ANNUAL REPORT 2012/13

east london idz

business streamlined

THE EXECUTIVE AUTHORITY

ANNUAL REPORT
2012/13

Honourable MEC Mcebisi Jonas

Member of the Executive Council responsible for the Department of Economic Development, Environment and Tourism

I have the honour of submitting the Annual Report of the **East London Industrial Development Zone** for the period 1 April 2012 to 31 March 2013.

Mr Simphiwe Kondlo
Date of Submission: 14 August 2013

East London IDZ (PTY) Ltd
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GENERAL INFORMATION

OUR VISION

The Vision of the East London Industrial Development Zone (Pty) Limited is:

World class Operator of a prestigious industrial complex where highly competitive organisations thrive on streamlined business benefits and stimulate sustainable regional economic growth.

OUR MISSION

To provide investor solutions and to attract and develop strategic industries that strengthen South Africa's global competitiveness through the development and operation of a thriving, specialized industrial complex.

OUR VALUES

CUSTOMER-FOCUSED
The needs of our customers shape and drive our plans and actions

SOLUTION-ORIENTED
In every situation we seek out possibilities that will win success for our customers and ourselves

KNOWLEDGEABLE
We build individual and collective expertise through continuous learning and active knowledge sharing

SYNERGY
It is our unique skill in being able to combine diverse contributions into synergistic solutions

EFFICIENCY
We respond with speed, and are accurate, capable and responsible in utilisation of resources.

OUR STRATEGIC GOALS

- Secure Targeted Investors and Investments in Strategic Industries
- Deliver on Customer Value Promise
- Develop and Operate IDZ
- Build Organisational Capability to deliver mandate and satisfy customer needs
- Create Sustainable Organisation
- Maximise the Developmental Contribution of the ELIDZ

ORGANISATIONAL STRUCTURE

EAST LONDON IDZ ORGANISATION

CHIEF EXECUTIVE OFFICER

EXECUTIVE MANAGER: OFFICE OF THE CEO

EXECUTIVE MANAGER: ZONE DEVELOPMENT

EXECUTIVE MANAGER: OPERATIONS

EXECUTIVE MANAGER: CORPORATE AFFAIRS

EXECUTIVE MANAGER: FINANCIAL MANAGEMENT

OFFICE OF THE CHIEF EXECUTIVE OFFICER

Functional Area	EM	MG	SP	AS	
Office of the CEO	1			1	**2**
Company Secretarial Support			1		**1**
Corporate Strategy and Planning			1		**1**
Customer Relations Management		1			**1**
Project Portfolio Management			1		**1**
Enterprise Quality Management			1		**1**
Executive Coordination & Support of Special Projects	1			1	**2**
Total Filled Positions	**2**	**1**	**4**	**2**	**9**
Project Portfolio Management		1			**1**
Enterprise Risk Management		1			**1**
Total Vacant Positions	**-**	**2**	**-**	**-**	**2**
Total Positions	**2**	**3**	**4**	**2**	**11**

SPECIAL PROJECTS

Functional Area	EM	MG	SP	AS	
Science & Technology Park	1	1	1	1	**4**
Eastern Cape Innovation Initiative	1	1			**2**
Total Filled Positions	**2**	**2**	**1**	**1**	**6**
Science & Technology Park		1			**1**
Eastern Cape Innovation Initiative				1	**1**
Total Vacant Positions	**-**	**1**	**-**	**1**	**2**
Total Positions	**2**	**3**	**1**	**2**	**8**

ZONE DEVELOPMENT

Functional Area	EM	MG	SP	AS	
Project Management & Coordination	1			1	**2**
Investment Analysis			2		**2**
Property Portfolio Management		2		1	**3**
Project Support Office		1	2		**3**
Sector Development			5		**5**
Total Filled Positions	**1**	**3**	**9**	**2**	**15**
Project Support Office		1			**1**
Total Vacant Positions	**-**	**1**	**-**	**-**	**1**
					-
Total Contract Positions	**-**	**-**	**-**	**-**	**-**
Total Positions	**1**	**4**	**9**	**2**	**16**

ZONE OPERATIONS

Functional Area	EM	MG	SP	AS	
Zone Operations	1			1	**2**
Maintenance & Facilities Management		1	2	1	**4**
Investor Support Services Management (Help Desk/Zone labour)		1		1	**2**
Safety, Health & Environmental Management		1	2		**3**
GIS & Data Administration					
Total Filled Positions	**1**	**3**	**4**	**3**	**11**
Maintenance & Facilities Management				2	**2**
GIS & Data Administration				1	**1**
Investor Support Services Management (Help Desk/Zone labour)				2	**2**
Total Vacant Positions	**-**	**-**	**-**	**5**	**5**
Maintenance & Facilities Management				2	**2**
Safety, Health & Environmental Management				1	**1**
Total Contract Positions	**-**	**-**	**-**	**1**	**3**
Total Positions	**1**	**3**	**4**	**9**	**19**

CORPORATE AFFAIRS

Functional Area	EM	MG	SP	AS	
Corporate Affairs	1			1	2
Legal & Contracts Management			1		1
Corporate Communications		1	2	2	5
Corporate Research		1			1
Human Resources Management		1	1	4	6
Information Communication & Technology Management			3	2	5
Records Management		1		1	2
Total Filled Positions	**1**	**4**	**7**	**10**	**22**
Corporate Research			1		1
Information Communication & Technology Management		1		1	2
Total Vacant Positions	**-**	**1**	**1**	**1**	**3**
Total Positions	**1**	**5**	**8**	**11**	**25**

FINANCIAL MANAGEMENT

Functional Area	EM	MG	SP	AS	
Financial Management	1			1	**2**
Financial Control & Reporting		1	1		**2**
Financial Management, Reporting & Administration		1	1	1	**3**
Management & Cost Accounting		1	1		**2**
Supply Chain Management		1	1	2	**4**
Total Filled Positions	**1**	**4**	**4**	**4**	**13**
Financial Management, Reporting & Administration				1	**1**
Investments & Acquisitions Management				1	**1**
Total Vacant Positions	**-**	**-**	**-**	**1**	**1**
Financial Management, Reporting & Administration				1	**1**
Total Contract Positions	**-**	**-**	**-**	**1**	**1**
Total Positions	**1**	**4**	**4**	**6**	**15**

EM: EXECUTIVE MANAGER | MG: MANAGEMENT | SP: SPECIALIST | AS: ADMIN / SUPPORT

LEGISLATIVE MANDATE

The ELIDZ's core legislative mandates and its approved corporate strategy remained relevant and in place and there have not been any significant revisions to the legislative or other mandates as described in the Strategic Plan.

LEADERSHIP REPORTS

CHAIRMAN'S STATEMENT

Mr Zolile Tini | *ELIDZ Board Chairman*

Key to the role of the ELIDZ's Board of directors, is advocating for a conducive operational environment which will allow the ELIDZ Management and Staff to undertake some of the key responsibilities that have been outlined to them by the board and shareholders. At the core of our advocacy role has been lobbying for changes in the IDZ's legislative framework that would allow for improved competitiveness and stability of the various South Africa IDZs. The last year, has seen our organisation, tirelessly engage with key stakeholders on the proposed SEZ Bill and the implications thereof for our organisation.

This is mainly because as an IDZ which has travelled the road we have in the last ten years, we understand the fundamental need for our country to finally arm its Zones sector with robust sector legislation, policy and implementation strategy. The inadequate design and delivery of effective and legitimate enabling policy instruments to deliver real incentives for the IDZ programme has been one of the key issues that have limited the progress of the country's IDZs. Take for an example the issue of incentives. There are currently no IDZ specific incentives and the only incentive which was linked to the IDZs was the Customs Controlled Area (CCA) benefit. Unfortunately this benefit was only piloted last year, due to a number of policy and operational issues between the various government stakeholders involved.

The ELIDZ has played a pivotal role in the redesign and implementation of this incentive in partnership with SARS's customs and excise unit and we became the first IDZ to have a CCA pilot status and we are looking to consolidate this incentive and ensure maximum industry benefit from it.

While in some instances we have endeavored to keep the ship afloat despite the adverse operational conditions, these challenges have made the mandate of South African front-runner IDZs almost impossible. There is a lot of criticism on the slow take off of the current IDZ and while the criticism is valid, it becomes important to note that very few IDZs globally have had to operate without incentives and enabling legislative framework. This framework is a key component to the survival of the programme and the competitiveness of the country's industrial sector as the economic zones are seen as key developmental instruments within prominent government planning frameworks both nationally and provincially.

We are hopeful that current discussions led by the Department of Trade and Industry (DTI), aimed at improving the legislative framework of Special Economic Zones within which the IDZs are categorized, will assist in increasing our competitiveness and as such accelerate our pace of attracting and bedding down investment for the zone. By creating the necessary policies, setting in place proper legislative parameters, defining the required resources and garnering the support of parastatals and delivery agencies, government will have established the undiluted legitimacy of IDZs that is required to make us competitive.

As a government powered entity to drive economic development, it is vital that the ELIDZ continuously evaluates the alignment of its strategies and programmes to government policy. We believe that our achievements as an entity are in support of these programmes.

Since our first media announcement in 2005, of 3 investment worth R188 million – the East London IDZ board has approved over 30 more investors to date. Just over 2400 manufacturing and related services jobs are currently active in the zone and over 20 000 direct construction jobs have been created since inception.

All of this, would not be possible without the financial support our funders, the Department of Trade and Industry and the Eastern Cape Provincial Government through the Department of Economic Development, Environment and Tourism. The strategic leadership and support of our shareholders ECDC and the Buffalo City Metropolitan Municipality have also been critical in transforming the vision of our board and management to reality. We have also enjoyed great partnerships with key players in the provincial business sector who have shown great faith in the ELIDZ and its value proposition. We are also grateful to entities such as Transnet National Ports Authority and Transnet Terminals for supporting our organisations and investors. Most importantly, however, our task would never be fulfilled without our investors who make the decision to locate in the zone and grow the national economy. We will continue to do everything in our power to make sure that all these stakeholders get maximum returns on their investment.

Mr Zolile Tini
Board Chairman

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Mr Simphiwe Kondlo | *ELIDZ Chief Executive Officer*

The East London Industrial Development Zone (ELIDZ) recently celebrated ten years since it was designated as one of the first IDZs in South Africa. This journey had been both challenging and rewarding for the team behind the project.

As one of the first IDZs to be designated in South Africa, key to our mandate was the attraction of strategic investments that would not only leverage existing regional and industrial strengths, but would further upgrade the province's industrial landscape. While there is still a lot to be achieved in this regard, the ELIDZ had made meaningful strides.

INCREASED IMPACT

At the end of the 2012/13 financial year, notable progress could be seen in this regard. An example of this is the growth of private sector investment to R4.2 billion, with 87% of this being Foreign Direct Investment. The total number of secured investors has grown from 26 to 34 investors and 64% of these investors are already operating from their premises in the zone, while 23% are busy with the construction of their manufacturing facilities in the zone.

Direct manufacturing and related services jobs in the ELIDZ has grown from 856 at the end of 2009/10 to 2493 direct jobs in 2012/13. Another additional 1324 jobs have been pledged by investors and these will be realised in the next 18 to 24 months.

Just over 21 090 direct construction-related employment opportunities have been created since inception.

The impact, however, is wider than just the zone. To date we have awarded over a R1 billion worth of contracts to BBBEE enterprises and R281 million worth to qualifying SMMEs. We have transacted with more than 200 local companies with since inception and for us this indicates the extent to which we have extended our reach as a government entity.

The ELIDZ is also advancing its efforts to contribute towards the Eastern Cape's competitiveness in the knowledge economy through the development of a Science and Technology Park (STP). The impact of this initiative can already be felt by industry. The development of a multi-sector incubator in the STP is currently under way and 182 jobs have been created through this initiative in the last year. An agreement has been reached with the Council for Scientific and Industrial Research (CSIR) and construction has started to establish a world-class analytical laboratory. This is a milestone in the province's innovation value proposition as this will strengthen capabilities for water and food testing for industries and municipalities in this region. Progress is also being made on the establishment of a Renewable laboratory within the STP.

While the National Skills Fund (NSF) Project that was being done through the Office of the Premier has come to an end, the ELIDZ has embarked on initiative to source its own funding for similar skills development projects. The ELIDZ has activated a number of projects in this regard. One of these is The Renewable Energy Experts programme which culminates in a Solateur qualification (international EU qualification). The ELIDZ is currently piloting this with 20 entrants through an 18 month programme. The zone is also implementing a National Tooling Initiative 12 month programme for Tool Room Assistants.

There are also ongoing discussions with Mercedes-Benz South Africa (MBSA) on the development of a Learning Academy in partnership with automotive giant.

DIVERSIFYING THE ECONOMIC LANDSCAPE

Central to the ELIDZ's strategic responses identified for the 2012/13 financial year, was the need for the ELIDZ to expand and diversify the regional industrial activity. This included the development and activation of new sectors such as the renewable energy, agro-processing and aqua-culture.

To date the ELIDZ has made a number of strides in its targeted sectors. In the period under review the ELIDZ has initiated and developed the country's most technologically advanced surface treatment plant to extend the region's automotive capabilities.

Increased investment commitment by MBSA for the W205 C-class project has benefited the ELIDZ as 5 component manufacturers, investing just over R636m, are currently being settled into the Zone. This increases the value of automotive investment into the zone to just over R1.2 billion.

In the Aqua culture sector, two investors are already operational and one of these, Oceanwise, supplied its first batch of farmed cob to the local market in the period under review. More importantly for this sector, the Department of Trade and Industry launched the country's very first aquaculture sector incentives in the period under review. This is something that the ELIDZ has advocated for, since the development of this sector in the zone and it is likely to contribute to increase competitiveness of this sector for the ELIDZ.

The ELIDZ is also making inroads in the renewable energy sector. One of our biggest projects is seen in the continued efforts to develop a 100 Mega Watt Photovoltaic facility – the biggest in the region.

FUTURE OUTLOOK

The 2013/14 FY will see the ELIDZ's consolidation of its automotive sector value offering to create a platform for the zone's Multi-Model Original Equipment Manufacturer (OEM) project, a multibillion project that will create more than 1300 direct jobs. The ELIDZ will also focus its energies on the promotion of the ELIDZ's Multi-Model OEM, a common passenger vehicle assembly facility that will be operated by an internationally renowned contract assembler. The ELIDZ is already in discussion with a number of potential users for this facility and will intensify its marketing efforts of this initiative during the 2013/14 FY.

The project is planned to produce more than 65 000 units assembled on different platforms that share specialised services. This will present huge opportunities for local auto component suppliers and thus further strengthening the localisation efforts of leading players like MBSA. The operationalisation of the ELIDZ's Metal Surface Treatment Plant will also be one of the key milestones in this regard. The facility is already under construction and the operator in the process of finalising customer contracts.

The ELIDZ is also looking at operationalising a Castor Oil Project which involves the establishment of a castor oil processing plant in the country to replace current imports and increase local production. The ELIDZ also eagerly awaits the finalization of the eminent legislative changes as these will go a long way in increase the zone's competitiveness in its bid to attract strategic investments that would have maximum socio-economic impact on the region.

The 2013/14 FY will see the ELIDZ's consolidation of its automotive sector value offering to create a platform for the zone's Multi-Model OEM project, a multibillion project that will create more than 1300 direct jobs. The ELIDZ will also focus its energies on the promotion of the ELIDZ's Multi-Model OEM, a common passenger vehicle assembly facility that will be operated by an internationally renowned contract assembler. The ELIDZ is already in discussion with a number of potential users for this facility and will intensify its marketing efforts of this initiative during the 2013/14 FY.

Mr. Simphiwe Kondlo
Chief Executive Officer

STATEMENT BY COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act, 71 of 2008, as amended, I certify that the company has filed with the Companies and Intellectual Property Commission all such returns and notices in terms of this Act, and all such returns appear to be true, correct and up to date.

