:

In conclusion and on behalf of my executive colleagues, I take this opportunity to extend my grateful thanks to Ms Nomusa Dube-Ncube, the MEC for Economic Development, Tourism and Environmental Affairs for the invaluable support she has shown with regard to all of our business activities.

My deepest thanks are extended to the Chairperson and members of our Board for the inspirational leadership they have brought to our organisation and for the commitment they have demonstrated in driving Dube TradePort Corporation through these uncertain times. We take up the challenge to steer the business into the future, seeking new opportunities and continually determining efficient and effective ways of working.

Finally, I would like to express my sincere gratitude to the executive team and all our members of staff for the sterling performance they have collectively delivered in taking our organisation forward. Whilst we might not have achieved all our goals, I am mindful of the incredible efforts and consistent hard work put in by the various teams.

Our achievements are a product of their expertise and incredible dedication in striving to realise our vision.



Mr Hamish Erskine  
Chief Executive Officer  
Dube TradePort Corporation

# CORPORATE GOVERNANCE



90%  
OF RELEVANT RECOMMENDATIONS  
FROM KING IV IMPLEMENTED



## INTRODUCTION

Corporate Governance includes the system of structures, as well as the 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 terms of an organisation's stakeholder interaction. Acknowledging this, Dube TradePort Corporation recognises the need to apply meaningful governance principles in the execution of its day-to-day business operations.

Prior to 01 April 2011, Dube TradePort Corporation operated as a Non-Profit Company (formerly known as a Section 21 Company) registered under the Companies Act.

However, as 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 Dube TradePort Non-Profit Company. The Act provided for Dube TradePort Corporation to be the successor in law of Dube TradePort Non-Profit Company Proprietary Limited. The non-profit company was concluded on 31 August 2013.

The Board Chairperson and KwaZulu-Natal's Member of the Executive Council for Economic Development, Tourism and Environmental Affairs, annually sign a Shareholders Compact, which document comprehensively describes each signatory's responsibilities.

## PUBLIC FINANCE MANAGEMENT ACT

Dube TradePort Corporation's Board is regarded as the Accounting Authority in terms of the Public Finance Management Act (PFMA). This Act also applies to the organisation's subsidiary, La Mercy JV Property Investments Proprietary Limited, held jointly by Dube TradePort Corporation (60%) and Airports Company South Africa SOC Limited (40%), and is 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 its Board members and staff complement are familiar with the provisions of the PFMA by way of induction and other regular training interventions.

## SPECIAL ECONOMIC ZONE ACT

In December 2016, Dube TradePort Corporation was designated as a Special Economic Zone. The areas gazetted include Dube AgriZone 1 and Dube TradeZone 1 and 2.

## FOURTH REPORT ON CORPORATE GOVERNANCE (KING IV)

Dube TradePort Corporation is cognisant of the need to remain constantly committed to the very highest standards of corporate governance and the inculcation of ethical and moral business behaviour amongst its staff members. Dube TradePort Corporation is committed to the implementation of and adherence to the principles espoused in the King IV Report on Corporate

Governance. An independently performed assessment has found that Dube TradePort Corporation is substantively aligned with these principles and every endeavour continues being made to effectively implement and to report on areas where improvement is deemed necessary.

Dube TradePort Corporation regularly develops and introduces organisational policies and procedures, given that this is a growing organisation. All existing policies and procedures are reviewed by Committees of the Board. The Board approves any new policies before their implementation

## THE BOARD AND COMMITTEES

Dube TradePort Corporation employs a unitary Board structure, with a majority of independent, non-executive members. The appointment of Board members is the responsibility of the organisation's shareholder, being KwaZulu-Natal's Member of the Executive Council for Economic Development, Tourism and Environmental Affairs.

In addition, the Minister of Trade and Industry has appointed a Board member, as mandated by the Special Economic Zone Act.

The diversity of the Board members' skills is augmented in the Audit and Risk, Remuneration and Human Resources and Investment Committees. This is achieved through the inclusion of external members whose participation, while not being members of the Board, in such Committees is permissible in terms of the PFMA.

Dube TradePort Corporation's Board members may be appointed for a term of up to five years. This is in terms of the KwaZulu-Natal Dube TradePort Corporation Act, No. 2, of 2010.

The organisation's non-executive members of the Board collectively bring a wealth of experience and expertise, stemming from their own specialist fields, thus ensuring that discussions revolving around strategy, policy and performance are lively, constructive and robust.

The Act requires Board members to be skilled in such areas as financial management, tourism, transport, economic development and any other skill, experience or qualification that is deemed by the Member of the Executive Council for Economic Development, Tourism and Environmental Affairs, to be of benefit to Dube TradePort Corporation.

The organisation's present Board was appointed with effect from 01 June 2017, for an initial one-year term of office. This term was subsequently extended for a further three years and expires on 31 May 2021. It comprises a diverse and transformed group, inclusive of six black non-executive board members - two of whom are female - and one white executive male member.

A number of 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 is tasked with additional responsibilities, as stated in terms of the PFMA. The Terms of Reference of each Board Committee are reviewed every two years, ensuring continuous relevance and allowing for the inclusion of legislative changes or best practices.

The organisation's Board and Committee meetings are convened by formal notice to the members and meeting packs, containing detailed memoranda and management reports, are distributed by the Company Secretary in advance of scheduled meetings, affording members ample opportunity to study the material presented and request additional information from management, if and when necessary.

Board and Committee members have unrestricted access to management in accordance with the protocol as outlined in the Board Charter.

The Board has access to professional services, which - if and when required - are procured through the normal procurement processes as described in the Supply Chain Management Policy.

A primary focus for the ensuing financial year is to ensure that the Board Charter and the Terms of Reference for each Committee of the Board are fully and correctly aligned the PFMA, the KwaZulu-Natal Dube TradePort Corporation Act and the principles contained in the King IV Report.

## **BOARD RESPONSIBILITIES**

The Board is responsible for strong ethical leadership and, as custodian of corporate governance, is further responsible for ensuring that the entity conducts its business in line with ethically sound governance principles, which extend beyond mere legislative and regulatory compliance. In this regard, the Board leads by example, setting the tone for the implementation of and adherence to an ethical organisational culture.

The Board is also responsible 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.

This it achieves by way of an annual review of key policies, thus ensuring the organisation's obligations to all its key stakeholders are satisfactorily met. In addition, the Board Charter is reviewed on an annual basis. For further information pertaining to specific Board responsibilities, please refer to: [www.dubetradeport.co.za/Corp\\_Gov](http://www.dubetradeport.co.za/Corp_Gov).

The Board is provided with feedback from the Audit and Risk Committee and is satisfied that policies have been designed and implemented which satisfactorily underpin an effective system of internal control and internal financial control. The Board is further satisfied that it has carried out all of its responsibilities, as set out in the Board Charter.

## **BOARD INDUCTION**

At the beginning of their terms of office, members of the Board, together with the independent Chairpersons of the Committees attend a Board Induction session, during which members of the executive team discuss the organisation's strategy and vision. There were no new members to be inducted during the current year.

## **STRATEGY SETTING**

The Board set aside two days in January 2020 to meet with executive management and representatives of KwaZulu-Natal's Department of Economic Development, Tourism and Environmental Affairs, to discuss

the strategy for the period 2020/21 to 2024/25, future areas of focus and the Annual Performance Plan of the forthcoming year.

The presence of representatives of the Department of Economic Development, Tourism and Environmental Affairs ensures that the strategy of the entity is aligned not only with the Department, but also with the Provincial Growth and Development Plan.

However, following the devastating impact of the COVID-19 pandemic on the economy, entities have been given an opportunity to review and retable both the Five-year Strategic Plan and the Annual Performance Plan to fully incorporate the effects of the pandemic. This review took place in July 2020.

## **CHAIRPERSON AND CHIEF EXECUTIVE OFFICER**

The role of the Chairperson of the Board is to assume responsibility, together with members of the Board, for the organisation's strategic direction, its policies and its procedures.

The Dube TradePort Corporation's Board is presently led by Prof Zanele Bridgette Gasa.

The role of the Chief Executive Officer is to assume responsibility for the effective management of Dube TradePort Corporation and the implementation of the strategy, policy and directives of the Board. The roles of the Chairperson of the Board and the Chief Executive Officer are separate and clearly defined, such that no one individual has unfettered powers of decision-making.

In any instance where the Chairperson may be conflicted, the Deputy Chairperson shall be available to lead the Board and to assume the role of lead independent Board member.

The Chief Executive Officer is appointed for a five-year term, which ends on 31 August 2021. Mr Hamish Erskine has a one-month notice period stipulated in his employment contract. He has no other professional commitments outside Dube TradePort Corporation.

## **DELEGATION OF AUTHORITY**

The organisation has in place a comprehensive Delegation of Authority framework. This ensures the timely and effective implementation of the Board's strategy.

Such a 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**

The Board undertakes an annual self-assessment of the performance of the Accounting Authority and structure. The assessment is conducted through self-evaluation by each member.

The assessment of performance includes the conduct of all members serving on the various Committees of the Board. The combined results of



these questionnaires are shared with all participants thus enabling the identification of areas where challenges are being experienced and to assist in addressing same.

A summary report of the performance assessment is shared with the KwaZulu-Natal Member of the Executive Council for Economic Development, Tourism and Environmental Affairs.

Following the analysis of the outcome of the annual assessment, no material remedial actions have been deemed necessary.

A separate evaluation by an independent service provider on the implementation of the King IV principles is carried out. All recommendations resulting from this evaluation are analysed and utilised to further improve the implementation of the principles of the King IV Report on Corporate Governance.

The results of this evaluation are also used to enhance the governance disclosure.

The performance of the Chief Executive Officer is reviewed by the Board of Dube TradePort Corporation.

#### **DECLARATIONS OF BOARD MEMBERS' INTERESTS**

In line with a requirement applicable to all Dube TradePort Corporation staff members, the organisation's Board members are obliged to complete declaration of interest forms on an annual basis.

Further to this, interests are required to be declared prior to any and all meetings of the Board and/or Committees of the Board, where conflicts of interest might potentially arise. As and when a conflict is noted, such conflict is interrogated and, where necessary, the conflicted person is recused from the meeting.

#### **STANDARDS OF BOARD MEMBERS' CONDUCT**

The Board members conduct themselves with the care, skill and diligence as required by the fiduciary and general duties of Accounting Authorities, as is stipulated in the PFMA.

#### **BOARD MEETINGS**

Dube TradePort Corporation's Board meets at least four times per annum and retains full control over the organisation.

During the 2019/20 financial year, four ordinary Board meetings and one two-day strategy planning meeting - which included a strategic risk assessment involving the executive management team - were held.

Each Committee comprises at least one Board member, providing for the promotion of integrated thinking and decision-making, so ensuring that deliberations take into account available resources and stakeholder interests.

Committee meeting feedback is provided to the Board by each Committee, thereby ensuring that there exists a process for communicating critical concerns and issues directly to the Board.

The Chairperson of the Audit and Risk Committee is invited to attend part of each Board meeting, at the time of discussion relating to the report of the Audit and Risk Committee.

Representatives of the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs are also invited to attend Board meetings.

In addition, the Chief Financial Officer is invited to attend Board meetings, while relevant executives are also invited to attend meetings, as and when matters affecting their areas of responsibility are being discussed, so affording members of the Board the opportunity to interrogate, understand and form an informed view of matters under discussion.

It is recognised that active participation in and attendance at Board and Board Committee meetings is essential for an effective governance structure.

The commitment of the Board is reflected by their attendance record for Board meetings, as is disclosed on page 24 in this document.

The Board is briefed regularly on matters relevant to the business activities of Dube TradePort. During each meeting, detailed quarterly performance reports and operational dashboards are tabled and the Board is provided with copies of all relevant legislation, practice notes and guidelines published since the previous meeting.

These are discussed so as to ensure that all Board members are familiar with changes in laws and regulations which may apply to the business environment in which Dube TradePort Corporation operates.

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

| BOARD/COMMITTEE MEMBERS   | BOARD/COMMITTEE MEMBERSHIP   | BOARD               |  | AUDIT AND RISK COMMITTEE | REMUNERATION AND HR COMMITTEE | INVESTMENT COMMITTEE |
|---|--|---------------------|--|--------------------------|-------------------------------|----------------------|
|   |  | 4 ORDINARY MEETINGS | 1 STRATEGY MEETING, HELD OVER TWO DAYS | 4 ORDINARY MEETINGS      | 6 ORDINARY MEETINGS           | 3 ORDINARY MEETINGS  |
| <b>MEETINGS ATTENDED BY CURRENT BOARD AND COMMITTEE MEMBERS</b>                               |  |                     |  |                          |                               |                      |
| Prof Zanele Bridgette Gasa  | <ul style="list-style-type: none"> <li>Chairperson of the Board</li> <li>Member of Investment Committee</li> </ul>   | 4                   | 1                                      | -                        | -                             | -                    |
| Mr Paulos Ngcobo  | <ul style="list-style-type: none"> <li>Deputy Chairperson of the Board</li> <li>Member of Investment Committee</li> </ul>  | 4                   | 1                                      | -                        | 2(p)                          | 3                    |
| Mr Mpumelelo Zikalala   | <ul style="list-style-type: none"> <li>Board member</li> <li>Member of Audit and Risk Committee</li> </ul>   | 4                   | 1                                      | 4                        | -                             | -                    |
| Mrs Nokhana Moerane   | <ul style="list-style-type: none"> <li>Board member</li> <li>Chairperson of the Remuneration and HR Committee</li> </ul>   | 4                   | 1                                      | -                        | 6                             | -                    |
| Mr Themba Ndlovu  | <ul style="list-style-type: none"> <li>Board member</li> <li>Member of Investment Committee</li> </ul>   | 2                   | 1                                      | -                        | -                             | 3                    |
| Mr Richard Vallihu  | <ul style="list-style-type: none"> <li>Board member</li> </ul>   | 3                   | -                                      | -                        | 5                             | -                    |
| Mr Zahid Fakey  | <ul style="list-style-type: none"> <li>Independent Chairperson of the Audit and Risk Committee</li> </ul>  | 3 (i)               | 1                                      | 4                        | -                             | -                    |
| Ms Hlengiwe Makhathini  | <ul style="list-style-type: none"> <li>Independent member of Investment Committee</li> </ul>   | -                   | 1                                      | -                        | -                             | 3                    |
| Mr Vela Mtshali   | <ul style="list-style-type: none"> <li>Independent Member of the Audit and Risk Committee</li> </ul>   | 1 (i)               | 1                                      | 4                        | -                             | -                    |
| <b>ATTENDANCE AT BOARD AND COMMITTEE MEETINGS BY MEMBERS OF THE EXECUTIVE MANAGEMENT TEAM</b> |  |                     |  |                          |                               |                      |
| Mr Hamish Erskine   | <ul style="list-style-type: none"> <li>Chief Executive Officer</li> <li>Member of Board (ex officio)</li> <li>Member of Remuneration and HR Committee</li> </ul> | 4                   | 1                                      | 4 (i)                    | 6                             | 3                    |
| Ms Ayesha Swalah  | <ul style="list-style-type: none"> <li>Chief Financial Officer</li> </ul>  | 3                   | 1 (i)                                  | 4 (i)                    | -                             | 3 (i)                |
| Mr Kayaletu Ngqaka  | <ul style="list-style-type: none"> <li>Chief Operating Officer</li> </ul>  | -                   | -                                      | -                        | -                             | 2 (i)                |
| Mr Buhle Shandu   | <ul style="list-style-type: none"> <li>Acting Chief Operating Officer</li> </ul>   | -                   | 1 (i)                                  | -                        | -                             | 2 (i)                |
| Mr Owen Mungwe  | <ul style="list-style-type: none"> <li>Development Planning and Infrastructure Executive</li> </ul>  | -                   | 1 (i)                                  | -                        | -                             | 3 (i)                |
| Ms Zodwa Mbatha   | <ul style="list-style-type: none"> <li>Corporate Services Executive</li> </ul>   | -                   | -                                      | -                        | 3 (i)                         | -                    |
| Ms Barbara Bates  | <ul style="list-style-type: none"> <li>Acting Corporate Services Executive</li> </ul>  | -                   | 1 (i)                                  | -                        | 5 (i)                         | -                    |
| Mr Mlibo Bantwini   | <ul style="list-style-type: none"> <li>Cargo and AgriZone Executive</li> </ul>   | -                   | 1 (i)                                  | -                        | -                             | -                    |
| Ms Jabu Madikizela  | <ul style="list-style-type: none"> <li>Senior Manager: Finance</li> </ul>  | 1 (i)               | -                                      | -                        | -                             | -                    |

(i) = ATTENDED MEETING BY INVITATION

(p) = ATTENDED MEETING BY PROXY

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee was established in terms of the PFMA and is responsible for assisting the Board in the discharge of its duties. Mr Zahid Fakey was appointed Chairperson of the Audit and Risk Committee on 01 September 2018. Mr Fakey is an independent registered professional accountant and has the requisite knowledge and status this position demands, as well as having the necessary business, financial and leadership skills. He is not a political office-bearer.

The Audit and Risk Committee meets at least four times per annum and is convened in line with formal Terms of Reference, as approved by the Board. Such Terms of Reference were reviewed during the year and includes a materiality and significance framework. For further information about the Committee's specific responsibilities, please refer to: [www.dubetradeport.co.za/Corp\\_Gov](http://www.dubetradeport.co.za/Corp_Gov)

A detailed report of the work of the Audit and Risk Committee is contained in the Annual Financial Statements on pages **XX** of this document.

Representatives of the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs are invited to attend Committee meetings. In addition, the Chief Executive Officer and Chief Financial Officer, together with members of the internal and external audit teams, also attend Audit and Risk Committee meetings by invitation. During the year under review, the Audit and Risk Committee met with the internal and external auditors, without management being present.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference for the year to date. The focus for the forthcoming financial year will be to ensure that reporting on risk management is improved and the committee will also focus on the oversight of effective implementation of various Broad-Based Black Economic Empowerment initiatives with the aim of improving the B-BBEE scorecard.

The Chairperson of the Audit and Risk Committee of La Mercy JV Property Investments Proprietary Limited is invited to attend meetings so as to be in a position to provide feedback on matters discussed by that subsidiary's Audit and Risk Committee.

## INTERNAL CONTROL

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

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

- 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 safe-guarded; and

- There is compliance with applicable laws and regulations.

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

## EXTERNAL AUDIT

In terms of the PFMA, the Auditor-General audits the Annual Financial Statements of Dube TradePort Corporation. The Audit and Risk Committee is satisfied that that the Auditor-General is independent of Dube TradePort Corporation.

## INTERNAL AUDIT

Dube TradePort Corporation's internal audit function provides 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 organisation's 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.

Dube TradePort Corporation's Internal Audit Charter does not allow 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 again becoming eligible to provide such a service to Dube TradePort Corporation. In addition, the firm selected to provide the internal audit function to Dube TradePort Corporation is not permitted to provide any other services to the entity.

Dube TradePort Corporation has not appointed a Chief Audit Executive. However, the partner in charge of the internal audit function assumes many of the duties associated with a Chief Audit Executive. Key audit findings are reported to the Audit and Risk Committee by internal audit upon the conclusion of each review. The Audit and Risk Committee is satisfied with the effectiveness of both the internal audit and those functions of the partner in charge carries out, which might otherwise be undertaken by a Chief Audit Executive.

During the year under review, Ernst and Young Inc. provided the internal audit function. An 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 on an annual basis. The plan includes non-financial reviews in operational areas across the organisation.

The quality of the internal audit services are assured, given that Ernst and Young Inc. conducts internal audit peer file reviews on a regular basis, which are independently conducted by internal and external quality teams. The firm is recognised by relevant associations, inclusive of the South African Institute of Chartered Accountants, the Institute of Internal Auditors of South Africa and the Information Systems Audit and Control Association. The entity has in place a Global Code of Conduct which provides an ethical framework and contains guidelines for decision-making and behaviour.

The three-year term of office of Ernst and Young Inc. ended following their final report to the Audit and Risk Committee in March 2020. KPMG Services Proprietary Limited has been appointed as the new service provider for three years and will commence internal audit activities as per an approved internal audit plan.

## RISK MANAGEMENT

Dube TradePort Corporation's Board is held responsible and accountable for the governance of risk. In this regard, it has delegated the implementation and day-to-day management of this responsibility appropriately. Risk management is seen to be 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.

The Board annually reviews strategic risks, together with executive management, as part of the organisation's annual strategic session. For further information about the critical strategic risks faced by Dube TradePort Corporation, please refer to: [www.dubetradeport.co.za/Annual\\_Reports](http://www.dubetradeport.co.za/Annual_Reports)

The Board also undertakes an annual review of the risk appetite that it is prepared to accept for the organisation, whilst also providing guidance on risk tolerance. During the financial year under review, management did not exceed the Board's risk appetite or risk tolerance in any of its activities.

Dube TradePort Corporation has in place a number of Board-approved interventions. These include:

- A Risk Management Framework (including a Risk Policy Statement) based on the Committee of Sponsoring Organisations framework;
- A Fraud Prevention Plan; and
- A Fraud Prevention Policy and Response Plan.

All members of the organisation's staff receive training regarding these policies during their induction into the organisation. Both Dube TradePort Corporation's Board and management regard risk management to be a maturing process. Accordingly, management focuses keenly on the ongoing implementation and bedding-in of its risk management and internal controls system. There exists a risk reporting system and on a quarterly basis the Audit and Risk Committee reviews the risks of different operational areas. The Committee monitors strategic risks on a continuous basis.

The Board, through the Audit and Risk Committee, receives reports on risk profile changes across the entity and are, thus, able to gain assurance of the effectiveness of risk management. The Audit and Risk Committee is also responsible for the review of all legal matters, high-risk contracts and insurance matters.

During the 2018/19 financial year, the Business Continuity Policy was approved by the Board. The revised plan was again reviewed by the Audit and Risk Committee in 2019/20. Last year it was reported that the Business Continuity Plan would be tested during the 2019/20 financial

year. With the outbreak of COVID 19 pandemic and pursuant declaration of a National State of Disaster, the impact of the disaster became a reality and the Business Continuity Plan was activated. All managers had considered the impact of the lockdown and essential services, processes and systems were identified. At the commencement of Level 5 lockdown, 37 permits were issued to staff members to ensure that essential services were maintained, as many of the tenants in the precinct remained operational.

Staff whose jobs were suited to remote working were capacitated and commenced working from home. As the regulations have moved from Level 5, more staff members were able to return to the office, with safety protocols in place.

The future focus area is the updating of risks and controls to take account of operating in the COVID and post-COVID scenarios. The Audit and Risk Committee receives information on operational risks and details of action plans where the difference between current and desired residual risk is rated moderate or higher.

## FINANCIAL STATEMENTS

The Audit and Risk Committee reviews the financial statements and appropriate application of significant accounting policies.

## COMBINED ASSURANCE

The Audit and Risk Committee receives assurance that reviews are undertaken by independent, external assurance providers in such operational areas as environmental reviews, health and safety reviews, South African Civil Aviation Authority audits and client and tenant satisfaction surveys.

The final results of review which are conducted by independent, external assurance providers are shared, on at least an annual basis, with the Audit and Risk Committee. The Committee is satisfied that the overall assurance received by the entity is appropriate and effective.

## COMPLIANCE

The Board of Dube TradePort Corporation is charged with the responsibility for overseeing the entity's compliance with laws, regulations and standards. It has delegated to management responsibility for the implementation of an effective legislative compliance process.

A number of reviews, which are conducted by independent, external assurance providers, are necessitated by legislation and include:

- Reviews by internal and external auditors;
- Audits by the Independent Communications Authority of South Africa (ICASA);
- Environmental compliance reviews; and
- Audits by the South African Civil Aviation Authority.

The Board, through the Audit and Risk Committee, is afforded the peace-of-mind that Dube TradePort Corporation is compliant with all statutory and legislative requirements. Dube TradePort Corporation has not breached any material regulatory requirements and has not failed in meeting any statutory obligations of which it is aware.

## INFORMATION AND TECHNOLOGY GOVERNANCE

In view of the importance Dube TradePort Corporation attaches to information and technology, the Audit and Risk Committee considers, with management, matters relating to information and technology at its every meeting.

The organisation has reviewed the structure of the ICTG Steering Committee and the Terms of Reference have been redrafted. This Committee comprises senior managers, representative of divisions across the entity, and will meet on a quarterly basis in order to review existing Information Technology Policies and to draft new policies, as and when required. The Committee will review all IT-related procurements to ensure alignment of infrastructure across the organisation.

A future focus of Dube TradePort Corporation remains the development and implementation of its Enterprise Architecture capability. The Enterprise Architecture capability under development will consider and address the following key attributes:

- Alignment to the existing Business and Information Communication and Technology Strategy;
- Alignment to proven industry best practice frameworks (including King IV, TOGAF and CoBIT);
- Support for technology growth;
- Addressing skills and competency challenges;
- Consideration of speed of change inherent in the technology environment; and
- Alignment to the Information Communication Technology Risk Management Framework and Security Framework, which are being developed.

## REMUNERATION AND HUMAN RESOURCES COMMITTEE

The organisation's Remuneration and Human Resources Committee meets at least twice annually and is convened in line with formal Terms of Reference, which are reviewed annually and approved by the Board.

For further information about the Committee's specific responsibilities, please refer to: [www.dubetradeport.co.za/Corp\\_Gov](http://www.dubetradeport.co.za/Corp_Gov)

During the 2019/20 financial year, the organisation's Remuneration and Human Resources Committee met on six occasions. Although King IV recommends that the Chief Executive Officer should not be a member of the Remuneration and Human Resources Committee, the Board feels that the inclusion of Mr Erskine as a member of the Committee, ensures that relevant institutional knowledge is available and enhances their deliberations.

The Corporate Services Executive/acting Corporate Services Executive attends meetings by invitation. Both the Chief Executive Officer and the Corporate Services Executive/acting Corporate Services Executive recuse themselves during any discussion pertaining to their own performance or remuneration.

During the year under review, the Committee undertook the following activities:

- Approved annual salary increases and bonus calculations relevant to performance in 2018/19;
- Approved the framework of increases and performance bonus

- payments relating to 2019/20;
- Received quarterly reports on human resources 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 the National Education Health and Allied Workers' Union (NEHAWU);
- Participated in the strategic risk assessment; and
- Reviewed the human resources risk register.

The Chairperson of the Committee is undertaking a benchmarking exercise to ensure that the Terms of Reference are relevant and comparable to the Terms of Reference of other similar committees.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference for the year to date. An area of focus for the forthcoming year will be to monitor the progress of Evolution 2020, the planned Organisational Design Project, and to assess the findings of the planned review of the organisation's remuneration philosophy.

The outcome of Evolution 2020 will affect the structure of the organisation and should facilitate the creation of a formalised succession plan. This plan will pave the way for continuity in leadership and succession in both emergency situations and in the long-term. The Committee will review the plan as part of its oversight function. The committee will also focus on the oversight of effective implementation of various Broad Based Black Economic Empowerment initiatives with the aim of improving the B-BBEE scorecard.

## REMUNERATION PHILOSOPHY

**Remuneration of Staff and Executives:** Dube TradePort Corporation strives always for fair, responsible and transparent remuneration, so as to achieve its strategic outcomes, as per King IV Report on Corporate Governance recommendations. The organisation is of the opinion that its current remuneration practises make certain that it is materially aligned to the principles contained in King IV.

The organisation's remuneration philosophy will be reviewed and improved upon over time, in line with best practice guidelines. The pay-scale is anchored to both national and KwaZulu-Natal market medians. Currently, the organisation benchmarks the mid-point of the range of each pay grade at the relevant market 50<sup>th</sup> percentile. Dube TradePort Corporation has utilised the services of independent consultants to conduct benchmarking. During the 2020/21 financial year, Dube TradePort Corporation will conduct a review of the organisation's remuneration philosophy.

A service provider was engaged during the previous financial year to review and grade all available positions, in line with the Paterson grading system. Remuneration for each such position was benchmarked, so ensuring comparable remuneration with the marketplace. The organisation employs the skills of an independent service provider on an annual basis to develop a better understanding of remuneration trends and practises.

Performance bonuses and annual salary increases are not guaranteed and are subject to organisational performance, market trends and the individual performance of employees, as well as the availability of budget.

Performance bonuses are only paid if the organisation achieves in excess of 70% of the targets contained in its Annual Performance Plan. Such bonus payments are calculated in accordance with the scores achieved by individuals on their annual performance assessments. The Board reviews and moderates the bonuses of the Chief Executive Officer, the Executives and the Company Secretary.

Salary increases comprise two components – a cost of living component and a performance-linked component. The 2020/21 financial year focus will revolve around a review of the design of the organisational structure to ensure that Dube TradePort Corporation is capable of continuing to operate as a world-class organisation.

During the year under review, the Remuneration Policy did not change appreciably with regard to managers within the Patterson Grading System's bands D and E. These employees are paid a Cost-to-Company salary within the pay-scales of the job grades. There is no corporate contribution to provident funds or medical aid schemes. Dube TradePort Corporation contributes to employees' medical aid and employees' provident fund for non-managerial staff within the system's Bands A, B and C.

Further information on the Remuneration Policy may be found at [www.dubetradeport.co.za/Corp\\_Gov](http://www.dubetradeport.co.za/Corp_Gov).

**Remuneration of Board Members:** Fees for members of the Board are set by the KwaZulu-Natal Member of the Executive Council for Economic Development, Tourism and Environmental Affairs. Remuneration for Board and Board Committee members is not dependent on the performance of Dube TradePort Corporation.

Full disclosure of amounts paid to staff, executives and Board members may be found in Note 23 in the Annual Financial Statements.

## INVESTMENT COMMITTEE

The Investment Committee is convened in terms of formal Terms of Reference, which are subject to review on an annual basis and which are approved by the Board. This Committee plays an advisory role to the Board.

The Committee met three times during the year under review. The Chief Executive Officer and Chief Operating Officer attend meetings as members of the Committee, whilst both the Chief Financial Officer and the Development Planning and Infrastructure Executive attend such meetings by invitation.

During the review period, the Committee undertook the following activities:

- Reviewed and recommended the Energy Management Policy for approval by the Board;
- Reviewed and monitored the Property Developers Strategy for approval by the Board;
- Monitored the investment pipeline;
- Reviewed and recommended a number of applications from investors to become Special Economic Zone Enterprises for approval by the Board; and
- Reviewed a number of inward investment proposals and advised the Board accordingly.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its Terms of Reference for the year to date.

The committee will also focus on the oversight of effective implementation of various Broad-Based Black Economic Empowerment initiatives with the aim of improving the B-BBEE scorecard.

## COMPANY SECRETARY

The Company Secretary plays a key role in the governance of the entity and executes duties relating to the Board and the rest of the entity in such a manner as to ensure comprehensive adherence to Board procedures and relevant regulations. All corporate governance services are provided by the Company Secretary. However, should the need arise, the advice of other corporate governance professionals may be procured on behalf of the Board. The Board believes the arrangements for accessing corporate governance services are effective.