Ms Gulshan Singh
Company Secretary

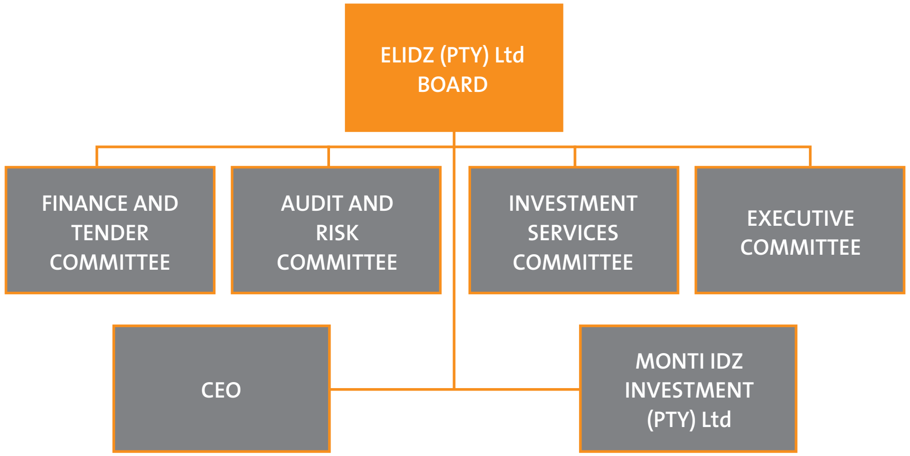
STATEMENT OF CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS

The Board of the ELIDZ recognises the need to conduct the affairs of the company with integrity, in accordance with generally accepted corporate practices, and is committed to upholding the governance principles incorporated in the Code of Corporate Practices and Conduct, set out in the King III Report.

Towards this end, the ELIDZ maintains the following governance structures and practices.

1. Mr Z.M. Tini (Chairman) | 2. Ms P. Mzazi-Geja | 3. Ms S. Mteto | 4. Mr S.E. Mase | 5. Mr A. Kanana | 6. Mr S. Kondlo (Ex-officio) | 7. Mr M. Saziwa | 8. Mr S. Caga | 9. Ms P. Nazo
10 Ms N.I. Anderson | 11. Ms J. Brown | 12. Mr D.H. Batidzirai | 13. Mr M. Msoki



BOARD

The ELIDZ Board has a unitary Board which comprises ten non-executive directors as of 31 March 2013. The Chief Executive Officer serves as a member of the Board in an ex officio capacity. All directors of the Board are non-executive directors that are nominated by various stakeholders and appointed by the Executive Authority. The directors are drawn from diverse backgrounds and bring a wide range of experience and professional skills to the board and the board's sub-committees.

The performance of the board and individual directors is evaluated each year.

The Board met several times during the financial year to discharge its responsibility of giving strategic direction to the company. It performed its collective responsibility of providing effective corporate governance, which involves the coordination and management of relationships between the management of the company, its board, its shareowners and other relevant stakeholders. Its main responsibilities during this period were to:

- Determine the purpose and values of the ELIDZ
- Determine the strategy to achieve its purpose and to implement its values in order to ensure that the company thrives
- Exercise leadership, enterprise, integrity and judgment in directing the company so as to achieve continuing prosperity for the company
- Ensure that procedures and practices are in place that protect the company's assets and reputation
- Monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans
- Ensure that the company complies with all relevant laws, regulations and codes of best practice
- Develop a clear definition of the levels of materiality or sensitivity in order to determine the scope of delegation of authority and ensure that it reserves specific powers and authority to itself
- Ensure that technology and systems used in the company are adequate to run the business properly and for it to compete through the efficient use of its assets, processes and human resources
- Identify key risk areas and key performance indicators of the business enterprise in order for the company to generate economic return so as to enhance shareholder value in the long term while recognising the wider interests of society
- Monitor and manage potential conflicts of interest of management, board members and the shareholders
- Regularly assess its performance and effectiveness as a whole, and that of individual directors, including the chief executive officer
- Ensure that the company has developed a succession plan for its chief executive and senior management.

CHANGES IN THE BOARD COMPOSITION IN 2011/12

Mr. Batidzirai resigned as of 24 October 2012 and Mr. M. Msoki resigned as of 30 June 2012. The ELIDZ was appointed the following new members as of 24 October 2012, Ms. P. Mzazi-Geja, Mr. S. Caga, and Mr. A. Kanana.

DELEGATION OF AUTHORITY

The board has the authority to delegate its power to executive structures and board committees. A delegation or authority framework is in place to facilitate this delegation without diluting the board's accountability. The framework is undergoing an extensive review process. Board Committees exercise their delegated authority in accordance with board approved policies. Each board committee comprises of majority non-executive directors.

BOARD MEETINGS

Board members attended board meetings and participated fully, frankly and constructively in board discussions and other activities as guided by the Board charter. They brought the benefit of their particular knowledge, skills and abilities in discharging their responsibility of ensuring the continued success of the company. During the year under review, there were four scheduled meetings and in addition, one special Board meeting was held making it five altogether. The attendance record of the individual board members is disclosed in the table below, in line with the recommendations as set out in King III.

CONFLICT OF INTEREST

A register was completed to ensure that conflicts of interest were recorded where applicable and transparency entrenched. Board members were required to:

- Inform the board of conflicts or potential conflicts of interest they may have in relation to particular items of business, in particular the awarding of tenders, preferably in advance
- Disclose their interests at the ELIDZ, other directorships, and any other area of potential conflict of interest
- Absent themselves from discussion or decisions on matters in which they have a close and material connection or conflicting interest.

BOARD COMMITTEES

Executive Committee (EXCO)

This committee consists of four non-executive board members. Its principal function is to attend to strategic matters requiring immediate decisions. The EXCO acts as the nomination and remuneration committee. It also assists the CEO in acting for the board and managing the day-to-day operations when the board is not in session, subject to the board's limitation on the delegation of authority to the CEO.

Audit and Risk Management Committee (ARC)

This committee is comprised of an Independent non-executive director (who acts as chairperson) and four non-executive directors as of 31 March 2013. One suitably qualified external committee member (not a board member) with auditing skill and experience had been co-opted into the committee. The chief executive officer, chief financial officer, the internal auditors and the external auditors are standing invitees to the meetings.

The main objective of this committee is to provide the board with the assurance that the internal controls are appropriate and effective and to monitor the component parts of the audit and compliance process.

The specific role of the audit and risk committee is to assist the board in discharging its responsibility to, among other things:

- Safeguard assets
- Maintain adequate accounting records
- Develop and maintain effective systems of internal control
- Promote the independence of both the external auditors and internal audit function
- Review the scope and outcome of audits
- Enquire into the process of risk identification and the measures in place to contain these risks
- Ensure that the board and the executive committee make informed decisions and are aware of the implications of such decisions regarding accounting policies, practices and disclosure
- Provide as much assistance and information as possible to the board to enable it to discharge its responsibilities appropriately.

Finance and Tender Committee

The committee is comprised of one non-executive director (who acts as a chairperson), two non-executive directors as members and two suitably qualified external committee members (not board members). The chief executive officer and the chief financial officer attend the meetings.

- The board has delegated powers to the Finance and Tender Committee to:
- Review and recommend to the board the Business Plan and Annual Budget and any amendments thereto
- Review the draft interim and final accounts
- Monitor the internal accounting systems
- Review the quarterly management reports and recommend these to the board for approval
- Monitor the process of risk management, analyse and recommend changes to the board on the risk management system
- Analyse the submissions of tenders and award these according to the delegation of authority limits
- Analyse the submission of tenders and recommend for board approval those that exceed the delegated authority.

INVESTMENT COMMITTEE

This committee consists of four non-executive board members and the chief executive officer. Its principal functions are to:

- Provide guidance to the organisation concerning the attraction and settling of investors into the IDZ
- Monitor the progression of investment promotion efforts via the management of the potential investor pipeline
- Monitor compliance with environmental legislation applicable to the attraction and settlement of investor industries
- Give advice to shape and direct the compilation and periodic revision of the ELIDZ's investment promotion strategy.

CODE OF CONDUCT

An internal code of conduct has been adopted and signed by all personnel of the ELIDZ as a governance initiative that commits the organisation and its personnel to the maintenance of highest ethical standards. All employees are expected to adhere to this code of conduct in the execution of their responsibilities while in the employ of the ELIDZ.

BOARD INDUCTION AND INFORMATION

The Chief Executive Officer and the Company Secretary is tasked with assisting the board with the induction of new non-executive directors and director's orientation. During induction, directors receive copies of terms of reference of their committees, strategic plan, annual performance plan, governance framework and other relevant company information.

The company is committed to the continued development of directors so that they may build on their expertise and cultivate a deeper understanding of the business and its markets.

The formal induction programme introduces non-executive directors to the companies executive management, fiduciary duties as contained in the Companies Act, PFMA, and also King III report.

BOARD AND BOARD COMMITTEE MEETINGS FOR FINANCIAL YEAR 2012/13 INCLUDING (SCHEDULED AND SPECIAL MEETINGS)							
Name of directors	Board	Audit and Risk Committee	Finance and Tender Committee	Executive Committee of the Board	Investment Services Committee	Annual General Meeting and other meetings	Total fees earned
Total Number of meetings for the financial year	**5 (4 scheduled, 1 special)**	**5 (4 scheduled, 1 special)**	**4 (4 scheduled, 0 special)**	**7 (4 scheduled, 3 special)**	**0**		
Z. Tini (Chairman Board and EXCO)	10 May 2012 30 May 2012 25 July 2012 24 October 2012 27 February 2013			18 April 2012 28 May 2012 25 July 2012 3 August 2012 17 October 2012 4 December 2012		1. 13 July 2012 -MEC Meeting., 2. 1 October 2012- meeting with chairman board and ARC chairman 3. 24 October 2012 -AGM 4. 27 November 2012 -Portfolio Committee 5. 13 March 2013- BCMM liaison forum 6. 14 March 2013- Strategic session	R106 170
N. Anderson (Chairman ARC)	10 May 2012 30 May 2012 25 July 2012 24 October 2012 27 February 2013	18 April 2012 28 May 2012 23 July 2012 17 October 2012 21 February 2013		18 April 2012 28 May 2012 25 July 2012 3 August 2012 17 October 2012 4 December 2012		1. 1 October 2012 - meeting with chairman board and ARC Chairman 2. 27 November 2012 -Portfolio Committee 3. 14 March 2013 - internal auditors meeting	R76 021
H. Batidzirai (Resigned: 24 October 2012)	25 July 2012 24 October 2012					1. 13 July 2012 - MEC Meeting.	Nill
J. Brown	25 July 2012	18 April 2012	18 April 2012 20 February 2013			1. 13 July 2012 - MEC Meeting.	Nill
S. Caga (Appointed: 24 October 2012) (Chairman: ISC)	27 February 2013					1. 4 December 2012 – Induction 2. 14 March 2013- Strategic session	R14 966
A. Kanana (Appointed: 24 October 2012)	27 February 2013	21 February 2013				1. 4 December 2012 – Induction 2. 13 March 2013 - BCMM liaison forum 3. 14 March 2013 - Strategic session	R25 446

BOARD AND BOARD COMMITTEE MEETINGS FOR FINANCIAL YEAR 2012/13 INCLUDING (SCHEDULED AND SPECIAL MEETINGS)							
Name of directors	Board	Audit and Risk Committee	Finance and Tender Committee	Executive Committee of the Board	Investment Services Committee	Annual General Meeting and other meetings	Total fees earned
Total Number of meetings for the financial year	**5 (4 scheduled, 1 special)**	**5 (4 scheduled, 1 special)**	**4 (4 scheduled, 0 special)**	**7 (4 scheduled, 3 special)**	**0**		
S. Mase (Chairman: FnT)	25 July 2012 24 October 2012		18 April 2012 23 July 2012 17 October 2012 20 February 2013	18 April 2012 28 May 2012 3 August 2012 17 October 2012 4 December 2012		1. 14 March 2013- Strategic session	Nill
S. Mteto	10 May 2012 30 May 2012 25 July 2012 24 October 2012 27 February 2013		23 July 2012 17 October 2012 20 February 2013				R59 562
P. Mzazi Geja (Appointed: 24 October 2012)	27 February 2013					1. 4 December 2012- Induction	Nill
P. Nazo	10 May 2012 30 May 2012 25 July 2012		23 July 2012 17 October 2012 20 February 2013			1. 13 July 2012 - MEC Meeting. 2. 27 November 2012 - Portfolio Committee 3. 14 March 2013 - Strategic session 4. 13 March 2013 - BCMM liaison forum	R46 352
M. Saziwa	10 May 2012 25 July 2012 27 February 2013	17 October 2012 21 February 2013					R40 572
M. Msoki (Resigned: 30 June 2012)	10 May 2012 30 May 2012			18 April 2012 28 May 2012			R17 545

Total : R386 635

REPORT OF THE BOARD AUDIT AND RISK COMMITTEE

Report by Board Audit and Risk Committee in terms of Treasury Regulations 27(1) (10) (b) and (c) to the Public Finance Management Act, 1 of 1999 (as amended)

We are pleased to present our board report for the financial year ended 31 March 2013.

AUDIT AND RISK COMMITTEE MEMBERS

The Audit and Risk Committee consist of the members listed hereunder and should meet four times per annum as per its approved terms of reference. During the year under review, (Four) quarterly meetings were held.

NAMES OF MEMBERS

Ms N. Anderson
Ms J. Brown
Ms T. Mnqetha
Mr. M. Saziwa
Mr. A. Kanana

AUDIT COMMITTEE RESPONSIBILITY:

The Audit and Risk Committee reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee charter, has regulated its affairs in compliance with this charter, and has discharged all of its responsibilities contained therein. The Audit and Risk Committee further reports that it conducted its affairs in line with the requirements of Section 51(1)(a)(11) of the Public Finance Management Act, 1 of 1999 (as amended) and Treasury Regulations 3.1.

In the conduct of its duties, the Audit and Risk Committee has, Inter alia, reviewed the following:

- Finance function
  - The expertise, resources and experience of the finance function

- Internal control, management of risks and compliance with legal and regulatory provisions
  - the effectiveness of the internal control systems;
  - all factors and risks that may impact on the integrity of the integrated report;
  - the effectiveness of the system and process of risk management including the following specific risks:
    - financial controls;
    - fraud risks relating to financial reporting;
    - information technology risks relating to financial reporting; and
    - the effectiveness of the entity's compliance with legal and regulatory provisions.

- Financial and sustainability information provided
  - The adequacy, reliability and accuracy of financial information provided by management; and
  - The disclosure of sustainability issues in the integrated report to ensure that it is a reliable and it does not conflict with financial information.

- Internal and external audit
  - The Audit and Risk Committee is satisfied that the internal audit function is operating effectively and that it is addressed the risks pertinent to the company in its audits;
  - The adequacy, reliability and accuracy of financial information provided by management;
  - The disclosure of sustainability issues in the integrated report to ensure that it is reliable and it does not conflict with the financial information;
  - The independence and objectivity of the external auditors; and
  - Accounting and auditing concerns identified as a result of internal and external audits, including reportable irregularities in line with the principles of combined assurance as outlined in the King III report on corporate governance.

The Audit and Risk Committee is of the opinion, based on the information and explanations given by management that:

- The systems and process of risk management and compliance processes are adequate effective, efficient and transparent;
- The internal accounting controls are adequate to ensure that the financial records may be relied upon for preparing the financial statements, and accountability for assets and liabilities is maintained; and
- Having considered the matters set out in section 94(8) of the Companies Act of South Africa. 71 of 2008, as amended, and is satisfied with the independence and objectivity of the external auditors.

Nothing significant has come to the attention of the Audit and Risk Committee to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

From the various reports of the Internal Auditors and the Audit report on the annual financial statements it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report the system of internal control over financial reporting for the period under review was efficient and effective.

EVALUATION OF FINANCIAL STATEMENTS:

The Audit and Risk Committee has evaluated and discussed the annual financial statements of the East London Industrial Zone (PTY) LTD and the Group for the year ended 31 March 2013 and based on the information provided to it, considers that they comply, in al material respects, with the requirements of the, the Companies Act of South Africa, 71 of 2008, as amended, and the Public Finance Management Act, 1 of 1999 (as amended). The Audit and Risk Committee concurs with the board of directors and management that the adoption of the going-concern premise in the preparation of the financial statements is appropriate.

The Audit and Risk Committee has therefore, at their meeting held on the 30th May 2013, recommended the adoption of the financial statements by the board of directors.

The Audit and Risk Committee concurs, with and accepts the Auditor General of South Africa's report on the annual financial statements, and is of the opinion that the annual financial statements should be accepted read together with the report of the Auditor General South Africa.

AUDITOR GENERAL:

The Audit and Risk Committee has met with the Auditor General South Africa to ensure that issues that were raised are being resolved by management.

On behalf of the Committee:

A Kanana – Acting Chairperson
Audit and Risk Committee

REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE ON THE EAST LONDON INDUSTRIAL DEVELOPMENT ZONE (PROPRIETARY) LIMITED

REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the consolidated and separate financial statements of the East London Industrial Development Zone and its subsidiary set out on pages 77 to 110, which comprise the consolidated and separate statement of financial position as at 31 March 2013, the consolidated and separate statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

ACCOUNTING AUTHORITY'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

2. The board of directors which constitutes the accounting authority is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with South African Standards of Generally Accepted Accounting Practice (SA Statements of GAAP) and the requirements of the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act) and the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.

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

BASIS FOR QUALIFIED OPINION

AGGREGATION OF IMMATERIAL UNCORRECTED MISSTATEMENTS

6. The financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following elements making up the statement of financial performance, position and the notes to the financial statements:

- Deferred income – long-term portion is understated by R5,2 million (2012: overstated by R1,2 million).
- Deferred income – short-term portion is overstated by R1,5 million (2012: understated by R2,9 million).
- Property, plant and equipment is overstated by R1,4 million (2012: overstated by R805 127).
- Accumulated loss is overstated by R1,3 million (2012: understated by R796 579).
- Fair value adjustment is understated by R2,3 million.
- Other income is overstated by R1,8 million.
- Expenditure is understated by R1,6 million.

- Contributions to a defined benefit contribution post-employment plan of R3,3 million (2012: R2,7 million) have not been disclosed.
- Related party transactions is understated by R1,8 million.
- The statement of cash flows and cash generated from operations note is understated by R423 181 (2012: R2,7 million).
- Other grants disclosure is understated by R2,5 million.

7. In addition, I was unable to obtain sufficient appropriate audit evidence of and to confirm property, plant and equipment of R2,1 million by alternative means.

QUALIFIED OPINION

8. In my opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the East London Industrial Development Zone (Proprietary) Limited and its subsidiaries as at 31 March 2013, and their financial performance and cash flows for the year then ended in accordance with South African SA Statements of GAAP and the requirements of the Companies Act.

EMPHASIS OF MATTERS

9. I draw attention to the matters below. My opinion is not modified in respect of these matters.

RESTATEMENT OF CORRESPONDING FIGURES

10. As disclosed in note 3 to the financial statements, the corresponding figures for 31 March 2012 have been restated as a result of errors discovered during year ended 31 March 2013 in the financial statements of the East London Industrial Development Zone (Proprietary) Limited at, and for the year ended, 31 March 2012.

FAIR VALUE ADJUSTMENT

11. The directors' report on page 75 of the financial statements indicates that the entity's current liabilities exceeded its total assets by R93,2 million. A fair value adjustment loss of R161,1 million in the prior year has contributed to this situation.

ADDITIONAL MATTER

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

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

13. As part of our audit of the financial statements for the year ended 31 March 2013, I have read the directors' report and the audit committee's report for the purpose of determining whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports, I have not identified material inconsistencies between the reports and the audited financial statements in respect of which I have expressed a qualified opinion. I have not audited the reports and accordingly do not express an opinion on them.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

14. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

PREDETERMINED OBJECTIVES

15. I performed procedures to obtain evidence of the usefulness and reliability of the information in the annual performance report as set out on pages 36 to 53 of the annual report.

16. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

17. The material findings are as follows:

USEFULNESS OF INFORMATION

PRESENTATION

18. A total of 27% of targets, where a variance between planned and actual performance occurred, had insufficient explanations for variances between planned and actual achievements reported in the annual performance report, as required per the National Treasury's annual report preparation guide. The lack of explanations was not identified through review by management and the board.

MEASURABILITY

19. The National Treasury Framework for managing programme performance information (FMPPI) requires that performance targets be measurable. The required performance could not be measured for a total of 23% of the significant targets in relation to the mandate and strategic objectives of the entity. This was due to the lack of controls in place to ensure that all actual performance information is obtained monthly for all targets. Furthermore, no customer satisfaction survey was conducted during the year, which resulted in the absence of actual information which is necessary to measure the targets.

RELIABILITY OF INFORMATION

20. There were no material findings on the reliability of the annual performance report.

ADDITIONAL MATTERS

21. I draw attention to the following matters below. These matters do not have an impact on the predetermined objectives audit findings reported above.

ACHIEVEMENT OF PLANNED TARGETS

22. Of the total number of 23 targets planned for the year, five of targets were not achieved during the year under review. This represents 22% of total planned targets that were not achieved during the year under review.

23. This was mainly due to inadequate processes relating to the monitoring of actual performance.

MATERIAL ADJUSTMENTS TO THE ANNUAL PERFORMANCE REPORT

24. Material misstatements relating to consistency in the annual performance report were identified during the audit, all of which were corrected by management.

COMPLIANCE WITH LAWS AND REGULATIONS

25. I performed procedures to obtain evidence that the entity had complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations, as set out in the general notice issued in terms of the PAA, are as follows:

ANNUAL FINANCIAL STATEMENTS AND ANNUAL REPORT

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)((a) and (b) of the PFMA and section 29(1)(a) of the Companies Act.

27. Material misstatements of non-current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

INTERNAL AUDIT

28. Internal audit did not evaluate compliance with laws and regulations, as required by Treasury Regulation 27.2.10(e).

STRATEGIC AND PERFORMANCE MANAGEMENT

29. The accounting authority did not ensure that the public entity had and maintained effective, efficient and transparent systems of risk management and internal control relating to the management of performance, as required by section 51(1)(a)(i) of the PFMA.

PROCUREMENT AND CONTRACT MANAGEMENT

30. Sufficient appropriate audit evidence could not be obtained that the procurement system and processes complied with the requirements of a fair supply chain management system, as per section 51(1)(a)(iii) of the PFMA.

31. Construction projects were not always registered with the Construction Industry Development Board (CIDB), as required by section 22 of the CIDB Act, 2000 (Act No. 38 of 2000) and CIDB regulation 18.

32. Sufficient appropriate evidence could not be obtained that a proper evaluation of major capital projects was done prior to a final decision on the project, as required by of the requirements of section 51(1)(a)(iv) of the PFMA.

ASSET MANAGEMENT

33. The accounting records for non-current assets were not complete and accurate, as required by section 28(1) of the Companies Act and the Companies Regulation 25(3)(a)(i).

34. Proper control systems to safeguard and maintain assets, as required by sections 50(1)(a) and 51(1)(c) of the PFMA, were not implemented.

INTERNAL CONTROL

35. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

LEADERSHIP

36. The tone set by leadership has not had the desired outcome on financial administration.

37. Financial leadership's view of the control environment is that it is functioning optimally, this notwithstanding the many control deficiencies presented and reported to management. Until these deficiencies are acknowledged and addressed, the weak general control environment and the reporting of unsatisfactory audit outcomes and material adjustments to the financial statements will continue.

38. Leadership relied on the finance function to provide information that was used to measure the success of the implemented audit intervention plan. Feedback given to leadership did not always address critically weak areas, resulting in inadequate action taken to address them.

39. There is a lack of detailed procedures which assign responsibility for the collation, recording, processing, monitoring, review and reporting of performance information.

40. The reviews performed by management with key oversight responsibilities are not sufficiently detailed to identify errors in financial and performance information. Adequate processes have not been implemented to ensure that financial statements are properly prepared and reviewed and that they are accurate and complete.

FINANCIAL AND PERFORMANCE MANAGEMENT

41. The large number of discrepancies in the schedules supporting the financial statements and other errors identified are evidence that the entity's daily, weekly and monthly controls are not adequate.

42. The entity is not using its record management system for schedules and reconciliations supporting the financial statements and for documents supporting daily transactions. As a result, the entity cannot readily retrieve information that is required for detailed reviews.

43. The entity has in the past implemented formal processes for financial and other activities. These processes included the necessary controls and were formally adopted and institutionalised by the entity. Controls in these processes are not always implemented in the intended manner which, in turn, has resulted in many misstatements in the financial reporting that are not detected by the entity.

GOVERNANCE

44. Although internal audit carries out its mandate this is of limited benefit to the entity as audit findings are often not addressed by management.

45. A review of the re-submitted financial statements was not carried out by the audit committee as these financial statements were not presented to them.

Auditor-General.

East London
31 July 2013

AUDITOR - GENERAL
SOUTH AFRICA

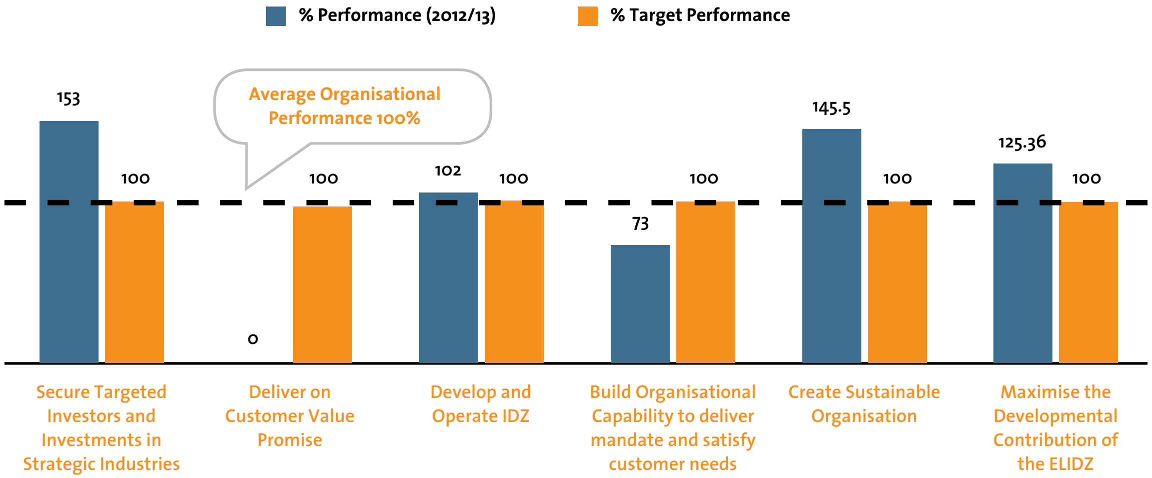
Auditing to build public confidence

PROGRAMME PERFORMANCE AND TREND REPORTS

ORGANISATIONAL PERFORMANCE

KEY STRATEGIC OBJECTIVE ACHIEVEMENTS

ORGANISATIONAL PERFORMANCE AGAINST STRATEGIC GOALS 2012 / 13



OVERVIEW OF SERVICE DELIVERY ENVIRONMENT 2012/13

The performance and success of the ELIDZ, as an economic initiative of government, largely depends on global economic environment. The persistent unstable global economic climate has potential both to undermine the sustainability of attained industrial investments, as well as dampen future investment attraction. There are, however, windows of opportunities created by some developments in the global alignment initiatives such as the admission of South Africa as a member of an association of five major emerging national economies, BRICS (Brazil, Russia, India, China and South Africa) and the use of South Africa as springboard to Africa market by multinationals.

According to the International Monetary Fund (IMF) updated outlook on the world economy released in July 2012, global recovery is showing further signs of fragility. Contrary to previous forecasts, the pace of economic growth in many emerging market economies has turned up to be slower. The IMF states that downside risks to the global economy remain significant as a result of overdue policy action, or the lack thereof. Given this backdrop, the IMF further warns emerging market economies' policymakers to brace themselves for likely contractions in trade and excessively volatile capital flows. In the same vein, the IMF predicts annual growth in emerging and developing economies to slow down to about 5.6 per cent in 2012 before rebounding to 5.9 per cent in 2013. The protracted eurozone sovereign debt crisis and the associated global economic uncertainty are still limiting the investor's propensity to invest offshore, thus reducing the stock of Foreign Direct Investment (FDI).

Despite the cautious economic recovery optimism, there is an inherent lag in investment growth as the positive impact on FDI growth tends to take place well after economic growth. This recovery lag is expected to affect investment growth in all of the ELIDZ's targeted sectors.

Far East region continues to emerge as a significant source of Global FDI. South Africa's admission to the BRICS grouping should see increased investment interest from member countries into South Africa motivated by strategic considerations of the Trans National Corporations (TNC) of these countries. If managed properly, this development could create great potential for FDI flows into South Africa from these countries, given that these countries command sizeable amount of FDI outflow stock. Other FDI opportunities stem from the fact that many emerging economies use South Africa as a gateway to other African countries and every possibility does exist that multinationals from these countries could set up operations in South Africa to supply both South Africa and Africa market. This is also aided by supportive government policies as most of the BRICS TNC's are state owned. The ELIDZ is strategically positioned to take advantage of these developments, as a suitable investment location.

The impact of climate change and the demand for niche "organic" products and food security continues to make South Africa a desirable agro-processing location. The agricultural potential of the Eastern Cape region has given the ELIDZ a competitive advantage, which has led the ELIDZ to develop an Agro-processing Park concept that will host several agro-processing companies. This park will see to regional development and the promotion of local manufacturing. The pre-feasibility outcomes are that this park can be viable, but there is still lot of work to be done.

The continuing lack of IDZ-specific incentives is, however, still making the ELIDZ less competitive relative to other industrial zones in the world which enjoy good incentives such as tax holidays. The ELIDZ continues to work with the DTI on the development of the Special Economic Zone Legislation that will facilitate delivery of incentives.

Structural challenges such as infrastructure bottlenecks continue hamper recovery in private investment, thus negatively affecting attractiveness of the Country as investment destination. The continued volatility of the Rand continues to be a source of concern to foreign multinationals looking at establishing economic activities in South Africa as it negatively impacts in their future planning. The protracted eurozone sovereign debt crisis and the associated global economic uncertainty have also translated in increased volatility of the rand exchange rate, mainly in response to global investors' sentiment. As the eurozone crisis drags on, the rand exchange rate will remain vulnerable.

In addition, the perceived influence of the labour movement on the economy continues to raise concerns from some international investors.

OVERVIEW OF ORGANISATIONAL ENVIRONMENT 2012/13

The Organisation has expanded its Human resource capacity in response to a growing customer base and in line with concomitant service growth in the zone. The organisation has placed particular focus to strengthening governance of its operations to insure continued competitiveness in the market.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The DTI published the Special Economic Zone Bill for public comment in January 2013 following prior Publication of SEZ policy. Although the Bill has not been promulgate into law as at the time of this report, it signals several positive changes, which are aimed to deal with weaknesses that beset the current IDZ Programme. Principal changes deal with institutional arrangement; programme support tools (incentives); and the funding model and these imminent changes will have an impact on the organisations strategic process persistent levels of instability and uncertainties in emergent propose strategies.