The Company Secretary attends all Board and Board Committee meetings. Members of the Board have unlimited access to the services of the Company Secretary.

The performance of the Company Secretary is currently reviewed quarterly by the Chief Executive Officer and, on an annual basis, her performance assessment is reviewed by the Board.

## CODE OF BUSINESS CONDUCT

Dube TradePort Corporation has in place a policy of zero tolerance as regards unethical activities.

The organisation's Code of Business Conduct governs the behaviour of every member of staff and all receive training with regard to this Code during their induction. Every member of staff is expected to sign an annual declaration, indicating that they understand the content of the Code and that any contravention of the Code has a consequence, which may include disciplinary action.

The organisation's Code of Business Conduct includes the following areas:

- Values of Dube TradePort Corporation;
- General behaviour at work and tolerance and respect for all;
- Declaration and conflict of interests;
- Acceptance of gifts and gratuities;
- Zero tolerance of fraud and corruption, sexual harassment and intimidation;
- Politics in the work place;
- Due care and attention to work undertaken;
- Care and attention of assets; and
- Electronic communication and protection of confidential information.

## SUPPLIERS' CODE OF CONDUCT

Dube TradePort Corporation also has in place a Suppliers' Code of Conduct. All the organisation's suppliers are invited to sign the Suppliers' Code of Conduct and certain key suppliers are required to attend an induction course upon the commencement of their contract period, thus ensuring that Dube TradePort Corporation's standards, both ethical and operational, are fully understood and implemented.

**General Declarations of Interest:** As previously indicated, members of Dube TradePort Corporation's staff are obligated to declare their interests. This is in line with the requirements of the PFMA.

In addition, all those staff members involved in the scoping, evaluation or adjudication of the organisation's procurement process are required to declare any interests prior to each engagement in such process. As an additional control, designed specifically to mitigate against any influence by suppliers, Dube TradePort Corporation has in place a Gift Policy to which all staff are required to adhere.

## ACCESS TO INFORMATION

Access to information is regarded by the Board as being a cornerstones of good governance.

In this regard, the Board ensures access - collectively and individually - to entity information, records, documents and property, so enabling it to effectively carry-out its responsibilities. Provision made for access to information is applicable to both the Board and the Committees of the Board.

The Board members would, whenever appropriate, be able to access external professional service providers at the cost of Dube TradePort Corporation. The provisions of the Supply Chain Management Policy would be followed in order to procure such services.

## RESPONSIBLE CORPORATE CITIZENSHIP AND ETHICAL LEADERSHIP

Organisational ethics - As already indicated, Dube TradePort Corporation's Board is responsible for strong ethical leadership and receives reports on social and ethical initiatives.

The organisation's ethics framework comprises the continuous review of policies, the induction of all new staff members, the annual renewal of adherence to the Code of Business Conduct and the Suppliers' Code of Conduct, declarations of interest, reporting on an anti-fraud tip-offs hotline and the reporting of the number of disciplinary actions to the Remuneration and Human Resources Committee.

The organisation has in place an approved Disciplinary Policy. Breaches of the Code of Business Conduct, or any other ethical standard, are dealt with in terms of this policy.

The organisation makes available all its policies by way of the Dube TradePort Corporation intranet, known as DubeWorld. Training interventions dealing with policies are provided at staff induction sessions and also during the year, as and when significant changes are made or when management deems such refreshers appropriate.

During the year under review all managers attended contract management training to ensure that sustainable practices were put in place to manage service providers and to reduce the incidence of irregular expenditure through poor administration of contracts.

Dube TradePort Corporation has not appointed a Social and Ethics Committee. Currently, the Board considers that issues which would otherwise be overseen by such a Committee should be dealt with by

its existing Committees. However, should the workload of its existing Committees so demand, the Board will appoint a separate Social and Ethics Committee. To date the entity has not undertaken an independent assessment to monitor adherence to organisational ethical standards. The ethical processes are monitored as follows:

The Audit and Risk Committee receives reports on calls made to the Anti-fraud Hotline. All responses to incidents reported are monitored by this Committee. Since the volume of such calls received is very low, management will conduct an awareness campaign to ensure that best value is obtained from this service.

The Remuneration and Human Resources Committee receives feedback on disciplinary issues and any health and safety incidents. During the year under review, the entity did not experience any significant breaches of ethics of which it is aware. Dube TradePort Corporation will, therefore, continue to implement and monitor the current ethics practises.

The focus for the next year remains on ensuring that robust and ethical Supply Chain Management processes are practised by Dube TradePort Corporation.

## CORPORATE CITIZENSHIP

Many of the targets included in the Annual Performance Plan measure the corporate citizenship initiatives implemented by the entity. The Annual Performance Report, found on page 32, records the entity's achievement of targets. Corporate citizenship achievements may also be found in the Chief Executive Officer's Review on page 14 and the Corporate Services Report, which may be found at [www.dubetradeport.co.za/Annual\\_Reports](http://www.dubetradeport.co.za/Annual_Reports)

Each quarter, the Board reviews the progress made towards achieving all targets in the Annual Performance Plan. Each target is considered to be a key area of organisational focus. The quarterly report is submitted to both the KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs and the KwaZulu Natal Provincial Treasury as part of required reporting.

The Audit and Risk Committee also receives reports detailing compliance with environmental and other operational audits. This process will receive greater attention in the forthcoming financial year. During the upcoming financial year, the Board and all the Committees of the Board will focus on monitoring Broad-Based Black Economic Empowerment initiatives.

## PUBLIC ACCESS TO INFORMATION ACT (PAIA)

Dube TradePort Corporation has in place the necessary Section 14 PAIA manual. This document is available via the organisation's website. For further information about said manual, please refer to: [www.dubetradeport.co.za/Annual\\_Reports](http://www.dubetradeport.co.za/Annual_Reports)

Between 01 April 2019 and 31 March 2020, Dube TradePort Corporation did not receive any requests for information requiring a specific response. All other requests related to information was automatically available on the organisation's website or was contained in marketing and promotional materials. During this period 26 tours of the Dube TradePort precinct were undertaken.

## STAKEHOLDER ENGAGEMENT

A wide range of stakeholder groups were engaged by Dube TradePort Corporation during the year under review.

The Board receives reports regarding significant stakeholder engagements.

During the year the Board received regular feedback on the progress of the Automotive Supplier Park, interaction with the Department of Trade and Industry on allocations received from the Special Economic Zone Fund and recommendations from the Route Development Committee, amongst others.

The shareholder is represented at both Board and Audit Committee meetings. This allows a two-way exchange of information.

The organisation places great store by its structured engagements and endeavours to promote and cultivate sound relationships through professional, transparent and effective communication.

Stakeholder groups with which Dube TradePort Corporation interacts include:

- Department of Economic Development, Tourism and Environmental Affairs;
- Regulators;
- Business partners;
- Local communities;
- Media;
- Clients;
- Agricultural community;
- Investors, tenants and developers;
- Airlines and the cargo and logistics community; and
- Members of staff.

Dube TradePort Corporation meets with stakeholders through a range of forums. The underlying objectives behind such interactions are described more fully in the inclusion to be found on: [www.dubetradeport.co.za/Annual\\_Reports](http://www.dubetradeport.co.za/Annual_Reports)

The relationship with the shareholder is governed by the Shareholder Compact, which is signed annually. Furthermore, representatives of the Department of Economic Development, Tourism and Environmental Affairs attend meetings of the Board and the Audit and Risk Committee.

Dube TradePort Corporation also conducts an annual Customer Satisfaction Survey, ensuring that relationships with tenants and customers are well-maintained and continue to thrive. The 2019/20 survey measured an overall score of 82.5%.

In the coming year the organisation will engage with funders to ensure that these agencies are aware of the investment opportunities available at the Dube TradePort Special Economic Zone, in particular for black-owned investors.

## SUSTAINABILITY

Dube TradePort Corporation has published a State of the Environment Report. This document was published in 2016 and is available at: [www.dubetradeport.co.za/Annual\\_Reports](http://www.dubetradeport.co.za/Annual_Reports)

## CORPORATE CITIZENSHIP

The Board ensures that Dube TradePort Corporation is - and is seen to be - a responsible corporate citizen.

Examples of the achievements of targets set in this regard may be found in the Annual Performance Report, to be found on page 32 of this document.

**Workplace:** The organisation's annual Employment Equity Plan, which is reviewed and approved by the Remuneration and Human Resources Committee, aims to ensure that any barrier to equal employment at Dube TradePort Corporation is removed. Further information in this regard may be found in the Corporate Services Report available at: [www.dubetradeport.co.za/Annual\\_Reports](http://www.dubetradeport.co.za/Annual_Reports)

All positions are formally graded and remunerated at the 50<sup>th</sup> percentile level.

**Economy:** The Board approved a Broad-Based Black Economic Empowerment Strategy in 2016, which strategy now guides Dube TradePort Corporation's endeavours to ensure that economic transformation is achieved through its operational activities.

In addition, an initiative which supports the organisation's Fraud Prevention Plan is the operation of an Anti-Fraud Hotline, through which both internal or external parties are invited to anonymously report fraudulent or corrupt behaviour pertaining to the organisation. The Audit and Risk Committee is informed of any and all activities so reported and is briefed on steps taken to resolve such issues.

All such reports, whether made via the Anti-Fraud Hotline or in person, are treated in absolute confidence, with individuals protected by the organisation's Whistle Blowing Policy, which is itself under-pinned by relevant legislation.

**Society:** The various types of initiatives supported by Dube TradePort Corporation are more fully described in the Corporate Services Report, which is available at: [www.dubetradeport.co.za/Annual\\_Reports](http://www.dubetradeport.co.za/Annual_Reports)

**Environment:** Dube TradePort Corporation is cognisant of the need to prevent environmental degradation. Accordingly, all activities within Dube TradePort are closely monitored to ensure that neither the entity nor developers or tenants harm the environment through pollution or the disposal of waste.

The organisation consciously works to rehabilitate land in the precinct and strives to maintain land already rehabilitated. This stance is in compliance with the Record of Decision and is reported upon in the Annual Performance Report, which may be found on page 32 of this document.





ENERGY REQUIREMENTS  
COME FROM RENEWABLE  
RESOURCES








OF  
DUBE AGRIZONE'S

24.8%




# ANNUAL PERFORMANCE REPORT

IN ORDER TO EFFICIENTLY CARRY OUT ITS MANDATE, DUBE TRADEPORT CORPORATION OPERATES A SEVEN-PROGRAMME STRUCTURE. OUR SEVEN PROGRAMMES INCLUDE:

| PROGRAMMES  | SUB-PROGRAMMES   |
|---|--|
| <b>PROGRAMME 1:<br/>ADMINISTRATION</b>   | <ul style="list-style-type: none"> <li>• Office of the Chief Executive Officer</li> <li>• Finance</li> <li>• Corporate Services</li> </ul>   |
| <b>PROGRAMME 2:<br/>CARGO DEVELOPMENT</b>    | <ul style="list-style-type: none"> <li>• Cargo Operations</li> <li>• Air Cargo Business Development</li> </ul>   |
| <b>PROGRAMME 3:<br/>PROPERTY</b>   | <ul style="list-style-type: none"> <li>• Commercial</li> <li>• Operations</li> </ul>   |
| <b>PROGRAMME 4:<br/>DUBE AGRIZONE</b>   | <ul style="list-style-type: none"> <li>• Dube AgriZone Services</li> <li>• Sustainable Farming Initiatives</li> <li>• Tissue Culture Facility (Dube AgriLab)</li> <li>• Landscaping and Rehabilitation</li> <li>• Dube AgriZone Expansion</li> </ul> |
| <b>PROGRAMME 5:<br/>INFORMATION AND COMMUNICATIONS<br/>TECHNOLOGY (DUBE iCONNECT)</b>  | <ul style="list-style-type: none"> <li>• Commercial</li> <li>• Operations</li> </ul>   |
| <b>PROGRAMME 6:<br/>DEVELOPMENT PLANNING<br/>AND INFRASTRUCTURE</b>                    | <ul style="list-style-type: none"> <li>• Planning</li> <li>• Environment</li> <li>• Infrastructure and Development</li> </ul>  |
| <b>PROGRAMME 7:<br/>SPECIAL ECONOMIC ZONE</b>    |  |

THE FOLLOWING TABLES HIGHLIGHT THE PERFORMANCE OF EACH PROGRAMME (AND THEIR RESPECTIVE SUB-PROGRAMMES) FOR THE 2019/20 FINANCIAL YEAR, AGAINST TARGETS REFLECTED IN THE ANNUAL PERFORMANCE PLAN FOR THE YEAR:

|  <b>PROGRAMME 1: ADMINISTRATION</b> |   |                              |                             |   |
|--|---|------------------------------|-----------------------------|---|
| <b>SUB-PROGRAMME 1.1: OFFICE OF THE CHIEF EXECUTIVE OFFICER</b>  |   |                              |                             |   |
| <b>STRATEGIC OBJECTIVE</b>   | <b>PROGRAMME PERFORMANCE INDICATOR</b>  | <b>ANNUAL TARGET 2019/20</b> | <b>ACTUAL PERFORMANCE</b>   | <b>COMMENT</b>  |
| To provide strategic direction and leadership to Dube TradePort Corporation  | % achievement of APP targets  | 85%                          | 71.2%                       | Dube TradePort Corporation achieved 47 of the 66 targets measured. Although significant progress was made on construction projects, such as the bulk earthworks for Dube TradeZone 2, completion of the double basement and construction of Dube TradeZone Mini-Factories, no new leases were signed this year. This meant that lower than anticipated new investment was secured and fewer than expected investors began operating or were approved for location in Dube TradePort Special Economic Zone. Further, while overall revenue grew by more than the targeted rate, revenue from property rentals, ICT services and tissue culture sales all fell short of their individual targets. |
|  | % customer satisfaction (survey)  | 80%                          | 82.5%                       | While customer satisfaction remains high, survey results showed a marginal decline of 1.5%, compared against the previous year. 📉   |
|  | % increase in own revenue   | 12%                          | 20.5%                       | Almost half of Dube TradePort Corporation's total own revenue is earned through property rentals. Further revenue is earned through cost recoveries from tenants, cargo handling and ICT services. 📈  |
|  | % increase in Brand Value   | 5% increase year-on-year     | 11.9% increase year-on-year | Brand value is a collective calculation of several data sets, but can be negatively influenced by economic factors. The increase in value is mainly attributed to an increase in the revenue earned from cargo handling and ICT services, as well as increased awareness of the Dube TradePort brand. 🧠   |
|  | Number of successful marketing campaigns implemented  | 6                            | 6                           | The following marketing campaigns were successfully completed:<br>(1) Brand awareness;<br>(2) Community brand;<br>(3) Durban Direct - World Routes 2019;<br>(4) Commercial support: Special Economic Zone - Manufacturing Indaba;<br>(5) Commercial support: Dube AgriLab - Undercover Farming; and<br>(6) Launch of the Durban Aerotropolis - master plan and visitor centre. 🧠  |
| To promote sound corporate governance to Dube TradePort Corporation and its Board                                    | Board effectiveness as determined by comparison to the appropriate recommendations of King IV | 90%                          | 90%                         | Dube TradePort Corporation has endeavoured to apply all applicable recommendations of King IV. Significant disclosure has been made regarding value creation by the entity. However, areas which are less relevant to the public sector, have posed a challenge in terms of contributing to meaningful disclosure. 🧠  |
|  | % implementation of the ICT Governance Framework and Policies requirements                    | 90%                          | 97.2%                       | One activity required for the implementation of the ICT Governance Framework remained outstanding at the end of the year. This related to the testing of the disaster recovery plan. 🧠  |

### SUB-PROGRAMME 1.1: OFFICE OF THE CHIEF EXECUTIVE OFFICER

|  |   |         |         |  |
|--|---|---------|---------|--|
| To facilitate Dube TradePort Corporation's B-BBEE Strategy | Dube TradePort Corporation's B-BBEE level   | Level 1 | Level 7 | The current B-BBEE certificate was based on information from the 2017/18 financial year. Since then, the B-BBEE Implementation Plan has been put in place to track progress against all relevant B-BBEE activities, including some which are over and above those measured in the scorecard. 📊   |
|  | % achieved of the annual B-BBEE Implementation Plan                                       | 80%     | 84.6%   | Initiatives are actively being implemented to transform the supply chain, employees, tenants, developers and communities. Substantial progress has been made in procuring goods/ services from previously disadvantaged suppliers and in the transformation of the workforce. 📊  |
| To facilitate new international and regional air services  | % increase in international/ regional passengers through King Shaka International Airport | 5%      | 2.6%    | Passenger numbers during the first 11 months of the year showed growth of more than 8%, compared against the previous year. However, the suspension of all passenger flights in the second half of March 2020, due to the COVID-19 pandemic, resulted in a 51% decrease in March alone, which severely affected overall growth for the year. 📉 |

### SUB-PROGRAMME 1.2: FINANCE

|   |  |             |             |  |
|---|--|-------------|-------------|--|
| To provide effective, efficient and transparent financial management  | External audit opinion   | Clean audit | Clean audit | The clean audit received by Dube TradePort Corporation for its 2018/19 financial results, was the seventh consecutive year in which this was achieved. 🧠                                 |
|   | % of prior period external audit report items resolved prior to the commencement of the audit            | 80%         | 100%        | Four findings were raised by the Auditor-General during the audit of the 2018/19 Annual Financial Statements, all of which were resolved before the commencement of the 2019/20 audit. 🧠 |
|   | % MTEF allocation utilised   | 100%        | 100%        | 83.6% of Dube TradePort Corporation's MTEF allocation was paid to suppliers during the year, while the remaining 16.4% was reserved for commitments entered into prior to year-end. 📈    |
| To promote radical economic transformation through the adoption of relevant supply chain management practices | Procurement spend on targeted businesses (including QSE, EME, 51% black-owned and 30% black women-owned) | 55%         | 92.3%       | 37.6% of Dube TradePort Corporation's procurement spend was made to black- owned companies, 26.4% to black women-owned companies and 28.3% to EMEs and QSEs. 📈                           |



## PROGRAMME 1: ADMINISTRATION (CONTINUED)

### SUB-PROGRAMME 1.3: CORPORATE SERVICES

| STRATEGIC OBJECTIVE   | PROGRAMME PERFORMANCE INDICATOR   | ANNUAL TARGET 2019/20 | 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   | 6%                    | 5.2%               | 24 positions were filled during the year. Of the 10 approved posts which remained vacant as at 31 March 2020, six were filled in April and one was filled in June, with two further offers being prepared and assessments undertaken for the filling of the single remaining post. 🇷🇵   |
|   | % of payroll spent on learning and development                          | 7%                    | 7.7%               | More than R7.8 million was spent on the training of staff, stipends paid to interns and bursaries for deserving students. 🇷🇵  |
|   | Number of Corporate Social Investment projects                          | 4                     | 5                  | The Corporate Social Investment projects undertaken during the year were:<br>(1) Farmers market and support initiative for victims of the floods;<br>(2) Mandela Day project held at Mzamo Home in Verulam;<br>(3) Tree planting at Amaoti Primary School;<br>(4) Christmas outreach, providing items for a year-end party for the crisis centre in Waterloo; and<br>(5) Bursary scheme providing bursaries for 22 students to attend tertiary institutions. 🇷🇵 |
|   | Number of participants in learnerships, apprenticeships and internships | 20                    | 26                 | 26 internships were provided to deserving candidates during the year. These interns assisted in filling the gaps caused by resignations and the lengthy approval processes required to fill vacancies. 🇷🇵   |
|   | Achievement of Employment Equity targets                                | 85%                   | 92.6%              | Affirmative action measures have been implemented to remove any barriers which may have prevented the attraction and appointment of employment equity staff. The majority of appointments made in 2019/20 were employment equity candidates. 🇷🇵   |



## PROGRAMME 2: CARGO DEVELOPMENT

### SUB-PROGRAMME 2.1: CARGO OPERATIONS

| STRATEGIC OBJECTIVE   | PROGRAMME PERFORMANCE INDICATOR                    | ANNUAL TARGET 2019/20           | ACTUAL PERFORMANCE              | COMMENT  |
|---|--|---------------------------------|---------------------------------|--|
| To ensure cargo handling equipment, resources and systems are reliable and functioning optimally to meet user needs | Processing time against Service Level Agreements   | 90%                             | 99.9%                           | All airlines currently utilising Dube Cargo Terminal's services to handle their air cargo were satisfied with the service received. 🇿🇦   |
|   | Revenue from cargo terminal services               | R16.47 million                  | R21.6 million                   | In spite of a minimal increase in cargo volumes from 2018/19 to 2019/20, revenue from cargo terminal services, which includes cargo-handling and Dube AiRoad trucking services, increased by 11% (2018/19: R19.5 million). Revenue is also influenced by the US Dollar exchange rate. 🇿🇦 |
| 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 | Dube Cargo Terminal maintained its SACAA certification throughout the year. 🇿🇦   |

### SUB-PROGRAMME 2.2: AIR CARGO BUSINESS DEVELOPMENT

|   |   |               |               |   |
|---|---|---------------|---------------|---|
| To grow the volume of cargo through Dube Cargo Terminal | Tonnage throughput from Dube Cargo Terminal               | 20 597 tonnes | 23 734 tonnes | While international tonnages grew by 5.5% (from 15 251 in 2018/19 to 16 091 in 2019/20), domestic tonnages decreased by 9.5% (from 8 444 in 2018/19 to 7 643 in 2019/20). tonnage was affected by the COVID-19 pandemic, which resulted in severely reduced flight activity in March 2020. 🇿🇦 |
|   | Value of international goods through Dube Cargo Terminal  | R7.6 billion  | R8.8 billion  | The value of international goods grew by 49%, compared against the previous year (2018/19: R5.9 billion). This was due to an increase in high-value export cargo and favourable exchange rates. 🇿🇦  |
|   | Number of business cases presented to freighter operators | 2             | 2             | Business cases were presented to Kenya Airways and MK Freight Systems. While the presentation of business cases assists to create dialogue between Dube Cargo Terminal and freighter operators, it does not guarantee future business. 🇿🇦   |



## PROGRAMME 3: PROPERTY

### SUB-PROGRAMME 3.1: COMMERCIAL

| STRATEGIC OBJECTIVE  | PROGRAMME PERFORMANCE INDICATOR  | ANNUAL TARGET 2019/20 | ACTUAL PERFORMANCE    | COMMENT   |
|--|--|-----------------------|-----------------------|---|
| To increase long-term property rental revenues for Dube TradePort Corporation      | Total revenue from all Dube TradePort Corporation properties   | R51 million           | R46.5 million         | Property rentals grew by 8.4% over the previous year (R42.8 million). This was lower than planned due to concessions provided to Enterprise Development tenants, vacancies and delays in the completion of the tenant installation for Skyy Aviation and the hand-over of the Mini-Factories. 📉 |
| 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 non-Special Economic Zone-designated areas | R300 million          | R0                    | Discussions with potential investors for Dube City remain on-going. 📈   |
|  | Total value of new investment (buildings and capital equipment) by black-owned companies (including Special Economic Zone investments) | R500 million          | R14.7 million         | Investment by black-owned companies has been limited, due largely to funding challenges. 📈  |
|  | Number of square metres of land leased in Dube TradeZone (cumulative)  | 450 000m <sup>2</sup> | 291 636m <sup>2</sup> | No new land leases were signed during the year. Attracting new investors was negatively impacted by the depressed local economy, together with minimal growth noted globally, which was further exacerbated by the COVID-19 pandemic. 📉   |
|  | Number of bulk square meters let in Dube City (cumulative)   | 55 000m <sup>2</sup>  | 50 480m <sup>2</sup>  | No new leases were signed in 2019/20 for bulk in Dube City due to poor economic conditions. 📉   |

### SUB-PROGRAMME 3.2: OPERATIONS

| STRATEGIC OBJECTIVE   | PROGRAMME PERFORMANCE INDICATOR  | ANNUAL TARGET 2019/20 | ACTUAL PERFORMANCE     | COMMENT   |
|---|--|-----------------------|------------------------|---|
| To efficiently manage Dube TradePort Corporation's property zones and buildings               | % occupancy of Dube TradePort Corporation's owned buildings  | 95%                   | 96.9%                  | Dube TradeHouse was fully occupied for much of the year. One office space, at 29° South, was vacant for part of the year and the temporary occupant of the ground floor vacated the premises in February 2020, when they moved into their permanent facility in Dube TradeZone. 📉 |
|   | % of sites leased to private sector developers levied  | 100%                  | 100%                   | Levies have been charged on all sites where leases allow for levies to be charged and the rental commencement date has been reached. 📈  |
|   | Minimum average rental rate per m <sup>2</sup> (total rental/area rented):<br>- Owned buildings (Dube TradeZone) | R60/m <sup>2</sup>    | R66.67/m <sup>2</sup>  | Rentals in Dube TradeZone increased by between 5% and 8%. However, the overall average rental rate grew by less than 2% as a result of rental concessions and beneficial occupation afforded to some tenants. 📈   |
|   | Minimum average rental rate per m <sup>2</sup> (total rental/area rented):<br>- Owned buildings (Dube City)      | R87/m <sup>2</sup>    | R108.04/m <sup>2</sup> | Rent-free beneficial occupation afforded to some tenants resulted in the average rental rate at Dube City increasing by 8% in 2019/20 (2018/19: R100/m <sup>2</sup> ). 📈  |
| To effectively maintain Dube TradePort Corporation's infrastructure, buildings and facilities | % completion of planned maintenance programmes   | 95%                   | 99.5%                  | All but one of the planned maintenance activities were completed during the year. 📈   |
|   | % completion of tenant-logged job cards  | 95%                   | 100%                   | Tenants logged 75 maintenance jobs during the year, all of which were completed in a timely manner. 📈   |





## PROGRAMME 4: DUBE AGRIZONE

| SUB-PROGRAMME 4.1: DUBE AGRIZONE SERVICES  |  |                       |                    |   |
|--|--|-----------------------|--------------------|---|
| STRATEGIC OBJECTIVE  | PROGRAMME PERFORMANCE INDICATOR                                      | ANNUAL TARGET 2019/20 | ACTUAL PERFORMANCE | COMMENT   |
| To provide reliable, effective and efficient Dube AgriZone services  | Value of produce produced and processed/ handled at Dube AgriZone    | R150 million          | R84.9 million      | While production in Greenhouse A commenced during the year, challenges were experienced in both Greenhouses A and D. Greenhouse A only had an effective production area (with harvesting taking place) for part of the year, while the Greenhouse D tenant did not commence production, as the facility is being modified to meet pharmaceutical standards. 📉 |
|  | % occupancy of available Dube AgriZone facilities                    | 90%                   | 99.7%              | All production facilities are fully occupied, although the Dube AgriZone canteen was vacant for most of the year. 📈   |
| SUB-PROGRAMME 4.2: SUSTAINABLE FARMING INITIATIVES   |  |                       |                    |   |
| To ensure that Dube AgriZone is used to initiate and promote sustainable farming initiatives and businesses      | % of energy derived from renewable sources                           | 23%                   | 24.8%              | Approximately 1025 MWh of energy was produced by the PV solar panels at Dube AgriZone. 📈  |
|  | Number of projects implemented                                       | 2                     | 2                  | The following projects were implemented during the year:<br>(1) Chilled water pipe lagging at the Distribution Centre and Packhouse C; and<br>(2) Energy-saving for storm-water pumps at Dube AgriZone ponds. 📈   |
| SUB-PROGRAMME 4.3: TISSUE CULTURE FACILITY (DUBE AGRILAB)  |  |                       |                    |   |
| To manage, operate and maintain the Tissue Culture Facility  | % increase in production volumes                                     | 12% increase          | 12% decrease       | 1.2 million plantlets were produced during the year. This was based on demand and orders received. 📉  |
|  | Revenue generated from tissue culture sales                          | R900 000              | R255 438           | Staff shortages throughout the year and the decline in effective production, particularly in March 2020 as a result of COVID-19, resulted in fewer deliveries taking place and orders worth approximately R400 000 were postponed by the customer. 📉  |
|  | Number of research projects completed                                | 3                     | 3                  | The following protocols were developed:<br>(1) Stevia in vitro;<br>(2) Rose hardening-off; and<br>(3) Megaflorea hardening-off. 📈   |
| SUB-PROGRAMME 4.4: LANDSCAPING AND REHABILITATION  |  |                       |                    |   |
| To assist in providing rehabilitation and maintenance services for Dube TradePort Corporation's ROD requirements | Number of hectares rehabilitated                                     | 25ha                  | 37.4ha             | The rehabilitation teams focussed more acutely on the clearing of new areas, rather than maintaining areas already cleared. Canelands was the principal area of focus, was infested with broad-leafed vegetation, where spraying chemicals was primarily employed. 📈  |
| SUB-PROGRAMME 4.5: DUBE AGRIZONE EXPANSION   |  |                       |                    |   |
| To identify and conclude agreements with suitable operators and producers  | Number of hectares leased to or reserved by operators and/or tenants | 10ha                  | 12ha               | Two Memorandums of Understanding were signed with prospective developers for Dube AgriZone 2. 📈   |



## PROGRAMME 5: INFORMATION AND COMMUNICATIONS TECHNOLOGY (DUBE ICONNECT)

### SUB-PROGRAMME 5.1: COMMERCIAL

| STRATEGIC OBJECTIVE  | PROGRAMME PERFORMANCE INDICATOR                     | ANNUAL TARGET 2019/20 | ACTUAL PERFORMANCE | COMMENT  |
|--|---|-----------------------|--------------------|--|
| To develop and provisionally cost competitive and reliable commercial ICT services to Dube TradePort Corporation clients | Total Dube iConnect revenue                         | R12.45 million        | R10.9 million      | A number of tenants who had generated good revenue for Dube iConnect vacated the Dube TradePort precinct during the year. 📉  |
|  | % growth in revenue derived from off-site resellers | 18%                   | 18%                | Revenue from off-site resellers has been growing at a faster rate than on-site customer revenues, as on-site growth opportunities are limited. The number of on-site customers is expected to increase when construction activities on the next phase of development are complete. 📈 |

### SUB-PROGRAMME 5.2: OPERATIONS

|  |  |     |       |  |
|--|--|-----|-------|--|
| To operate and maintain Dube iConnect IT infrastructure and commercial IT services | % uptime of commercial IT services   | 99% | 99.9% | Most of the old core network equipment has been replaced, with the replacement of the Data Centre computer planned for early in 2020/21. Newer equipment assists in minimising downtime. 📉 |
|  | Resolution of all faults logged within Service Level Agreement specification | 95% | 99.5% | Dube iConnect has worked closely with its resellers to ensure that all clients' hosted on its infrastructure receive continuous levels of service excellence 📈                             |