SUMMARY OF ELIDZ RECEIPTS

Voted Funds

	INCOME					EXPENDITURE					VARIANCE		
	Budget DEDEA 2012/2013	Budget Dti 2012/2013	Trading & Finance Income	Prior Year Income	Adjusted Income 2012/2013	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	TOTAL	Income Year-to-Date	Variance	% Variance
PROJECT	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
CEO's Office	11 449	-	-	-	11 449	2 087	3 686	3 188	2 351	11 312	11 449	137	1%
Science & Technology	-	-	11 946	-	11 946	1 109	1 229	1 850	7 747	11 935	11 946	11	0%
Corporate Admin, Records, Legal Marketing and Research	2 674	-	2 471	170	5 315	237	730	2 211	2 071	5 249	5 315	66	1%
Corporate Affairs HR	6 845	-		670	7 515	1 523	2 115	1 936	2 009	7 583	7 515	-68	-1%
Corporate Communications	4 645	-	2 088	-	6 732	1 073	1 143	2 829	1 649	6 694	6 732	38	1%
Corporate Affairs Information Technology	260	-	11 399	80	11 739	2 000	2 647	3 907	3 241	11 795	11 739	-56	0%
Financial Management	9 717	-	4 122	409	14 248	3 416	3 941	3 012	3 884	14 253	14 248	-5	0%
Zone Development	-	131 579	12 338	239 878	383 794	34 944	92 997	75 685	89 714	293 340	383 794	90 454	24%
Zone Operations	2 148		18 921	70 384	91 454	23 293	16 098	20 548	18 131	78 070	91 454	13 384	15%
Total Vat exclusive	**37 738**	**131 579**	**63 285**	**311 591**	**544 192**	**69 682**	**124 586**	**115 166**	**130 797**	**440 231**	**544 192**	**103 961**	**19%**
Output Vat Required	**5 283**	**18 421**			**23 704**								
Total Vat inclusive	**43 021**	**150 000**	**63 285**	**311 591**	**567 897**								

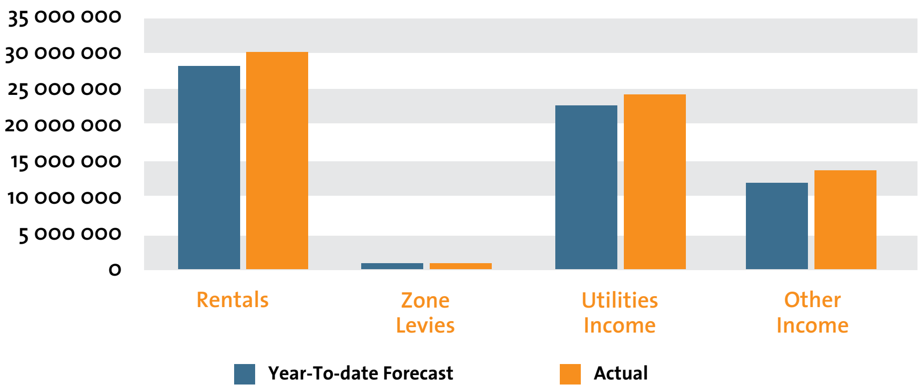
	INCOME					EXPENDITURE					VARIANCE		
	Budget DEDEA 2012/2013	Budget Dti 2012/2013	Trading & Finance Income	Prior Year Income	Adjusted Income 2012/2013	1st Quarter	2nd Quarter	3rd Quarter	Jan & Feb 2013	TOTAL	Income Year-to-Date	Variance	% Variance
PROJECT	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
EC Innovation Hub	2 658			930	3 588	931	1 007	899	787	3 624	3 588	-36	-1%

REVENUE AND EXPENDITURE

Revenue Items	Year-To-date Forecast	Actual	Annual Forecast	% of Total Revenue
Rentals	28 767 945	30 009 836	28 767 945	45%
Zone Levies	514 514	558 823	514 514	1%
Utilities Income	22 429 849	23 552 123	22 429 849	35%
Other Income	11 669 692	12 156 187	11 669 692	18%
	63 382 000	**66 276 970**	**63 382 000**	**100%**

Revenue collection is 5% above target of R63,382, 000.

REVENUE BUDGET VS. ACTUALS - APRIL – MARCH 2013



ORGANISATIONAL EXPENDITURE FROM DEDEAT FUNDS

	INCOME				EXPENDITURE					VARIANCE		
	Budget DEDEAT 2012/2013	Trading & Finance Income	Prior Year Income	Adjusted Income 2012/2013	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	TOTAL	Income Year-to-Date	Variance	% Variance
PROJECT	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
CEO's Office	11 449	-	-	11 449	2 088	3 686	3 188	2 351	11 313	11 449	136	1%
Science & Technology	-	11 946	-	11 946	1 109	1 229	1 850	7 747	11 935	11 946	11	0%
Corporate Admin, Records, Legal Marketing and Research	2 674	2 471	170	5 315	237	730	2 211	2 071	5 249	5 315	66	1%
Corporate Affairs HR	6 845		670	7 515	1 523	2 115	1 936	2 009	7 583	7 515	-68	-1%
Corporate Communications	4 645	2 088	-	6 732	1 073	1 143	2 829	1 649	6 694	6 732	38	1%
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Financial Management	9 717	4 122	409	14 248	3 416	3 941	3 012	3 884	14 253	14 248	-5	0%
Zone Development	-	12 338	3 921	16 259	3 257	4 653	4 628	3 297	15 835	16 259	424	3%
Zone Operations	2 148	18 921	27 389	48 458	10 627	12 980	12 998	12 438	49 043	48 458	-585	-1%
Total Vat exclusive	**37 738**	**63 285**	**32 639**	**133 662**	**25 660**	**33 124**	**36 229**	**38 687**	**133 701**	**133 662**	**-39**	**0%**
Output Vat Required	**5 283**			**5 283**								
Total Vat inclusive	**43 021**	**63 285**	**32 639**	**138 945**								

	INCOME				EXPENDITURE					VARIANCE		
	Budget DEDEAT 2012/2013	Trading & Finance Income	Prior Year Income	Adjusted Income 2012/2013	1st Quarter	2nd Quarter	3rd Quarter	Jan & Feb 2013	TOTAL	Income Year-to-Date	Variance	% Variance
PROJECT	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
EC Innovation Hub	2 658		930	3 588	931	1 007	899	787	3 624	3 588	-36	-1%

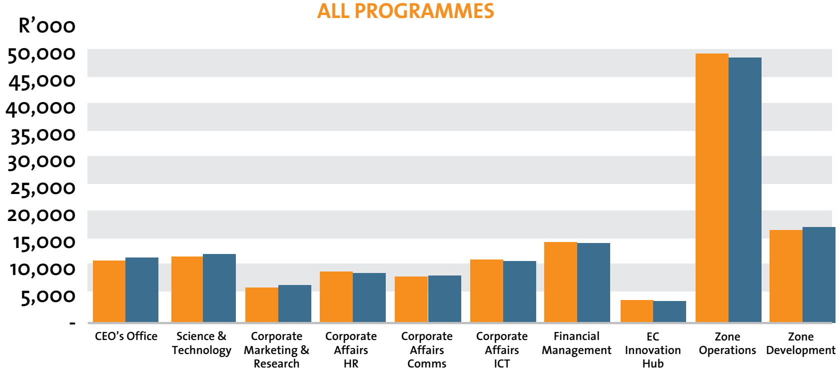
The total budget initially allocated to the ELIDZ for the 2012/13 financial year from DEDEAT was R129,049 million out of which a 14% VAT amount of R15,848 million would have to be paid to SARS resulting in an amount of R113,201 million being available for operations. The ELIDZ had allocated part of its own generated income amounting to R37,186 million in order to make up the required R150,387 million for operating budget. The DEDEAT devoted an amount of R86,488 through the adjustments appropriation bill in November. The ELIDZ had no other option but to reduce its operating budget. The exercise entailed the re- allocation of the total amount of own generated income that had initially been allocated to project funding for the current financial year and that which had been brought forward from the previous financial year so as to augment the funds available for the operating budget. The amount of R43,021 million was received from DEDEAT for operations and the ELIDZ added onto it the R63,285 current own generated funding and R32,639 million from own funding rolled over from the 2011/12 financial year to put together a budget for operations for the current financial year of R138,945 million with a net VAT amount of R133,662 million as reflected in the above table.

The DEDEAT transferred a net VAT amount of R2,658 million for the Provincial Innovation Hub. An amount of R930,000 was rolled over from the previous financial year to make up the available funds of R3,588 million as reflected in the EC Innovation Hub table above.

A graphical representation of the Budget versus expenditure for the year under review is reflected below:

EXPENDITURE TRENDS

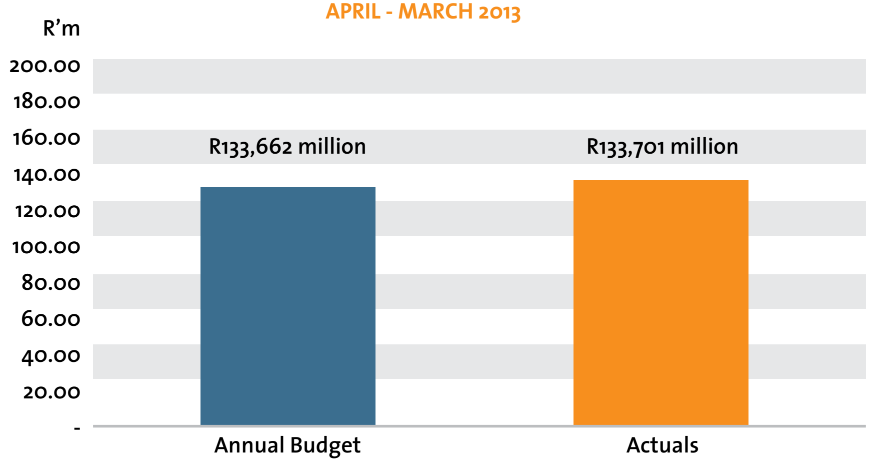
ALL PROGRAMMES



	CEO's Office	Science & Technology	Corporate Marketing & Research	Corporate Affairs HR	Corporate Affairs Comms	Corporate Affairs ICT	Financial Management	EC Innovation Hub	Zone Operations	Zone Development
Actual Spending	11,313	11,935	5,249	7,583	6,694	11,796	14,253	3,624	49,043	15,835
Budget	11,449	11,946	5,315	7,515	6,732	11,739	14,248	3,588	48,458	16,259

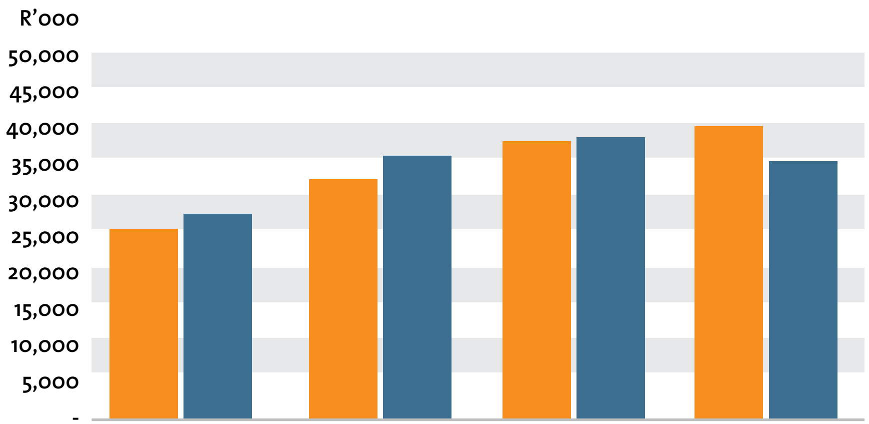
The graph above reflects the budget vs. expenditure for all programmes

ALL PROGRAMMES: BUDGET VS. EXPENDITURE
APRIL - MARCH 2013



The graph above reflects the quarterly expenditure performance of all programmes as against the budget forecast

ALL PROGRAMMES



	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Actual Spending	25,660	33,124	36,229	38,687
Budget	26,832	35,424	36,569	34,809

PROGRAMME PERFORMANCE & TREND REPORT

ZONE DEVELOPMENT

PROGRAMME 1: ZONE DEVELOPMENT

PROGRAMME PURPOSE:

The main purpose of the Zone Development Programme, is the attraction of targeted investors and investments, development and provision of the infrastructure and customised superstructure solutions to those targeted investors. Key industry clusters have been identified and specific business strategies are in place to secure targeted investors and support them with the necessary infrastructure. The direct impact will be the development of Industrial Development Zone with world class infrastructure and the creation of employment opportunities as well as the stimulation of economic growth in the region.

Functions co-ordinated under this programme include:

- Project Management and Co-ordination;
- Investment Analysis;
- Investment Facilitation;
- Sector Development;
- Aftercare Services Management;
- Infrastructure Development; and
- Property Portfolio Management.

PROGRAMME PERFORMANCE

Performance Indicators – Department of Economic Development (DEDEAT)

SHORT TITLE: STRATEGIC OBJECTIVE. 1.1 | SECURE STRATEGIC, TARGETED INVESTMENT

DEFINITION: 1.1 SECURE FOUR (4) STRATEGIC, TARGETED INVESTMENTS PER ANNUM

PROGRAMME PERFORMANCE FOCUS AREA: Make and deliver effective deals (1D)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
1.1.1 Number of New investment agreements(FDI and Domestic) signed between the ELIDZ and the approved investor per annum	2	2	5	250% performance above target of 2 investors mainly due to the ELIDZ's strategic Partnership with the W205 C-Class Project
1.1.2 Periodic value of investments (FDI and Domestic) signed between IDZ operator and IDZ Tenant enterprises per Annum, as pledged by approved investors at the time of agreement signing.	R1,7bn	R200m	R284.5m	Achieved 23.7% above the target. The target was set lower than the baseline because during 2011/12 a significant project (electric vehicle) was lost.

SHORT TITLE: STRATEGIC OBJECTIVE 6.2 | GENERATE ECONOMIC VALUE AND RETURNS FROM APPROVED INVESTMENTS

DEFINITION: 6.2 GENERATE POSITIVE ECONOMIC VALUE AND RETURNS PER ANNUM FROM THE APPROVED INVESTMENTS INTO THE IDZ

PROGRAMME PERFORMANCE FOCUS AREA: Stimulate innovation, productivity and industrial competitiveness (6C)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
6.2.1 Number of actual reported Manufacturing and Services industries permanent jobs in existence as at financial year end by the IDZ Investors, IDZ Operator and its service providers	1365 jobs	1 515 jobs	2493 Jobs	163% positive Performance due to increased number of investors in the Zone
6.2.2 Cumulative number of actual reported Construction job opportunities attributable to annual construction activity	1519 jobs	1300 jobs	2907 jobs	224% Performance due to increased investors numbers linked to W205 project

SHORT TITLE: STRATEGIC OBJECTIVE 6.4 | OPTIMISE THE ELIDZ'S CORPORATE SOCIAL INVESTMENT IMPACT

DEFINITION: 6.4 OPTIMISE THE EAST LONDON IDZ'S CORPORATE SOCIAL INVESTMENT (CSI) IMPACT PER ANNUM

PROGRAMME PERFORMANCE FOCUS AREA: Drive transformation and empowerment initiatives (6B)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
6.4.3 Number of people trained (strategic initiatives)	The Zone Development programme monitors performance in respect to training opportunities associated with construction or other operational activity and this makes a part contribution towards Key Performance Indicator 6.4.4. The consolidated performance targeting and reporting of actual performance per period is totalled and reflected as consolidated data within the Corporate Affairs programme.			

PERFORMANCE INDICATORS – INTERNAL OR OTHER STAKEHOLDERS

PROGRAMME PERFORMANCE FOCUS AREA: Retain investors and investments (1E)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
1.1.3 Average duration of lease terms (in months) for new annually signed IDZ lease investors' tenancy commitments	88 months	90 months	60 months	Three investors have actually signed sale agreements the ELIDZ and therefore will stay longer than 90 Months (the 60 months leases are related to tenant-industries (automotive suppliers) contracts with third parties such as MBSA who determine suppliers contracts)

SHORT TITLE: STRATEGIC OBJECTIVE 5.1 | MANAGE INCOME RECEIPTS FROM OWN OPERATIONS

DEFINITION: 5.1 GROW ANNUAL INCOME FROM OWN OPERATIONS TO R 63.8M FOR ALL ZONE SERVICES BY END OF FINANCIAL PERIOD 2014/15

PROGRAMME PERFORMANCE FOCUS AREA: Drive for financial self-sufficiency (5C)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
5.1.1 Year-on-year percentage growth in total revenue income attributable to core IDZ Operations (property Sale and Lease transactions).	5.00 %	6.00 %	22.00%	The improvement growth to 22% is due to the increase in tenancy and to improved collections systems and reduced and maintained ACP of 29 days

SHORT TITLE: STRATEGIC OBJECTIVE 5.2 | BUILD IDZ PROPERTY PORTFOLIO PERFORMANCE AND YIELDS

DEFINITION: 5.2 GENERATE POSITIVE IDZ PROPERTY PORTFOLIO PERFORMANCE AND YIELDS PER ANNUM

PROGRAMME PERFORMANCE FOCUS AREA: Optimise resource utilisation and industrial efficiencies (5A)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
5.2.1 Average vacancy rate per annum in IDZ-constructed operational Tenant Facilities	1.83 %	7.50 %	4.54%	Average vacancy rate should ideally be 0% as such the lower percentage represents a 160% positive. Variance mainly due to improving business climate following the recent recession and that there has not been any loss or tenant industry closures.

SHORT TITLE: STRATEGIC OBJECTIVE 6.2 | GENERATE ECONOMIC VALUE AND RETURNS FROM APPROVED INVESTMENTS

DEFINITION: 6.2 GENERATE POSITIVE ECONOMIC VALUE AND RETURNS PER ANNUM FROM THE APPROVED INVESTMENTS INTO THE IDZ

PROGRAMME PERFORMANCE FOCUS AREA: Stimulate innovation, productivity and industrial competitiveness (6C)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
6.2.3 Percentage of annual Infrastructure/Superstructure Budget utilised at year-end (inclusive of transacted expenditures and year-end financial commitments).	56.34 %	100%	100%	74.00 % = spent 26% = Committed 26% variance due to on-going projects that have not been completed within the financial period. All budget has been committed to these current projects

PROGRAMME PERFORMANCE & TREND REPORT

ZONE OPERATIONS

PROGRAMME 2: ZONE OPERATIONS

PROGRAMME PURPOSE:

Zone Operations aims to operate a commercially viable, effective, attractive and sustainable, specialized industrial destination through the pursuit of value – adding strategies, effective planned preventative maintenance, facilities management, and planned expansions, alterations and additions to existing infrastructure as well as factories in the zone. In addition, as Zone Operations, we are also striving to increase the range of centralized service offerings to our current as well as future investors and to drive down the cost of business and contribute towards the sustainability of the EL IDZ. In addition , as Zone Operations we are looking to develop and implement extensive after care programmes in order to retain existing customers, with the added requirement to retain the existing ISO 14001 as well as ISO 18001 accreditation, through effective monitoring and control of all SHE (Safety, Health and Environmental) matters in the Zone. Functions co-ordinated under this sub-programme include:

- Customer Relations Management;
- Help Desk;
- Maintenance and Facilities Management;
- Investor Support Services Management;
- Safety, Health and Environmental Management;
- Stores Control; and
- GIS and Data Administration.

PROGRAMME PERFORMANCE

PERFORMANCE INDICATORS – INTERNAL OR OTHER STAKEHOLDERS

SHORT TITLE: STRATEGIC OBJECTIVE 2.1 | ACHIEVE AND SUSTAIN POSITIVE CUSTOMER RELATIONSHIPS

DEFINITION: 2.1 PRODUCE A HIGH QUALITY OF PRODUCTS AND SERVICES TO ACHIEVE AND SUSTAIN ANNUALLY INCREASING CUSTOMER SATISFACTION LEVELS

PROGRAMME PERFORMANCE FOCUS AREA: Assure quality of delivered offerings (2B)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
2.1.1 Surveyed level of Customer Satisfaction with ELIDZ products and services quality levels	65.00%	80.00%	Not Done	Decision was taken within the organization to undertake a combined Customer Satisfaction Survey of EL IDZ products and service quality levels during the first quarter of 2013 / 2014 .

SHORT TITLE: STRATEGIC OBJECTIVE 3.1 | DELIVER IDZ INFRASTRUCTURES AND SUPERSTRUCTURES

DEFINITION: 3.1 DELIVER ANNUALLY PLANNED ELIDZ INFRASTRUCTURE AND SUPERSTRUCTURE PROJECTS WITHIN ALLOCATED BUDGET

PROGRAMME PERFORMANCE FOCUS AREA: Plan development and operations (3B)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
3.1.1 Services Average Availability rate of IDZ utilities services	98.00%	98.00%	99.93%	A slightly higher services average availability rate of IDZ utilities services exceeding the threshold of 99.93% has been achieved for the 2012/ 2013 FYE.

SHORT TITLE: STRATEGIC OBJECTIVE 5.1 | MANAGE INCOME RECEIPTS FROM OWN OPERATIONS

DEFINITION: 5.1 GROW ANNUAL INCOME FROM OWN OPERATIONS TO R 63.8M FOR ALL ZONE SERVICES BY END OF FINANCIAL PERIOD 2014/15

PROGRAMME PERFORMANCE FOCUS AREA: Drive for financial self-sufficiency (5C)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
5.1.2 Annual Improvement in Gross Income from all Zone Services receipted per annum	-	R0,718m	R1433.712m	199% positive performance due to increased uptake of zone services

SHORT TITLE: STRATEGIC OBJECTIVE 5.3 | MINIMISE THE SAFETY, HEALTH AND ENVIRONMENTAL IMPACTS OF THE ELIDZ PROJECT

DEFINITION: 5.3 MANAGE IDZ SAFETY, HEALTH AND ENVIRONMENTAL PRACTICES AND CONTROLS TO MINIMIZE ADVERSE INCIDENTS AND NON-COMPLIANCE CITATIONS ISSUED PER ANNUM

PROGRAMME PERFORMANCE FOCUS AREA: Ensure institutional legitimacy (5B)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
5.3.1 Annual Disabling Injury Frequency Rate (DIFR)	0.1	0.3	0.1	130% positive performance due to tight controls and implementation of monitoring plans on all projects ,we have been able to achieve a DIFR for the FYE 2012 / 2013 of slightly below the 0,3 target threshold level

PROGRAMME PERFORMANCE & TREND REPORT

OFFICE OF THE CHIEF EXECUTIVE OFFICER

PROGRAMME 3: OFFICE OF THE CHIEF EXECUTIVE OFFICER

PROGRAMME PURPOSE:

The Office of the Chief Executive provides strategic direction and leadership to the Executive management of the organisation and serves as a principal interface between the Board and the ELIDZ business units for enterprise governance and the deliberation and resolution of strategic matters. A company secretarial function is co-ordinated from within the office to support this activity and CEO Office component also directs the programme of the ELIDZ activity in Corporate Social Investment (CSI).. In addition, the office of the CEO plays a vital role in directing and shaping the organisation's relationships with key strategic principals and business partners, in support of the realisation of the ELIDZ's vision and mission.

As a functional component, the Office of the CEO component guides several enterprise-wide strategic management disciplines under the direction of an Executive Manager in the Office of the CEO. These are

- Company Secretarial support;
- Corporate Strategy and Planning;
- Enterprise Risk Management;
- Project Portfolio Management
- Enterprise Quality Management; and
- Executive coordination and support of ELIDZ Special Projects (which are provincially enabled development programme initiatives housed with the ELIDZ as start-up ventures, but operating as distinctly resourced initiatives).

Currently active special projects supported by the ELIDZ include:

- Eastern Cape Innovation Initiative; and
- Science and Technology Park Project.

PROGRAMME PERFORMANCE

PERFORMANCE INDICATORS – DEPARTMENT OF ECONOMIC DEVELOPMENT (DEDEAT)

NONE

PERFORMANCE INDICATORS – INTERNAL OR OTHER STAKEHOLDERS

SHORT TITLE: STRATEGIC OBJECTIVE 6.4 | OPTIMISE THE ELIDZ'S CORPORATE SOCIAL INVESTMENT IMPACT

DEFINITION: 6.4 OPTIMISE THE EAST LONDON IDZ'S CORPORATE SOCIAL INVESTMENT (CSI) IMPACT PER ANNUM

PROGRAMME PERFORMANCE FOCUS AREA: Drive transformation and empowerment initiatives (6B)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
6.4.1 Cumulative Number of Corporate Social Investment (CSI) projects administered in ELIDZ CSI Programme	7	8	8	No Variance
6.4.2 Number of active bursaries in ELIDZ Bursary Award Programme	5	6	5	Negative 17% variance due to budget cuts

SUB-PROGRAMME: SPECIAL PROJECTS

STRATEGIC OBJECTIVE

Two Special Projects – the development of a pilot Science and Technology Park (STP) within the environs of the East London IDZ and the operationalisation of an Eastern Cape Innovation Initiative -- are co-ordinated and administered via the Office of the Chief Executive.

As initiatives with distinct industrial networking and programme advocacy mandates, these projects are recognised for their broad and long-term merits in mobilising and promoting the industrial potential and competitiveness of the city and region, in conjunction with the IDZ Operator and other stakeholders. In doing so, the projects resonate with the ELIDZ's strategic objective of the stimulation of innovation, productivity and industrial competitiveness, which is a focus area of activity supportive of the corporate strategic intents to Generate positive economic value and returns from the IDZ's industrial activities.

The special projects are both in their formative stages and it is expected that successful maturity of the projects should in due course lead to the delivery of performance measurable deliverables for inclusion with, or augmentation of, the ELIDZ's value proposition and market offering to prospective investors. At present, such deliverables and the scope of their performance indicator data remain subject to design and development with a variety of project stakeholders.

The respective performance intentions and resource deployment of the two special projects are further detailed below:

PROJECT: SCIENCE AND TECHNOLOGY PARK

PROJECT PURPOSE:

Contribute toward the growing of the regional economy through the:

- Establishment of an internationally recognized science and technology park to provide both the physical infrastructure and services to support high growth and technology-based businesses, and
- Facilitation of purposeful interactions of the region's universities, businesses, and government development and funding agencies to strengthen industrial innovation and competitiveness.

PROGRAMME PERFORMANCE

PERFORMANCE INDICATORS – DEPARTMENT OF ECONOMIC DEVELOPMENT (DEDEAT)

SHORT TITLE: STRATEGIC OBJECTIVE 6.3 | DEVELOP AND OPERATE A SCIENCE AND TECHNOLOGY PARK

DEFINITION: 6.3 DEVELOP AND OPERATE A SCIENCE AND TECHNOLOGY PARK WITH INCREASING SERVICES ANNUALLY.

PROGRAMME PERFORMANCE FOCUS AREA: Stimulate innovation, productivity and industrial competitiveness (6C)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
6.3.1 Cumulative total Number of value added services operational in the Science and Technology (STP) pilot park	-	2	2	100% Performance (Two Incubators Chemin and ECITI have been established at the STP and are operational)

PERFORMANCE INDICATORS – INTERNAL OR OTHER STAKEHOLDERS

SHORT TITLE: STRATEGIC OBJECTIVE 6.3 | DEVELOP AND OPERATE A SCIENCE AND TECHNOLOGY PARK

DEFINITION: 6.3 DEVELOP AND OPERATE A SCIENCE AND TECHNOLOGY PARK WITH INCREASING SERVICES ANNUALLY.

PROGRAMME PERFORMANCE FOCUS AREA: Stimulate innovation, productivity and industrial competitiveness (6C)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
6.3.2 Establishment and operation of a Microbiology Laboratory in the Science and Technology Park (STP)	0	Funding Negotiated	Construction and Retrofitting Laboratory	The establishment is advanced to stage beyond funding negotiation to establishment where CSIR and ELIDZ have signed MOU and funding allocated

PROJECT: EASTERN CAPE INNOVATION INITIATIVE

PROJECT PURPOSE:

Set up and operationalize the Eastern Cape Innovation Initiative, to:

- Develop an Eastern Cape innovation strategy and framework;
- Set up the ECIH operationally and build strategic capacity to drive innovation across the Eastern Cape; and
- Coordination of the EC Innovation initiatives.

PROJECT: EASTERN CAPE INNOVATION INITIATIVE

RECONCILING PERFORMANCE TARGETS WITH THE BUDGETS AND MTEF

EXPENDITURE ESTIMATES	
SUB-PROGRAMME: SPECIAL PROJECTS	
PROJECT: Eastern Cape Innovation Initiative	**Comment**
Project Expenses	The Eastern Cape Innovation Initiative is a provincial initiative managed by the East London IDZ as a Special Project administered through the Office of the CEO and is resourced with a provincially sourced dedicated budget allocation. Consequently, the project funding does not constitute part of the ELIDZ Core budget.

The Pilot Project Service Level Agreement Came to an end at the End of March 2013 and the project has been handed over to the Department Of Economic Development, Environment and Tourism (DEDEAT)

PROGRAMME PERFORMANCE & TREND REPORT

CORPORATE AFFAIRS

PROGRAMME 4: CORPORATE AFFAIRS

COMPOSITE PROGRAMME PURPOSE:

The activities that are combined within this composite programme relate to the management and direction of the corporate affairs of the East London Industrial Development Zone organisation in support of the core business of the organisation.

Functions co-ordinated under this programme include:

- Legal and Contracts Management;
- Corporate Marketing and Research;
- Corporate Communications;
- Records Management;
- Human Resources Management; and
- Information Communication and Technology Management.

PROGRAMME PERFORMANCE

PERFORMANCE INDICATORS – DEPARTMENT OF ECONOMIC DEVELOPMENT (DEDEAT)

SHORT TITLE: STRATEGIC OBJECTIVE 6.4 | OPTIMISE THE ELIDZ'S CORPORATE SOCIAL INVESTMENT IMPACT

DEFINITION: 6.4 OPTIMISE THE EAST LONDON IDZ'S CORPORATE SOCIAL INVESTMENT (CSI) IMPACT PER ANNUM

PROGRAMME PERFORMANCE FOCUS AREA: Drive transformation and empowerment initiatives (6B)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
6.4.3 Number of Intern / Learnership contract opportunities offered per annum within the operations of IDZ-appointed Service Provider organisations (including construction contractors)	4	7	27	385% positive performance. Each contractor employed in the IDZ is required to take on interns as part of the contract.
6.4.3 Number of Intern / Learnership contract opportunities offered per annum within the operations of the ELIDZ organisation.	12	13	12	97% performance due Interns exiting the programme having found employment.

PERFORMANCE INDICATORS – INTERNAL OR OTHER STAKEHOLDERS

SHORT TITLE: STRATEGIC OBJECTIVE. 4.1 | DEVELOP BUSINESS UNIT COMPETENCY LEVELS

DEFINITION: 4.1 DEVELOP ORGANISATIONAL HUMAN RESOURCE COMPLEMENT TO ADDRESS ASSESSED COMPETENCY GAPS AND SATISFY OPERATIONAL REQUIREMENTS BY END OF FY 2014/15

PROGRAMME PERFORMANCE FOCUS AREA: Implement employee development programmes (4C)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
4.1.1 Percentage of employment-related expenditure within the past Quarter spent on targeted training initiatives to develop identified organisational core competency areas.	3.00%	5.30%	3.41%	43.4% performance against set target. Variance due to budget cuts (Target measured against each quarter achievement)

SHORT TITLE: STRATEGIC OBJECTIVE 4.2 | BUILD EMPLOYEE SATISFACTION AND WELLNESS

DEFINITION: 4.2 ATTAIN SET ANNUAL EMPLOYEE SATISFACTION AND WELLNESS TARGETS

PROGRAMME PERFORMANCE FOCUS AREA: Maintain a stable, contented employee community (4D)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
4.2.1 Rate of staff turnover per annum	3.00%	8.00%	1.3%	Over 300% performance

PROGRAMME PERFORMANCE & TREND REPORT

FINANCIAL MANAGEMENT

PROGRAMME 5: FINANCIAL MANAGEMENT

PROGRAMME PURPOSE:

- To enhance the ELIDZ financial administration and reporting capability ;
- To develop and expand ELIDZ's sources of funding and incrementally improve annual revenue generation in line with business planning forecast;
- To ensure compliance of the ELIDZ with corporate governance best practices, the Public Finance Management Act, Companies Act and accounting standards; and
- To adapt and transform ELIDZ business practices to improve organisation's contribution to BEE and SMMEs empowerment.

Functions co-ordinated under this programme include:

- Investments and Acquisitions Management;
- Financial Management, Reporting and Administration;
- Management and Cost Accounting; and
- Supply Chain Management.