## PROGRAMME 6: DEVELOPMENT PLANNING AND INFRASTRUCTURE

### SUB-PROGRAMME 6.1: PLANNING

| STRATEGIC OBJECTIVE   | PROGRAMME PERFORMANCE INDICATOR                              | ANNUAL TARGET 2019/20                             | ACTUAL PERFORMANCE                                  | COMMENT   |
|---|--|---|---|---|
| To ensure the availability of land for future expansion in support of the establishment of the aerotropolis | Number of hectares of industrial or commercial land released | 50ha  | 0ha   | Delays in the SPLUMA application for Dube TradeZone 2, as a result of ETA not submitting comments, as well as the delay in appointment of a service provider to undertake municipal services, resulted in no new areas released for industrial or commercial development. 🧠   |
|   | Deliver and implement the aerotropolis master plan           | Implement interventions stated in the master plan | Interventions stated in the master plan implemented | A number of activities from the lead initiatives contained in the Durban Aerotropolis Master Plan are underway. Activities completed in the 2019/20 financial year included the presentation of the first Aerotropolis Masterclass, the appointment of a service provider for a rapid transport link solution, completion of bulk earthworks on the site earmarked for the MRO facility and a lease being signed with the Moses Kotane Institute, as a first step towards the establishment of innovation hubs. 🧠 |
| To identify and acquire strategic land parcels for future developments                                      | Number of hectares acquired in terms of signed agreements    | 250ha   | 78.9ha  | Agreements are in place with two land owners. 📈   |

### SUB-PROGRAMME 6.2: ENVIRONMENT

|  |   |                                    |                                      |  |
|--|---|------------------------------------|--------------------------------------|--|
| To ensure that the aerotropolis is environmentally sustainable | % reduction in enterprise-wide carbon off-set from the previous year's baseline | 7% reduction from revised baseline | 13.6% increase from revised baseline | With phase 1 of Dube AgriZone and Dube TradeZone now fully occupied, the increased activities taking place in the zone have led to a corresponding increase in carbon emissions. This increase related primarily to Scope 3 emissions. 📉 |
|  | % compliance with environmental authorisations and licences                     | 90%                                | 96.1%                                | Audit scores have steadily increased as contractors and project managers are regularly informed of non-compliance, thus enabling them to ensure that these are timeously resolved before the subsequent audit. 📈                         |
|  | Number of hectares of land rehabilitated annually                               | 30ha                               | 37.61ha                              | While procurement is in progress for a new service provider to undertake alien clearing, some areas were cleared by the Dube AgriZone rehabilitation team, in addition to those areas already allocated to them. 📈                       |

### SUB-PROGRAMME 6.3: INFRASTRUCTURE AND DEVELOPMENT

| STRATEGIC OBJECTIVE   | PROGRAMME PERFORMANCE INDICATOR   | ANNUAL TARGET 2019/20 | ACTUAL PERFORMANCE | COMMENT  |
|---|---|-----------------------|--------------------|--|
| To procure, manage and monitor Dube TradePort infrastructure provisioning                                     | Number of construction (top structure) projects delivered   | 3                     | 5                  | The following top structures reached practical completion:<br>(1) Dube AgriZone workshop;<br>(2) Dube TradeZone mini-factories;<br>(3) Double basement on block D at Dube City;<br>(4) Aerotropolis Model Room; and<br>(5) Tenant fit-out for a second tenant at the Airchefs building. 📌  |
|   | Number of construction jobs created   | 2 844                 | 708                | The largest project in progress this year, being Dube TradeZone 2 bulk earthworks, is plant-based and, therefore, not labour intensive. 📌  |
|   | Maximum % deviation above contract budget with regards to projects completed during the financial year                | 10%                   | 1.6%               | Final accounts were received for three projects during the year:<br>(1) Dube TradeZone Mini-Factories;<br>(2) Dube AgriZone workshop;<br>(3) Aerotropolis Model Room. 📌  |
| To provide technical support and manage the roll-out of services to all Dube TradePort Corporation programmes | Construction expenditure on EMEs and QSEs   | R95 million           | R86.4 million      | In the current year 29.7% of Dube TradePort Corporation's construction spend was paid to EMEs and QSEs.  |
|   | Capital expenditure on infrastructure   | R240 million          | R290.6 million     | Practical completion was reached on a number of large projects which had been in progress during the year, including the bulk earthworks on Dube TradeZone 2, Dube TradeZone mini-factories and the double basement on block D at Dube City. This assisted in increasing construction spend. 📌   |
|   | Maximum % deviation from construction programme timelines with regard to projects completed during the financial year | 15%                   | 11.4%              | Eight projects were completed during the year, two of which exceeded the programme timelines. These were:<br>(1) Fit-out for a second tenant at the Airchefs building, which was affected by contractor performance issues; and<br>(2) Dube AgriZone workshop, which was delayed after the contractor experienced cash-flow issues on the project. 📌 |



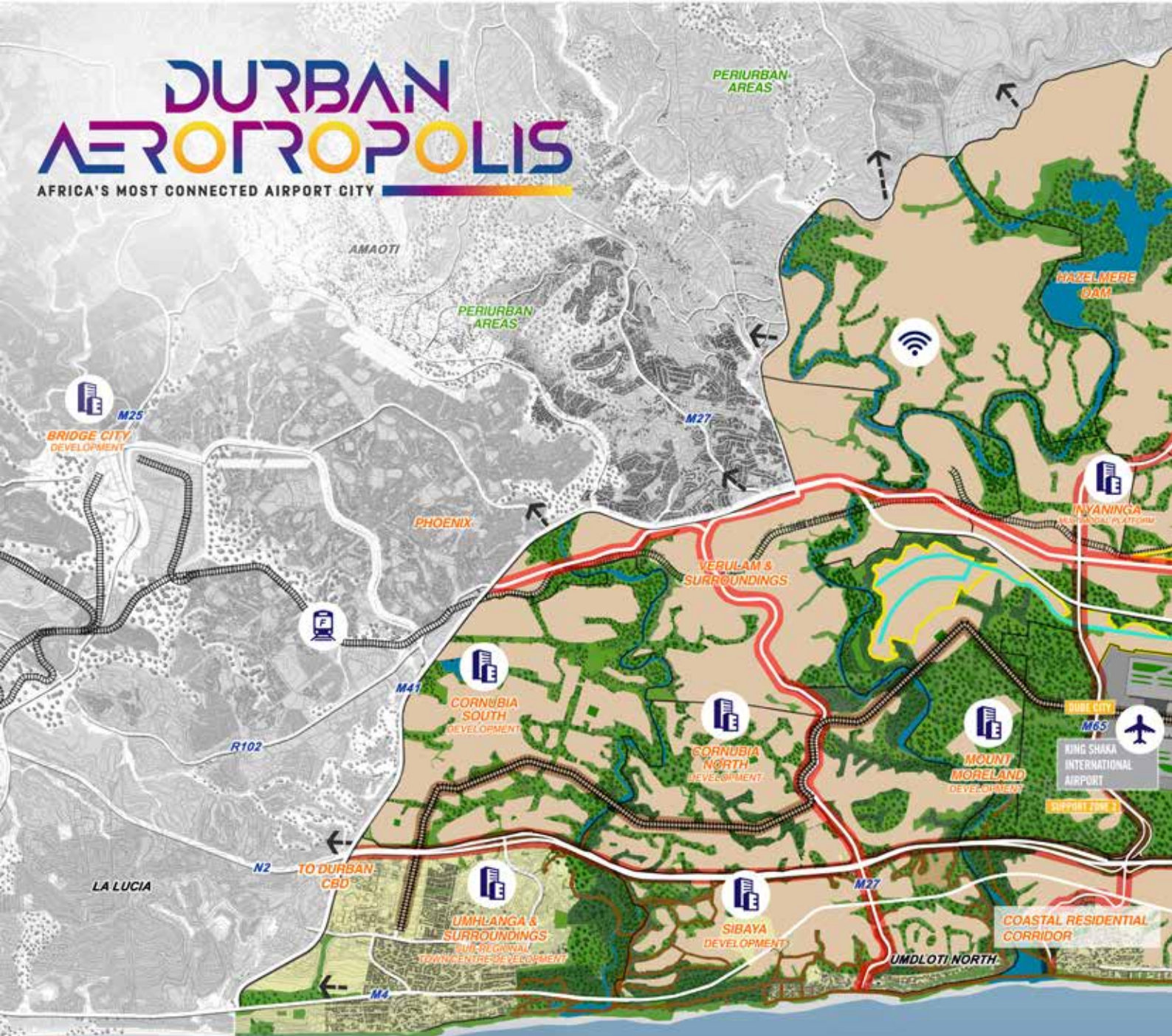
## PROGRAMME 7: SPECIAL ECONOMIC ZONE

### SUB-PROGRAMME 7.1: SPECIAL ECONOMIC ZONE

| STRATEGIC OBJECTIVE   | PROGRAMME PERFORMANCE INDICATOR  | ANNUAL TARGET 2019/20 | ACTUAL PERFORMANCE | COMMENT   |
|---|--|-----------------------|--------------------|---|
| To establish a world-class Special Economic Zone, operated in an effective and compliant manner   | % compliance with conditions of the Special Economic Zone Operator Permit  | 100%                  | 100%               | All compliance indicators on the Special Economic Zone Operator Permit were achieved during the year. One of the critical aspects of this related to adherence to construction timelines and, while Dube TradeZone 2 is not yet released for investment as the provision of municipal infrastructure is not yet complete, the due dates were revised. 🧑‍🔧     |
| To attract relevant foreign and domestic direct investment in support of the targeted industrial activities of the Dube TradePort Special Economic Zone | Value of private sector investment committed (buildings and capital equipment) in Special Economic Zone-designated areas | R1.2 billion          | R124.1 million     | Newly operational entities in the Dube TradePort Special Economic Zone - CHEM Energy SA Pty Ltd and LM Diapers Pty Ltd - invested in new equipment, while additional investment was made by existing investors in their operations. Attracting new investors proved difficult due to prevailing poor economic conditions, both locally and internationally. 📉 |
|   | Number of new jobs created - permanent   | 310                   | 420                | Permanent jobs are created by new tenants as they become operational and when existing tenants expand. As many of Dube TradePort Corporation's tenants are small or newly established enterprises, there is a possibility that some of the jobs created will be lost as a result of the COVID-19 pandemic. 🧑‍🔧  |
|   | Number of new Special Economic Zone investors approved by the Board  | 10                    | 6                  | The following investors were approved by the Board as Special Economic Zone Enterprises:<br>(1) Barwon Farm Pty Ltd;<br>(2) CocoNathi Pty Ltd;<br>(3) Munch Innovation Pty Ltd;<br>(4) LM Diapers Pty Ltd;<br>(5) Barrows Manufacturing and Design Pty Ltd;<br>and<br>(6) CHEM Energy SA Pty Ltd. 🧑‍🔧   |
|   | Number of approved Special Economic Zone investors newly operational   | 6                     | 3                  | Conlog Pty Ltd, CHEM Energy SA Pty Ltd and LM Diapers Pty Ltd began operating in the Dube TradePort Special Economic Zone during the year. 🧑‍🔧  |
|   | Total number of operational businesses in Special Economic Zone -designated areas  | 43                    | 43                 | On-going support is provided to all tenants operating at Dube TradePort. 🧑‍🔧  |

# DURBAN AEROPOLIS

AFRICA'S MOST CONNECTED AIRPORT CITY



INDIAN OCEAN



- 50 MIN TO DUBE AUTOMOTIVE SUPPLY PARK
- 45 MIN TO DURBAN HARBOUR
- 35 MIN TO DURBAN CENTRE
- 15 MIN TO UMHLANGA
- 10 MIN TO CORNUBIA



## To view the Augmented Reality:

1. You need to have a QR code reader on your phone. If you do not have one, please download one from the playstore or iStore.
2. Open your QR code reader and scan this QR code. You will be directed to a website where you will be given two options: you can choose to download the Augmented Reality Application from the PlayStore or iStore, or you can choose to use the browser-based Augmented Reality Application.
3. Please select one of these options and proceed to experience our Augmented Reality.

95 MIN TO RICHARDS BAY HARBOUR >>>  
 20 MIN TO BALLITO >>>

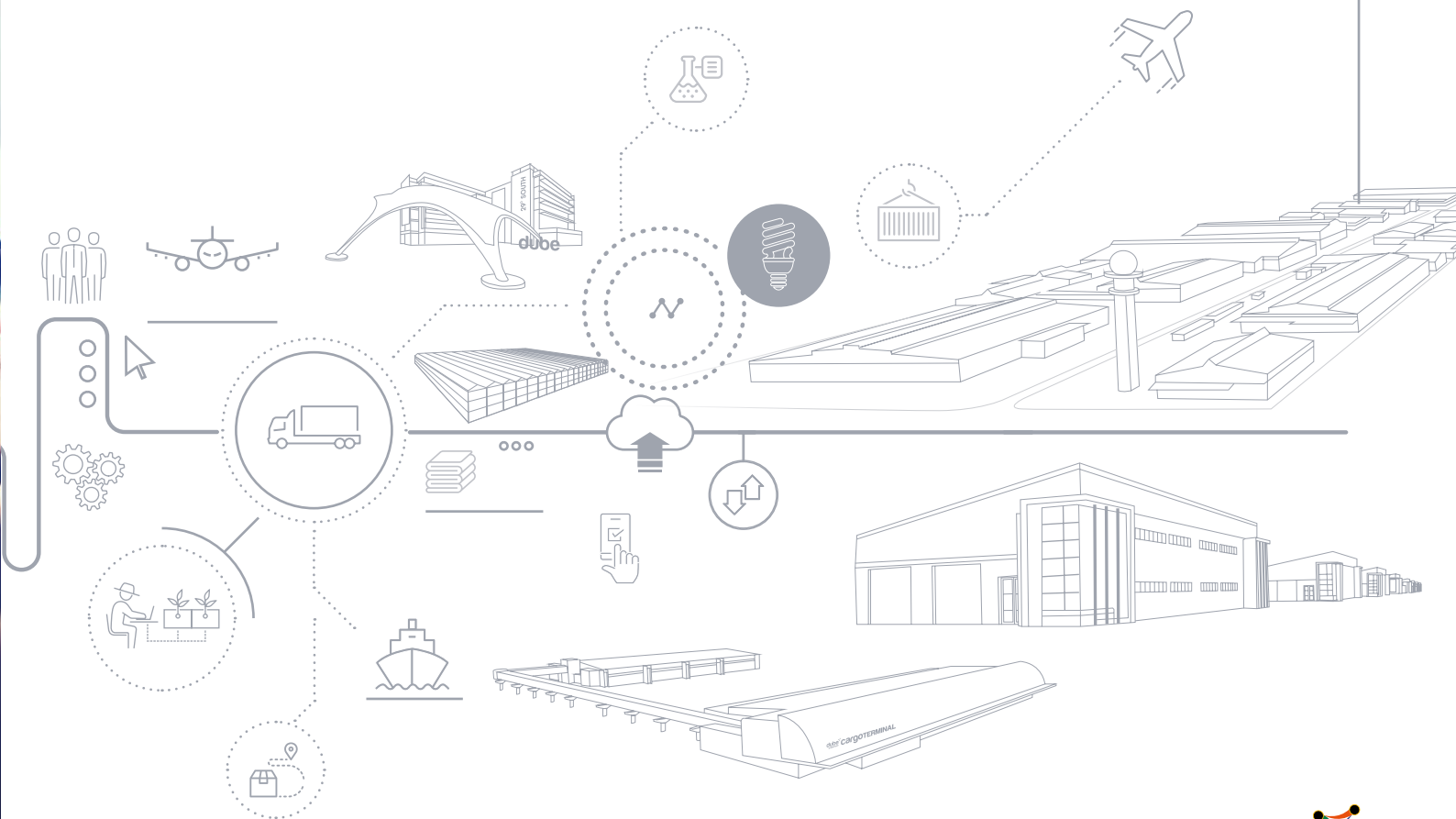
**MORE THAN** **R7.8** **MILLION WAS SPENT ON** **THE TRAINING OF STAFF**





# 2019/20

## DUBE TRADEPORT CORPORATION ANNUAL FINANCIAL STATEMENTS



# GENERAL INFORMATION

DUBE TRADEPORT CORPORATION CONSOLIDATED ANNUAL FINANCIAL  
STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

**Country of incorporation and domicile**

South Africa

**Nature of business and principal activities**

Strategic planning, design, construction and operation of the Dube TradePort Project, as well as other related projects

**Members**

Prof B Gasa  
Mr P Ngcobo  
Mrs N Moerane  
Mr T Ndhlovu  
Ms B Hlongwa  
Mr M Zikalala  
Mr R Vallihu

**Registered office**

29° South, 7 Umsinsi Junction  
La Mercy, 4399

**Postal address**

PO Box 57757, King Shaka Airport, 4407

**Bankers**

ABSA Business Banking  
Public Sector  
KwaZulu-Natal

**Auditors**

Office of the Auditor-General

**Secretary**

Ms A Easton

# ANNUAL FINANCIAL STATEMENTS

DUBE TRADEPORT CORPORATION CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020



THE REPORTS AND STATEMENTS SET OUT BELOW COMPRISE THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS PRESENTED TO THE PROVINCIAL LEGISLATURE:

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

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 MARCH 2020

The Board in its role as the Accounting Authority is required by the Public Finance Management Act (Act 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 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 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 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 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 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 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 controls including 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 2021 and, in the light of this review and the current financial position, it is satisfied that the economic entity has or has had access to adequate resources to continue in operational existence for the foreseeable future.

The economic entity is primarily dependent on the Department of Economic Development, Tourism and Environmental Affairs for continued funding of operations. The consolidated annual financial statements are prepared on the basis that the 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 annual financial statements have been examined by the economic entity's external auditors and their report is presented on pages 50 to 115, which have been prepared on the going concern basis, were approved by the Board on 31 July 2020 and were signed on its behalf by:



**Mr Hamish Erskine**  
Chief Executive Officer



**Prof Zanele Bridgette Gasa**  
Chairperson of the Board

# AUDIT AND RISK COMMITTEE REPORT

## DUBE TRADEPORT CORPORATION CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

The members of the Audit and Risk Committee are appointed by the Dube TradePort Corporation Board. In terms of Treasury Regulations and the King IV Report on Corporate Governance, the Chairperson of the Audit and Risk Committee is independent. During the financial year ended 31 March 2020, the Audit and Risk Committee convened four times to discharge both its regularity and governance responsibilities.

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.

As an overview only, and not to be regarded as an exhaustive list, the Committee carried out the following activities:

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

### Internal Audit Function:

- Approved completion of reviews by internal audit which had not been concluded in the 2018/19 Internal Audit Plan and Budget;
- Reviewed the findings of internal audit as presented at the end of each internal audit review; 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 2019 for submission to the Dube TradePort Corporation Board;
- Reviewed the external audit report tabled for the period ended 31 March 2019;
- Met with the Office of the Auditor-General to ensure that there are no unresolved issues of concern;
- Reviewed the quality and effectiveness of the external audit process;
- Evaluated and were satisfied with the independence of the Auditor General; and
- Met the Office of the Auditor-General without the presence of management.

### Risk Management and Fraud Prevention:

- Various financial and IT governance policies were reviewed;
- Received information on assurance of other independent assurance providers as part of the Combined Assurance Plan;
- Reviewed the Risk Management Framework;

- Reviewed the Delegations of Authority;
- Took part in the strategic risk assessment;
- Reviewed significant risks in the departmental risk registers;
- Received reports of calls to the Anti-fraud Hotline;
- Reviewed certain long outstanding debts; and
- Reviewed the insurance claims and high risk contracts each quarter.

### Performance Information:

- Reviewed interim financial statements and consolidated interim financial statements for the six months ended 30 September 2019;
- Reviewed management accounts for the period under review; and
- Reviewed quarterly performance reports for the period under review.

In undertaking the above-mentioned 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 considers the Chief Financial Officer to have the required expertise and capability.

The Audit and Risk Committee is satisfied with the effectiveness of the internal audit and those functions which the partner in charge carries out, which might otherwise be undertaken by a Chief Audit Executive. 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. The Chairperson of the Audit and Risk Committee of the subsidiary, La Mercy JV Property Investments Limited was invited to provide feedback from the meetings of the subsidiary's Audit and Risk Committee.

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 members of my Committee for their commitment, support and dedication which they have demonstrated during the year. I look forward to our continuing journey as we work towards full compliance with the PFMA and related regulatory environment that governs a Schedule 3C public entity and the implementation of the relevant recommendations of the King IV Report on Corporate Governance



**Mr Zahid Fahey**

Chairperson: Audit and Risk Committee,  
Dube TradePort Corporation

# REPORT OF THE AUDITOR-GENERAL

## 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 the Dube TradePort Corporation and its subsidiary (the group) set out on pages 56 to 116, which comprise the consolidated and separate statement of financial position as at 31 March 2020, 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 group as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

#### 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 this auditor's report.

4. I am independent of the group in accordance with sections 290 and 291 of the Code of Ethics for Professional Accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as 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 codes.

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 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 the accounting authority either intends to liquidate the group or to cease operations, or has 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 the 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 this auditor's report.

### REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

#### Introduction and scope

10. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against

predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the group. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents.

My procedures do not examine whether the actions taken by the group enabled service delivery.

My procedures also do 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 programme presented in the annual performance report of the group for the year ended 31 March 2020:

| PROGRAMME   | PAGES IN THE ANNUAL PERFORMANCE REPORT |
|---|--|
| PROGRAMME 6 – DEVELOPMENT PLANNING AND INFRASTRUCTURE | 41 - 42                                |

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 programme 6 - development planning and infrastructure.

**Other matter**

15. I draw attention to the matter below:

**Achievement of planned targets**

16. Refer to the annual performance report on pages 32 to 43 for information on the achievement of planned targets for the year and explanations provided for the under and over-achievement of a significant number of targets.

**REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION**

**Introduction and scope**

17. In accordance with the PAA and the general notice issued in terms

thereof, I have a responsibility to report material findings on the group's compliance with specific matters in key legislation.

I performed procedures to identify findings but not to gather evidence to express assurance.

18. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

**OTHER INFORMATION**

19. The accounting authority is responsible for the other information.

The other information comprises the information included in the annual report which includes the audit committee's report.

The other information does not include the consolidated and separate financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

20. 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.

21. 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

22. The other information I obtained prior to the date of this auditor's report is the draft forward, chairperson's statement, chief executive officer's review, corporate governance report and corporate services report.

23. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement in this other information, I am required to report that fact.

I have nothing to report in this regard.

24. After I receive and read the audit committee report and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected.

If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

**INTERNAL CONTROL DEFICIENCIES**

25. 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 on it.

26. I did not identify any significant deficiencies in internal control.

#### **OTHER REPORTS**

27. In addition to the investigations relating to material irregularities, I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the group's consolidated and separate financial statements, reported performance information, compliance with applicable legislation and other related matters.

These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

28. An assurance engagement report for the period ended 31 March 2019 was issued to the Independent Communication Authority of South Africa (ICASA) on compliance with the Electronics Communications Act, 2005 (Act No.36 of 2005) relating to the universal service and access fund.

*Auditor General*

Pietermaritzburg  
30 September 2020



**A U D I T O R - G E N E R A L**  
**S O U T H A F R I C A**

*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 and 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 this 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 relating to events or conditions that may cast significant doubt on the ability of the group 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 my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause the group to cease operating as a going concern;
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
  - 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, actions taken to eliminate threats or safeguards applied.

# REPORT OF THE ACCOUNTING AUTHORITY (BOARD)

## DUBE TRADEPORT CORPORATION CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

The Accounting Authority (“Board”) presents its report on the activities of the entity for the period ended 31 March 2020. Dube TradePort Corporation has been created as an implementation vehicle and service delivery entity by the Provincial Government of KwaZulu-Natal. It is responsible for the strategic planning, design, construction and operation of the Dube TradePort Project as well as other related projects. Key components of Dube TradePort are the King Shaka International Airport, a TradeZone, an AgriZone and Dube City.

### 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 (Act No. 1 of 1999) (PFMA).

The KwaZulu-Natal Dube TradePort Corporation Act 2010 (Act No. 2 of 2010) was promulgated on 21 October 2010 and subsequently Dube TradePort Corporation was registered as a Schedule 3C Public Entity (in the Government Gazette dated 30 September 2011) with an effective date of 1 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 the 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 2008 (Act No. 81 of 2008). The company registration number was 2002/002810/08.

During 2014, the TradeZone and AgriZone were designated as 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, the TradeZone (Portion 8) and AgriZone of Dube TradePort was officially designated as a Special Economic Zone.

### 2. RELEVANT LEGISLATION GOVERNING DUBE TRADEPORT CORPORATION OPERATIONS

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

### 3. STATEMENT OF RESPONSIBILITY

In the prior financial year, the terms of office of the current Board members were extended for a further three-year period until 31 May 2021.

In addition, the Minister of Trade and Industry exercised his authority in terms of the Special Economic Zone Act and appointed a member to the Board which also acts as the Board of the Dube TradePort Special Economic Zone. Mr. Richard Vallihu was appointed on 22 August 2018.

Following her election to the National Parliament, Ms Bavelile Hlongwa resigned from the Board on 18 May 2019. Subsequent to her resignation Ms Hlongwa was tragically killed in a motor vehicle accident.

The Board members (in their role as the Accounting Authority) acknowledge that they are ultimately responsible for the system of internal controls including internal financial control established by the group and place considerable importance on maintaining a strong control environment.

Dube TradePort Corporation and its subsidiary has maintained satisfactory accounting records and an effective system of internal controls (including internal financial controls) to ensure the integrity of the underlying information.

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

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.

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

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

- Designing, implementing and maintaining internal controls 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 South Africa SOC Limited (ACSA)) Dube TradePort Corporation entered into a Joint Venture with ACSA whereby Dube TradePort Corporation owns 60% of La Mercy JV Property Investments Proprietary Limited (the JV Company).

The application of GRAP dictates that Dube TradePort Corporation accounts for its interest in the JV Company as a subsidiary. The main object of the JV Company is that of a property holding development and letting company, with the intention to develop the joint venture area in accordance with the Development Framework and the master plan.

The financial year end of the 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.

#### 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 the entity results.

Dube TradePort Corporation is using the current cost-cutting environment to review all expenditure, (both capital and operational) to ensure that savings are effected wherever possible, without impacting on the quality of service delivery. Dube TradePort Corporation continues to be funded by the Provincial Government and remains a going concern.

#### 6. CONTINGENT LIABILITIES

At the year-end Dube TradePort Corporation was awaiting judgement on two legal matters. An unsuccessful tenderer had appealed the outcome of two separate procurements for which they had tendered.

The matter was heard in the High Court in September 2017 and the Judge has reserved her judgement. Should the Judge find against Dube TradePort Corporation, the entity would be obliged to pay the costs of the opposing party. The estimated costs would be approximately R500 000.

Dube TradePort Corporation purchased a property from a close corporation. However, a third party claims he is the owner of the property. His claim has given rise to a number of applications and court actions which Dube TradePort Corporation is opposing.

The estimated costs would be R500 000. During the year, Dube TradePort Corporation terminated the contract of an employee. The employee has taken the matter to the CCMA for arbitration. Should the CCMA find against Dube TradePort Corporation, the estimated costs would be R1 647 807

#### 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. Details of these commitments are reflected in note 26 of the consolidated and separate annual financial statements.

#### 8. EVENTS SUBSEQUENT TO YEAR-END

On 16 March 2020, the President declared a National State of Disaster and on 26 March 2020, a National lockdown was imposed in response to the COVID-19 pandemic. Initially, the lockdown was scheduled to end on 16 April 2020. However, the lockdown was extended until 30 April 2020. Subsequently, the lockdown has been reduced in phases.

The Board approved the business continuity measures implemented by management to ensure that essential services were provided during the lockdown period. The operations in Dube AgriZone continued as the agri-processing industry was deemed essential for food production and processing.

Dube Cargo Terminal continued to process and load essential cargo as required. Certain tenants in Dube TradeZone were operational and the operations required to service their needs continued albeit, on a reduced scale.

Certain administrative staff were required to ensure that critical functions, such as payment of service providers and staff, continued during the lockdown period. Staff were capacitated, where possible, to enable them to work remotely.

Tenants and developers were granted a deferment of their rental for three months and were granted a five-month repayment period. Those small businesses who were dependant on the aviation sector were granted a three-month rental holiday.

Certain items of protective equipment, sanitisers and digital thermometers were purchased to ensure compliance to regulations and the safety of all employees and visitors to Dube TradePort Corporation.

# STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

| NOTE(S)                                 | ECONOMIC ENTITY      |                      | CONTROLLING ENTITY   |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 2020<br>R            | 2019 RESTATED*<br>R  | 2020<br>R            | 2019 RESTATED*<br>R  |
| <b>ASSETS</b>                           |                      |                      |                      |                      |
| <b>Current assets</b>                   |                      |                      |                      |                      |
| Inventories                             | 312 102              | 239 797              | 312 102              | 239 797              |
| Current tax receivable                  | 74 976               | -                    | -                    | -                    |
| Operating lease asset                   | 3 525 361            | 324 110              | 3 525 255            | 323 846              |
| Receivables from exchange transactions  | 89 632 069           | 93 990 958           | 91 746 537           | 94 355 911           |
| Cash and cash equivalents               | 883 236 199          | 947 255 177          | 818 898 874          | 884 506 313          |
|   | 976 780 707          | 1 041 810 042        | 914 482 768          | 979 425 867          |
| <b>Non-current assets</b>               |                      |                      |                      |                      |
| Investment property                     | 2 850 544 930        | 2 583 659 061        | 2 904 443 586        | 2 637 557 717        |
| Property, plant and equipment           | 1 070 635 630        | 1 145 299 080        | 973 596 021          | 1 043 604 703        |
| Intangible assets                       | 8 830 281            | 5 664 622            | 8 830 281            | 5 664 622            |
| Heritage assets                         | 7 654 358            | 7 654 358            | 7 654 358            | 7 654 358            |
| Investments in controlled entities      | -                    | -                    | 11 138 893           | 11 138 893           |
| Deferred tax                            | 40 548               | -                    | -                    | -                    |
| Operating lease asset                   | 39 446 309           | 42 387 356           | 39 446 309           | 42 387 250           |
|   | 3 977 152 056        | 3 784 664 477        | 3 945 109 448        | 3 748 007 543        |
| <b>TOTAL ASSETS</b>                     | <b>4 953 932 763</b> | <b>4 826 474 519</b> | <b>4 859 592 216</b> | <b>4 727 433 410</b> |
| <b>LIABILITIES</b>                      |                      |                      |                      |                      |
| <b>Current liabilities</b>              |                      |                      |                      |                      |
| Current tax payable                     | -                    | 78 024               | -                    | -                    |
| Payables from exchange transactions     | 65 944 930           | 85 508 834           | 65 948 423           | 85 433 476           |
| Unspent conditional grants and receipts | 28 000 168           | 90 439 242           | 28 000 168           | 90 439 242           |
|   | 93 945 098           | 176 026 100          | 93 948 591           | 175 872 718          |
| <b>Non-current liabilities</b>          |                      |                      |                      |                      |
| Provisions                              | 21 238 803           | 26 250 092           | 21 238 803           | 26 250 092           |
| <b>TOTAL LIABILITIES</b>                | <b>115 183 901</b>   | <b>202 276 192</b>   | <b>115 187 394</b>   | <b>202 122 810</b>   |
| <b>NET ASSETS</b>                       | <b>4 838 748 862</b> | <b>4 624 198 327</b> | <b>4 744 404 822</b> | <b>4 525 310 600</b> |
| <b>RESERVES</b>                         |                      |                      |                      |                      |
| Owner's contribution                    | 7 425 889            | 7 425 889            | -                    | -                    |
| Accumulated surplus                     | 4 888 963 440        | 4 676 134 929        | 4 744 404 822        | 4 525 310 600        |
|   | 4 896 389 329        | 4 683 560 818        | 4 744 404 822        | 4 525 310 600        |
| Non-controlling interest                | (57 640 467)         | (59 362 491)         | -                    | -                    |
| <b>TOTAL NET ASSETS</b>                 | <b>4 838 748 862</b> | <b>4 624 198 327</b> | <b>4 744 404 822</b> | <b>4 525 310 600</b> |

\* See Note 35

# STATEMENT OF FINANCIAL PERFORMANCE

As at 31 March 2020

| NOTE(S)   | ECONOMIC ENTITY    |                     | CONTROLLING ENTITY |                     |
|---|--------------------|---------------------|--------------------|---------------------|
|   | 2020<br>R          | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>REVENUE</b>                                  |                    |                     |                    |                     |
| <b>Revenue from exchange transactions</b>       |                    |                     |                    |                     |
|   | 36 503 607         | 29 736 610          | 36 503 607         | 29 736 610          |
| Rendering of services                           |                    |                     |                    |                     |
| Property rental                                 | 62 778 675         | 48 426 281          | 64 432 192         | 49 031 691          |
| 17  |                    |                     |                    |                     |
| Sundry income                                   | 7 248 721          | 2 024 980           | 6 064 831          | 1 491 592           |
| Interest received - investments                 | 52 535 014         | 55 198 332          | 47 679 686         | 50 522 937          |
| 18  |                    |                     |                    |                     |
| Gain on disposal of assets                      | -                  | -                   | 132 155            | -                   |
| <b>TOTAL REVENUE FROM EXCHANGE TRANSACTIONS</b> | <b>159 066 017</b> | <b>135 386 203</b>  | <b>154 812 471</b> | <b>130 782 830</b>  |
| <b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>   |                    |                     |                    |                     |
| <b>Transfer revenue</b>                         |                    |                     |                    |                     |
| Government grants                               | 481 937 089        | 471 910 590         | 481 937 089        | 471 910 590         |
| 19  |                    |                     |                    |                     |
| <b>TOTAL REVENUE</b>                            | <b>641 003 106</b> | <b>607 296 793</b>  | <b>636 749 560</b> | <b>602 693 420</b>  |
| 20  |                    |                     |                    |                     |
| <b>EXPENDITURE</b>                              |                    |                     |                    |                     |
| Employee-related costs                          | 109 672 486        | 105 080 225         | 109 672 486        | 105 080 225         |
| 21  |                    |                     |                    |                     |
| Depreciation, impairments and amortisation      | 123 797 582        | 121 563 008         | 117 684 643        | 115 450 069         |
| 22  |                    |                     |                    |                     |
| Finance costs                                   | 168 516            | 267 388             | 164 132            | 266 062             |
| Loss on disposal of assets                      | 29 864             | -                   | -                  | -                   |
| Loss on foreign exchange                        | 13 047             | 128 322             | 13 047             | 128 322             |
| 23  |                    |                     |                    |                     |
| General expenses                                | 191 724 476        | 173 484 234         | 190 121 030        | 172 253 165         |
| <b>TOTAL EXPENDITURE</b>                        | <b>425 405 971</b> | <b>400 523 177</b>  | <b>417 655 338</b> | <b>393 177 843</b>  |
| <b>SURPLUS BEFORE TAXATION</b>                  | <b>215 597 135</b> | <b>206 773 616</b>  | <b>219 094 222</b> | <b>209 515 577</b>  |
| Taxation  | 1 046 600          | 730 492             | -                  | -                   |
| 25  |                    |                     |                    |                     |
| <b>SURPLUS FOR THE YEAR</b>                     | <b>214 550 535</b> | <b>206 043 124</b>  | <b>219 094 222</b> | <b>209 515 577</b>  |
| <b>ATTRIBUTABLE TO:</b>                         |                    |                     |                    |                     |
| Owners of the controlling entity                | 212 828 511        | 204 538 067         | 219 094 222        | 209 515 577         |
| Non-controlling interest                        | 1 722 024          | 1 505 057           | -                  | -                   |
|   | <b>214 550 535</b> | <b>206 043 124</b>  | <b>219 094 222</b> | <b>209 515 577</b>  |

\* See Note 35

# STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2020

## ECONOMIC ENTITY

### OPENING BALANCE AS PREVIOUSLY REPORTED

Adjustments

Surplus for the year as previously stated

Prior year adjustments (refer to note 34)

### RESTATED BALANCE AT 01 APRIL 2018

### CHANGES IN NET ASSETS

Surplus for the year as previously stated

### OPENING BALANCE AS PREVIOUSLY REPORTED

Adjustments

Prior year adjustments (refer to note 34)

### RESTATED BALANCE AT 01 APRIL 2019

### CHANGES IN NET ASSETS

Surplus for the year

### BALANCE AT 31 MARCH 2020

## CONTROLLING ENTITY

### OPENING BALANCE AS PREVIOUSLY REPORTED

Adjustments

Surplus for the year

Prior year adjustments (refer to note 34)

### RESTATED BALANCE AT 01 APRIL 2018

### CHANGES IN NET ASSETS

Surplus for the year

### OPENING BALANCE AS PREVIOUSLY REPORTED

Adjustments

Prior year adjustments (refer to note 34)

### RESTATED BALANCE AT 01 APRIL 2019

### CHANGES IN NET ASSETS

Surplus for the year

### BALANCE AT 31 MARCH 2020

|   | CAPITAL CONTRIBUTION RESERVE | ACCUMULATED SURPLUS  | TOTAL ATTRIBUTABLE TO OWNERS OF THE ECONOMIC ENTITY/ CONTROLLING ENTITY | NON-CONTROLLING INTEREST | TOTAL NET ASSETS     |
|---|------------------------------|----------------------|---|--------------------------|----------------------|
|   | R                            | R                    | R   | R                        | R                    |
| <b>OPENING BALANCE AS PREVIOUSLY REPORTED</b> | 7 425 889                    | 4 400 392 675        | 4 407 818 564   | (62 969 796)             | 4 344 848 768        |
| Adjustments                                   |                              |                      |   |                          |                      |
| Surplus for the year as previously stated     | -                            | 68 831 073           | 68 831 073  | 2 054 663                | 70 885 736           |
| Prior year adjustments (refer to note 34)     | -                            | 2 373 114            | 2 373 114   | 47 585                   | 2 420 699            |
| <b>RESTATED BALANCE AT 01 APRIL 2018</b>      | <b>7 425 889</b>             | <b>4 471 596 862</b> | <b>4 479 022 751</b>  | <b>(60 867 548)</b>      | <b>4 418 155 203</b> |
| <b>CHANGES IN NET ASSETS</b>                  |                              |                      |   |                          |                      |
| Surplus for the year as previously stated     | -                            | 206 696 231          | 206 696 231   | 1 505 057                | 208 201 288          |
| <b>OPENING BALANCE AS PREVIOUSLY REPORTED</b> | 7 425 889                    | 4 678 293 093        | 4 685 718 982   | (59 362 491)             | 4 626 356 491        |
| Adjustments                                   |                              |                      |   |                          |                      |
| Prior year adjustments (refer to note 34)     | -                            | (2 158 164)          | (2 158 164)   | -                        | (2 158 164)          |
| <b>RESTATED BALANCE AT 01 APRIL 2019</b>      | <b>7 425 889</b>             | <b>4 676 134 929</b> | <b>4 683 560 818</b>  | <b>(59 362 491)</b>      | <b>4 624 198 327</b> |
| <b>CHANGES IN NET ASSETS</b>                  |                              |                      |   |                          |                      |
| Surplus for the year                          | -                            | 212 828 511          | 212 828 511   | 1 722 024                | 214 550 535          |
| <b>BALANCE AT 31 MARCH 2020</b>               | <b>7 425 889</b>             | <b>4 888 963 440</b> | <b>4 896 389 329</b>  | <b>(57 640 467)</b>      | <b>4 838 748 862</b> |
| <b>CONTROLLING ENTITY</b>                     |                              |                      |   |                          |                      |
| <b>OPENING BALANCE AS PREVIOUSLY REPORTED</b> | -                            | 4 237 232 963        | 4 237 232 963   | -                        | 4 237 232 963        |
| Adjustments                                   |                              |                      |   |                          |                      |
| Surplus for the year                          | -                            | 76 069 981           | 76 069 981  | -                        | 76 069 981           |
| Prior year adjustments (refer to note 34)     | -                            | 2 492 079            | 2 492 079   | -                        | 2 492 079            |
| <b>RESTATED BALANCE AT 01 APRIL 2018</b>      | <b>-</b>                     | <b>4 315 795 023</b> | <b>4 315 795 023</b>  | <b>-</b>                 | <b>4 315 795 023</b> |
| <b>CHANGES IN NET ASSETS</b>                  |                              |                      |   |                          |                      |
| Surplus for the year                          | -                            | 211 673 741          | 211 673 741   | -                        | 211 673 741          |
| <b>OPENING BALANCE AS PREVIOUSLY REPORTED</b> | -                            | 4 527 468 764        | 4 527 468 764   | -                        | 4 527 468 764        |
| Adjustments                                   |                              |                      |   |                          |                      |
| Prior year adjustments (refer to note 34)     | -                            | (2 158 164)          | (2 158 164)   | -                        | (2 158 164)          |
| <b>RESTATED BALANCE AT 01 APRIL 2019</b>      | <b>-</b>                     | <b>4 525 310 600</b> | <b>4 525 310 600</b>  | <b>-</b>                 | <b>4 525 310 600</b> |
| <b>CHANGES IN NET ASSETS</b>                  |                              |                      |   |                          |                      |
| Surplus for the year                          | -                            | 219 094 222          | 219 094 222   | -                        | 219 094 222          |
| <b>BALANCE AT 31 MARCH 2020</b>               | <b>-</b>                     | <b>4 744 404 822</b> | <b>4 744 404 822</b>  | <b>-</b>                 | <b>4 744 404 822</b> |

\* See Note 35

# CASH FLOW STATEMENT

For the year ended 31 March 2020

| NOTE(S)   | ECONOMIC ENTITY      |                      | CONTROLLING ENTITY   |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 2020<br>R            | 2019 RESTATED*<br>R  | 2020<br>R            | 2019 RESTATED*<br>R  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |                      |                      |                      |                      |
| <b>Receipts</b>   |                      |                      |                      |                      |
|   | 103 637 027          | 46 255 628           | 101 532 052          | 44 016 873           |
|   | 419 498 015          | 393 971 055          | 419 498 015          | 393 971 055          |
|   | 53 865 002           | 54 555 430           | 48 869 791           | 49 881 629           |
|   | 6 064 831            | 1 364 161            | 6 064 831            | 1 364 161            |
|   | 583 064 875          | 496 146 274          | 575 964 689          | 489 233 718          |
| <b>Payments</b>   |                      |                      |                      |                      |
|   | (110 893 620)        | (106 550 616)        | (110 893 620)        | (106 550 616)        |
|   | (215 426 891)        | (164 088 370)        | (212 783 806)        | (161 233 653)        |
|   | (168 516)            | (267 388)            | (164 132)            | (266 062)            |
|   | (1 244 066)          | (652 468)            | -                    | -                    |
|   | (327 733 093)        | (271 558 842)        | (323 841 558)        | (268 050 331)        |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>             | <b>255 331 782</b>   | <b>224 587 432</b>   | <b>252 123 131</b>   | <b>221 183 387</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |                      |                      |                      |                      |
|   | (25 931 419)         | (23 159 110)         | (25 931 419)         | (23 159 110)         |
|   | (290 132 255)        | (247 545 073)        | (290 132 255)        | (247 545 073)        |
|   | (3 287 086)          | (709 808)            | (3 287 086)          | (709 808)            |
|   | -                    | -                    | 1 620 190            | -                    |
| <b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>             | <b>(319 350 760)</b> | <b>(271 413 991)</b> | <b>(317 730 570)</b> | <b>(271 413 991)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |                      |                      |                      |                      |
|   | -                    | (273 006)            | -                    | (273 006)            |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b> |                      |                      |                      |                      |
|   | <b>(64 018 978)</b>  | <b>(47 099 565)</b>  | <b>(65 607 439)</b>  | <b>(50 503 610)</b>  |
|   | 947 255 177          | 994 354 742          | 884 506 313          | 935 009 923          |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>     | <b>883 236 199</b>   | <b>947 255 177</b>   | <b>818 898 874</b>   | <b>884 506 313</b>   |

\* See Note 35

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 31 March 2020

| ECONOMIC ENTITY   | BUDGET ON CASH BASIS |                    |                    |                                   |   | REF |
|---|----------------------|--------------------|--------------------|-----------------------------------|---|-----|
|   | APPROVED BUDGET      | ADJUSTMENTS        | FINAL BUDGET       | ACTUAL AMOUNT ON COMPARABLE BASIS | DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL |     |
| STATEMENT OF FINANCIAL PERFORMANCE                          | R                    | R                  | R                  | R                                 | R   |     |
| <b>REVENUE</b>  |                      |                    |                    |                                   |   |     |
| <b>Revenue from exchange transactions</b>                   |                      |                    |                    |                                   |   |     |
| Rendering of services                                       | 151 468 942          | 481 585            | 151 950 527        | 164 960 296                       | 13 009 769                                  |     |
| <b>Revenue from non-exchange transactions</b>               |                      |                    |                    |                                   |   |     |
| <b>Transfer revenue</b>                                     |                      |                    |                    |                                   |   |     |
| Government grants & subsidies                               | 478 268 000          | -                  | 478 268 000        | 478 268 000                       | -   |     |
| Roll-over   | -                    | 116 210 366        | 116 210 366        | 116 210 366                       | -   |     |
| <b>Total revenue from non-exchange transactions</b>         | 478 268 000          | 116 210 366        | 594 478 366        | 594 478 366                       | -   |     |
| <b>TOTAL REVENUE</b>  | <b>629 736 942</b>   | <b>116 691 951</b> | <b>746 428 893</b> | <b>759 438 662</b>                | <b>13 009 769</b>                           |     |
| <b>EXPENDITURE</b>  |                      |                    |                    |                                   |   |     |
| Compensation of employees                                   | 131 263 871          | (16 309 552)       | 114 954 319        | 100 344 892                       | (14 609 427)                                | a   |
| Computer services   | 10 635 076           | 1 515 443          | 12 150 519         | 8 718 241                         | (3 432 278)                                 | b   |
| Consultants, contractors and other services                 | 103 380 105          | (21 192 660)       | 82 187 445         | 42 379 501                        | (39 807 944)                                | c   |
| Maintenance, repairs and running costs                      | 149 126 318          | 23 491 097         | 172 617 415        | 130 586 035                       | (42 031 380)                                | d   |
| Operating leases  | 4 646 831            | 221 124            | 4 867 955          | 989 324                           | (3 878 631)                                 | e   |
| Travel and subsistence                                      | 3 436 094            | 6 365              | 3 442 459          | 2 347 462                         | (1 094 997)                                 | f   |
| Advertising   | 24 852 504           | 17 625 352         | 42 477 856         | 20 687 400                        | (21 790 456)                                | g   |
| Training  | 5 613 725            | 783 405            | 6 397 130          | 2 684 954                         | (3 712 176)                                 | h   |
| Buildings and structures (capital)                          | 102 373 134          | 142 719 763        | 245 092 897        | 298 380 588                       | 53 287 691                                  | i   |
| Machinery and equipment (capital)                           | 53 592 163           | (5 693 386)        | 47 898 777         | 17 118 146                        | (30 780 631)                                | j   |
| Software and other intangible assets (capital)              | 15 817 121           | (1 475 000)        | 14 342 121         | 3 780 149                         | (10 561 972)                                | k   |
| Land and sub-soil assets (capital)                          | 25 000 000           | (25 000 000)       | -                  | 33 936 837                        | 33 936 837                                  | l   |
| <b>TOTAL EXPENDITURE</b>                                    | <b>629 736 942</b>   | <b>116 691 951</b> | <b>746 428 893</b> | <b>661 953 529</b>                | <b>(84 475 364)</b>                         |     |
| Net surplus of controlling entity                           | -                    | -                  | -                  | 97 448 133                        | 97 448 133                                  |     |
| <b>LA MERCY JV PROPERTY INVESTMENTS PROPRIETARY LIMITED</b> |                      |                    |                    |                                   |   |     |
| Total revenue   | 6 043 552            | 1 136 229          | 7 179 781          | 7 100 187                         | (79 594)                                    | m   |
| Total expenditure   | 14 519 382           | (5 512 620)        | 9 006 762          | 5 511 726                         | (3 495 036)                                 | n   |
| <b>NET SURPLUS</b>  | <b>(8 470 830)</b>   | <b>6 648 849</b>   | <b>(1 821 981)</b> | <b>99 036 594</b>                 | <b>99 036 594</b>                           |     |

\* See Note 35



| CONTROLLING ENTITY                                  | BUDGET ON CASH BASIS |                    |                    |                                   |   | REF |
|---|----------------------|--------------------|--------------------|-----------------------------------|---|-----|
|   | APPROVED BUDGET      | ADJUSTMENTS        | FINAL BUDGET       | ACTUAL AMOUNT ON COMPARABLE BASIS | DIFFERENCES BETWEEN FINAL BUDGET AND ACTUAL |     |
| STATEMENT OF FINANCIAL PERFORMANCE                  | R                    | R                  | R                  | R                                 | R   |     |
| <b>REVENUE</b>                                      |                      |                    |                    |                                   |   |     |
| <b>Revenue from exchange transactions</b>           |                      |                    |                    |                                   |   |     |
| Rendering of services                               | 151 468 942          | 481 585            | 151 950 527        | 164 960 296                       | 13 009 769                                  |     |
| <b>Revenue from non-exchange transactions</b>       |                      |                    |                    |                                   |   |     |
| Government grants & subsidies                       | 478 268 000          | -                  | 478 268 000        | 478 268 000                       | -   |     |
| Roll-over   | -                    | 116 210 366        | 116 210 366        | 116 210 366                       | -   |     |
| <b>Total revenue from non-exchange transactions</b> | 478 268 000          | 116 210 366        | 594 478 366        | 594 478 366                       | -   |     |
| <b>TOTAL REVENUE</b>                                | <b>629 736 942</b>   | <b>116 691 951</b> | <b>746 428 893</b> | <b>759 438 662</b>                | <b>13 009 769</b>                           |     |
| <b>EXPENDITURE</b>                                  |                      |                    |                    |                                   |   |     |
| Compensation of employees                           | 131 263 871          | (16 309 552)       | 114 954 319        | 100 344 892                       | (14 609 427)                                | a   |
| Computer services                                   | 10 635 076           | 1 515 443          | 12 150 519         | 8 718 241                         | (3 432 278)                                 | b   |
| Consultants, contractors and other services         | 103 380 105          | (21 192 660)       | 82 187 445         | 42 379 501                        | (39 807 944)                                | c   |
| Maintenance, repairs and running costs              | 149 126 318          | 23 491 097         | 172 617 415        | 130 583 035                       | (42 034 380)                                | d   |
| Operating leases                                    | 4 646 831            | 221 124            | 4 867 955          | 989 324                           | (3 878 631)                                 | e   |
| Travel and subsistence                              | 3 436 094            | 6 365              | 3 442 459          | 2 347 462                         | (1 094 997)                                 | f   |
| Advertising   | 24 852 504           | 17 625 352         | 42 477 856         | 20 687 400                        | (21 790 456)                                | g   |
| Training  | 5 613 725            | 783 405            | 6 397 130          | 2 684 954                         | (3 712 176)                                 | h   |
| Buildings and fixed structures (capital)            | 102 373 134          | 142 719 763        | 245 092 897        | 298 380 588                       | 53 287 691                                  | i   |
| Machinery and equipment (capital)                   | 53 592 163           | (5 693 386)        | 47 898 777         | 17 118 146                        | (30 780 631)                                | j   |
| Software and other intangible assets (capital)      | 15 817 121           | (1 475 000)        | 14 342 121         | 3 780 149                         | (10 561 972)                                | k   |
| Land and sub-soil assets (capital)                  | 25 000 000           | (25 000 000)       | -                  | 33 936 837                        | 33 936 837                                  | l   |
| <b>TOTAL EXPENDITURE</b>                            | <b>629 736 942</b>   | <b>116 691 951</b> | <b>746 428 893</b> | <b>661 950 529</b>                | <b>(84 478 364)</b>                         |     |
| <b>NET SURPLUS</b>                                  | <b>-</b>             | <b>-</b>           | <b>-</b>           | <b>97 448 133</b>                 | <b>97 448 133</b>                           |     |

\* See Note 35

## DUBE TRADEPORT CORPORATION

(a) While the majority of approved positions were filled during the year, some positions took longer to fill than initially hoped. In addition, budget was provided for bonuses relating to the 2019/20 year, which have not been paid.

(b) The RFID/Cargo Spot Integration Project was not concluded before year end; Microsoft Licences were not paid; and the firewall support contract was in procurement.

(c) Some invoices were received too late for payment to be made before year end; the organisational design project started later than initially planned; and some procurements were still underway, including the active directory and exchange upgrade service, alien clearing, consultants to conduct independent gate reviews and ED mentor.

Further, the assessment and design of the Building Management System was still in progress; and fewer legal services were required this year.

(d) Invoices related to maintenance and other services provided in March are payable in April 2020; some water management improvements planned for this year were not undertaken, and less equipment maintenance was required.

(e) Lease of the billboards was not renewed due to a change in strategy to rent the space to an operator who will put in their own boards; and not all invoices for the rental of copier/printers were received and paid by year end.

(f) Less travel was required this year than anticipated.

In addition, all trips planned for March 2020, including one international trip, were cancelled due to the COVID-19 pandemic.

(g) Most marketing campaigns planned for the fourth quarter were either cancelled or postponed due to the COVID-19 pandemic; Some supplier invoices were received too late to be paid before year end; and some marketing activities were still in progress.

(h) Not all training planned for the year took place, and some training courses were postponed due to an inadequate number of attendees.

(i) The budget was exceeded as amounts not utilised in other areas were redirected for the TradeZone 2 and AgriZone 2 infrastructure projects.

(j) Procurement of IT security tools and GPON networking equipment were underway at year end, and the delivery of switches for the data centre was delayed due to COVID-19.

Also, the procurement of greenhouse coils for the chiller units and an automatic metre-reading system had not yet started.

(k) Procurement of electronic content management software and upgrades for the Fortigate software was in progress, while the cost of cloud management software procured was lower than budgeted.

(l) The purchase of additional land parcels was approved by DTPC's Board during the year.

## LA MERCY JV PROPERTY INVESTMENT PROPRIETARY LIMITED

(m) The material difference between the actual revenue and budgeted amounts was due to delays in obtaining approvals for the design and review panel cost recoveries, delays in the finalisation of three tenders and VAT refunds being higher than expected due to delays in finalising levy amounts and VAT output tax for the last quarter of the year.

(n) The material difference between the actual expenditure and budgeted amounts was due to delays in commencing the Master Plan review project, delays in the approval process of the Dube City Management Association cost recovery by Dube TradePort Corporation and delays in spending, resulting in higher taxes.

The payment for the construction of the Mt Moreland Access Road did not take place in the current year due to delays in the finalisation of the project.

### MATERIAL VARIANCES (GREATER THAN 10%) BETWEEN APPROVED BUDGET AND FINAL BUDGET.

#### DUBE TRADEPORT CORPORATION

The budget was adjusted to take into account the funds rolled-over/retained from the previous year.

In addition, the following adjustments were made:

**Compensation of employees:** The budget was reduced mid-way through the year to take into account the revised dates anticipated for the filling of approved posts.

**Consultants, contractors and other services:** Budget was reduced as environmental studies, aviation and automotive value chain studies were no longer needed, and efforts were made to reduce the spend on consultants across the organisation.

**Maintenance, repairs and running costs:** The majority of the budget increase for this item related to funds rolled-over from the previous year for maintenance activities conducted in March, but only paid to suppliers in April.

In addition, the budget for the removal of sewer water was increased after the connection of the Hlawe River Trunk Sewer Pipeline to the municipal system was delayed.

At year end, this connection had still not been approved.

**Advertising:** Additional budget was required for the brand campaign, digital and social media, as well as the production of a documentary on TradeZone 2.

**Buildings and other fixed structures:** Additional budget was required to commit funds for the AgriZone 2 infrastructure project.

**Machinery and equipment:** Budget for equipment required to automate the x-ray screening process at the Cargo Terminal was reallocated, as buy-in from operations staff is required before the project goes ahead.

#### LA MERCY JV PROPERTY INVESTMENT PROPRIETARY LIMITED

**Professional fees:** The deferral of professional fees for the development of Support Zone 2, which is dependent on the rezoning rights and Environmental Authorisation being issued.

Engineering services are dependent on the commercial approach to be taken once the rezoning rights are obtained and the water use licence is in place.

**Procurement:** The implementation of the development plan for Support Zone 1b is dependent on the finalisation of the ten-year business plan that will inform future development strategies.

The procurement of a service provider for the ten-year business plan was unsuccessful and had to be readvertised in May 2020.

**Rehabilitation costs:** The Memorandum of Agreement between the company, Airport Company South Africa SOC Limited and Dube TradePort Corporation for the appointment of a single service provider to control and eradicate alien invasive species in a consolidated manner for the entire precinct has been approved and services are expected to commence in the new year.

**Management association costs:** Additional budget was requested for the reimbursement of management association costs that were paid in arrears.

**Construction costs:** Additional budget was requested for the construction and upgrade of the Mt Moreland Access Road.

**Taxation:** The company has an estimated taxable profit for the year and was required to make increased provisional tax payments.

# ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2020

## 1. PRESENTATION OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The consolidated and separate 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 (Act 1 of 1999).

Accounting policies apply to both the consolidated and separate annual financial statements, unless otherwise stated.

These accounting policies are consistent with the previous period except as indicated in Note 2.1.

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

### Accrual basis

These consolidated and separate 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.

### Offsetting

Assets and liabilities, revenue and expenses have not been offset, except where offsetting is required or permitted by GRAP.

### Adoption of IFRS

In the absence of a standard of GRAP, the accounting policies for taxation and deferred tax were developed in accordance with IAS 12.

### 1.1 GOING CONCERN ASSUMPTION

These consolidated and separate annual financial statements have been prepared based on the expectation that the economic entity will continue to operate as a going concern for at least the next 12 months.

### 1.2 CONSOLIDATION

#### Basis of consolidation

Consolidated annual financial statements are the annual financial statements of the economic entity presented as those of a single entity. The consolidated annual financial statements incorporate the annual financial statements of the

controlling entity and controlled entity. Consolidated annual financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

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.

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

Adjustments are made when necessary to the consolidated and separate 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.

Changes in a controlling entity's ownership interest in a controlled entity that do not result in a loss of control are accounted for as transactions that affect net assets.

### 1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

#### Receivables from exchange transactions and other receivables

Management assesses its trade and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management uses observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. When default judgement is received against a debtor or if the cost incurred to pursue the legal process to recover the debt outweighs the benefit, the entity will then follow the necessary process to write-off the debt.

Management 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.

Where there is evidence of an impairment loss, the loss is recognised in the surplus or 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.

#### Impairment testing

Management 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.

#### Review of residual values and useful lives

Management 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 28.

### 1.4 INVESTMENT PROPERTY

Investment property is cash generating 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.

#### Initial recognition

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 of the investment property can be measured reliably.

#### Initial measurement

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement. Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

#### Subsequent 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.

#### 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 programme of works is considered significant and will be disclosed. Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Investment property is depreciated on a straight line basis.

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

| ITEM                 | USEFUL LIFE |
|----------------------|-------------|
| PROPERTY - LAND      | Indefinite  |
| PROPERTY - BUILDINGS | 8-50 years  |

#### Derecognition

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 are the differences between the net disposal proceeds and the carrying amounts of the assets and are recognised in surplus or deficit in the period of retirement or disposal.

Management reviews the useful lives and residual values of investment property on an annual basis to determine if any of the following indicators exist (not exhaustive):

- A change in significant components of the asset;
- A change in the 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 change resulting from the above assessment is accounted for as a change in estimate.

### 1.5 PROPERTY, PLANT AND EQUIPMENT

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

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.

### Initial recognition

Property, plant and equipment is initially measured at cost.

### Initial measurement

The cost of an item of property, plant and equipment is equal to the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to operate in the manner intended by management. Trade discounts and rebates are deducted in calculating 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, it's deemed cost is the carrying amount of the asset(s) exchanged.

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

### Subsequent measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or service potential 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 programme 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.

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 MACHINERY   | Straight line       | 3 - 20 years                                   |
| FURNITURE AND FIXTURES  | Straight line       | 3 - 15 years                                   |
| MOTOR VEHICLES  | Straight line       | 5 years  |
| EQUIPMENT<br>- SUNDRY AND OFFICE EQUIPMENT                      | Straight line       | 3 - 15 years                                   |
| IT EQUIPMENT<br>- HARDWARE AND OPERATING SYSTEMS<br>- NETWORKS  | Straight line       | 3 - 10 years<br>5 - 10 years                   |
| INFRASTRUCTURE<br>- ROADS<br>- SEWAGE<br>- SOLID WASTE DISPOSAL | Straight line       | 3 - 100 years<br>10 - 60 years<br>5 - 55 years |
| COMMUNITY ASSETS  | Straight line       | 10 - 20 years                                  |

At each reporting date the residual value and useful lives of each asset are 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. Management reviews the useful lives and residual values of property, plant and equipment on an annual basis to determine if any of the following indicators exist (not exhaustive):

- A change in significant components of the asset;
- The 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 change resulting from the above assessment is accounted for as a change in estimate.

## 1.6 INTANGIBLE ASSETS

An intangible asset is identifiable if it:

- 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.

### Initial recognition

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.

### Initial measurement

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.

### Subsequent measurement

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. However, 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 financial year end. 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              | AMORTISATION METHOD | AVERAGE USEFUL LIFE |
|-------------------|---------------------|---------------------|
| LICENCES          |                     | Indefinite          |
| COMPUTER SOFTWARE | Straight line       | 3 years             |

### Derecognition

Intangible assets are 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 the derecognition of 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).

## 1.7 HERITAGE ASSETS

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

### Initial 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 a heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised.