PROGRAMME PERFORMANCE

PERFORMANCE INDICATORS – DEPARTMENT OF ECONOMIC DEVELOPMENT (DEDEAT)

NONE

PERFORMANCE INDICATORS – INTERNAL OR OTHER STAKEHOLDERS

SHORT TITLE: STRATEGIC OBJECTIVE 5.1 | MANAGE INCOME RECEIPTS FROM OWN OPERATIONS

DEFINITION: 5.1 GROW ANNUAL INCOME FROM OWN OPERATIONS TO R 63.8M FOR ALL ZONE SERVICES BY END OF FINANCIAL PERIOD 2014/15

PROGRAMME PERFORMANCE FOCUS AREA: Drive for financial self-sufficiency (5C)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
5.1.3 Average collection period in days for collection and receipting of monthly debtors income.	29 Days	30 Days	29 Days	No Variance Baseline has been maintained

SHORT TITLE: STRATEGIC OBJECTIVE 6.1 | MAXIMISE ELIDZ TARGETED PROCUREMENT IMPACT

DEFINITION: 6.1 MAXIMISE ELIDZ TARGETED PROCUREMENT IMPACTS TO BE SUPPORTIVE OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT AND THE DEVELOPMENT OF SMMES AND WOMEN-OWNED ENTERPRISES

PROGRAMME PERFORMANCE FOCUS AREA: Drive transformation and empowerment initiatives (6B)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
6.1.1 Assessed ELIDZ BBBEE Status (contribution level)	Level 3 status	Level 2 status	Level 3 status	Based on the baseline as the new assessment took longer than expected

SHORT TITLE: STRATEGIC OBJECTIVE 6.2 | GENERATE ECONOMIC VALUE AND RETURNS FROM APPROVED INVESTMENTS

DEFINITION: 6.2 GENERATE POSITIVE ECONOMIC VALUE AND RETURNS PER ANNUM FROM THE APPROVED INVESTMENTS INTO THE IDZ

PROGRAMME PERFORMANCE FOCUS AREA: Stimulate innovation, productivity and industrial competitiveness (6C)

Key Performance Indicator	Performance Trends			Reason for Variance
	Baseline (2011/12)	Target (2012/13)	Actual (2012/13)	
6.2.4 Percentage of annual Operating Budget utilised at year-end (inclusive of transacted expenditures and year-end financial commitments).	100%	100%	100%	No variance


HUMAN
RESOURCE
MANAGEMENT

HUMAN RESOURCE MANAGEMENT

EXPENDITURE

EXPENDITURE: PERSONNEL COSTS BY PROGRAMME: 2012/13			
Programme	**Expenditure (R'000) Total**	**Number of posts filled**	**Personnel cost per employee (R'000) Average**
Office of the CEO	13 011 331	16	813 208
Corporate Affairs (Admin, Legal, Research , Records, Communications, ICT & HR)	11 112 728	23	483 162
Finance	7 848 366	14	560 598
Zone Development	11 935 977	15	795 732
Zone Operations	9 181 138	15	612 076
TOTAL	**53 089 540**	**83**	**639 633**

EXPENDITURE: PERSONNEL COSTS BY SALARY BANDS: 2012/13		
Programme	Expenditure (R'000) Total	Personnel cost per employee (R'000) Average
Senior management	13 308 205	1 663 526
Professionally qualified and experienced specialists and mid-management	19 335 249	743 663
Skilled technical & academically qualified workers, junior management, supervisors, foremen, and superintendents	13 846 247	446 653
Semi-skilled and discretionary decision making	6 281 888	448 706
Unskilled and defined decision making	317 950	79 488
TOTAL	**53 089 540**	**639 633**

Salaries, overtime, home-owners allowance and medical assistance by programme

- The ELIDZ does not pay a homeowners allowance
- R 1 716.36 in overtime was paid during the Financial Year ended 31 March 2013

Salaries, overtime, home-owners allowance and medical assistance by salary bands
• The ELIDZ does not pay a homeowners allowance
• R 1 716.36 in overtime was paid during the Financial Year ended 31 March 2013

Number of employees whose salary positions were upgraded due to their posts being upgraded
• Two (2) positions within the approved ELIDZ organisational structure were upgraded during the year under review

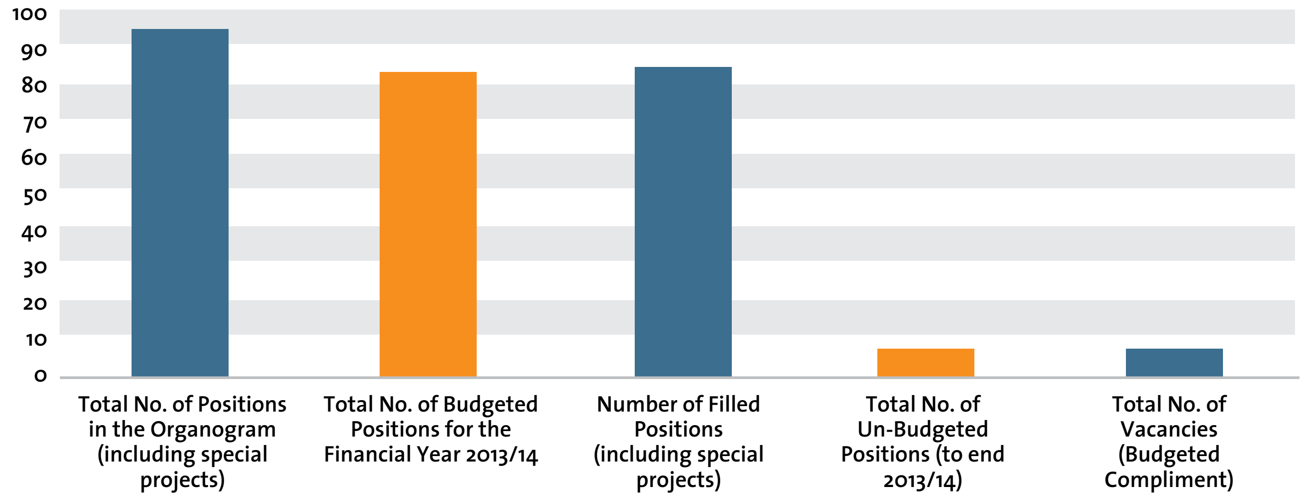
Employees whose salary level exceed the grade determined by job evaluation
• All employee salary levels are within the prescribed grades as determined by the company job evaluation system
• There were no employees whose salaries exceeded the grade determined by the job evaluation system during the period under review

EMPLOYMENT AND VACANCIES

ELIDZ ORGANISATIONAL ESTABLISHMENT (AS AT 31 MARCH 2013)

CRITICAL OCCUPATIONS	Total No. of Positions in the Organogram (Including Special Projects)	Total No. of Budgeted Positions for the Financial Year 2012/2013	Number of Filled Positions (Including Special Projects)	Total No. of Un-Budgeted / Frozen Positions (to end 2013/14)	Total No. of Vacancies (Budgeted Compliment)	Vacancy Rate for the Period Under Review %
Senior management	8	8	8	-	-	0%
Professionally qualified and experienced specialists and mid-management	30	26	26	2	2	7%
Skilled technical & academically qualified workers, junior management, supervisors, foremen, and superintendents	33	31	31	2	-	-
Semi-skilled and discretionary decision making	20	14	14	2	4	14%
Unskilled and defined decision making	3	3	3	-	-	-
TOTAL PERMANENT	94	82	82	6	6	7%
Temporary employees	-	-	1	-	-	-
GRAND TOTAL	**94**	**82**	**83**	**6**	**6**	**7%**

GRAPHICAL REPRESENTATION OF EMPLOYMENT AND VACANCIES



JOB EVALUATION

JOB EVALUATION: 01 APRIL 2012 TO 31 MARCH 2013							
Salary band		Number of jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				No.	% of posts evaluated	No.	% of posts evaluated
Senior management	8	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	26	2	7.6%	1	3.8%	-	-
Skilled technical & academically qualified workers, junior management, supervisors, foremen, and superintendents	31	1	3.2%	1	3.2%	-	-
Semi-skilled and discretionary decision making	14	-	-	-	-	-	-
Unskilled and defined decision making	3	-	-	-	-	-	-
Total Permanent	**82**	**3**	**3.6%**	**2**	**2.4%**	**-**	**-**
Temporary employees	1	-	-	-	-	-	-
GRAND TOTAL	**83**	**3**	**3.6%**	**2**	**2.4%**	**-**	**-**

EMPLOYMENT CHANGES

EMPLOYMENT CHANGES: ANNUAL TURNOVER RATES BY SALARY BAND & CRITICAL OCCUPATION FOR THE PERIOD 01 APRIL 2012 TO 31 MARCH 2013			
Salary band	**Number of employees per band as on 31 March 2013**	**Appointments and transfers into the company**	**Terminations and transfers out of the company**
Senior management	8	2	-
Professionally qualified and experienced specialists and mid-management	26	4	1
Skilled technical & academically qualified workers, junior management, supervisors, foremen, and superintendents	31	11	-
Semi-skilled and discretionary decision making	14	1	-
Unskilled and defined decision making	3	-	-
TOTAL PERMANENT	**82**	**18**	**-**
Temporary employees	1	-	-
GRAND TOTAL	**83**	**18**	**1**

EMPLOYMENT CHANGES: REASONS WHY STAFF ARE LEAVING		
Termination Type	**Number**	**% of total**
Death	-	-
Resignation	1	1.3%
Expiry of contract	-	-
Dismissal – operational changes	-	-
Dismissal – misconduct	-	-
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-
Retirement	-	-
Transfers to other public service departments	-	-
Other	-	-
Total	**1**	**1.3%**
Total number of employees who left as a % of the total employment	1	1.3%

Promotions by Critical Occupation
• The ELIDZ has adopted a practice of advertising all vacant positions and if there are employees internally that qualify, they are appointed to those senior positions
Promotions by Salary Band
• The ELIDZ has adopted a practice of advertising all vacant positions and if there are employees internally that qualify, they are appointed to those senior positions

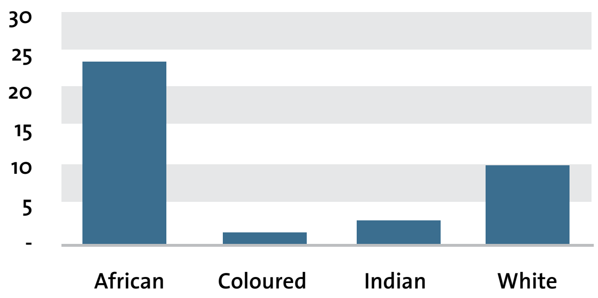
EMPLOYMENT EQUITY

EMPLOYMENT EQUITY ANALYSIS (as at 31 March 2013)											
	MALE					FEMALE					
OCCUPATIONAL BANDS	African	Coloured	Indian	White	**Sub Total**	African	Coloured	Indian	White	**Sub Total**	**Grand Total**
Senior management	4	-	-	2	**6**	2	-	-	-	**2**	**8**
Professionally qualified and experienced specialists and mid-management	12	-	1	3	**16**	7	1	1	1	**10**	**26**
Skilled technical & academically qualified workers, junior management, supervisors, foremen, and superintendents	5	1	1	5	**12**	16	1	1	1	**19**	**31**
Semi-skilled and discretionary decision making	2	-	-	-	**2**	10	2	-	-	**12**	**14**
Unskilled and defined decision making	1	-	-	-	**1**	2	-	-	-	**2**	**3**
TOTAL PERMANENT	**24**	**1**	**2**	**10**	**37**	**37**	**4**	**2**	**2**	**45**	**82**
Temporary employees	-	-	-	-	**-**	1	-	-	-	**1**	**1**
GRAND TOTAL	**24**	**1**	**2**	**10**	**37**	**38**	**4**	**2**	**2**	**46**	**83**

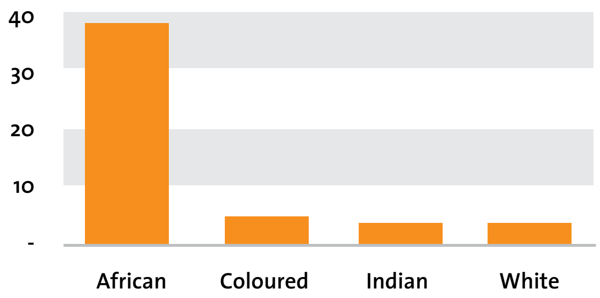
NOTE: We have one (1) white disabled male under the Middle Management & Specialists category

GRAPHIC REPRESENTATION OF EMPLOYMENT EQUITY

MALE



FEMALE



PERFORMANCE REWARDS

PERFORMANCE REWARDS: JULY 2012
• During the year under review, the organization paid a total of R 4 719 529 to employees for performance bonuses

FOREIGN WORKERS

FOREIGN WORKERS
• No foreign workers were appointed during the year under review

LEAVE UTILISATION

LEAVE UTILISATION: 01 APRIL 2012 TO 31 MARCH 2013 SICK LEAVE					
Salary Band	**Total days**	**Number of Employees using sick leave**	**% of total employees using sick leave**	**Average days per employee**	**Estimated Cost (R'000)**
Senior management	6	1	12.5%	6.00	64 804
Professionally qualified and experienced specialists and mid-management	9	7	26.9%	1.29	238 860
Skilled technical & academically qualified workers, junior management, supervisors, foremen & superintendents	105	12	38.7%	8.75	142 836
Semi-skilled and discretionary decision making	4	1	7.1%	4.00	19 910
Unskilled and defined decision making	2	1	33.3%	2.00	49 285
GRAND TOTAL	**126**	**22**	**26.5%**	**22.04**	**515 695**

DISABILITY LEAVE (TEMPORARY AND PERMANENT)
APRIL 2012 TO MARCH 2013

- No employee was involved in a disabling accident and as such, no Disability Leave was applied for or granted

CAPPED LEAVE
APRIL 2012 TO MARCH 2013

- Capped leave does not apply to the ELIDZ

LEAVE UTILISATION: 01 APRIL 2012 TO 31 MARCH 2013 ANNUAL LEAVE		
Salary Band	**Total days**	**Average days per employee**
Senior management	160	18
Professionally qualified and experienced specialists and mid-management	477	24
Skilled technical & academically qualified workers, junior management, supervisors, foremen & superintendents	391	17
Semi-skilled and discretionary decision making	232	19
Unskilled and defined decision making	68	23
GRAND TOTAL	**1 328**	**20**

LEAVE PAY-OUTS FOR THE PERIOD: APRIL 2012 TO MARCH 2013			
REASON	**Total Amount (R'000)**	**Number of Employees**	**Average payment per employee (R'000)**
Leave pay-out for 2012/2013 due to non-utilisation of leave for the previous cycle	-	-	-
Capped leave pay-outs on termination of service for 2012/2013	-	-	-
Current leave pay-outs on termination of service for 2012/2013	-	-	-
Total	**-**	**-**	**-**

HIV AND AIDS & HEALTH PROMOTION PROGRAMMES

HIV AND AIDS & HEALTH PROMOTION PROGRAMMES
• HIV AND AIDS: Steps taken to reduce the risk of occupational exposure
• Units / categories of employees identified to be at high risk of contracting HIV & related diseases (if any) - Key steps taken to reduce the risk

HIV AND AIDS: DETAILS OF HEALTH PROMOTION AND HIV AND AIDS PROGRAMMES (TICK THE APPLICABLE BOXES AND PROVIDE REQUIRED INFORMATION)				
Question		**Yes**	**No**	**Details, if yes**
1.	Has the entity designated a member of the management to implement the policy?	Yes	-	The HR Manager is responsible for the Management
2.	Does the entity have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes	-	1 Staff Member Budget: R200 000
3.	Has the entity introduced an employee assistance or health promotion programme for your employees? If so, indicate the key elements / services of this programme.	Yes	-	Vitality Program, Breast Cancer Awareness Programs, TB awareness
4.	Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes	-	We are not Public Service Department although we have a unit dealing with issues of wellness no committee has been established as such
5.	Has the entity reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees based on their HIV status? If so, list the employment policies/practices so reviewed.	Yes	-	All our policies have been reviewed and approved as such and are not discriminatory in nature
6.	Has the entity introduced measures to protect HIV-positive employees or those perceived to be HIV positive from discrimination? If so, list the key elements of these measures.	Yes	-	Awareness Programs, The HIV and Aids Policy is part of our Integrated Employee Health Policy. On recruitment applicants are not subjected to health inspection
7.	Does the entity encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have you achieved.	Yes	-	Out of 40 employees, about 34 went through the voluntary testing and none of them has been found to be HIV positive. The tests were done by professional nurses through Discovery Medical Aid
8.	Has the entity developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/ indicators.	Yes	-	Health Audit, has been introduced we have done it once and moving forward we will be doing the health audits twice a year

LABOUR RELATIONS

PRECAUTIONARY SUSPENSIONS:
No employees were suspended during the year under review
One labour dispute which is still with the labour court

STRIKE ACTIONS:
No industrial action took place within the EL IDZ during the year under review