## 1.8 INVESTMENTS IN CONTROLLED ENTITIES

### Controlling entity consolidated and separate annual financial statements

Investments in controlled entities are carried at cost. The entity accounts for contributions by the owner as an investment in the controlled entity. The controlled entity is the La Mercy JV Property Investments (Pty) Limited. The entity owns a 60% shareholding in the investment and has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities and fulfil its mandate.

## 1.9 FINANCIAL INSTRUMENTS

The entity has various types of financial instruments and these can be broadly categorised as either financial assets or financial liabilities. A financial asset is any asset consisting of cash or a contractual right to receive cash or another financial asset. A financial liability is a contractual obligation to deliver cash or another financial asset to another entity.

### Classification

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

| - Class                       | - Category                                   |
|-------------------------------|--|
| ° Trade and other receivables | ° Financial asset measured at amortised cost |
| ° Cash and cash equivalent    |  |
| ° Interest receivable         |  |

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

| - Class                    | - Category                                       |
|----------------------------|--|
| ° Trade and other payables | ° Financial liability measured at amortised cost |

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.

### Initial recognition

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

### Initial measurement of financial assets and financial liabilities

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

### Subsequent measurement of financial assets and financial liabilities

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

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

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

### Impairment and uncollectability of financial assets

At the end of each reporting period the entity assesses 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, expires 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).

## 1.10 STATUTORY RECEIVABLES

### Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Carrying amount is the amount at which an asset is recognised in the statement of financial position. The cost method is the method



used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised. Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means. The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

### Recognition

The economic entity recognises statutory receivables as follows:

- If the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- If the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- If the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

### Initial measurement

The economic entity initially measures statutory receivables at their transaction amount.

### Subsequent measurement

The economic entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- Interest or other charges that may have accrued on the receivable (where applicable);
- Impairment losses; and
- Amounts derecognised.

## 1.11 TAX

### Current tax assets and liabilities

Although the entity is exempt from income tax, it is still subjected to all other indirect taxes such as Value Added Tax (VAT), Customs Tax, Securities Transfer Tax (STT) and Capital Gains Tax (CGT).

The subsidiary, La Mercy JV Property Investments Proprietary Limited is subject to income tax. 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, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable surplus will be available against which the unused tax losses can be utilised.

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.

### Income tax

Current and deferred taxes are recognised as income or an 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.

### Value Added Tax

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

## 1.12 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, each element is assessed 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 on a straight line basis over the lease term.

The difference between the amounts recognised as income and the contractual 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 on a straight line basis over the lease term.

The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

## **1.13 INVENTORIES**

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

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.

The cost of inventories comprises 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 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 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, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written-down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed (i.e. the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realisable value.

## **1.14 IMPAIRMENT OF CASH-GENERATING ASSETS**

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

The main criteria used by the entity to determine cash-generating assets is that the asset should generate rentals and service revenue. Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

A cash-generating unit is the smallest identifiable group of assets used 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. 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 its fair value less costs to sell and its value in use. Useful life is either:

- The period of time over which an asset is expected to be used by the economic entity; or
- The number of production or similar units expected to be obtained from the asset by the economic entity.

### **Identification**

At each reporting date the entity assesses 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. When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

### **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.

### 1.15 IMPAIRMENT OF NON-CASH GENERATING ASSETS

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

#### Identification

At each reporting date the entity assesses 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.

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired. The recoverable service amount is the higher of an asset's fair value less costs to sell and its value in use.

#### Value in use

The 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 following 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 current 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.

#### Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level.

The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

#### Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state.

The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or

replacement cost of the asset before impairment, whichever is lower.

#### 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.

### 1.16 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. Disclosures are required in respect of unrecognised contractual commitments.

Refer to note 27.

### 1.17 EMPLOYEE BENEFITS

#### Short-term employee benefits

Short-term employee benefits are benefits (other than termination benefits) that are 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 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.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- As a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an 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 contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted.

The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

### **1.18 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 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.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be

required to settle the obligation. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time.

This increase is recognised as an interest expense. A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit). 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.

Contingent assets and liabilities are not recognised. However, it is disclosed in the notes to the financial statements. Refer to note 16 and 36.

### **1.19 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.

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

#### **Rentals**

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

#### **Rendering of revenue-generating services**

Rendering of revenue-generating services include the following:

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

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of a transaction can be estimated reliably when all the

following conditions are satisfied:

- (a) The amount of revenue can be measured reliably;
- (b) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- (c) The stage of completion of the transaction at the reporting date can be measured reliably; and
- (d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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 incurred that are recoverable. Service revenue is recognised only once the service is rendered.

#### **Sale of plants**

Sale of plants includes the following:

- Sale of propagated 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**

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

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

### **1.20 REVENUE FROM NON-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 and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the funding agreement.

A liability (unspent conditional grants and receipts) is recognised to the

extent that the criteria, conditions or obligations have not been met.

#### **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 (unspent conditional grants and receipts) is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability (unspent conditional grants and receipts), in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability (unspent conditional grants and receipts) 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 (unspent conditional grants and receipts).

Where a liability (unspent conditional grants and receipts) 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 (unspent conditional grants and receipts) is subsequently reduced, because a condition is satisfied, the reduction in the liability (unspent conditional grants and receipts) is recognised as revenue.

### **1.21 COST OF SALES**

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

### **1.22 TRANSLATION OF FOREIGN CURRENCIES**

#### **Foreign currency transactions**

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated and separate 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 also recognised in surplus or deficit.

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

### 1.23 COMPARATIVE FIGURES

Comparative information represents the results of the 12 months ended 31 March 2020 which were presented on the same basis as the previous year.

Where necessary, comparative figures have been restated due to prior period adjustments.

Refer to note 34.

### 1.24 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is 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.

### 1.25 IRREGULAR EXPENDITURE

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

- (a) The PFMA; or
- (b) The State Tender Board Act, 1968 (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.

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 is reflected in the notes 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 is recorded in the irregular expenditure register and the occurrence is reflected in the notes to the financial statements.

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.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the occurrence is reflected in the notes to the financial statements.

Refer to note 32.

### 1.26 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.

#### 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 have not been disclosed as this is not regularly provided to management for review.

Refer to note 39.

### 1.27 BUDGET INFORMATION

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

The budget information prepared in the consolidated and separate annual financial statements relates to Dube TradePort Corporation and La Mercy JV Property Investments Proprietary Limited.

The approved budget covers the fiscal period from 2019/04/01 to 2020/03/31.

The consolidated and separate 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.

### **1.28 RELATED PARTIES**

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

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 entity's management in their dealings with the economic entity.

The economic entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the economic entity to have adopted if dealing with that individual entity or

person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the economic entity is exempt from the disclosures in accordance with the above, the economic entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its consolidated and separate annual financial statements.

Refer to note 28.

### **1.29 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 has 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.

Refer to note 37.

# NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

## 2. NEW STANDARDS AND INTERPRETATIONS

### 2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

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

#### **iGRAP 18: Interpretation of the Standard of GRAP on recognition and De-recognition of Land.**

This interpretation of the Standards of GRAP applies to the initial recognition and derecognition of land in an entity's financial statements. It also considers joint control of land by more than one entity.

When an entity concludes that it controls the land after applying the principles in this interpretation of the Standards of GRAP, it applies the applicable Standard of GRAP, i.e. the Standard of GRAP on Inventories, Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets.

As this interpretation of the Standards of GRAP does not apply to the classification, initial and subsequent measurement, presentation and disclosure requirements of land, the entity applies the applicable Standard of GRAP to account for the land once control of the land has been determined.

The entity also applies the applicable Standards of GRAP to the derecognition of land when it concludes that it does not control the land after applying the principles in this interpretation of the Standards of GRAP.

In accordance with the principles in the Standards of GRAP, buildings and other structures on the land are accounted for separately as the future economic benefits or service potential embodied in the land differs from those included in the buildings and other structures.

The recognition and derecognition of buildings and other structures are not addressed in this interpretation of Standards of GRAP.

The effective date of the interpretation is for years beginning on or after 1 April 2019. It is unlikely that the interpretation will have a material impact on the entity's annual financial statements.

#### **GRAP 108: Statutory Receivables.**

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in

cash or another financial asset. Carrying amount is the amount at which an asset is recognised in the statement of financial position. The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with legislation, supporting regulations, or similar means.

The effective date of the interpretation is for years beginning on or after 1 April 2019. It is unlikely that the interpretation will have a material impact on the entity's annual financial statements.

### 2.2 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

Only Standards and Interpretations applicable or relevant to the entity are disclosed below.

#### **GRAP 1: Presentation of Financial Statements.**

The effective date of the updates is for years beginning on or after 1 April 2020.

It is unlikely that the updates will have a material impact on the entity's annual financial statements.

#### **iGRAP 1: Applying the Probability Test on Initial Recognition.**

The effective date of the update of the Interpretation is for years beginning on or after 1 April 2020.

It is unlikely that the updates will have a material impact on the entity's consolidated and separate annual financial statements.

#### **iGRAP 20: Accounting for adjustments to Revenue.**

The effective date of the interpretation is for years beginning on or after 1 April 2020. The impact of this Interpretation is currently being assessed.

#### **GRAP 104: Financial Instruments (revised).**

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

The entity expects to adopt the Standard for the first time when the Minister sets the effective date for the Standard. It is unlikely that the Standard will



have a material impact on the entity's annual financial statements.

**GRAP 34: Separate Financial Statements.**

The objective of this Standard is to prescribe the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements.

It furthermore covers definitions, preparation of separate financial statements, disclosure, transitional provisions and effective date. The effective date of the Standard is not yet set by the Minister of Finance.

The entity expects to adopt the Standard for the first time when the Minister sets the effective date for the Standard. It is unlikely that the amendment will have a material impact on the entity's annual financial statements.

**GRAP 38: Disclosure of Interest in Other Entities.**

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- The nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- The effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers definitions, disclosing information about interests in other entities, significant judgements and assumptions, investment entity status, interests in controlled entities, interests in joint arrangements and associates, interests in structured entities that are not consolidated, non-qualitative ownership interests, controlling interests acquired with the intention of disposal, transitional provisions and effective date.

The effective date of the Standard is not yet set by the Minister of Finance. The entity expects to adopt the Standard for the first time when the Minister sets the effective date for the Standard.

It is unlikely that the Standard will have a material impact on the entity's annual financial statements.

**GRAP 35: Consolidated Financial Statements.**

The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

To meet this objective, the Standard:

- Requires an entity (the controlling entity) that controls one or more other entities (controlled entities) to present consolidated financial statements;
- Defines the principle of control, and establishes control as the basis for consolidation;
- Sets out how to apply the principle of control to identify whether an entity controls another entity and, therefore, must consolidate that entity;
- Sets out the accounting requirements for the preparation of consolidated financial statements; and
- Defines an investment entity and sets out an exception to consolidating particular controlled entities of an investment entity.

It furthermore covers definitions, control, accounting requirements, investment entities: Fair value requirement.

The effective date of the Standard is not yet set by the Minister of Finance. The economic entity expects to adopt the Standard for the first time when the Minister sets the effective date for the Standard.

**Directive 7 (revised): The Application of Deemed Cost.**

The effective date for this directive is 1 April 2020. It is unlikely that the directive will have a material impact on the entity's annual financial statements.

**Guideline: Guideline on the Application of Materiality to Financial Statements.**

The effective date of the guideline has not yet been set by the Minister of Finance. The entity expects to adopt this guideline for the first time when the Minister sets the effective date.

An assessment will be performed to determine the impact on the entity's annual financial statements once the effective date is set by the Minister.

### 3. INVENTORIES

Finished goods

Inventories include telephone handsets.

| ECONOMIC ENTITY |                     | CONTROLLING ENTITY |                     |
|-----------------|---------------------|--------------------|---------------------|
| 2020<br>R       | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| 312 102         | 239 797             | 312 102            | 239 797             |

### 4. OPERATING LEASE ASSET

Non-current assets

Current assets

**TOTAL**

#### STRAIGHT LINING

Opening balance

Straight line accrual for the year

**TOTAL**

| ECONOMIC ENTITY   |                     | CONTROLLING ENTITY |                     |
|-------------------|---------------------|--------------------|---------------------|
| 2020<br>R         | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| 39 446 309        | 42 387 356          | 39 446 309         | 42 387 250          |
| 3 525 361         | 324 110             | 3 525 255          | 323 846             |
| <b>42 971 670</b> | <b>42 711 466</b>   | <b>42 971 564</b>  | <b>42 711 096</b>   |
| 42 711 466        | 46 156 967          | 42 711 096         | 46 156 500          |
| 260 204           | (3 445 501)         | 260 468            | (3 445 404)         |
| <b>42 971 670</b> | <b>42 711 466</b>   | <b>42 971 564</b>  | <b>42 711 096</b>   |

Dube TradePort Corporation has entered into numerous operating lease agreements with tenants to generate rental income. The nature of the assets subject to the operating leases are land and buildings disclosed as Investment Property. Included in the above lease-smoothing calculation are 49-year development leases which were straight-lined over a lesser period. The leases have not been straight-lined over the entire lease term due to the review of rentals and escalations occurring at 10-year intervals. An estimate of the rentals was made over the remaining lease period and is disclosed under contingent rentals. (Refer to note 26).

### 5. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade and other receivables

Deposits

Interest receivable

Deposit guarantees held by third parties

Prepaid expenses

Payroll recoveries

VAT receivable

**TOTAL**

#### TRADE AND OTHER RECEIVABLES

Trade and other receivables

Less: allowance for doubtful debts

**TOTAL**

#### ANALYSIS FOR ALLOWANCE OF DOUBTFUL DEBTS

Opening balance

Add: Provision increased during the year (refer to note 23)

Less: Provision reversed during the year (refer to note 23)

**TOTAL**

| ECONOMIC ENTITY   |                     | CONTROLLING ENTITY |                     |
|-------------------|---------------------|--------------------|---------------------|
| 2020<br>R         | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| 25 468 794        | 19 371 628          | 28 287 709         | 20 094 888          |
| 4 298 010         | 4 280 710           | 4 298 010          | 4 280 710           |
| 3 942 223         | 5 087 628           | 3 632 645          | 4 822 750           |
| 5 012 420         | 4 283 711           | 5 012 420          | 4 283 711           |
| 7 690 031         | 4 880 917           | 7 690 031          | 4 880 917           |
| 460 369           | 754 207             | 460 369            | 754 207             |
| 42 760 222        | 55 332 157          | 42 365 353         | 55 238 728          |
| <b>89 632 069</b> | <b>93 990 958</b>   | <b>91 746 537</b>  | <b>94 355 911</b>   |
| 26 269 574        | 19 609 860          | 29 088 489         | 20 333 120          |
| (800 780)         | (238 232)           | (800 780)          | (238 232)           |
| <b>25 468 794</b> | <b>19 371 628</b>   | <b>28 287 709</b>  | <b>20 094 888</b>   |
| 238 232           | 2 089 106           | 238 232            | 2 089 106           |
| 562 548           | -                   | 562 548            | -                   |
| -                 | (1 850 874)         | -                  | (1 850 874)         |
| <b>800 780</b>    | <b>238 232</b>      | <b>800 780</b>     | <b>238 232</b>      |

\* See Note 35

### Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2020, R25 468 794 (2019: R19 371 628) were past due but not impaired.

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

|                   | ECONOMIC ENTITY |                     | CONTROLLING ENTITY |                     |
|-------------------|-----------------|---------------------|--------------------|---------------------|
|                   | 2020<br>R       | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| 1 month past due  | 15 094 465      | 6 377 255           | 17 913 380         | 7 102 553           |
| 2 months past due | 131 537         | 1 035 412           | 131 537            | 1 033 374           |
| 3 months past due | 10 242 792      | 11 958 961          | 10 242 792         | 11 958 961          |

### TRADE AND OTHER RECEIVABLES IMPAIRED

As of 31 March 2020, trade and other receivables of R800 780 (2019: R238 232) were impaired and provided for.

The ageing of these amounts is as follows:

|               | ECONOMIC ENTITY |                     | CONTROLLING ENTITY |                     |
|---------------|-----------------|---------------------|--------------------|---------------------|
|               | 2020<br>R       | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| 3 to 6 months | 602 737         | -                   | 602 737            | -                   |
| Over 6 months | 198 043         | 238 232             | 198 043            | 238 232             |

The factors used to determine the impairment of trade and other receivables is based on the individual assessment of debtors who have long outstanding debt and have indicated financial difficulties in settling their debt.

## 6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

|  | ECONOMIC ENTITY    |                     | CONTROLLING ENTITY |                     |
|--|--------------------|---------------------|--------------------|---------------------|
|  | 2020<br>R          | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| Cash on hand                             | 25 000             | 25 000              | 25 000             | 25 000              |
| Bank balances                            | 182 680 237        | 277 229 004         | 118 342 912        | 214 480 140         |
| Deposits held on behalf of third parties | 15 200 634         | 14 477 618          | 15 200 634         | 14 477 618          |
| Amounts held in trust accounts           | 685 330 328        | 655 523 555         | 685 330 328        | 655 523 555         |
| <b>TOTAL</b>                             | <b>883 236 199</b> | <b>947 255 177</b>  | <b>818 898 874</b> | <b>884 506 313</b>  |

The bank balance figure includes the amount relating to the unspent conditional grants (refer to note 14).

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

\* See Note 35

## 7. INVESTMENT PROPERTY

| ECONOMIC ENTITY     | 2020          |   |                | 2019 RESTATED* |   |                |
|---------------------|---------------|---|----------------|----------------|---|----------------|
|                     | COST          | ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT | CARRYING VALUE | COST           | ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT | CARRYING VALUE |
|                     | R             | R   | R              | R              | R   | R              |
| Investment property | 3 048 245 503 | (197 700 573)                                       | 2 850 544 930  | 2 758 113 247  | (174 454 186)                                       | 2 583 659 061  |

| CONTROLLING ENTITY  | 2020          |   |                | 2019 RESTATED* |   |                |
|---------------------|---------------|---|----------------|----------------|---|----------------|
|                     | COST          | ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT | CARRYING VALUE | COST           | ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT | CARRYING VALUE |
|                     | R             | R   | R              | R              | R   | R              |
| Investment property | 3 102 144 159 | (197 700 573)                                       | 2 904 443 586  | 2 812 011 903  | (174 454 186)                                       | 2 637 557 717  |

### RECONCILIATION OF INVESTMENT PROPERTY - ECONOMIC ENTITY - 2020

|                     | OPENING BALANCE | ADDITIONS  | WORK IN PROGRESS | DEPRECIATION | TOTAL         |
|---------------------|-----------------|------------|------------------|--------------|---------------|
|                     | R               | R          | R                | R            | R             |
| Investment property | 2 583 659 061   | 13 875 476 | 276 256 779      | (23 246 386) | 2 850 544 930 |

### RECONCILIATION OF INVESTMENT PROPERTY - ECONOMIC ENTITY - 2019 RESTATED\*

|                     | OPENING BALANCE | ADDITIONS | WORK IN PROGRESS | TRANSFERS | DEPRECIATION | TOTAL         |
|---------------------|-----------------|-----------|------------------|-----------|--------------|---------------|
|                     | R               | R         | R                | R         | R            | R             |
| Investment property | 2 359 376 276   | 1 792 977 | 245 752 096      | (2 535)   | (23 259 753) | 2 583 659 061 |

### RECONCILIATION OF INVESTMENT PROPERTY - CONTROLLING ENTITY - 2020

|                     | OPENING BALANCE | ADDITIONS  | WORK IN PROGRESS | DEPRECIATION | TOTAL         |
|---------------------|-----------------|------------|------------------|--------------|---------------|
|                     | R               | R          | R                | R            | R             |
| Investment property | 2 637 557 717   | 13 875 476 | 276 256 779      | (23 246 386) | 2 904 443 586 |

### RECONCILIATION OF INVESTMENT PROPERTY - CONTROLLING ENTITY - 2019 RESTATED\*

|                     | OPENING BALANCE | ADDITIONS | WORK IN PROGRESS | DEPRECIATION | TOTAL         |
|---------------------|-----------------|-----------|------------------|--------------|---------------|
|                     | R               | R         | R                | R            | R             |
| Investment property | 2 413 272 397   | 1 792 977 | 245 752 096      | (23 259 753) | 2 637 557 717 |

\* See Note 35

|   | ECONOMIC ENTITY   |                     | CONTROLLING ENTITY |                     |
|---|-------------------|---------------------|--------------------|---------------------|
|   | 2020<br>R         | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>INVESTMENT PROPERTY IN THE PROCESS OF BEING CONSTRUCTED OR DEVELOPED</b> |                   |                     |                    |                     |
| Opening balance   | 425 495 145       | 179 743 049         | 425 495 145        | 179 743 049         |
| Additions   | 276 256 779       | 245 752 096         | 276 256 779        | 245 752 096         |
| Transferred to completed items  | (688 287 442)     | -                   | (688 287 442)      | -                   |
|   | <b>13 464 482</b> | <b>425 495 145</b>  | <b>13 464 482</b>  | <b>425 495 145</b>  |

|   | ECONOMIC ENTITY |                     | CONTROLLING ENTITY |                     |
|---|-----------------|---------------------|--------------------|---------------------|
|   | 2020<br>R       | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>Carrying value of investment property that is taking a significantly longer period of time to complete than expected</b>   |                 |                     |                    |                     |
| <b>Double Basement</b>  |                 |                     |                    |                     |
| The main contractor was placed under liquidation before the project could be completed. Construction activities were therefore halted. At 2019 financial year-end the procurement to appoint a contractor to complete the project was still in progress. The building was brought into use in the current year. | -               | 161 135 676         | -                  | 161 135 676         |
|   | <b>-</b>        | <b>161 135 676</b>  | <b>-</b>           | <b>161 135 676</b>  |

Included in the Investment Property balances are non-depreciable land valued at R1 544 107 238 (2019: R1 532 634 378).

\* See Note 35

## 7. INVESTMENT PROPERTY (continued)

|   | ECONOMIC ENTITY |                     | CONTROLLING ENTITY |                     |
|---|-----------------|---------------------|--------------------|---------------------|
|   | 2020<br>R       | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>DETAILS OF PROPERTY</b>  |                 |                     |                    |                     |
| <b>La Mercy Land (Portion 5 and 9)</b>  |                 |                     |                    |                     |
| This comprises the purchase of subdivisions 5 and 9 in 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     | 427 444 327         | 427 444 327        | 427 444 327         |
| Subsequent expenditure  | 373 238 178     | -                   | 373 238 178        | -                   |
|   | 800 682 505     | 427 444 327         | 800 682 505        | 427 444 327         |
| <b>Klipfontein Farm</b>   |                 |                     |                    |                     |
| Remainder of portion 77 of the Farm Klipfontein formerly known as portion 11 (of 3) of the Farm Klipfontein No. 922 in the extent of approximately 56.42 hectares held under Title Deed No. T3464/2010. |                 |                     |                    |                     |
| Purchase price  | 123 733 875     | 123 733 875         | 123 733 875        | 123 733 875         |
| <b>Mount Moreland Land</b>  |                 |                     |                    |                     |
| Erf 1000 Mt Moreland in the extent of 408.6977 hectares held under Title Deed No. T348/2014.  |                 |                     |                    |                     |
| Purchase price  | 360 416 772     | 360 416 772         | 360 416 772        | 360 416 772         |
| <b>Illovo Farm</b>  |                 |                     |                    |                     |
| Remainder of 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         | 178 376 484        | 178 376 484         |
| <b>Cottonlands Farm</b>   |                 |                     |                    |                     |
| Portion 139 of the Farm Cottonlands No 1575, in extent 40.9745 hectares held under Title Deed No. T30476/2019.  |                 |                     |                    |                     |
| Purchase price  | 11 472 860      | -                   | 11 472 860         | -                   |
| <b>Cottonlands Farm</b>   |                 |                     |                    |                     |
| Remainder of Portion 267, 314 (of 272) and 1219 (of 321) of the Farm Cottonlands No. 1575 in extent of 150.419 hectares held under Title Deed No. T38380/2002.  |                 |                     |                    |                     |
| Purchase price  | 104 746 158     | 104 746 158         | 104 746 158        | 104 746 158         |
| <b>Dube City</b>  |                 |                     |                    |                     |
| Erven 594, 595, 597, 600, 601, 602, 603 and 608, La Mercy, Registration Division FU, KZN  |                 |                     |                    |                     |
| Purchase price  | 58 294 105      | 58 294 105          | 58 294 105         | 58 294 105          |

\* See Note 35

|   | ECONOMIC ENTITY |                     | CONTROLLING ENTITY |                     |
|---|-----------------|---------------------|--------------------|---------------------|
|   | 2020<br>R       | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>Cottonlands Farm</b>   |                 |                     |                    |                     |
| Remainder of Portion 1240 of 1220 and Portion 1970 of 1220 of the Farm Cottonlands, in the extent of 156.0474 hectares  |                 |                     |                    |                     |
| Purchase price  | 135 295 560     | 135 295 560         | 135 295 560        | 135 295 560         |
| <b>Cottonlands Farm</b>   |                 |                     |                    |                     |
| Remainder of Portion 1220 of the Farm Cottonlands No. 1575, in the extent of 172.3491 hecatares, held under Title Deed No. T16581/2012.                                     |                 |                     |                    |                     |
| Purchase price  | 90 045 830      | 90 045 830          | 90 045 830         | 90 045 830          |
| <b>Cottonlands Farm</b>   |                 |                     |                    |                     |
| Remainder of Portions 271, 1181, 114, 450, 430, 854, 617, 1907 and 216 of the Farm Cottonlands no 1575, in extent of 109.2539 hectares held under Tittle Deed No T8966/2013 |                 |                     |                    |                     |
| Purchase price  | 54 281 267      | 54 281 267          | 54 281 267         | 54 281 267          |
| <b>TradeHouse Building</b>  |                 |                     |                    |                     |
| Construction cost   | 132 816 000     | 131 360 543         | 132 816 000        | 131 360 543         |
| Canteen   | 5 351 102       | 5 351 102           | 5 351 102          | 5 351 102           |
| Subsequent expenditure  | 94 559          | 1 455 457           | 94 559             | 1 455 457           |
|   | 138 261 661     | 138 167 102         | 138 261 661        | 138 167 102         |
| <b>Valuable Cargo Building</b>  |                 |                     |                    |                     |
| Construction cost   | 24 213 309      | 24 123 061          | 24 213 309         | 24 123 061          |
| Subsequent expenditure  | -               | 90 248              | -                  | 90 248              |
|   | 24 213 309      | 24 213 309          | 24 213 309         | 24 213 309          |
| <b>29 Degrees South</b>   |                 |                     |                    |                     |
| Construction cost   | 153 047 929     | 153 047 929         | 153 047 929        | 153 047 929         |
| Subsequent expenditure  | 1 562 059       | -                   | 1 562 059          | -                   |
|   | 154 609 988     | 153 047 929         | 154 609 988        | 153 047 929         |

\* See Note 35

## 7. INVESTMENT PROPERTY (continued)

|   | ECONOMIC ENTITY    |                     | CONTROLLING ENTITY |                     |
|---|--------------------|---------------------|--------------------|---------------------|
|   | 2020<br>R          | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>Dube AgriZone Buildings</b>                |                    |                     |                    |                     |
| Construction cost:                            |                    |                     |                    |                     |
| Greenhouse C                                  | 178 295 760        | 178 295 760         | 178 295 760        | 178 295 760         |
| 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                           | 47 296 788         | 47 296 788          | 47 296 788         | 47 296 788          |
| 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                                   | 25 455 057         | 25 455 057          | 25 455 057         | 25 455 057          |
| Canteen                                       | 2 623 411          | 2 623 411           | 2 623 411          | 2 623 411           |
| Subsequent expenditure                        | 30 000             | -                   | 30 000             | -                   |
|   | <b>480 449 376</b> | <b>480 419 376</b>  | <b>480 449 376</b> | <b>480 419 376</b>  |
| <b>Airchefs Building</b>                      |                    |                     |                    |                     |
| Construction cost                             | <b>29 179 950</b>  | <b>29 179 950</b>   | <b>29 179 950</b>  | <b>29 179 950</b>   |
| <b>Gift of the Givers Building</b>            |                    |                     |                    |                     |
| Construction cost                             | <b>14 900 128</b>  | <b>14 900 128</b>   | <b>14 900 128</b>  | <b>14 900 128</b>   |
| <b>TradeZone Guardhouse</b>                   |                    |                     |                    |                     |
| Construction cost                             | 13 954 585         | 13 707 313          | 13 954 585         | 13 707 313          |
| Subsequent expenditure                        | 42 580             | 247 272             | 42 580             | 247 272             |
|   | <b>13 997 165</b>  | <b>13 954 585</b>   | <b>13 997 165</b>  | <b>13 954 585</b>   |
| <b>Mini Factories</b>                         |                    |                     |                    |                     |
| Construction cost                             | <b>101 234 389</b> | -                   | <b>101 234 389</b> | -                   |
| <b>Sky Aviation</b>                           |                    |                     |                    |                     |
| Construction cost                             | <b>13 939 164</b>  | -                   | <b>13 939 164</b>  | -                   |
| <b>Double Basement</b>                        |                    |                     |                    |                     |
| Construction cost                             | <b>200 549 129</b> | -                   | <b>200 549 129</b> | -                   |
| <b>La Mercy (Portion 4, 6, 8, 10 and 11)</b>  |                    |                     |                    |                     |
| Construction cost                             | 4 392 494          | 342 668             | -                  | -                   |
| Capitalised expenditure                       | -                  | 4 052 361           | -                  | -                   |
| Reclassified to property, plant and equipment | -                  | (2 535)             | -                  | -                   |
|   | <b>4 392 494</b>   | <b>4 392 494</b>    | <b>-</b>           | <b>-</b>            |

\* See Note 35



|  | ECONOMIC ENTITY   |                     | CONTROLLING ENTITY |                     |
|--|-------------------|---------------------|--------------------|---------------------|
|  | 2020<br>R         | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>THE FOLLOWING AMOUNTS HAVE BEEN RECOGNISED IN SURPLUS AND DEFICIT FOR INVESTMENT PROPERTIES</b> |                   |                     |                    |                     |
| Rental revenue from investment properties  | 63 650 270        | 47 787 547          | 63 376 345         | 47 470 678          |
| Repairs and maintenance  | (122 188)         | (1 032 960)         | (122 188)          | (1 032 960)         |
| Direct operating expenses  | (17 296 370)      | (23 977 726)        | (16 542 857)       | (23 132 865)        |
|  | <b>46 231 712</b> | <b>22 776 861</b>   | <b>46 711 300</b>  | <b>23 304 853</b>   |

Included in the above figures is expenditure for direct operating costs incurred for the year of R651 494 which relates to property that did not generate revenue. The total contractual obligations relating to investment properties for repairs and maintenance amounts to R5 153 243 (2019: R11 792 321).

## 8. PROPERTY, PLANT AND EQUIPMENT

| ECONOMIC ENTITY        | 2020                 |  |                      | 2019 RESTATED*       |  |                      |
|------------------------|----------------------|--|----------------------|----------------------|--|----------------------|
|                        | COST<br>R            | ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT<br>R | CARRYING VALUE<br>R  | COST<br>R            | ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT<br>R | CARRYING VALUE<br>R  |
| Land                   | 111 253 522          | -  | 111 253 522          | 111 253 522          | -  | 111 253 522          |
| Buildings              | 534 447 838          | (255 487 891)  | 278 959 947          | 528 162 677          | (240 249 375)  | 287 913 302          |
| Plant and machinery    | 24 092 469           | (19 348 584)   | 4 743 885            | 26 653 891           | (19 752 496)   | 6 901 395            |
| Furniture and fixtures | 37 343 595           | (28 918 374)   | 8 425 221            | 35 718 478           | (25 565 506)   | 10 152 972           |
| Motor vehicles         | 17 726 268           | (15 972 299)   | 1 753 969            | 18 166 670           | (15 717 457)   | 2 449 213            |
| Equipment              | 386 016 323          | (283 902 382)  | 102 113 941          | 393 799 272          | (266 847 831)  | 126 951 441          |
| IT equipment           | 98 420 150           | (61 235 118)   | 37 185 032           | 186 505 943          | (151 875 260)  | 34 630 683           |
| Infrastructure         | 880 137 528          | (354 821 206)  | 525 316 322          | 876 769 725          | (312 652 523)  | 564 117 202          |
| Community assets       | 1 106 280            | (222 489)  | 883 791              | 1 106 280            | (176 930)  | 929 350              |
|                        | <b>2 090 543 973</b> | <b>(1 019 908 343)</b>                                   | <b>1 070 635 630</b> | <b>2 178 136 458</b> | <b>(1 032 837 378)</b>                                   | <b>1 145 299 080</b> |

| CONTROLLING ENTITY     | 2020                 |  |                     | 2019 RESTATED*       |  |                      |
|------------------------|----------------------|--|---------------------|----------------------|--|----------------------|
|                        | COST<br>R            | ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT<br>R | CARRYING VALUE<br>R | COST<br>R            | ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT<br>R | CARRYING VALUE<br>R  |
| Land                   | 111 250 987          | -  | 111 250 987         | 111 250 987          | -  | 111 250 987          |
| Buildings              | 534 447 838          | (255 487 891)  | 278 959 947         | 528 162 677          | (240 249 375)  | 287 913 302          |
| Plant and machinery    | 24 092 469           | (19 348 584)   | 4 743 885           | 26 653 891           | (19 752 496)   | 6 901 395            |
| Furniture and fixtures | 37 343 595           | (28 918 374)   | 8 425 221           | 35 718 478           | (25 565 506)   | 10 152 972           |
| Motor vehicles         | 17 726 268           | (15 972 299)   | 1 753 969           | 18 166 670           | (15 717 457)   | 2 449 213            |
| Equipment              | 386 016 323          | (283 902 382)  | 102 113 941         | 393 799 272          | (266 847 831)  | 126 951 441          |
| IT equipment           | 98 420 150           | (61 235 118)   | 37 185 032          | 186 505 943          | (151 875 260)  | 34 630 683           |
| Infrastructure         | 738 070 612          | (309 193 652)  | 428 876 960         | 736 322 999          | (273 286 336)  | 463 036 663          |
| Community assets       | 412 506              | (126 427)  | 286 079             | 412 506              | (94 459)   | 318 047              |
|                        | <b>1 947 780 748</b> | <b>(974 184 727)</b>                                     | <b>973 596 021</b>  | <b>2 036 993 423</b> | <b>(993 388 720)</b>                                     | <b>1 043 604 703</b> |

\* See Note 35

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

### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - ECONOMIC ENTITY - 2020

|                        | OPENING<br>BALANCE   | ADDITIONS         | DISPOSALS          | WORK IN<br>PROGRESS | CHANGES IN<br>ESTIMATE<br>(REFER TO<br>NOTE 28) | DEPRECIATION         | TOTAL                |
|------------------------|----------------------|-------------------|--------------------|---------------------|---|----------------------|----------------------|
|                        | R                    | R                 | R                  | R                   | R   | R                    | R                    |
| Land                   | 111 253 522          | -                 | -                  | -                   | -   | -                    | 111 253 522          |
| Buildings              | 287 913 302          | -                 | -                  | 6 285 161           | -   | (15 238 516)         | 278 959 947          |
| Plant and machinery    | 6 901 395            | -                 | -                  | -                   | 111 755   | (2 269 265)          | 4 743 885            |
| Furniture and fixtures | 10 152 972           | 1 625 117         | -                  | -                   | 190 472   | (3 543 340)          | 8 425 221            |
| Motor vehicles         | 2 449 213            | -                 | (24 797)           | -                   | 553 357   | (1 223 804)          | 1 753 969            |
| Equipment              | 126 951 441          | 1 114 609         | (123 769)          | -                   | 2 576 674                                       | (28 405 014)         | 102 113 941          |
| IT equipment           | 34 630 683           | 13 538 727        | -                  | -                   | 3 743 169                                       | (14 727 547)         | 37 185 032           |
| Infrastructure         | 564 117 202          | -                 | (1 458 171)        | 3 367 804           | 71 205  | (40 781 718)         | 525 316 322          |
| Community assets       | 929 350              | -                 | -                  | -                   | -   | (45 559)             | 883 791              |
|                        | <b>1 145 299 080</b> | <b>16 278 453</b> | <b>(1 606 737)</b> | <b>9 652 965</b>    | <b>7 246 632</b>                                | <b>(106 234 763)</b> | <b>1 070 635 630</b> |

### RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - ECONOMIC ENTITY - 2019 RESTATED\*

|                        | OPENING<br>BALANCE   | ADDITIONS        | WORK IN<br>PROGRESS | TRANSFERS TO<br>INVENTORY | PRIOR PERIOD<br>ERROR<br>(REFER TO<br>NOTE 34) | CHANGE IN<br>ESTIMATE<br>(REFER TO<br>NOTE 28) | DEPRECIATION         | TOTAL                |
|------------------------|----------------------|------------------|---------------------|---------------------------|--|--|----------------------|----------------------|
|                        | R                    | R                | R                   | R                         | R  | R  | R                    | R                    |
| Land                   | 111 250 987          | 2 535            | -                   | -                         | -  | -  | -                    | 111 253 522          |
| Buildings              | 292 965 335          | -                | 10 186 483          | -                         | -  | -  | (15 238 516)         | 287 913 302          |
| Plant and machinery    | 7 648 831            | -                | -                   | -                         | (14 252)                                       | 1 729 269                                      | (2 462 453)          | 6 901 395            |
| Furniture and fixtures | 13 643 109           | 4 187            | -                   | -                         | (7 695)  | 3 951  | (3 490 580)          | 10 152 972           |
| Motor vehicles         | 1 834 504            | 1 208 300        | -                   | -                         | -  | 445 047  | (1 038 638)          | 2 449 213            |
| Equipment              | 145 589 991          | 1 256 830        | 3 529 178           | -                         | (171 087)                                      | 6 116 696                                      | (29 370 167)         | 126 951 441          |
| IT Equipment           | 43 005 222           | 3 907 431        | 70 463              | (88 023)                  | (1 965 131)                                    | 2 786 332                                      | (13 085 611)         | 34 630 683           |
| Infrastructure         | 602 258 281          | -                | 2 996 238           | -                         | -  | 1 071 356                                      | (42 208 673)         | 564 117 202          |
| Community assets       | 974 911              | -                | -                   | -                         | -  | -  | (45 561)             | 929 350              |
|                        | <b>1 219 171 171</b> | <b>6 379 283</b> | <b>16 782 362</b>   | <b>(88 023)</b>           | <b>(2 158 165)</b>                             | <b>12 152 651</b>                              | <b>(106 940 199)</b> | <b>1 145 299 080</b> |

\* See Note 35

**RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - CONTROLLING ENTITY - 2020**

|                        | <b>OPENING<br/>BALANCE</b> | <b>ADDITIONS</b>  | <b>WORK IN<br/>PROGRESS</b> | <b>DISPOSALS</b>   | <b>CHANGE IN<br/>ESTIMATE<br/>(REFER TO<br/>NOTE 28)</b> | <b>DEPRECIATION</b>  | <b>TOTAL</b>       |
|------------------------|----------------------------|-------------------|-----------------------------|--------------------|--|----------------------|--------------------|
|                        | <b>R</b>                   | <b>R</b>          | <b>R</b>                    | <b>R</b>           | <b>R</b>   | <b>R</b>             | <b>R</b>           |
| Land                   | 111 250 987                | -                 | -                           | -                  | -  | -                    | 111 250 987        |
| Buildings              | 287 913 302                | -                 | 6 285 161                   | -                  | -  | (15 238 516)         | 278 959 947        |
| Plant and machinery    | 6 901 395                  | -                 | -                           | -                  | 111 755  | (2 269 265)          | 4 743 885          |
| Furniture and fixtures | 10 152 972                 | 1 625 117         | -                           | -                  | 190 472  | (3 543 340)          | 8 425 221          |
| Motor vehicles         | 2 449 213                  | -                 | -                           | (24 797)           | 553 357  | (1 223 804)          | 1 753 969          |
| Equipment              | 126 951 441                | 1 114 609         | -                           | (123 769)          | 2 576 674  | (28 405 014)         | 102 113 941        |
| IT equipment           | 34 630 683                 | 13 538 727        | -                           | -                  | 3 743 169  | (14 727 547)         | 37 185 032         |
| Infrastructure         | 463 036 663                | -                 | 3 367 804                   | (1 458 171)        | 71 205   | (36 140 541)         | 428 876 960        |
| Community assets       | 318 047                    | -                 | -                           | -                  | -  | (31 968)             | 286 079            |
|                        | <b>1 043 604 703</b>       | <b>16 278 453</b> | <b>9 652 965</b>            | <b>(1 606 737)</b> | <b>7 246 632</b>   | <b>(101 579 995)</b> | <b>973 596 021</b> |

**RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT - CONTROLLING ENTRY - 2019 RESTATED\***

|                        | <b>OPENING<br/>BALANCE</b> | <b>ADDITIONS</b> | <b>WORK IN<br/>PROGRESS</b> | <b>TRANSFERS<br/>TO<br/>INVENTORY</b> | <b>PRIOR PERIOD<br/>ERROR<br/>(REFER TO<br/>NOTE 34)</b> | <b>CHANGE IN<br/>ESTIMATE<br/>(REFER TO<br/>NOTE 28)</b> | <b>DEPRECIATION</b>  | <b>TOTAL</b>         |
|------------------------|----------------------------|------------------|-----------------------------|---------------------------------------|--|--|----------------------|----------------------|
|                        | <b>R</b>                   | <b>R</b>         | <b>R</b>                    | <b>R</b>                              | <b>R</b>   | <b>R</b>   | <b>R</b>             | <b>R</b>             |
| Land                   | 111 250 987                | -                | -                           | -                                     | -  | -  | -                    | 111 250 987          |
| Buildings              | 292 965 335                | -                | 10 186 483                  | -                                     | -  | -  | (15 238 516)         | 287 913 302          |
| Plant and machinery    | 7 648 831                  | -                | -                           | -                                     | (14 252)   | 1 729 269  | (2 462 453)          | 6 901 395            |
| Furniture and fixtures | 13 643 109                 | 4 187            | -                           | -                                     | (7 695)  | 3 951  | (3 490 580)          | 10 152 972           |
| Motor vehicles         | 1 834 504                  | 1 208 300        | -                           | -                                     | -  | 445 047  | (1 038 638)          | 2 449 213            |
| Equipment              | 145 589 991                | 1 256 830        | 3 529 178                   | -                                     | (171 087)  | 6 116 696  | (29 370 167)         | 126 951 441          |
| IT Equipment           | 43 005 222                 | 3 907 431        | 70 463                      | (88 023)                              | (1 965 131)  | 2 786 332  | (13 085 611)         | 34 630 683           |
| Infrastructure         | 495 078 397                | -                | 2 996 238                   | -                                     | -  | 1 071 356  | (36 109 328)         | 463 036 663          |
| Community assets       | 350 014                    | -                | -                           | -                                     | -  | -  | (31 967)             | 318 047              |
|                        | <b>1 111 366 390</b>       | <b>6 376 748</b> | <b>16 782 362</b>           | <b>(88 023)</b>                       | <b>(2 158 165)</b>                                       | <b>12 152 651</b>  | <b>(100 827 260)</b> | <b>1 043 604 703</b> |

\* See Note 35

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

|   | ECONOMIC ENTITY |                     | CONTROLLING ENTITY |                     |
|---|-----------------|---------------------|--------------------|---------------------|
|   | 2020<br>R       | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>CAPITALISED FINANCE LEASE ASSETS</b> |                 |                     |                    |                     |
| Cost                                    | -               | 1 009 335           | -                  | 1 009 335           |
| Accumulated depreciation                | -               | (1 009 334)         | -                  | (1 009 334)         |
|   | -               | 1                   | -                  | 1                   |

Previously the entity leased photocopy machines under non-cancellable finance lease agreements which expired during the prior financial year. In the current year photocopiers are leased under operating leases. Refer to note 26.

### CARRYING VALUE OF PROPERTY, PLANT AND EQUIPMENT THAT IS TAKING A SIGNIFICANTLY LONGER PERIOD OF TIME TO COMPLETE THAN EXPECTED

|   | ECONOMIC ENTITY |                     | CONTROLLING ENTITY |                     |
|---|-----------------|---------------------|--------------------|---------------------|
|   | 2020<br>R       | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>Workshop Facility and Water Laboratory</b>   |                 |                     |                    |                     |
| The main contractor failed to complete the project and the contract was subsequently cancelled. Dube TradePort Corporation appointed a new contractor to complete this project. The water laboratory reached practical completion in March 2019, pending the finalisation of some outstanding snags. The building was brought into use in the current financial year.   | -               | 4 045 649           | -                  | 4 045 649           |
| <b>Technical Facility</b>   |                 |                     |                    |                     |
| The main contractor failed to complete the project and the contract was subsequently cancelled. Dube TradePort Corporation appointed a new contractor to complete this project. The Technical facility reached practical completion in March 2019, pending the finalisation of some outstanding snags. The building was brought into use in the current financial year. | -               | 6 715 862           | -                  | 6 715 862           |
|   | -               | 10 761 511          | -                  | 10 761 511          |

### RECONCILIATION OF WORK-IN-PROGRESS - ECONOMIC ENTITY - 2020

|                                | BUILDINGS<br>R | INFRASTRUCTURE<br>R | IT EQUIPMENT<br>R | TOTAL<br>R   |
|--------------------------------|----------------|---------------------|-------------------|--------------|
| Opening balance                | 10 094 982     | 38 068 273          | 1 798 339         | 49 961 594   |
| Additions                      | 6 285 161      | 3 367 804           | -                 | 9 652 965    |
| Transferred to completed items | (16 380 143)   | (3 959 656)         | -                 | (20 339 799) |
|                                | -              | 37 476 421          | 1 798 339         | 39 274 760   |

### RECONCILIATION OF WORK-IN-PROGRESS - ECONOMIC ENTITY - 2019 RESTATED\*

|                                | BUILDINGS<br>R | INFRASTRUCTURE<br>R | IT EQUIPMENT<br>R | EQUIPMENT<br>R | TOTAL<br>R   |
|--------------------------------|----------------|---------------------|-------------------|----------------|--------------|
| Opening balance                | 8 021 503      | 35 072 035          | 1 849 456         | 7 047 346      | 51 990 340   |
| Additions                      | 10 186 483     | 2 996 238           | 70 463            | 3 529 178      | 16 782 362   |
| Sub-total                      | 18 207 986     | 38 068 273          | 1 919 919         | 10 576 524     | 68 772 702   |
| Transferred to completed items | (8 113 148)    | -                   | (121 580)         | (10 576 524)   | (18 811 252) |
|                                | 10 094 838     | 38 068 273          | 1 798 339         | -              | 49 961 450   |

\* See Note 35

**RECONCILIATION OF WORK-IN-PROGRESS-CONTROLLING ENTITY - 2020**

|                                | <b>BUILDINGS<br/>R</b> | <b>INFRASTRUCTURE<br/>R</b> | <b>IT EQUIPMENT<br/>R</b> | <b>TOTAL<br/>R</b> |
|--------------------------------|------------------------|-----------------------------|---------------------------|--------------------|
| Opening balance                | 10 094 982             | 38 068 273                  | 1 798 339                 | 49 961 594         |
| Additions                      | 6 285 161              | 3 367 804                   | -                         | 9 652 965          |
| Transferred to completed items | (16 380 143)           | (3 959 656)                 | -                         | (20 339 799)       |
|                                | <b>-</b>               | <b>37 476 421</b>           | <b>1 798 339</b>          | <b>39 274 760</b>  |

**RECONCILIATION OF WORK-IN-PROGRESS-CONTROLLING ENTITY - 2019 RESTATED\***

|                                | <b>BUILDINGS<br/>R</b> | <b>INFRASTRUCTURE<br/>R</b> | <b>IT EQUIPMENT<br/>R</b> | <b>EQUIPMENT<br/>R</b> | <b>TOTAL<br/>R</b> |
|--------------------------------|------------------------|-----------------------------|---------------------------|------------------------|--------------------|
| Opening balance                | 8 021 503              | 35 072 035                  | 1 849 456                 | 7 047 346              | 51 990 340         |
| Additions                      | 10 186 483             | 2 996 238                   | 70 463                    | 3 529 178              | 16 782 362         |
| Sub-total                      | 18 207 986             | 38 068 273                  | 1 919 919                 | 10 576 524             | 68 772 702         |
| Transferred to completed items | (8 113 148)            | -                           | (121 580)                 | (10 576 524)           | (18 811 252)       |
|                                | <b>10 094 838</b>      | <b>38 068 273</b>           | <b>1 798 339</b>          | <b>-</b>               | <b>49 961 450</b>  |

**EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT**

|   | <b>ECONOMIC ENTITY</b> |                             | <b>CONTROLLING ENTITY</b> |                             |
|---|------------------------|-----------------------------|---------------------------|-----------------------------|
|   | <b>2020<br/>R</b>      | <b>2019 RESTATED*<br/>R</b> | <b>2020<br/>R</b>         | <b>2019 RESTATED*<br/>R</b> |
| <b>EXPENDITURE INCURRED TO REPAIR AND MAINTAIN PROPERTY, PLANT AND EQUIPMENT INCLUDED IN STATEMENT OF FINANCIAL PERFORMANCE</b> |                        |                             |                           |                             |
| Buildings   | 5 341 232              | 5 180 665                   | 5 341 232                 | 5 180 665                   |
| Equipment   | 7 976 241              | 5 510 668                   | 7 976 241                 | 5 510 668                   |
| Motor vehicles  | 619 350                | 907 705                     | 619 350                   | 907 705                     |
| IT equipment  | 1 430 145              | 1 239 328                   | 1 430 145                 | 1 239 328                   |
| Landscaping   | 2 940 498              | 2 748 641                   | 2 940 498                 | 2 748 641                   |
| Infrastructure assets   | 293 977                | -                           | -                         | -                           |
|   | <b>18 601 443</b>      | <b>15 587 007</b>           | <b>18 307 466</b>         | <b>15 587 007</b>           |

\* See Note 35

## 9. INTANGIBLE ASSETS

| ECONOMIC ENTITY   | 2020             |   |                  | 2019 RESTATED*   |   |                  |
|-------------------|------------------|---|------------------|------------------|---|------------------|
|                   | COST             | ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT | CARRYING VALUE   | COST             | ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT | CARRYING VALUE   |
|                   | R                | R   | R                | R                | R   | R                |
| Licences          | 3 663 686        | -   | 3 663 686        | 718 725          | -   | 718 725          |
| Computer software | 5 609 591        | (442 996)   | 5 166 595        | 7 788 841        | (2 842 944)   | 4 945 897        |
|                   | <b>9 273 277</b> | <b>(442 996)</b>                                    | <b>8 830 281</b> | <b>8 507 566</b> | <b>(2 842 944)</b>                                  | <b>5 664 622</b> |

| CONTROLLING ENTITY | 2020             |   |                  | 2019 RESTATED*   |   |                  |
|--------------------|------------------|---|------------------|------------------|---|------------------|
|                    | COST             | ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT | CARRYING VALUE   | COST             | ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT | CARRYING VALUE   |
|                    | R                | R   | R                | R                | R   | R                |
| Licences           | 3 663 686        | -   | 3 663 686        | 718 725          | -   | 718 725          |
| Computer software  | 5 609 591        | (442 996)   | 5 166 595        | 7 788 841        | (2 842 944)   | 4 945 897        |
|                    | <b>9 273 277</b> | <b>(442 996)</b>                                    | <b>8 830 281</b> | <b>8 507 566</b> | <b>(2 842 944)</b>                                  | <b>5 664 622</b> |

### RECONCILIATION OF INTANGIBLE ASSETS - ECONOMIC ENTITY - 2020

|                   | OPENING BALANCE  | ADDITIONS        | CHANGE IN ESTIMATES (REFER TO NOTE 28) | AMORTISATION     | TOTAL            |
|-------------------|------------------|------------------|--|------------------|------------------|
|                   | R                | R                | R                                      | R                | R                |
| Licences          | 718 725          | 2 944 961        | -                                      | -                | 3 663 686        |
| Computer software | 4 945 897        | 342 125          | 31 793                                 | (153 220)        | 5 166 595        |
|                   | <b>5 664 622</b> | <b>3 287 086</b> | <b>31 793</b>                          | <b>(153 220)</b> | <b>8 830 281</b> |

### RECONCILIATION OF INTANGIBLE ASSETS - ECONOMIC ENTITY - 2019 RESTATED\*

|                   | OPENING BALANCE  | ADDITIONS      | AMORTISATION       | TOTAL            |
|-------------------|------------------|----------------|--------------------|------------------|
|                   | R                | R              | R                  | R                |
| Licences          | 718 725          | -              | -                  | 718 725          |
| Computer software | 5 593 637        | 709 808        | (1 357 548)        | 4 945 897        |
|                   | <b>6 312 362</b> | <b>709 808</b> | <b>(1 357 548)</b> | <b>5 664 622</b> |

\* See Note 35

**RECONCILIATION OF INTANGIBLE ASSETS - CONTROLLING ENTITY - 2020**

|                   | OPENING BALANCE  | ADDITIONS        | CHANGE IN ESTIMATES (REFER TO NOTE 28) | AMORTISATION     | TOTAL            |
|-------------------|------------------|------------------|--|------------------|------------------|
|                   | R                | R                | R                                      | R                | R                |
| Licences          | 718 725          | 2 944 961        | -                                      | -                | 3 663 686        |
| Computer software | 4 945 897        | 342 125          | 31 793                                 | (153 220)        | 5 166 595        |
|                   | <b>5 664 622</b> | <b>3 287 086</b> | <b>31 793</b>                          | <b>(153 220)</b> | <b>8 830 281</b> |

**RECONCILIATION OF INTANGIBLE ASSETS - CONTROLLING ENTITY - 2019 RESTATED\***

|                   | OPENING BALANCE  | ADDITIONS      | AMORTISATION       | TOTAL            |
|-------------------|------------------|----------------|--------------------|------------------|
|                   | R                | R              | R                  | R                |
| Licences          | 718 725          | -              | -                  | 718 725          |
| Computer software | 5 593 637        | 709 808        | (1 357 548)        | 4 945 897        |
|                   | <b>6 312 362</b> | <b>709 808</b> | <b>(1 357 548)</b> | <b>5 664 622</b> |

Licences have an indefinite useful life and there is no amortisation.

Licences are assigned an indefinite life because there is no evidence to indicate that there is a limited period over which net cash inflows will be generated by the asset..

**10. HERITAGE ASSETS**

| ECONOMIC ENTITY                           | 2020      |                               |                | 2019 RESTATED* |                               |                |
|---|-----------|-------------------------------|----------------|----------------|-------------------------------|----------------|
|   | COST      | ACCUMULATED IMPAIRMENT LOSSES | CARRYING VALUE | COST           | ACCUMULATED IMPAIRMENT LOSSES | CARRYING VALUE |
|   | R         | R                             | R              | R              | R                             | R              |
| Art collections, antiquities and exhibits | 7 654 358 | -                             | 7 654 358      | 7 654 358      | -                             | 7 654 358      |

| CONTROLLING ENTITY                        | 2020      |                               |                | 2019 RESTATED* |                               |                |
|---|-----------|-------------------------------|----------------|----------------|-------------------------------|----------------|
|   | COST      | ACCUMULATED IMPAIRMENT LOSSES | CARRYING VALUE | COST           | ACCUMULATED IMPAIRMENT LOSSES | CARRYING VALUE |
|   | R         | R                             | R              | R              | R                             | R              |
| Art collections, antiquities and exhibits | 7 654 358 | -                             | 7 654 358      | 7 654 358      | -                             | 7 654 358      |

\* See Note 35

## 10. HERITAGE ASSETS (continued)

### RECONCILIATION OF HERITAGE ASSETS - ECONOMIC ENTITY - 2020

|   | OPENING BALANCE<br>R | TOTAL<br>R |
|---|----------------------|------------|
| Art collections, antiquities and exhibits | 7 654 358            | 7 654 358  |

### RECONCILIATION OF HERITAGE ASSETS - ECONOMIC ENTITY - 2019 RESTATED\*

|   | OPENING BALANCE<br>R | TOTAL<br>R |
|---|----------------------|------------|
| Art collections, antiquities and exhibits | 7 654 358            | 7 654 358  |

### RECONCILIATION OF HERITAGE ASSETS - CONTROLLING ENTITY - 2020

|   | OPENING BALANCE<br>R | TOTAL<br>R |
|---|----------------------|------------|
| Art collections, antiquities and exhibits | 7 654 358            | 7 654 358  |

### RECONCILIATION OF HERITAGE ASSETS - CONTROLLING ENTITY - 2019 RESTATED\*

|   | OPENING BALANCE<br>R | TOTAL<br>R |
|---|----------------------|------------|
| Art collections, antiquities and exhibits | 7 654 358            | 7 654 358  |

## 11. INVESTMENTS IN CONTROLLED ENTITIES

### CONTROLLING ENTITY

|   | CARRYING AMOUNT 2020 | CARRYING AMOUNT 2019 |
|---|----------------------|----------------------|
| La Mercy JV Property Investments<br>- shareholding        | 60                   | 60                   |
| La Mercy JV Property Investments<br>- contributed capital | 11 138 833           | 11 138 833           |
|   | <b>11 138 893</b>    | <b>11 138 893</b>    |

Dube TradePort Corporation entered into a Joint Venture with ACSA whereby Dube TradePort Corporation owns 60% of La Mercy JV Property Investments Proprietary Limited (the JV Company). The application of GRAP dictates that Dube TradePort Corporation accounts for its interest in the JV Company as a subsidiary. The loan was granted to La Mercy JV Property Investments Proprietary Limited before Dube TradePort Corporation was designated a Schedule 3C Provincial Public Entity and the shareholders resolved to convert the shareholder's loans to contributed capital.

## 12. CURRENT TAX PAYABLE

|                              | ECONOMIC ENTITY |                     | CONTROLLING ENTITY |                     |
|------------------------------|-----------------|---------------------|--------------------|---------------------|
|                              | 2020<br>R       | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| Opening balance              | 78 024          | -                   | -                  | -                   |
| Tax for the year             | 1 087 149       | 730 492             | -                  | -                   |
| Provisional taxed paid       | (1 244 066)     | (652 468)           | -                  | -                   |
| Section 89 quat (2) interest | 3 917           | -                   | -                  | -                   |
|                              | <b>(74 976)</b> | <b>78 024</b>       | <b>-</b>           | <b>-</b>            |

The 2019 income tax assessment issued in March 2020 reflected section 89quat (2) interest charge of R3 917. An objection has been lodged with the South African Revenue Service. The objection has been allowed and a reduced assessment received. The interest that was charged, has been reversed.

\* See Note 35



### 13. PAYABLES FROM EXCHANGE TRANSACTIONS

|                              | ECONOMIC ENTITY   |                     | CONTROLLING ENTITY |                     |
|------------------------------|-------------------|---------------------|--------------------|---------------------|
|                              | 2020<br>R         | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| Trade payables               | 20 867 681        | 35 501 063          | 21 046 763         | 35 419 956          |
| Payments received in advance | 1 305 513         | 778 925             | 1 304 834          | 778 303             |
| Retention creditors          | 9 398 882         | 11 041 032          | 9 398 882          | 11 041 032          |
| Accrued leave pay            | 4 885 706         | 4 844 741           | 4 885 706          | 4 844 741           |
| Accrued expenses             | 11 443 305        | 16 356 027          | 11 268 395         | 16 362 398          |
| Deposits received            | 11 364 669        | 9 851 764           | 11 364 669         | 9 851 764           |
| Performance bonuses          | 6 679 174         | 7 135 282           | 6 679 174          | 7 135 282           |
|                              | <b>65 944 930</b> | <b>85 508 834</b>   | <b>65 948 423</b>  | <b>85 433 476</b>   |

### 14. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

The Special Economic Zone funds granted by the Department of Trade and Industry to plan, prepare and successfully attract investors to the Special Economic Zone. The Automotive Supplier Park and Cut Flower Project funds were granted by the Department of Economic Development, Tourism and Environmental Affairs.