SKILLS DEVELOPMENT

HUMAN RESOURCE DEVELOPMENT

Short Courses, Workshops, Conferences & Seminars

HUMAN RESOURCE DEVELOPMENT AS AT 31 DECEMBER 2012										
Category: Short Courses, Workshops, Conferences & Seminars										
		MALE				FEMALE				
Occupational Band	Training attended	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Executive Management										
	44th SAPOA International Convention & Property Exhibition	1	-	-	1	-	-	-	-	**2**
	Certificate in Bio entrepreneurship	1	-	-	-	-	-	-	-	**1**
	South African Facilities Management	-	-	-	1	-	-	-	-	**1**
	5th Annual South African Innovation Summit	1	-	-	-	-	-	-	-	**1**
	Procurement Training	-	-	-	1	1	-	-	-	**2**
	CESA 2012	-	-	-	1	-	-	-	-	**1**

HUMAN RESOURCE DEVELOPMENT AS AT 31 DECEMBER 2012										
Category: Short Courses, Workshops, Conferences & Seminars										
		MALE				FEMALE				
Occupational Band	**Training attended**	African	Coloured	Indian	White	African	Coloured	Indian	White	**Total**
Managers										
	44th SAPOA International Convention & Property Exhibition	1	-	-	-	-	-	-	-	**1**
	2012 Agbiz Congress	1	-	-	-	-	-	-	-	**1**
	ICT Indaba 2012	1	-	-	-	-	-	-	-	**1**
	2012 Women in Leadership (Module 1)	-	-	-	-	2	-	-	-	**2**
	Certificate in Bio-entrepreneurship	1	-	-	-	-	-	-	-	**1**
	Implementation of the Companies Act	-	-	-	-	-	-	1	-	**1**
	Secrets of being effective Company Secretary	-	-	1	-	-	-	-	-	**1**
	Incentives Capacity Building Programme	3	-	-	-	-	-	-	-	**3**
	2012 Women in Leadership (Module 2)	-	-	-	-	2	-	-	-	**2**
	5th Annual South African Innovation Summit	-	-	-	-	1	-	-	-	**1**
	Procurement Training	3	-	-	-	3	1	1	-	**8**
	Shale – Gas The Changing Landscape of Energy Security & Environment Stewardship	1	-	-	-	-	-	-	-	**1**
	Customer Profitability Measurement & Market Segmentation	-	-	-	-	1	-	-	-	**1**
	CESA 2012	1	-	-	-	-	-	-	-	**1**
	ICT Summit	1	-	-	-	-	-	-	-	**1**
	Paterson Job Evaluation	1	-	-	-	-	-	-	-	**1**
	Finance & Accounting for Non- Financial Professionals	-	-	-	-	1	-	-	-	**1**
	Investment Projects Methodology, Evaluation & Elaboration of Investment Projects	1	-	-	-	-	-	-	-	**1**
	Commercial Real Estate Insights	1	-	-	-	-	-	-	-	**1**
	Recent Strategies & Challenges in Asset Management	1	-	-	-	-	-	-	-	**1**

HUMAN RESOURCE DEVELOPMENT AS AT 31 DECEMBER 2012										
Category: Short Courses, Workshops, Conferences & Seminars										
Occupational Band	**Training attended**	**MALE**				**FEMALE**				
		African	Coloured	Indian	White	African	Coloured	Indian	White	**Total**
Specialists										
	Advanced Financial Modelling using Excel & VBA	1	-	-	-	1	-	-	-	**1**
Professionals										
	Strategic Payroll Practice & Salary Administration Forum 2012	-	-	-	-	-	1	-	-	**1**
	Certified Process Professional & Master	-	-	-	-	1	-	-	-	**1**
	Advanced Project Management & MS Projects Skills	1	-	-	-	-	-	-	-	**1**
	Effective HR Records	-	-	-	-	-	1	-	-	**1**
	Incentives Capacity Building Programme	1	-	-	-	-	-	-	-	**1**
	Gartner Symposium IT Expo 2012	-	-	1	1	-	-	-	-	**2**
	37th International Small Business Congress									
	Report Writing	1		-	-		-	-	-	**1**
	Procurement Training	2	1	-	3	5		-	-	**11**
	Effective Speaking & Presentation Skills	-	-	-	-	2	-	-	-	**2**
	Assertive Communication Skills for Women	-	-	-	-	1	-	-	-	**1**
	Emotionally Intelligent Women	-	-	-	-	1	-	-	-	**1**
	Paterson Job Evaluation	-	-	-	-	1	-	-	-	**1**
	Advanced Records And File Archiving	-	-	-	-	1	-	-	-	**1**
	Microsoft SharePoint 2010 End User Level 1 & 2	-	-	-	-	1	-	-	-	**1**
	Investment Projects Methodology, Evaluation & Elaboration of Investment Projects	1	-	-	-	-	-	-	-	**1**
	Conducting Effective Minutes & Minute Taking Made Simple	-	-	-	-	1	-	-	-	**1**
	Design Indaba Conference 2013	1	-	-	-	-	-	-	-	**1**
	Eastern Cape 2013 International Investment Promotion Programme (EC_IIPP 2013)	1	-	-	-	-	-	-	-	**1**
	CaseWare CQS	1	-	-	-	-	-	-	-	**1**
	Tax Year End	-	-	-	-	1	-	-	-	**1**

HUMAN RESOURCE DEVELOPMENT AS AT 31 DECEMBER 2012										
Category: Short Courses, Workshops, Conferences & Seminars										
		MALE				FEMALE				
Occupational Band	**Training attended**	African	Coloured	Indian	White	African	Coloured	Indian	White	**Total**
Clerical & Support										
	Project Management	-	-	-	-	5	-	-	-	**5**
	Professional Personal Assistant	-	-	-	-	2	-	-	-	**2**
	Quality & Customer Service	-	-	-	-	1	-	-	-	**1**
	Customer Care	-	-	-	-	1	-	-	-	**1**
	Advanced Meeting & Minute Taking	-	-	-	-	1	-	-	-	**1**
	Project Management	-	-	-	-	-	-	1	-	**1**
	Service Level for Management for Practitioners	-	-	-	-	-	-	1	-	**1**
	Report Writing	-	-	-	-	1	-	-	-	**1**
	Office SA 2012	-	-	-	-	-	1	-	-	**1**
	Effective Accounts Payable Management	1	-	-	-	-	-	-	-	**1**
	Excellency in Events Management for Administrative Professionals	-	-	-	-	3	-	-	-	**3**
	Ms Excel, Minute Taking & Report Writing	-	-	-	-	1	-	-	-	**1**
	Insights to Companies Act 2008	-	-	-	-	-	-	1	-	**1**
	Prince 2 Foundation	-	-	-	-	1	-	-	-	**1**
	Modern Business Writing, Report Writing	-	-	-	-	2	-	-	-	**2**
	Prince 2 Practitioner	-	-	-	-	1	-	-	-	**1**
	Project Management	-	-	-	-	1	-	-	-	**1**
Interns										
	Project Management	1	-	-	-	-	-	-	-	**1**
	Best Practice in Supply Chain Tender / Procurement Preparation & Evaluation Techniques	1	-	-	-	-	-	-	-	**1**
	Property Management Education	-	-	-	-	1	-	-	-	**1**
	Media Relations & Crisis Communications	-	-	-	-	1	-	-	-	**1**
	Business & Report Writing Skills	-	-	-	-	1	-	-	-	**1**
	Internal Communication	-	-	-	-	1	-	-	-	**1**
	Procurement Training		-	-	-	1		-	-	**1**
	Excellency in Events Management for Administrative Professionals	-	-	-	-	1		-	-	**1**

FORMAL / TERTIARY EDUCATION & TRAINING

Category: Short Courses, Workshops, Conferences & Seminars										
		MALE				FEMALE				
Occupational Band	**Studies Enrolled**	African	Coloured	Indian	White	African	Coloured	Indian	White	**Total**
Managers										
	MPhil in Development Finance	1	-	-	-	-	-	-	-	**1**
	MBA	-	-	1	-	-	-	-	-	**1**
	Masters inMedia Studies	-	-	-	-	1	-	-	-	**1**
	MBL	-	-	-	-	1	-	-	-	**1**
	BSc in Environmental Management	-	-	-	-	1	-	-	-	**1**
Professionals										
	Masters in HR & Labour Relations	-	-	-	-	1	-	-	-	**1**
	BA Honours in Corporate Communications	1	-	-	-	-	-	-	-	**1**
	MBA	1	-	1	-	-	-	1	-	**3**
	Diploma in Records Management	-	-	-	-	1	-	-	-	**1**
Clerical & Support										
	National Diploma in Office Management & Technology	-	-	-	-	1	-	-	-	**1**
	National Diploma in Management	-	-	-	-	1	-	-	-	**1**
	National Diploma in Financial Accounting	-	-	-	-	-	1	-	-	**1**
	Bachelor of Accounting Science	1	-	-	-	-	-	-	-	**1**
TOTAL No.										**15**

INTERNSHIP (WORKPLACE EXPERIENCE)

CATEGORY: INTERNSHIP (WORKPLACE EXPERIENCE)									
	MALE				FEMALE				
Field of Exposure	African	Coloured	Indian	White	African	Coloured	Indian	White	**Total**
Finance	-	-	-	-	1	-	-	-	**1**
ICT	1	-	-	-	-	-	-	-	**1**
Supply Chain	1	-	-	-	-	-	-	-	**1**
Project Management	-	-	-	-	1	-	-	-	**1**
Property Portfolio Management	-	-	-	-	1	-	-	-	**1**
Corporate Communication	-	-	-	-	1	-	-	-	**1**
Marketing	-	-	-	-	1	-	-	-	**1**
Research	1	-	-	-	-	-	-	-	**1**
Safety, Health & Environment	-	-	-	-	1	-	-	-	**1**
Building	-	-	-	-	1	-	-	-	**1**
Agriculture	-	-	-	-	1	-	-	-	**1**
Civil Engineering	1	-	-	-	-	-	-	-	**1**
TOTAL									**12**

INJURY ON DUTY

INJURY ON DUTY:
• No injuries on duty were reported during the year under review

UTILISATION OF CONSULTANTS

SERVICE DELIVERY: CONSULTATION ARRANGEMENTS			
Type of arrangement	**Actual customers**	**Stakeholders**	**Actual achievements**
Developed Human Resource Policies	Management and all Staff	ELIDZ Board	100% on a needs basis
Human Resource Planning	Management and all Staff	ELIDZ Board	100% on a needs basis
Organisational Development	Management and all Staff	ELIDZ Board	100% on a needs basis
Labour Relations	Management and all Staff	Department of Labour and ELIDZ Board	100% on a needs basis
Human resource Development	Management and all Staff	ELIDZ Board	100% on a needs basis
Development of Human Resource Administrative Systems	Management and all Staff	ELIDZ Board	100% on a needs basis

SERVICE DELIVERY

SERVICE DELIVERY: ACCESS STRATEGY	
Policies placed on the network common drive	100%
Employees and management work-shopped on the policies	100%
Consultation and advice on a one-on-one basis	100%

SERVICE DELIVERY: SERVICE INFORMATION TOOL	
Types of information tool	**Actual achievements**
Network common drive	100%
Workshops	100%
One-on-ones	100%

SERVICE DELIVERY: COMPLAINTS MECHANISM	
Mechanism	**Actual achievements**
Grievance Procedure embodied in the Labour Relations Policy	100%

CONSOLIDATED **ANNUAL** FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The development of an industrial development zone in East London.
Non - Executive Directors	Z. M. Tini N.I. Anderson M. Saziwa J. Brown S.E. Mase P. Nazo S. Mteto S. Caga A. Kanana P. Mzazi-Geja
Registered office	Acacia House | Palm Square | Bonza Bay Road | BEACON BAY | 5241
Business address	Lower Chester Road | Sunnyridge | EAST LONDON | 5201
Postal address	P O Box 5458 | Greenfields | EAST LONDON | 5208
Bankers	Standard Bank
Auditors	Auditor General of South Africa
Secretary	Gulshan Singh
Company registration number	2003/012647/07
Type of entity	Schedule 3D Business Enterprise

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The reports and statements set out below comprise the financial statements presented to the shareholders:

The following supplementary information does not form part of the financial statements and is unaudited:

DIRECTORS' RESPONSIBILITIES & APPROVAL

The directors are required by the Companies Act of South Africa, No. 71 of 2008 and the Public Finance Management Act No. 1 of 1999, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss 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 group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied upon for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Going concern

The directors have reviewed the company's cash flow forecast for the year to 31 March 2014 and, in the light of this review and the funding commitment by the Department of Trade and Industry and Department of Economic Development, Environment Affairs and Tourism, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's financial statements.

The financial statements set out on pages 77 to 110, which have been prepared on the going concern basis, were approved by the board of directors on 30 May 2013 and were signed on its behalf by:

Director: Z.M. Tini

Director: N.I. Anderson

DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2013.

1. Incorporation

The company was incorporated on 3 June 2003 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The group is engaged in the development of East London's Industrial Development Zone, and investment management and operates principally in South Africa.

The operating results and state of affairs of the group are fully set out in the attached financial statements and do not in our opinion require any further comment.

3. Fair value adjustment

We draw attention to the fact that at 31 March 2013, the company had accumulated losses of R101 517 449 and that the group's total liabilities exceed its assets by R93 210 081. A fair value adjustment profit of R161 121 284 in the previous year has contributed to this situation. The group took a strategic decision to charge non market related rentals to launch the Automotive cluster, the fair value reduction of the Investment property resulted in a loss which increased the liabilities and this contributed to the net liability position. The situation is improving as the property portfolio of the company has made a fair value gain of R2 363 331 in the year under review.

The financial statements have been prepared on a going concern basis. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the group to continue as a going concern is dependant on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the group and the improvement in future rentals. The directors are therefore of the opinion that this is temporal and the group will continue as a going concern.

4. Post balance sheet events

The name and registration number of the East London Industrial Development Zone (Pty) Ltd has officially changed to East London Industrial Zone SOC Ltd 2003/0126. This is because the company is state owned within the meaning of section 1 of the Companies Act No. 71. of 2008.

5. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the group during the year under review.

6. Dividends

No dividends were declared or paid to shareholders during the year.

7. Directors

The directors of the group during the year and to the date of this report are as follows:

Name	Nationality	Changes	Effective date
Z.M. Tini	South African	-	
N.I. Anderson	South African	-	
M. Saziwa	South African		
J. Brown	South African	-	
S.E. Mase	South African	-	
P. Nazo	South African	-	
S. Mteto	South African	-	
S. Caga	South African	appointed	24 - Oct
A. Kanana	South African	appointed	24 - Oct
P. Mzazi-Geja	South African	appointed	24 - Oct
D.H. Batidzirai	South African	resigned	24 - Oct
M. Msoki	South African	resigned	30 - Jun

8. Secretary

The secretary of the group is Gulshan Singh.
Business and Postal Address: P O Box 5458, Greenfields, EAST LONDON, 5208

9. Holding company

The group's holding company is Eastern Cape Development Corporation.

10. Auditors

The Auditor General of South Africa is the auditor of the group in terms of section 4(1) of the Public Audit Act 2004 as amended.