#### UNSPENT CONDITIONAL GRANTS COMPRISES:

##### Unspent conditional grants and receipts

|  | ECONOMIC ENTITY   |                     | CONTROLLING ENTITY |                     |
|--|-------------------|---------------------|--------------------|---------------------|
|  | 2020<br>R         | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| Special Economic Zone - Start-up fund  | 3 583 820         | 6 964 872           | 3 583 820          | 6 964 872           |
| Special Economic Zone - Infrastructure | 16 818 419        | 69 319 620          | 16 818 419         | 69 319 620          |
| Automotive Supplier Park               | 1 689 926         | 8 103 227           | 1 689 926          | 8 103 227           |
| Cut Flower Project                     | 5 908 003         | 6 051 523           | 5 908 003          | 6 051 523           |
|  | <b>28 000 168</b> | <b>90 439 242</b>   | <b>28 000 168</b>  | <b>90 439 242</b>   |

##### Movement during the year

|                                      | ECONOMIC ENTITY   |                     | CONTROLLING ENTITY |                     |
|--------------------------------------|-------------------|---------------------|--------------------|---------------------|
|                                      | 2020<br>R         | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| Balance at the beginning of the year | 90 439 242        | 167 578 776         | 90 439 242         | 167 578 776         |
| Additions during the year            | -                 | 86 736 708          | -                  | 86 736 708          |
| Interest received                    | 3 612 798         | 11 589 114          | 3 612 798          | 11 589 114          |
| Income recognition during the year   | (66 051 872)      | (175 465 356)       | (66 051 872)       | (175 465 356)       |
|                                      | <b>28 000 168</b> | <b>90 439 242</b>   | <b>28 000 168</b>  | <b>90 439 242</b>   |

### 15. DEFERRED TAX

#### DEFERRED TAX ASSET

Deferred tax balance from temporary differences

#### UNRECOGNISED DEFERRED TAX ASSET

Deductible temporary differences not recognised as deferred tax assets

|  | ECONOMIC ENTITY |                     | CONTROLLING ENTITY |                     |
|--|-----------------|---------------------|--------------------|---------------------|
|  | 2020<br>R       | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
|  | 40 548          | -                   | -                  | -                   |
|  | -               | 40 642              | -                  | -                   |
|  | <b>40 548</b>   | <b>40 642</b>       | <b>-</b>           | <b>-</b>            |

\* See Note 35

## 15. DEFERRED TAX (continued)

In accordance with its accounting policy (note 1.11), deferred tax assets have not been recognised in respect of deductible temporary differences to the extent that it is not probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

## 16. PROVISIONS

### RECONCILIATION OF PROVISIONS - ECONOMIC ENTITY - 2020

|                              | OPENING BALANCE | UTILISED DURING THE YEAR | TIME VALUE OF MONEY ADJUSTMENT (REFER TO NOTE 29) | TOTAL      |
|------------------------------|-----------------|--------------------------|---|------------|
|                              | R               | R                        | R   | R          |
| Environmental rehabilitation | 26 250 092      | (21 421)                 | (4 989 868)                                       | 21 238 803 |

### RECONCILIATION OF PROVISIONS - ECONOMIC ENTITY - 2019 RESTATED\*

|                              | OPENING BALANCE | TIME VALUE OF MONEY ADJUSTMENT | TOTAL      |
|------------------------------|-----------------|--------------------------------|------------|
|                              | R               | R                              | R          |
| Environmental rehabilitation | 24 173 581      | 2 076 511                      | 26 250 092 |

### RECONCILIATION OF PROVISIONS - CONTROLLING ENTITY - 2020

|                              | OPENING BALANCE | UTILISED DURING THE YEAR | TIME VALUE OF MONEY ADJUSTMENT (REFER TO NOTE 29) | TOTAL      |
|------------------------------|-----------------|--------------------------|---|------------|
|                              | R               | R                        | R   | R          |
| Environmental rehabilitation | 26 250 092      | (21 421)                 | (4 989 868)                                       | 21 238 803 |

### RECONCILIATION OF PROVISIONS - CONTROLLING ENTITY - 2019 RESTATED\*

|                              | OPENING BALANCE | TIME VALUE OF MONEY ADJUSTMENT | TOTAL      |
|------------------------------|-----------------|--------------------------------|------------|
|                              | R               | R                              | R          |
| Environmental rehabilitation | 24 173 581      | 2 076 511                      | 26 250 092 |

The provision relates to The Record of Decision (ROD) for the construction and operation of the airport, which included an obligation to create a delineated conservation area within the Dube TradePort precinct, which requires rehabilitation and restoration to mitigate against the habitat and species loss incurred during the initial construction phase of the precinct.

The costs for the restoration and rehabilitation of the delineated area is estimated at R21 238 803 (2019: R26 250 092) to be incurred over a period of 12 years. Due to Dube TradePort Corporation not been in control of the rehabilitation process, this might cause delays in the timing of the mile-stones as per the rehabilitation plan. In determining the present value of rehabilitation provision, a discount rate of 8% was used.

## 17. PROPERTY RENTAL

|                                | ECONOMIC ENTITY   |                     | CONTROLLING ENTITY |                     |
|--------------------------------|-------------------|---------------------|--------------------|---------------------|
|                                | 2020<br>R         | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>OPERATING LEASE RENTALS</b> |                   |                     |                    |                     |
| Rental                         | 62 518 101        | 51 871 685          | 64 171 724         | 52 477 095          |
| Straightlining of leases       | 260 574           | (3 445 404)         | 260 468            | (3 445 404)         |
|                                | <b>62 778 675</b> | <b>48 426 281</b>   | <b>64 432 192</b>  | <b>49 031 691</b>   |

\* See Note 35

## 18. INVESTMENT REVENUE

### INTEREST REVENUE

Bank  
Interest on trade receivables

| ECONOMIC ENTITY   |                     | CONTROLLING ENTITY |                     |
|-------------------|---------------------|--------------------|---------------------|
| 2020<br>R         | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| 52 349 758        | 54 932 596          | 47 494 430         | 50 257 201          |
| 185 256           | 265 736             | 185 256            | 265 736             |
| <b>52 535 014</b> | <b>55 198 332</b>   | <b>47 679 686</b>  | <b>50 522 937</b>   |

## 19. GOVERNMENT GRANTS AND SUBSIDIES

### OPERATING GRANTS

Department of Economic Development, Tourism and Environmental Affairs  
Department of Trade and Industry  
Automotive Supplier Park and Cut-flowers Project

### CAPITAL GRANTS

Department of Trade and Industry

| ECONOMIC ENTITY    |                     | CONTROLLING ENTITY |                     |
|--------------------|---------------------|--------------------|---------------------|
| 2020<br>R          | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| 415 885 217        | 296 445 233         | 415 885 217        | 296 445 233         |
| 3 949 440          | 3 956 616           | 3 949 440          | 3 956 616           |
| 6 556 821          | 2 909 018           | 6 556 821          | 2 909 018           |
| 426 391 478        | 303 310 867         | 426 391 478        | 303 310 867         |
| 55 545 611         | 168 599 723         | 55 545 611         | 168 599 723         |
| <b>481 937 089</b> | <b>471 910 590</b>  | <b>481 937 089</b> | <b>471 910 590</b>  |

### EQUITABLE SHARE

The entity received its statutory receivable in full and there were no amounts outstanding at year end.

## 20. REVENUE

Rendering of services  
Rental of property and equipment  
Sundry income  
Interest received - investments  
Government grants  
Gain on disposal of assets

| ECONOMIC ENTITY   |                     | CONTROLLING ENTITY |                     |
|---|---------------------|--------------------|---------------------|
| 2020<br>R   | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| 36 503 607  | 29 736 610          | 36 503 607         | 29 736 610          |
| 62 778 675  | 48 426 281          | 64 432 192         | 49 031 691          |
| 7 248 721   | 2 024 980           | 6 064 831          | 1 491 592           |
| 52 535 014  | 55 198 332          | 47 679 686         | 50 522 937          |
| 481 937 089   | 471 910 590         | 481 937 089        | 471 910 590         |
| -   | -                   | 132 155            | -                   |
| <b>641 003 106</b>  | <b>607 296 793</b>  | <b>636 749 560</b> | <b>602 693 420</b>  |
| <b>THE AMOUNTS INCLUDED IN REVENUE ARISING FROM EXCHANGE OF GOODS OR SERVICES ARE AS FOLLOWS:</b> |                     |                    |                     |
| 36 503 607  | 29 736 610          | 36 503 607         | 29 736 610          |
| 62 778 675  | 48 426 281          | 64 432 192         | 49 031 691          |
| 7 248 721   | 2 024 980           | 6 064 831          | 1 491 592           |
| 52 535 014  | 55 198 332          | 47 679 686         | 50 522 937          |
| -   | -                   | 132 155            | -                   |
| <b>159 066 017</b>  | <b>135 386 203</b>  | <b>154 812 471</b> | <b>130 782 830</b>  |

\* See Note 35

## 20. REVENUE (continued)

|   | ECONOMIC ENTITY   |                     | CONTROLLING ENTITY |                     |
|---|-------------------|---------------------|--------------------|---------------------|
|   | 2020<br>R         | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>THE AMOUNT INCLUDED IN RENDERING OF SERVICES IS MADE UP AS FOLLOWS:</b>                  |                   |                     |                    |                     |
| Dube iConnect services  | 15 425 364        | 9 862 705           | 15 425 364         | 9 862 705           |
| Dube Cargo handling services  | 20 822 805        | 19 020 412          | 20 822 805         | 19 020 412          |
| Marketing   | -                 | 78 849              | -                  | 78 849              |
| AgriZone services   | 255 438           | 774 644             | 255 438            | 774 644             |
|   | <b>36 503 607</b> | <b>29 736 610</b>   | <b>36 503 607</b>  | <b>29 736 610</b>   |
| <b>THE AMOUNT INCLUDED IN REVENUE ARISING FROM NON-EXCHANGE TRANSACTIONS IS AS FOLLOWS:</b> |                   |                     |                    |                     |
| <b>Transfer revenue</b>   |                   |                     |                    |                     |
| Government grants   | 481 937 089       | 471 910 590         | 481 937 089        | 471 910 590         |

\* See Note 35

## 21. EMPLOYEE-RELATED COSTS

|   | ECONOMIC ENTITY    |                     | CONTROLLING ENTITY |                     |
|---|--------------------|---------------------|--------------------|---------------------|
|   | 2020<br>R          | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| Basic salaries  | 103 012 704        | 98 984 961          | 103 012 704        | 98 984 961          |
| Medical aid - company contributions   | 599 932            | 776 029             | 599 932            | 776 029             |
| Unemployment insurance fund   | 328 145            | 331 634             | 328 145            | 331 634             |
| Workmen's compensation  | 94 344             | 91 489              | 94 344             | 91 489              |
| Skills development levy   | 953 358            | 980 502             | 953 358            | 980 502             |
| Cellphone allowances  | 1 052 633          | 790 890             | 1 052 633          | 790 890             |
| Provident fund - company contributions  | 3 631 370          | 3 124 720           | 3 631 370          | 3 124 720           |
|   | <b>109 672 486</b> | <b>105 080 225</b>  | <b>109 672 486</b> | <b>105 080 225</b>  |
| Company contributions to the Provident Fund for next financial year is estimated at R3 812 939. |                    |                     |                    |                     |
| <b>REMUNERATION OF THE EXECUTIVE OFFICERS</b>   |                    |                     |                    |                     |
| <b>Chief Executive Officer - Mr H Erskine</b>   |                    |                     |                    |                     |
| Salary  | 2 346 868          | 2 346 868           | 2 346 868          | 2 346 868           |
| Performance bonus   | 146 679            | 146 679             | 146 679            | 146 679             |
|   | <b>2 493 547</b>   | <b>2 493 547</b>    | <b>2 493 547</b>   | <b>2 493 547</b>    |
| <b>Chief Operating Officer - Mr K Ngqaka</b>  |                    |                     |                    |                     |
| Salary  | 1 762 342          | 1 753 574           | 1 762 342          | 1 753 574           |
| Performance bonus   | 110 146            | 153 437             | 110 146            | 153 437             |
|   | <b>1 872 488</b>   | <b>1 907 011</b>    | <b>1 872 488</b>   | <b>1 907 011</b>    |
| <b>Chief Financial Officer - Ms A Swalah</b>  |                    |                     |                    |                     |
| Salary  | 1 980 200          | 1 970 349           | 1 980 200          | 1 970 349           |
| Performance bonus   | 123 763            | 172 405             | 123 763            | 172 405             |
|   | <b>2 103 963</b>   | <b>2 142 754</b>    | <b>2 103 963</b>   | <b>2 142 754</b>    |
| <b>Development Planning and Infrastructure Executive - Mr O Mungwe</b>                          |                    |                     |                    |                     |
| Salary  | 1,934,022          | 1 934 022           | 1,934,022          | 1 934 022           |
| Performance bonus   | 120,876            | 120 876             | 120,876            | 120 876             |
|   | <b>2,054,898</b>   | <b>2 054 898</b>    | <b>2,054,898</b>   | <b>2 054 898</b>    |
| <b>AgriZone and Cargo Operations Executive - Mr M Bantwini</b>                                  |                    |                     |                    |                     |
| Salary  | 1 640 552          | 1 640 552           | 1 640 552          | 1 640 552           |
| Performance bonus   | 102 535            | 102 535             | 102 535            | 102 535             |
|   | <b>1 743 087</b>   | <b>1 743 087</b>    | <b>1 743 087</b>   | <b>1 743 087</b>    |
| <b>Corporate Services Executive - Ms Z Mbatha</b>   |                    |                     |                    |                     |
| Salary (contract ended September 2019)  | 823 903            | 1 647 807           | 823 903            | 1 647 807           |

The performance bonus figures were incorrectly disclosed in the prior year as these were based on provisional amounts. The restatement has no financial impact on the total employee-related costs.

\* See Note 35

## 21. EMPLOYEE-RELATED COSTS (continued)

|   | ECONOMIC ENTITY |                     | CONTROLLING ENTITY |                     |
|---|-----------------|---------------------|--------------------|---------------------|
|   | 2020<br>R       | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>REMUNERATION OF BOARD MEMBERS</b>            |                 |                     |                    |                     |
| <b>Chairperson - Prof B Gasa</b>                |                 |                     |                    |                     |
| Board fees                                      | 442 881         | 375 045             | 442 881            | 375 045             |
| Retainer  | 283 183         | 293 802             | 283 183            | 293 802             |
|   | <b>726 064</b>  | <b>668 847</b>      | <b>726 064</b>     | <b>668 847</b>      |
| <b>Deputy Chairperson - Mr P Ngcobo</b>         |                 |                     |                    |                     |
| Board fees                                      | 172 294         | 188 300             | 172 294            | 188 300             |
| Retainer  | 170 085         | 170 085             | 170 085            | 170 085             |
| Investment Committee fees                       | 35 360          | 23 024              | 35 360             | 23 024              |
| Remuneration and Human Resources Committee fees | 27 144          | 19 268              | 27 144             | 19 268              |
|   | <b>404 883</b>  | <b>400 677</b>      | <b>404 883</b>     | <b>400 677</b>      |
| <b>Member - Mrs N Moerane</b>                   |                 |                     |                    |                     |
| Board fees                                      | 67 484          | 102 875             | 67 484             | 102 875             |
| Retainer  | 72 675          | 72 675              | 72 675             | 72 675              |
| Remuneration and Human Resources Committee fees | 93 046          | 56 157              | 93 046             | 56 157              |
|   | <b>233 205</b>  | <b>231 707</b>      | <b>233 205</b>     | <b>231 707</b>      |
| <b>Member - Mr T Ndlovu</b>                     |                 |                     |                    |                     |
| Board fees                                      | 67 484          | 84 355              | 67 484             | 84 355              |
| Retainer  | 72 675          | 72 676              | 72 675             | 72 676              |
| Investment Committee fees                       | 35 360          | 23 024              | 35 360             | 23 024              |
|   | <b>175 519</b>  | <b>180 055</b>      | <b>175 519</b>     | <b>180 055</b>      |
| <b>Member - Ms B Hlongwa</b>                    |                 |                     |                    |                     |
| Board fees                                      | -               | 84 355              | -                  | 84 355              |
| Retainer  | -               | 72 675              | -                  | 72 675              |
| Remuneration and Human Resources Committee fees | -               | 49 344              | -                  | 49 344              |
|   | <b>-</b>        | <b>206 374</b>      | <b>-</b>           | <b>206 374</b>      |
| <b>Member - Mr M Zikalala</b>                   |                 |                     |                    |                     |
| Board fees                                      | 101 226         | 86 003              | 101 226            | 86 003              |
| Retainer  | 72 675          | 72 676              | 72 675             | 72 676              |
| Audit and Risk Committee fees                   | 65 471          | 65 471              | 65 471             | 65 471              |
|   | <b>239 372</b>  | <b>224 150</b>      | <b>239 372</b>     | <b>224 150</b>      |

No Board fees were paid to Mr. R Vallihu as he is employed by an organ of state.

\* See Note 35

|  | ECONOMIC ENTITY |                     | CONTROLLING ENTITY |                     |
|--|-----------------|---------------------|--------------------|---------------------|
|  | 2020<br>R       | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>REMUNERATION OF INDEPENDENT COMMITTEE MEMBERS</b>                                   |                 |                     |                    |                     |
| <b>Chairperson of the Investment Committee - Ms H Makhathini</b>                       |                 |                     |                    |                     |
| Investment Committee fees  | 71 306          | 52 861              | 71 306             | 52 861              |
| <b>Chairperson of the Audit and Risk Committee - Mr Z Fakey</b>                        |                 |                     |                    |                     |
| Audit and Risk Committee fees  | 160 828         | 110 789             | 160 828            | 110 789             |
| <b>Former Chairperson of the Audit and Risk Committee - Mr S Khumalo</b>               |                 |                     |                    |                     |
| Audit and Risk Committee fees  | -               | 51 687              | -                  | 51 687              |
| <b>Member - Audit and Risk Committee - Mr V Mtshali</b>                                |                 |                     |                    |                     |
| Audit and Risk Committee fees  | 99 855          | 49 103              | 99 855             | 49 103              |
| <b>Audit and Risk Committee (La Mercy JV Property Investments Proprietary Limited)</b> |                 |                     |                    |                     |
| <b>Chairperson - Mr K Schmidt</b>  |                 |                     |                    |                     |
| Audit and Risk Committee fees  | 60 000          | 60 000              | -                  | -                   |
| <b>Member - Mr M Langa</b>   |                 |                     |                    |                     |
| Audit and Risk Committee fees  | 40 000          | 40 000              | -                  | -                   |

No Audit and Risk Committee fees were paid to Ms. Ellenson as she is employed by an organ of the state.

|   | ECONOMIC ENTITY   |                     | CONTROLLING ENTITY |                     |
|---|-------------------|---------------------|--------------------|---------------------|
|   | 2020<br>R         | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>AGGREGATE DISCLOSURE PER REMUNERATION CATEGORY</b> |                   |                     |                    |                     |
| Executive management                                  | 11 091 886        | 11 989 104          | 11 091 886         | 11 989 104          |
| Board members   | 1 522 662         | 1 675 523           | 1 522 662          | 1 675 523           |
| Audit and Risk Committee members                      | 426 154           | 377 050             | 426 154            | 377 050             |
| Investment Committee members                          | 142 026           | 98 909              | 142 026            | 98 909              |
| Remuneration and Human Resource Committee members     | 120 190           | 124 769             | 120 190            | 124 769             |
|   | <b>13 302 918</b> | <b>14 265 355</b>   | <b>13 302 918</b>  | <b>14 265 355</b>   |

\* See Note 35

## 22. FINANCE COSTS

Payables from exchange transactions

| ECONOMIC ENTITY |                     | CONTROLLING ENTITY |                     |
|-----------------|---------------------|--------------------|---------------------|
| 2020<br>R       | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| 168 516         | 267 388             | 164 132            | 266 062             |

## 23. GENERAL EXPENSES

Advertising  
Repairs and maintenance  
Consulting and professional fees  
Debt impairment  
Lease rentals on operating leases  
Security  
Rates and utilities  
Infrastructure expenses  
Other operating expenses  
Land rehabilitation costs  
Rendering of services

| ECONOMIC ENTITY    |                     | CONTROLLING ENTITY |                     |
|--------------------|---------------------|--------------------|---------------------|
| 2020<br>R          | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| 12 959 081         | 3 496 023           | 12 940 595         | 3 475 159           |
| 22 406 901         | 20 904 115          | 22 406 901         | 20 904 115          |
| 46 030 047         | 40 330 643          | 44 744 206         | 40 167 838          |
| 645 325            | (1 850 874)         | 645 325            | (1 850 874)         |
| 483 448            | 2 055 707           | 485 728            | 2 057 838           |
| 20 814 939         | 16 723 869          | 20 814 939         | 16 723 869          |
| 49 048 873         | 54 233 675          | 48 175 557         | 53 294 043          |
| 1 279 948          | -                   | 1 279 948          | -                   |
| 32 205 887         | 30 089 750          | 32 777 804         | 29 979 851          |
| (4 989 867)        | 2 076 511           | (4 989 867)        | 2 076 511           |
| 10 839 894         | 5 424 815           | 10 839 894         | 5 424 815           |
| <b>191 724 476</b> | <b>173 484 234</b>  | <b>190 121 030</b> | <b>172 253 165</b>  |
| 562 548            | (1 850 874)         | 562 548            | (1 850 874)         |
| 82 777             | -                   | 82 777             | -                   |
| <b>645 325</b>     | <b>(1 850 874)</b>  | <b>645 325</b>     | <b>(1 850 874)</b>  |

### DEBT IMPAIRMENT IS MADE UP AS FOLLOWS:

Contribution to debt provision  
Bad debts written-off

## 24. COST OF SALES

### RENDERING OF SERVICES

Cost of services  
Tissue Culture

| ECONOMIC ENTITY   |                     | CONTROLLING ENTITY |                     |
|-------------------|---------------------|--------------------|---------------------|
| 2020<br>R         | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| 10 264 954        | 4 744 747           | 10 264 954         | 4 744 747           |
| 574 940           | 680 068             | 574 940            | 680 068             |
| <b>10 839 894</b> | <b>5 424 815</b>    | <b>10 839 894</b>  | <b>5 424 815</b>    |

## 25. TAXATION

### MAJOR COMPONENTS OF THE TAX EXPENSE

#### Current

Local income tax - current period

#### Deferred

Origination and reversal of temporary differences arising from accruals

| ECONOMIC ENTITY  |                     | CONTROLLING ENTITY |                     |
|------------------|---------------------|--------------------|---------------------|
| 2020<br>R        | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| 1 087 148        | 730 492             | -                  | -                   |
| (40 548)         | -                   | -                  | -                   |
| <b>1 046 600</b> | <b>730 492</b>      | <b>-</b>           | <b>-</b>            |

\* See Note 35



### Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

|  | ECONOMIC ENTITY |                     | CONTROLLING ENTITY |                     |
|--|-----------------|---------------------|--------------------|---------------------|
|  | 2020<br>%       | 2019 RESTATED*<br>% | 2020<br>%          | 2019 RESTATED*<br>% |
| Applicable tax rate                            | (28)            | (28)                | -                  | -                   |
| Tax loss used                                  | -               | (8)                 | -                  | -                   |
| Permanent difference - depreciation            | 49.7            | 60                  | -                  | -                   |
| Permanent difference - non-deductible expenses | 8.77            | -                   | -                  | -                   |
|  | <b>30.47</b>    | <b>24.00</b>        | -                  | -                   |

## 26. CASH GENERATED FROM OPERATIONS

|   | ECONOMIC ENTITY    |                     | CONTROLLING ENTITY |                     |
|---|--------------------|---------------------|--------------------|---------------------|
|   | 2020<br>R          | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| Surplus for the year                            | 214 550 535        | 206 043 124         | 219 094 222        | 209 515 577         |
| <b>ADJUSTMENTS FOR:</b>                         |                    |                     |                    |                     |
| Depreciation, impairments and amortisation      | 123 797 582        | 121 563 008         | 117 684 643        | 115 450 069         |
| Profit/loss on sale of assets                   | 29 864             | -                   | (132 155)          | -                   |
| Debt impairment                                 | 562 548            | (1 850 874)         | 562 548            | (1 850 874)         |
| Movement in operating lease assets and accruals | (260 204)          | 882 568             | (260 468)          | 3 445 404           |
| Movement in land rehabilitation provision       | (5 011 289)        | 2 076 511           | (5 011 289)        | 2 076 511           |
| Movement in tax receivable and payable          | (153 001)          | -                   | -                  | -                   |
| Movement in deferred tax                        | (40 548)           | -                   | -                  | -                   |
| Payroll accrual                                 | (1 221 134)        | (1 470 391)         | (1 221 134)        | (1 470 391)         |
| Interest accrual                                | 1 190 105          | (641 308)           | 1 190 105          | (641 308)           |
| <b>CHANGES IN WORKING CAPITAL:</b>              |                    |                     |                    |                     |
| Inventories                                     | (72 305)           | (88 023)            | (72 305)           | (88 023)            |
| Receivables from exchange transactions          | 746 999            | (35 537 482)        | 856 721            | (38 196 833)        |
| Payables from exchange transactions             | (16 348 296)       | 11 549 833          | (18 128 683)       | 10 882 789          |
| Taxes and transfers payable (non-exchange)      | -                  | 800 000             | -                  | (800 000)           |
| Unspent conditional grants and receipts         | (62 439 074)       | (77 139 534)        | (62 439 074)       | (77 139 534)        |
|   | <b>255 331 782</b> | <b>224 587 432</b>  | <b>252 123 131</b> | <b>221 183 387</b>  |

\* See Note 35

## 27. COMMITMENTS

|   | ECONOMIC ENTITY    |                     | CONTROLLING ENTITY |                     |
|---|--------------------|---------------------|--------------------|---------------------|
|   | 2020<br>R          | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>AUTHORISED CAPITAL EXPENDITURE</b>                   |                    |                     |                    |                     |
| <b>Already contracted for but not provided for:</b>     |                    |                     |                    |                     |
| Property, plant and equipment                           | -                  | 27 934 342          | -                  | 27 934 342          |
| Investment property                                     | 140 089 247        | 281 417 493         | 140 089 247        | 281 417 493         |
|   | <b>140 089 247</b> | <b>309 351 835</b>  | <b>140 089 247</b> | <b>309 351 835</b>  |
| <b>Not yet contracted for and authorised by members</b> |                    |                     |                    |                     |
| Property, plant and equipment                           | 226 800 000        | 100 523 747         | 226 800 000        | 100 523 747         |
| Investment property                                     | 116 962 214        | 48 109 583          | 116 962 214        | 48 109 583          |
|   | <b>343 762 214</b> | <b>148 633 330</b>  | <b>343 762 214</b> | <b>148 633 330</b>  |
| <b>Total capital commitments</b>                        |                    |                     |                    |                     |
| Already contracted for but not provided for             | 140 089 247        | 309 351 835         | 140 089 247        | 309 351 835         |
| Not yet contracted for and authorised by members        | 343 762 214        | 148 633 330         | 343 762 214        | 148 633 330         |
|   | <b>483 851 461</b> | <b>457 985 165</b>  | <b>483 851 461</b> | <b>457 985 165</b>  |

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

|   | ECONOMIC ENTITY    |                     | CONTROLLING ENTITY |                     |
|---|--------------------|---------------------|--------------------|---------------------|
|   | 2020<br>R          | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>AUTHORISED OPERATIONAL EXPENDITURE</b>               |                    |                     |                    |                     |
| <b>Already contracted for but not provided for</b>      |                    |                     |                    |                     |
| Operational goods and services                          | 247 190 864        | 272 859 442         | 247 190 864        | 272 859 442         |
| <b>Not yet contracted for and authorised by members</b> |                    |                     |                    |                     |
| Route development                                       | 75 724 629         | 76 349 759          | 75 724 629         | 76 349 759          |
| Operational goods and services                          | 4 416 938          | -                   | 4 416 938          | -                   |
|   | <b>80 141 567</b>  | <b>76 349 759</b>   | <b>80 141 567</b>  | <b>76 349 759</b>   |
| <b>Total operational commitments</b>                    |                    |                     |                    |                     |
| Already contracted for but not provided for             | 247 190 864        | 272 859 442         | 247 190 864        | 272 859 442         |
| Not yet contracted for and authorised by members        | 80 141 567         | 76 349 759          | 75 724 629         | 76 349 759          |
|   | <b>327 332 431</b> | <b>349 209 201</b>  | <b>322 915 493</b> | <b>349 209 201</b>  |

|                                    | ECONOMIC ENTITY    |                     | CONTROLLING ENTITY |                     |
|------------------------------------|--------------------|---------------------|--------------------|---------------------|
|                                    | 2020<br>R          | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>TOTAL COMMITMENTS</b>           |                    |                     |                    |                     |
| Authorised capital expenditure     | 483 851 461        | 457 985 165         | 483 851 461        | 457 985 165         |
| Authorised operational expenditure | 327 332 431        | 349 209 201         | 322 915 493        | 349 209 201         |
|                                    | <b>811 183 892</b> | <b>807 194 366</b>  | <b>806 766 954</b> | <b>807 194 366</b>  |

\* See Note 35

**OPERATING LEASES - AS LESSEE (EXPENSE)****Minimum lease payments due**

Within one year

In second to fifth year inclusive

| ECONOMIC ENTITY  |                     | CONTROLLING ENTITY |                     |
|------------------|---------------------|--------------------|---------------------|
| 2020<br>R        | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| 605 917          | 353 500             | 606 791            | 356 064             |
| 959 369          | -                   | 959 369            | 874                 |
| <b>1 565 286</b> | <b>353 500</b>      | <b>1 566 160</b>   | <b>356 938</b>      |

The operating lease payments in the current year relate to the leasing of photocopiers.

The operating lease payments for the prior year are for the leasing of land on which the billboards are situated.

**OPERATING LEASES - AS LESSOR (INCOME)****Minimum lease payments due**

Within one year

In second to fifth year inclusive

later than five years

| ECONOMIC ENTITY    |                     | CONTROLLING ENTITY |                     |
|--------------------|---------------------|--------------------|---------------------|
| 2020<br>R          | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| 39 615 258         | 35 041 532          | 39 615 258         | 35 041 532          |
| 134 216 509        | 123 409 005         | 134 216 509        | 123 409 005         |
| 46 005 572         | 45 163 366          | 46 005 572         | 45 163 366          |
| <b>219 837 339</b> | <b>203 613 903</b>  | <b>219 837 339</b> | <b>203 613 903</b>  |

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 649 117 906 (2019: R4 608 670 807).

**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 are included in the contingent rental.

**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.

\* See Note 35

## 28. RELATED PARTIES (continued)

|   | ECONOMIC ENTITY |                     | CONTROLLING ENTITY |                     |
|---|-----------------|---------------------|--------------------|---------------------|
|   | 2020<br>R       | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>RELATED PARTY BALANCES (CONTROLLING ENTITY)</b>                    |                 |                     |                    |                     |
| <b>Disposal of assets to related parties</b>                          |                 |                     |                    |                     |
| La Mercy JV Property Investments Proprietary Limited                  | -               | -                   | 1 620 190          | -                   |
| <b>Amounts included in Trade receivable regarding related parties</b> |                 |                     |                    |                     |
| La Mercy JV Property Investments Proprietary Limited                  | -               | -                   | 3 478 779          | 1 304 801           |
| <b>Amounts included in trade payables regarding related parties</b>   |                 |                     |                    |                     |
| La Mercy JV Property Investments Proprietary Limited                  | -               | -                   | 184 582            | 197 881             |
| <b>RELATED PARTY TRANSACTIONS</b>                                     |                 |                     |                    |                     |
| <b>Rent paid to related parties</b>                                   |                 |                     |                    |                     |
| La Mercy JV Property Investments Proprietary Limited                  | -               | -                   | 2 280              | 2 131               |
| <b>Levies paid to related parties</b>                                 |                 |                     |                    |                     |
| La Mercy JV Property Investments Proprietary Limited                  | -               | -                   | 660 294            | 552 591             |
| <b>Management association costs received from related parties</b>     |                 |                     |                    |                     |
| La Mercy JV Property Investments Proprietary Limited                  | -               | -                   | 1 025 636          | 923 273             |
| <b>Recoveries paid to related parties</b>                             |                 |                     |                    |                     |
| La Mercy JV Property Investments Proprietary Limited                  | -               | -                   | 36 340             | -                   |
| <b>Maintenance costs received from related parties</b>                |                 |                     |                    |                     |
| La Mercy JV Property Investments Proprietary Limited                  | -               | -                   | 293 977            | -                   |
| <b>Landscaping costs received from related parties</b>                |                 |                     |                    |                     |
| La Mercy JV Property Investments Proprietary Limited                  | -               | -                   | 605 829            | -                   |

Dube TradePort Corporation performs certain administrative and finance functions on behalf of La Mercy JV Property Investment Proprietary Limited including the preparation of Annual Financial Statements, Budgets, Strategic and Annual Performance Plans, submission of income tax and VAT returns, performance of secretarial duties, obtaining environmental authorisations, securing land use rights, acquiring developmental rights and implementing rehabilitation measures, amongst other services performed on an ongoing basis. These services in kind are not recognised as it is difficult to measure the fair value of the services rendered.

\* See Note 35

## 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 property, plant and equipment differed from previous estimates. This resulted in a revision of some of the previous estimates which is accounted for as a change in accounting estimate. The effect of this revision has decreased the depreciation charge by R7 246 632 (2019: R12 152 651). The total impact will increase future depreciation by R7 246 632 (2019: R12 152 651).

### INTANGIBLE ASSETS

In terms of the requirements of GRAP 31, the useful lives of all asset items were reviewed by management at year end. The remaining useful life expectation of some intangible assets differed from previous estimates. This resulted in a revision of some of the previous estimates which is accounted for as a change in accounting estimate. The effect of this revision has decreased the depreciation charge by R31 793. The total impact will increase future depreciation by R31 793.

### ENVIRONMENTAL REHABILITATION PROVISION

During the current financial year Dube TradePort Corporation reassessed the accuracy of the rehabilitation provision with the assistance of a consultant. This exercise led to a decrease of R4 989 868 that has been accounted for as a change in estimate.

## 30. RISK MANAGEMENT

### FINANCIAL RISK MANAGEMENT

The economic entity's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The economic entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the economic entity's financial performance. Risk management is carried out 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 insignificant.

|                           | LESS THAN<br>1 YEAR<br>R | BETWEEN 1 AND<br>2 YEARS<br>R | BETWEEN 2 AND<br>5 YEARS<br>R | OVER<br>5 YEARS<br>R |
|---------------------------|--------------------------|-------------------------------|-------------------------------|----------------------|
| <b>ECONOMIC ENTITY</b>    |                          |                               |                               |                      |
| <b>At 31 March 2020</b>   |                          |                               |                               |                      |
| Trade and other payables  | 54 380 050               | -                             | -                             | -                    |
| <b>At 31 March 2019</b>   |                          |                               |                               |                      |
| Trade and other payables  | 73 528 811               | -                             | -                             | -                    |
| <b>CONTROLLING ENTITY</b> |                          |                               |                               |                      |
| <b>At 31 March 2020</b>   |                          |                               |                               |                      |
| Trade and other payables  | 54 383 543               | -                             | -                             | -                    |
| <b>At 31 March 2019</b>   |                          |                               |                               |                      |
| Trade and other payables  | 73 453 453               | -                             | -                             | -                    |

\* See Note 35

### 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. Credit risk is the risk of financial loss to the entity if a customer or counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the entity's receivables from customers and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure. Trade receivables comprise a customer base which includes property, information technology and cargo handling customers. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, 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 based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

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

| FINANCIAL INSTRUMENT  | ECONOMIC ENTITY |                     | CONTROLLING ENTITY |                     |
|---|-----------------|---------------------|--------------------|---------------------|
|   | 2020<br>R       | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| Trade and other receivables (neither past due nor impaired) | 25 468 794      | 19 371 628          | 28 287 709         | 20 094 888          |
| Trade and other receivables (impaired)                      | 800 780         | 238 232             | 800 780            | 238 232             |
| Cash and cash equivalents                                   | 883 236 199     | 947 255 177         | 818 898 874        | 884 506 313         |
| Interest receivable   | 3 942 223       | 5 087 628           | 3 632 645          | 4 822 750           |

#### 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

|                                    | ECONOMIC ENTITY |                     | CONTROLLING ENTITY |                     |
|------------------------------------|-----------------|---------------------|--------------------|---------------------|
|                                    | 2020<br>R       | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| Fruitless and wasteful expenditure | 4 000           | 98 301              | 4 000              | 98 301              |

During the current year fines of R4 000 were incurred as the licences of certain vehicles were renewed after the expiry of the licences. Disciplinary processes against the relevant officials have been instituted. In the prior year, an employee was overpaid in error. The amount was incorrectly disclosed as R192 000 instead of the actual amount of R98 301. The amount that has been restated does not have a financial impact. The relevant disciplinary process has been instituted and efforts to recover this amount are underway.

### 32. IRREGULAR EXPENDITURE

|   | ECONOMIC ENTITY |                     | CONTROLLING ENTITY |                     |
|---|-----------------|---------------------|--------------------|---------------------|
|   | 2020<br>R       | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| Opening balance                           | 508 698         | 39 217              | 508 698            | 39 217              |
| Add: Irregular expenditure - current year | 496 434         | 508 698             | 496 434            | 508 698             |
| Less: Amounts condoned                    | (508 698)       | (39 217)            | (508 698)          | (39 217)            |
| Closing balance                           | <b>496 434</b>  | <b>508 698</b>      | <b>496 434</b>     | <b>508 698</b>      |

\* See Note 35

#### DETAILS OF IRREGULAR EXPENDITURE – CURRENT PERIOD UNDER REVIEW

| Details  | Disciplinary Steps Taken   | 2020<br>R      | 2019<br>RESTATED*<br>R | 2020<br>R      | 2019<br>RESTATED*<br>R |
|--|--|----------------|------------------------|----------------|------------------------|
| Services performed after expiry of contract                          | Responsible officials for each of the three instances were subjected to disciplinary processes in terms of the Disciplinary Policy | 69 610         | -                      | 69 610         | -                      |
| Contract price exceeded  | Responsible officials for each of the three instances were subjected to disciplinary processes in terms of the Disciplinary Policy | 49 115         | -                      | 49 115         | -                      |
| Transaction approved in excess of official's authority               | Responsible officials subject to disciplinary process in terms of Disciplinary Policy  | 193 289        | -                      | 193 289        | -                      |
| Variation of contract not approved prior to services being performed | Responsible officials subject to disciplinary process in terms of Disciplinary Policy  | 184 420        | -                      | 184 420        | -                      |
|  |  | <b>496 434</b> | <b>-</b>               | <b>496 434</b> | <b>-</b>               |

Each of the above incidents of irregular expenditure has been investigated as outlined in the Irregular Expenditure Framework. In each incident, the investigation confirmed that value for money had been obtained, therefore the relevant officials were not considered liable in law. Consequently no debt has been raised.

#### CASES UNDER INVESTIGATION

##### DETAILS OF IRREGULAR EXPENDITURE CONDONED

| Details   | Condoned by the Board  | 2020<br>R      | 2019<br>RESTATED*<br>R | 2020<br>R      | 2019<br>RESTATED*<br>R |
|---|--|----------------|------------------------|----------------|------------------------|
| Services performed after expiry of contract   | Responsible official subject to disciplinary process in terms of Disciplinary Policy | 41 561         | -                      | 41 561         | -                      |
| Contract price exceeded   | Responsible official subject to disciplinary process in terms of Disciplinary Policy | 3 702          | -                      | 3 702          | -                      |
| Items procured using amounts earmarked for contingencies without proper approval          | Responsible official subject to disciplinary process in terms of Disciplinary Policy | 144 885        | -                      | 144 885        | -                      |
| Service procured, but tender process technically flawed (price validity was not extended) | Responsible official subject to disciplinary process in terms of Disciplinary Policy | 318 550        | -                      | 318 550        | -                      |
|   |  | <b>508 698</b> | <b>-</b>               | <b>508 698</b> | <b>-</b>               |

Each of the above incidents of irregular expenditure has been condoned as outlined in the Irregular Expenditure Framework. In each incident, the investigation confirmed that value for money had been obtained, therefore the relevant officials were not considered liable in law. Consequently no debt has been raised.

### 33. LOSS INCURRED THROUGH FRAUD

In the 2017 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 taken by Dube TradePort Corporation. The case was handed over to SAPS and the perpetrator was arrested. Although Dube TradePort Corporation had simultaneously pursued a legal process to recover the funds, legal advice received in May 2018 indicates that the possibility of recovery is remote. A judgement will be obtained against the perpetrator.

### 34. COMPARATIVE FIGURES

Certain comparative figures have been restated. Refer to note 35.

### 35. PRIOR PERIOD ERRORS

#### PRIOR PERIOD ERRORS IMPACTING 31 MARCH 2019 AND EARLIER PERIODS

##### PROPERTY, PLANT AND EQUIPMENT

When the useful life reassessment exercise was performed in the current year, it was identified that certain assets that were planned to be replaced were subsequently brought back into use. Budget cuts and the adoption of the asset management strategy necessitated a reassessment of potential asset disposals with a view of extending the useful lives of these assets. The impact of management's change in intention had resulted in the increase in depreciation in 2019 to R2 158 164 and a write-back of depreciation of R7 975 940 in 2018 with a subsequent decrease in property, plant and equipment.

#### PRIOR PERIOD ERRORS IMPACTING THE AMOUNTS PRESENTED AT 1 APRIL 2018

##### PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

When the reassessment was performed in the prior year the effect of the error in the 2018 financial year was an increase in depreciation and amortisation amounting to R4 546 526 and a corresponding decrease in property, plant and equipment of R4 531 291 and intangibles assets of R15 235. The net impact of the above is a decrease in depreciation to R1 554 744 as well as accumulated surplus to R2 492 079.

##### INVESTMENT PROPERTY AND WORK IN PROGRESS

During the prior period, costs of R3 170 391 arising from work in progress projects at AgriZone 2 and the TradeZone were incorrectly classified between property, plant and equipment and investment property. This correction of classification has no financial impact as the projects were still underway.

##### TRADE AND OTHER RECEIVABLES

During the prior financial year it was identified that revenue billed in advance in the previous years were incorrectly accounted for. The effects of the error on the prior year financial statements was a decrease in revenue of R131 418 and a corresponding increase in deferred income (trade and other receivables).

##### PAYABLES FROM EXCHANGE TRANSACTIONS

During the prior financial year a reconciliation of all long outstanding queries on supplier accounts was performed which resulted in errors being identified. The effects of the error on the prior year's figures were an increase in the employee costs of R636 129 and a corresponding increase in the payables from exchange transactions.

##### GENERAL EXPENSES

During the prior financial year, the subsidiary identified that invoices for rates on certain properties were not received and erroneously not accrued for in the prior years. The effects of the error on the prior years figures was an increase in rates of R118 965 and a corresponding increase in the payables from exchange transactions.

\* See Note 35



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

#### STATEMENT OF FINANCIAL POSITION

|  | ECONOMIC ENTITY |             | CONTROLLING ENTITY |             |
|--|-----------------|-------------|--------------------|-------------|
|  | 2019<br>R       | 2018<br>R   | 2019<br>R          | 2018<br>R   |
| Receivables from exchange transactions | -               | 370 975     | -                  | 370 975     |
| Payables from exchange transactions    | -               | (755 094)   | -                  | (636 129)   |
| Property, plant and equipment          | (2 158 164)     | (397 923)   | (2 158 164)        | (397 923)   |
| Intangible assets                      | -               | (15 235)    | -                  | (15 235)    |
| Investment property                    | -               | 3 170 391   | -                  | 3 170 391   |
| Opening accumulated surplus or deficit | 2 158 164       | (2 373 114) | 2 158 164          | (2 492 079) |

#### STATEMENT OF FINANCIAL PERFORMANCE

|  |           |           |           |           |
|--|-----------|-----------|-----------|-----------|
| Depreciation expense                       | -         | 131 418   | -         | 131 418   |
| Employee costs                             | -         | 636 129   | -         | 636 129   |
| General expenses                           | -         | 288 753   | -         | 169 788   |
| Depreciation, impairments and amortisation | 2 158 164 | 1 316 814 | 2 158 164 | 1 554 744 |

### 36. CONTINGENCIES

#### LEGAL MATTERS

At the year-end Dube TradePort Corporation was awaiting judgement in two legal matters. An unsuccessful tenderer had appealed the outcome of two separate procurements for which they had tendered. The matter was heard in the High Court in September 2017 and the Judge has reserved her judgement. Should the Judge find against Dube TradePort Corporation, the entity would be obliged to pay the costs of the opposing party. The estimated costs could be approximately R500 000.

Dube TradePort Corporation purchased a property from a close corporation. However, a third party claims he is the owner of the property. His claim has given rise to a number of applications and court actions which Dube TradePort Corporation is opposing. Dube TradePort Corporation is respondent number 16 in this matter. The estimated costs would be R500 000. A contingent liability has not been raised.

The main contractor appointed as part of a joint venture to construct the double basement in Dube City was liquidated and unable to complete the project. Dube TradePort Corporation claimed against the performance guarantee. The insurer has declined to pay the claim. Dube TradePort Corporation is suing the insurance company for the amount. The estimated cost is R500 000.

Based on the legal opinion received there is a possibility that these costs may be incurred in future periods.

### 37. EVENTS AFTER THE REPORTING DATE

On 16 March 2020, the President declared a National State of Disaster and on 26 March 2020, a National lockdown was imposed in response to the COVID-19 pandemic. Initially, the lockdown was scheduled to end on 16 April 2020. However, the lockdown was extended until 30 April 2020. Subsequently, the lockdown has been reduced in phases. The Board approved the business continuity measures implemented by management to ensure that essential services were provided during this period. The operations in the AgriZone continued as the agri-processing industry was deemed essential for food production and processing. The Cargo Terminal continued to process and load essential cargo as required. Certain tenants in the TradeZone were operational and the operations required to service their needs continued albeit, on a reduced scale. Certain administrative staff were required to ensure that critical functions, such as payment of service providers and staff, continued during the lockdown period. Staff were capacitated, where possible, to enable them to work remotely.

Tenants and developers were granted a deferment of their rental for three months with a repayment over five months. Those small businesses who were dependant on the aviation sector were granted a three-month rental holiday. Certain items of protective equipment, sanitisers and digital thermometers were purchased to ensure compliance to regulations and the safety of all employees and visitors to Dube TradePort Corporation. Prior to 31 March 2020, the direct expenditure relating to COVID-19 and the National State of Disaster, on Dube TradePort Corporation, was estimated to be R22 290.

Subsequent to year end, between April and September 2020, Dube TradePort Corporation incurred the following COVID-19-related expenditure.

- Cloth masks, gloves, sanitisers and digital thermometers: R65 386.
- Decontamination services to sanitise the building: R32 186.

Revenue earned in the next financial year is now expected to be lower than initially forecast as a result of COVID-19. Revenue from cargo handling services is estimated to be at least R21 million lower and revenue from property rentals, R3 500 000 lower than initially budgeted for 2020/21. An ROD has been issued in Dube TradePort Corporation's name for the environmental rehabilitation. The identification of a liability is currently being assessed. The event is not currently expected to impact the value of assets and liabilities disclosed.

### 38. RECONCILIATION BETWEEN COMPARABLE ACTUAL AMOUNTS IN THE BUDGET STATEMENT TO THE CASHFLOW STATEMENT

|  | ECONOMIC ENTITY      |                      | CONTROLLING ENTITY   |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 2020<br>R            | 2019 RESTATED*<br>R  | 2020<br>R            | 2019 RESTATED*<br>R  |
| <b>OPERATING ACTIVITIES</b>  |                      |                      |                      |                      |
| Actual amount as presented in the budget statement                               | 450 703 853          | 240 432 174          | 450 703 853          | 237 028 129          |
| Basis differences  | (195 372 071)        | (15 844 742)         | (198 580 722)        | (15 844 742)         |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>                                  | <b>255 331 782</b>   | <b>224 587 432</b>   | <b>252 123 131</b>   | <b>221 183 387</b>   |
| <b>INVESTING ACTIVITIES</b>  |                      |                      |                      |                      |
| Actual amount as presented in the budget statement                               | (353 215 719)        | (120 817 763)        | (353 215 719)        | (120 817 763)        |
| Basis differences  | 33 864 959           | (150 596 228)        | 35 485 149           | (150 596 228)        |
| <b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>                                  | <b>(319 350 760)</b> | <b>(271 413 991)</b> | <b>(317 730 570)</b> | <b>(271 413 991)</b> |
| <b>FINANCING ACTIVITIES</b>  |                      |                      |                      |                      |
| Actual amount as presented in the budget statement                               | -                    | -                    | -                    | -                    |
| Basis differences  | -                    | (273 006)            | -                    | (273 006)            |
| <b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>                                  | <b>-</b>             | <b>(273 006)</b>     | <b>-</b>             | <b>(273 006)</b>     |
| <b>NET CASH GENERATED FROM OPERATING,<br/>INVESTING AND FINANCING ACTIVITIES</b> | <b>(64 018 978)</b>  | <b>(47 099 565)</b>  | <b>(65 607 439)</b>  | <b>(50 503 610)</b>  |

### 39. SEGMENTAL SURPLUS AND DEFICIT

| ECONOMIC ENTITY                         | DUBE<br>AGRIZONE<br>R | PROPERTY<br>R        | DUBE CARGO<br>TERMINAL<br>R | DUBE<br>ICONNECT<br>R | TOTAL<br>R           |
|---|-----------------------|----------------------|-----------------------------|-----------------------|----------------------|
| Revenue from non-exchange transactions  | 55 443 896            | 68 105 729           | 39 077 740                  | 23 356 938            | 185 984 303          |
| Revenue from exchange transactions      | 9 648 927             | 48 438 847           | 28 130 545                  | 15 461 704            | 101 680 023          |
| <b>Total segment revenue</b>            | <b>65 092 823</b>     | <b>116 544 576</b>   | <b>67 208 285</b>           | <b>38 818 642</b>     | <b>287 664 326</b>   |
| Employee costs                          | (10 382 420)          | (9 730 044)          | (22 988 642)                | (6 501 635)           | (49 602 741)         |
| Depreciation and amortisation           | (29 083 271)          | (44 061 101)         | (31 223 604)                | (4 196 326)           | (108 564 302)        |
| Other expenses                          | (22 916 076)          | (65 123 690)         | (18 080 558)                | (13 413 785)          | (119 534 109)        |
| <b>Total segment expenses</b>           | <b>(62 381 767)</b>   | <b>(118 914 835)</b> | <b>(72 292 804)</b>         | <b>(24 111 746)</b>   | <b>(277 701 152)</b> |
| <b>Total segment surplus/(deficit)</b>  | <b>2 711 056</b>      | <b>(2 370 259)</b>   | <b>(5 084 518)</b>          | <b>14 706 896</b>     | <b>9 963 175</b>     |
| <b>RECONCILIATION</b>                   |                       |                      |                             |                       |                      |
| Interest revenue                        | -                     | -                    | -                           | -                     | 47 679 685           |
| Other unallocated revenue               | -                     | -                    | -                           | -                     | 300 173 392          |
| Interest expense                        | -                     | (154 612)            | (1 681)                     | -                     | (164 132)            |
| Unallocated expenses                    | -                     | -                    | -                           | -                     | (138 486 926)        |
| Share of controlled entity's losses     | -                     | -                    | -                           | -                     | (4 614 659)          |
| <b>(DEFICIT)/SURPLUS FOR THE PERIOD</b> | <b>2 711 056</b>      | <b>(2 524 871)</b>   | <b>(5 086 200)</b>          | <b>14 706 896</b>     | <b>214 550 535</b>   |

| CONTROLLING ENTITY                      | DUBE<br>AGRIZONE    | PROPERTY             | DUBE CARGO<br>TERMINAL | DUBE<br>ICONNECT    | TOTAL                |
|---|---------------------|----------------------|------------------------|---------------------|----------------------|
|   | R                   | R                    | R                      | R                   | R                    |
| Revenue from non-exchange transactions  | 55 443 896          | 68 105 729           | 39 077 740             | 23 356 938          | 185 984 303          |
| Revenue from exchange transactions      | 9 648 927           | 48 438 847           | 28 130 545             | 15 461 704          | 101 680 023          |
| <b>Total segment revenue</b>            | <b>65 092 823</b>   | <b>116 544 576</b>   | <b>67 208 285</b>      | <b>38 818 642</b>   | <b>287 664 326</b>   |
| Employee costs                          | (10 382 420)        | (9 730 044)          | (22 988 642)           | (6 501 635)         | (49 602 741)         |
| Depreciation and amortisation           | (29 083 271)        | (44 061 101)         | (31 223 604)           | (4 196 326)         | (108 564 302)        |
| Other expenses                          | (22 916 076)        | (65 123 690)         | (18 080 558)           | (13 413 785)        | (119 534 109)        |
| <b>Total segment expenses</b>           | <b>(62 381 767)</b> | <b>(118 914 835)</b> | <b>(72 292 804)</b>    | <b>(24 111 746)</b> | <b>(277 701 152)</b> |
| <b>Total segment surplus/(deficit)</b>  | <b>2 711 056</b>    | <b>(2 370 259)</b>   | <b>(5 084 518)</b>     | <b>14 706 896</b>   | <b>9 963 175</b>     |
| <b>RECONCILIATION</b>                   |                     |                      |                        |                     |                      |
| Interest revenue                        | -                   | -                    | -                      | -                   | 47 679 685           |
| Other unallocated revenue               | -                   | -                    | -                      | -                   | 300 173 392          |
| Interest expense                        | -                   | (154 612)            | (1 681)                | -                   | (164 132)            |
| Unallocated expenses                    | -                   | -                    | -                      | -                   | (138 557 898)        |
| -                                       | -                   | -                    | -                      | -                   | -                    |
| <b>(DEFICIT)/SURPLUS FOR THE PERIOD</b> | <b>2 711 056</b>    | <b>(2 524 871)</b>   | <b>(5 086 200)</b>     | <b>14 706 896</b>   | <b>219 094 222</b>   |

| ECONOMIC ENTITY - 2019 RESTATED         | DUBE<br>AGRIZONE    | PROPERTY             | DUBE CARGO<br>TERMINAL | DUBE<br>ICONNECT    | TOTAL                |
|---|---------------------|----------------------|------------------------|---------------------|----------------------|
|   | R                   | R                    | R                      | R                   | R                    |
| Revenue from non-exchange transactions  | 26 075 913          | 30 890 012           | 18 649 173             | 7 958 072           | 83 573 170           |
| Revenue from exchange transactions      | 9 308 856           | 38 164 402           | 25 360 816             | 10 050 551          | 82 884 625           |
| <b>Total segment revenue</b>            | <b>35 384 769</b>   | <b>69 054 414</b>    | <b>44 009 989</b>      | <b>18 008 623</b>   | <b>166 457 795</b>   |
| Employee costs                          | (11 334 119)        | (8 035 167)          | (20 815 451)           | (5 454 139)         | (45 638 876)         |
| Depreciation and amortisation           | (23 255 110)        | (40 360 506)         | (308 787 817)          | (6 060 609)         | (378 464 042)        |
| Other expenses                          | (19 808 098)        | (67 898 579)         | (17 625 835)           | (7 856 095)         | (113 188 607)        |
| <b>Total segment expenses</b>           | <b>(54 397 327)</b> | <b>(116 294 252)</b> | <b>(69 229 102)</b>    | <b>(19 370 843)</b> | <b>(259 291 524)</b> |
| <b>Total segment surplus/(deficit)</b>  | <b>(19 012 558)</b> | <b>(47 299 838)</b>  | <b>(25 219 113)</b>    | <b>(1 362 220)</b>  | <b>(92 893 729)</b>  |
| <b>RECONCILIATION</b>                   |                     |                      |                        |                     |                      |
| Interest revenue                        | -                   | -                    | 1 584                  | -                   | 50 522 937           |
| Other unallocated revenue               | -                   | -                    | -                      | -                   | 385 772 687          |
| Interest expense                        | -                   | (245 235)            | (1 074)                | -                   | (266 062)            |
| Unallocated expenses                    | -                   | -                    | -                      | -                   | (133 330 065)        |
| Share of controlled entity's losses     | -                   | -                    | -                      | -                   | (3 762 644)          |
| <b>(DEFICIT)/SURPLUS FOR THE PERIOD</b> | <b>(19 012 558)</b> | <b>(47 545 073)</b>  | <b>(25 218 603)</b>    | <b>(1 362 220)</b>  | <b>206 043 124</b>   |

### 39. SEGMENTAL SURPLUS AND DEFICIT (continued)

| CONTROLLING ENTITY - 2019 RESTATED      | DUBE<br>AGRIZONE    | PROPERTY             | DUBE CARGO<br>TERMINAL | DUBE<br>ICONNECT    | TOTAL                |
|---|---------------------|----------------------|------------------------|---------------------|----------------------|
|   | R                   | R                    | R                      | R                   | R                    |
| Revenue from non-exchange transactions  | 26 075 913          | 30 890 012           | 18 649 173             | 7 958 072           | 83 573 170           |
| Revenue from exchange transactions      | 9 308 856           | 38 164 402           | 25 360 816             | 10 050 551          | 82 884 625           |
| <b>Total segment revenue</b>            | <b>35 384 769</b>   | <b>69 054 414</b>    | <b>44 009 989</b>      | <b>18 008 623</b>   | <b>166 457 795</b>   |
| Employee costs                          | (11 334 119)        | (8 035 167)          | (20 815 451)           | (5 454 139)         | (45 638 876)         |
| Depreciation and amortisation           | (23 255 110)        | (40 360 506)         | (308 787 817)          | (6 060 609)         | (378 464 042)        |
| Other expenses                          | (19 808 098)        | (67 898 579)         | (17 625 835)           | (7 856 095)         | (113 188 607)        |
| <b>Total segment expenses</b>           | <b>(54 397 327)</b> | <b>(116 294 252)</b> | <b>(69 229 102)</b>    | <b>(19 370 843)</b> | <b>(259 291 524)</b> |
| <b>Total segment deficit</b>            | <b>(19 012 558)</b> | <b>(47 299 838)</b>  | <b>(25 219 113)</b>    | <b>(1 362 220)</b>  | <b>(92 893 729)</b>  |
| <b>RECONCILIATION</b>                   |                     |                      |                        |                     |                      |
| Interest revenue                        | -                   | -                    | 1 584                  | -                   | 50 522 937           |
| Other unallocated revenue               | -                   | -                    | -                      | -                   | 385 772 687          |
| Interest expense                        | -                   | (245 235)            | (1 074)                | -                   | (266 062)            |
| Unallocated expenses                    | -                   | -                    | -                      | -                   | (133 620 256)        |
|   | -                   | -                    | -                      | -                   | -                    |
| <b>(DEFICIT)/SURPLUS FOR THE PERIOD</b> | <b>(19 012 558)</b> | <b>(47 545 073)</b>  | <b>(25 218 603)</b>    | <b>(1 362 220)</b>  | <b>209 515 577</b>   |

Information relating to segmental assets and liabilities has not been disclosed as this is not regularly provided to management for review. The entity operates in one geographical area. 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 within which goods and services delivered include provision of facilities, propagation of tissue cultures and growing of indigenous plants.

Property - secures private sector investment, operates and maintains the various property zones within the precinct. Information presented is disaggregated. Services include provision of facilities and utilities. Dube Cargo Terminal - operates a cargo terminal and trucking services in line with international standards. In this programme services provided include cargo handling, storage and transportation of goods. Dube iConnect operates and maintains state-of-the-art IT infrastructure and provides commercial ICT services. Segment information presented is aggregated. Services include provision of hosting platforms infrastructure and software services, disaster recovery and back-up services, etc.

# UNAUDITED SUPPLEMENTARY INFORMATION - ANNEXURE A

FOR THE YEAR ENDED 31 MARCH 2020

## 1. DEPARTMENT OF TRADE AND INDUSTRY GRANT

Dube TradePort Corporation receives grant funding from the Department of Trade and Industry (DTI) as reflected in note 14 and 19. This note summarises the nature of transactions and balances relating specifically to the DTI grant funding received.

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

|   | ECONOMIC ENTITY   |                     | CONTROLLING ENTITY |                     |
|---|-------------------|---------------------|--------------------|---------------------|
|   | 2020<br>R         | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>Revenue</b>  |                   |                     |                    |                     |
| Grants received   | 59 495 051        | 172 556 338         | 59 495 051         | 172 556 338         |
| <b>Expenditure</b>  |                   |                     |                    |                     |
| Operating expenditure   | (577 254)         | (503 708)           | (577 254)          | (503 708)           |
| Employee costs  | (3 372 186)       | (3 452 907)         | (3 372 186)        | (3 452 907)         |
|   | <b>55 545 611</b> | <b>168 599 723</b>  | <b>55 545 611</b>  | <b>168 599 723</b>  |
| <b>Operating expenditure</b>                                      |                   |                     |                    |                     |
| Travel and subsistence  | 566 938           | 485 370             | 566 938            | 485 370             |
| Consultants and professional fees: business and advisory services | -                 | 3 156               | -                  | 3 156               |
| Consumables   | 10 317            | 15 182              | 10 317             | 15 182              |
|   | <b>577 255</b>    | <b>503 708</b>      | <b>577 255</b>     | <b>503 708</b>      |
| <b>Assets</b>   |                   |                     |                    |                     |
| <b>Non-current assets</b>   |                   |                     |                    |                     |
| Infrastructure assets   | 55 545 611        | 168 599 723         | 55 545 611         | 168 599 723         |
| <b>Current assets</b>   |                   |                     |                    |                     |
| Cash and cash equivalents   | 20 854 779        | 98 269 773          | 20 854 779         | 98 269 773          |
| Accrued interest  | 101 829           | -                   | 101 829            | -                   |
|   | <b>76 502 219</b> | <b>266 869 496</b>  | <b>76 502 219</b>  | <b>266 869 496</b>  |

\* See Note 35

# UNAUDITED SUPPLEMENTARY INFORMATION - ANNEXURE A (continued)

FOR THE YEAR ENDED 31 MARCH 2020

|   | ECONOMIC ENTITY   |                     | CONTROLLING ENTITY |                     |
|---|-------------------|---------------------|--------------------|---------------------|
|   | 2020<br>R         | 2019 RESTATED*<br>R | 2020<br>R          | 2019 RESTATED*<br>R |
| <b>Current liabilities</b>  |                   |                     |                    |                     |
| Unspent portion of grant  | 20 402 239        | 76 284 492          | 20 402 239         | 76 284 492          |
| Accounts payable  | -                 | 11 051 155          | -                  | 11 051 155          |
|   | <b>20 402 239</b> | <b>87 335 647</b>   | <b>20 402 239</b>  | <b>87 335 647</b>   |
| <b>THE FOLLOWING AMOUNTS ARE PAYABLE<br/>FROM THE GRANT ACCOUNTS TO THE DUBE<br/>TRADEPORT CORPORATION MAIN ACCOUNT</b> |                   |                     |                    |                     |
| VAT   | (892 396)         | 9 258 403           | (892 396)          | 9 258 403           |
| Trade and other payables  | 338 026           | 18 050              | 338 026            | 18 050              |
|   | <b>(554 370)</b>  | <b>9 276 453</b>    | <b>(554 370)</b>   | <b>9 276 453</b>    |

\* See Note 35







## NOTES

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