STATEMENT OF FINANCIAL POSITION

		GROUP		COMPANY	
Figures in Rand	Note(s)	2013	2012	2013	2012
ASSETS					
Non-current assets					
Investment property	4	1 023 286 612	772 051 440	1 023 286 612	772 051 440
Investment in Subsidiary		-	-	100	100
Property, plant and equipment	5	433 983 719	420 857 601	433 983 719	420 857 601
Other financial assets	7	489 175	915 253	489 175	915 253
		1 457 759 506	**1 193 824 295**	**1 457 759 606**	**1 193 824 395**
Current assets					
Loan to Subsidiary		-	-	-	47 947 705
Other financial assets	7	581 197	578 300	581 197	578 300
Trade and other receivables	8	27 028 970	29 807 964	27 028 970	29 807 864
Cash and cash equivalents	9	149 221 313	420 949 042	148 998 745	370 932 617
		176 831 480	**451 335 306**	**176 608 912**	**449 266 487**
TOTAL ASSETS		**1 634 590 987**	**1 645 159 600**	**1 634 368 519**	**1 643 090 881**
EQUITY AND LIABILITIES					
Equity					
Share capital	10	1 000	1 000	1 000	1 000
Reserves (Other NDR)	11	8 306 368	8 306 368	8 306 368	8 306 368
Accumulated (loss)/profit		(101 517 449)	(86 148 596)	(101 676 498)	(88 209 412)
		(93 210 081)	**(77 841 228)**	**(93 369 130)**	**(79 902 044)**
Liabilities					
Non-current liabilities					
Long term lease	12	-	2 323 444	-	2 323 444
Loan to Subsidiary		-	-	-	-
Deferred income	13	1 448 201 621	1 258 757 616	1 448 201 621	1 258 757 616
		1 448 201 621	**1 261 081 060**	**1 448 201 621**	**1 261 081 060**
Current liabilities					
Trade and other payables	14	24 483 111	85 225 675	24 481 543	85 221 086
Bank Overdraft	9	-	161	-	161
Current Tax Payable	24	328 396	512 158	266 544	508 844
Short term portion	12	-	131 645	-	131 645
Deferred income	13	251 562 040	372 656 445	251 562 040	372 656 445
Provisions	15	3 225 900	3 393 683	3 225 900	3 393 683
		279 599 447	**461 919 767**	**279 536 027**	**461 911 864**
Total liabilities		**1 727 801 068**	**1 723 000 827**	**1 727 737 648**	**1 722 992 924**
TOTAL EQUITY AND LIABILITIES		**1 634 590 987**	**1 645 159 599**	**1 634 368 518**	**1 643 090 880**

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Revenue	16	25 110 314	19 664 090	25 110 314	19 664 090
Rental income	16	33 642 240	27 659 322	33 642 240	27 659 322
Cost of sales		(29 603 071)	(22 641 516)	(29 603 071)	(22 641 516)
Gross profit		**29 149 483**	**24 681 895**	**29 149 483**	**24 681 895**
Other income	17	118 056 302	146 168 381	120 108 597	144 116 086
Operating expenses	18	(166 184 929)	(126 896 522)	(166 160 992)	(126 866 585)
Operating (Loss)/Profit		**(18 979 144)**	**43 953 754**	**(16 902 912)**	**41 931 396**
Finance income	19	832 811	301 707	599 809	259 935
		(18 146 333)	**44 255 461**	**(16 303 103)**	**42 191 331**
Fair value adjustment	4	2 363 331	(161 121 284)	2 363 331	(161 121 284)
Loss before interest and taxation		**(15 783 002)**	**(116 865 823)**	**(13 939 772)**	**(118 929 953)**
Finance cost	21	(129 351)	(25 429)	(129 351)	(25 429)
Loss before taxation		**(15 912 353)**	**(116 891 252)**	**(14 069 123)**	**(118 955 382)**
Taxation	20	543 499	(424 836)	602 037	(421 522)
(Loss)/Profit for the period		**(15 368 854)**	**(117 316 088)**	**(13 467 086)**	**(119 376 904)**
Profit/(loss) for the period attributable to					
Non-controlling interests, and		(3 995 902)	(30 502 183)	(3 501 442)	(31 037 995)
Owners of the parent.		(11 372 952)	(86 813 905)	(9 965 644)	(88 338 909)
		(15 368 854)	**(117 316 088)**	**(13 467 086)**	**(119 376 904)**

STATEMENT OF CHANGES IN EQUITY

	GROUP			
Figures in Rand	Share capital	Reserves (Other NDR)	Accumulated loss	Total equity
Balance at 1 April 2011	**1 000**	**8 306 368**	**31 167 494**	**39 474 862**
Loss for the year as previously stated			(97 555 100)	(97 555 100)
Adjustment			(19 760 989)	(19 760 989)
Restated loss for the year			**(117 316 090)**	**(117 316 090)**
Balance as at 31 March 2012	**1 000**	**8 306 368**	**(86 148 596)**	**(77 841 228)**
Balance at 1 April 2012	**1 000**	**8 306 368**	**(86 148 596)**	**(77 841 228)**
Loss for the year	-	-	(15 368 854)	(15 368 854)
Balance at 31 March 2013	**1 000**	**8 306 368**	**(101 517 449)**	**(93 210 081)**
Note(s)	10	11		

	COMPANY			
Figures in Rand	Share capital	Reserves (Other NDR)	Accumulated loss	Total equity
Balance at 1 April 2011	**1 000**	**8 306 368**	**31 167 494**	**39 474 862**
Loss for the year as previously stated			(99 615 917)	(99 615 917)
Adjustment			(19 760 989)	(19 760 989)
Restated loss for the year			**(119 376 906)**	**(119 376 906)**
Balance as at 31 March 2012	**1 000**	**8 306 368**	**(88 209 412)**	**(79 902 044)**
Balance at 1 April 2012	**1 000**	**8 306 368**	**(88 209 412)**	**(79 902 044)**
Restated balance at 1 April 2012	**1 000**	**8 306 368**	**(88 209 412)**	**(79 902 044)**
Loss for the year	-	-	(13 467 086)	(13 467 086)
Balance at 31 March 2013	**1 000**	**8 306 368**	**(101 676 498)**	**(93 369 130)**
Note(s)	10	11		

STATEMENT OF CASH FLOWS

		GROUP		COMPANY	
Figures in Rand	Note(s)	2013	2012	2013	2012
Cash flows from operating activities					
Cash generated from operations	23	10 413 550	240 880 636	10 440 408	240 905 984
Finance income	19	832 811	301 707	599 809	259 935
Finance costs	21	(129 351)	(25 429)	(129 351)	(25 429)
Tax (paid)/received	24	359 737	(351 716)	359 737	(351 716)
Net cash from operating activities		**11 476 748**	**240 805 198**	**11 270 604**	**240 788 774**
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(33 606 477)	(79 247 943)	(33 606 477)	(79 247 943)
Investments in subsidiary		-	(100)	-	(100)
Completion of investment property	4	(249 661 841)	(128 571 534)	(249 661 841)	(128 571 534)
Proceeds from sale of property, plant and equipment	5	64 001	-	64 001	-
Payment/(Transfer) of funds from/(to) subsidiary		-	-	50 000 000	(50 000 000)
Proceeds from sale of investment property	4	-	4 467 084	-	4 467 084
Net cash from investing activities		**(283 204 317)**	**(203 352 492)**	**(233 204 317)**	**(253 352 492)**
Total cash movement for the year		**(271 727 568)**	**37 452 706**	**(221 933 712)**	**(12 563 718)**
Cash at the beginning of the year		420 948 879	383 496 173	370 932 456	383 496 173
Total cash at end of the year	9	**149 221 313**	**420 948 879**	**148 998 745**	**370 932 456**

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Statements of GAAP as prescribed by the Accounting Standards Board, and the Companies Act of South Africa No. 71 of 2008 and the Public Finance Management Act No. 1 of 1999. The financial statements have been prepared on the historical cost basis except for certain financial instruments recognised at fair value as stated below:

- Financial instruments at fair value through profit or loss are measured at fair value
- Investment property is measured at fair value.

The annual financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial year.

1.2 SIGNIFICANT JUDGEMENTS

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Estimates and underlying assumptions are reviewed on an on-going basis and revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Loans and receivables
The company assesses its trade receivables /held to maturity investments and/or loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the income statement, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables / held to maturity investments and/or loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Provisions, depreciation and impairments
Provisions, depreciation and impairments were raised and management determined these estimates based on the information available. (Additional disclosure of these estimates are included in the note).

Expected manner of realisation for deferred tax
Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability.

Taxation
Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the balance sheet date could be impacted.

1.3 INVESTMENT PROPERTY

Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise and the cost of the investment property can be measured reliably. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property.

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

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

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and the Companies Act of South Africa, 2008 and the Public Finance Management Act, 1999. The financial statements have been prepared on the historical cost basis except for certain financial instruments recognised at fair value as stated below:

Property that is being constructed or developed for future use as investment property is recognised at cost as investment property.

Fair value
Subsequent to initial measurement investment property is measured at fair value. Fair value is determined by independent valuers annually.

A gain or loss arising from a change in fair value is included in profit or loss for the period in which it arises.

Re-classification
When the use of investment property changes such that it is reclassified as property, plant and equipment (PPE), assets reclassified as held for sale and inventory, its fair value at the date of reclassification as property becomes its cost for subsequent accounting.

Transfers
Transfers to, or from, investment property shall be made when, and only when there is a change in use, evidenced by:
- commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- end of owner-occupation, for a transfer from owner-occupied property to investment property.

Disposal
An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in profit or loss.

1.4 PROPERTY, PLANT AND EQUIPMENT

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

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

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. All other costs are recognised in the income statement as an expense as incurred.

The 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.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset. The depreciation of an asset begins when it is available for use; the depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. Land and buildings are separable assets and are accounted for separately, even when they are acquired together. Land has an unlimited useful life and therefore is not depreciated. Buildings have a limited useful life and therefore are depreciable assets.

The carrying amount of an item of property, plant and equipment shall be derecognised: on disposal; or when no future economic benefits are expected from its use or disposal.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Item	Average useful life
Land	Indefinite
Infrastructure / Buildings	25 years
Furniture and fixtures	10 years
Motor vehicles	5 years
Office equipment	5 years
Plant and machinery	5 years
Other property, plant and equipment	3 years
IT equipment	3 years

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

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

When the use of property changes from owner-occupied to investment property, the property is re-measured to fair value and reclassified as investment property. Any gain arising on re-measurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in the revaluation reserve directly in equity. Any loss is recognised in the revaluation reserve directly in equity to the extent that an amount is included in equity relating to the specific property, with any remaining loss recognised immediately in profit or loss.

1.5 FINANCIAL INSTRUMENTS

Initial recognition and measurement

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the transaction.

Trade and other receivables/loans

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

Trade and other receivables are classified as loans and receivables.

Trade and other payables/loans

Trade payables are classified as financial liabilities initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are classified as financial liabilities initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method. Any differences between the proceeds (net of transaction cost) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Other financial liabilities are measured initially at fair value and subsequently at amortised cost, using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1.6 TAX

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

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 profit 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 profit 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 profit nor taxable profit/(tax loss).

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

Tax expenses
Current and deferred taxes are recognised as income or an expense and included in profit or loss 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, directly in equity.

1.7 IMPAIRMENT OF ASSETS

The group assesses at end of each financial year whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset. In assessing whether there is any indication that an asset may be impaired, the group shall consider as a minimum, the following indications; External Sources: Asset market value, technological changes, changes in economic and legal environment, fluctuations in investment rates of return and market interest. Internal Sources: Evidence of obsolence or physical damage, possibility of idleness of the asset, plans to discontinue the operations of the asset or plans to dispose. The group may engage an independent valuer to assess the assets for impairment. The main classes of assets for which impairment is assessed are: Plant and machinery; other property, plant and equipment; infrastructure and buildings; IT equipment; furniture and fittings; motor vehicles; and office equipment.

The recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset to the extent that there is a revaluation reserve is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase to the extent that it does not reverse a previous write-down recognised in profit and loss.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event accruing after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

1.8 EMPLOYEE BENEFITS

Defined contribution plans
The group's employees belong to a defined contribution post-employment benefit plan. Payments to the defined contribution post-employment benefit plans are charged as an expense as they fall due.

1.9 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:
- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount for the provision.

Provisions are not recognised for future operating losses.

A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contract.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the note.

1.10 GOVERNMENT GRANTS AND DEFERRED INCOME

Government grants for core operations
Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate. When the conditions attached to the government grants have been met and the grants have been received they are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs.

Grants that compensate the ELIDZ for expenses incurred are recognised in profit or loss on a systematic basis in the same period in which the expense is recognised.

Government grants related to Investment property shall be released from deferred income systematically over their useful life using the income method, whereas government grants related to PPE shall be released to profit and loss systematically over the useful life, using the straight line depreciation method.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by recognising the grant as deferred income.

Repayment of a grant related to income is applied first against any unamortised deferred credit recognised in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

Government assistance that is received as an incentive in the form of a rebate on bulk water supply tariff and bulk electricity tariff, from Buffalo City Metropolitan Municipality is disclosed as a related party transaction.

Government grants for special projects
Government grants received by the group which are not part of the normal trading of the group are regarded as "grants for special projects". The income and expense relating to these grants are netted off and reported as other grants in the trade and other payables. VAT relating to these grants is shown as contingent liability.

1.11 REVENUE

Rendering of services
Revenue comprises of services rendered to customers and is measured at the fair value of the consideration received or receivable i.e. the invoice amount exclusive of value added taxation.

When the outcome of the 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:

- 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.
- The stage of completion of the transaction at the reporting date can be measured reliably.
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Dividends and interest income
Dividend income from investment is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

1.12 RESEARCH AND DEVELOPMENT COSTS

All research costs are charged to expenses.

Development costs are capitalised only after technical and commercial feasibility of the asset for sale or use have been established. This means that the entity must intend and be able to complete the intangible asset and either use it or sell it and be able to demonstrate how the asset will generate future economic benefits.

If an entity cannot distinguish the research phase of an internal project to create an intangible asset from the development phase, the entity treats the expenditure for that project as if it were incurred in the research phase only.

1.13 OTHER INCOME

Other income is recognised when the significant risks and rewards of ownership are transferred to the buyer and the amount of income can be measured reliably and for services income is recognised when the right to receive income has been established.

1.14 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. The group evaluates leases on substance rather than form.

Recognition and Measurement Criteria

Operating leases - lessee
Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Operating leases - lessor
Operating lease rentals are recognised as income on a straight-line basis over the lease term.

Finance leases
Assets held under finance lease are recognised as assets of the group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

1.15 INVESTMENTS IN SUBSIDIARIES

Subsidiaries are entities that are controlled by the group. An entity is controlled by the group if the controlling entity:

- Has the power to govern the financial and operating policies of the other entity; and
- Obtains the benefits from the activities of the other entity.

1.16 CONSOLIDATED ANNUAL FINANCIAL STATEMENT

The consolidated annual financial statements incorporate the assets, liabilities, revenue, expenses and cash flows of the controlling entity and its subsidiaries.

The results of the subsidiaries acquired or disposed during the year are included from the date of acquisition or up to the date of disposal.

Inter-group transactions and balances are eliminated on consolidation.

2. NEW STANDARDS AND INTERPRETATIONS

Revised standards
The following standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 April 2012 or later periods. These standards have not been early adopted.

Amendment to IAS 1 Presentation of financial statements. The amendment changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income. The amendment requires entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled such as revaluation gains on property, plant and equipment will be presented separately from items that may be recycled in the future, such as deferred gains and losses on cash flow hedges. The amendment does not address which items should be presented in OCI and the option to present items of OCI either before tax or net of tax has been retained. The amendment is effective for year ends commencing on or after 1 July 2012. As the amendment only impacts presentation aspects, there is no impact on the company's reported profits.

Amendment to IAS 19 Employee Benefits. The amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The amendment is effective for year ends commencing on or after 1 January 2013. As the amendment only impacts presentation aspects, there is no impact on the company's reported profits.

Amendment to IFRS 7 Financial Instruments – Disclosures. The IASB has published an amendment to IFRS 7, 'Financial instruments: Disclosures', reflecting the joint requirements with the FASB to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The amendment is effective for year ends commencing on or after 1 January 2013. As the amendment only impacts presentation aspects, there is no impact on the company's reported profits.

IFRS 10 Consolidated Financial Statements. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries. The new standard is effective for year ends commencing on or after 1 January 2013. It is not expected that the accounting treatment of existing subsidiaries, associates and joint ventures will change due to this new standard.

IFRS 12 Disclosure of Interests in Other Entities. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The new standard is effective for year ends commencing on or after 1 January 2013. As the amendment only impacts presentation aspects, there is no impact on the group's reported profits.

IAS 27 (revised 2011) Separate Financial Statements. This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The revised standard is effective for year ends commencing on or after 1 January 2013.

IFRS 13 Fair value measurement. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The new standard is effective from 1 January 2013. The new standard is not expected to have a significant impact on the results of the company.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

- IFRS 9 Financial Instruments: The IASB has issued IFRS 9 Financial Instruments, which is the first step in its project to replace IAS 39 Financial Instruments:

Recognition and measurement in its entirety. The project has three main phases:

- Phase I: Classification and measurement of financial instruments;
- Phase II: amortised cost and impairment of financial assets; and
- Phase III: Hedge accounting.

IFRS 9, as currently issued, includes requirements for the classification and measurement of financial assets and liabilities derecognition requirements and additional disclosure requirements. The main requirements include the following:

- Financial assets are to be classified and measured based on the business model for managing the financial asset and the cash flow characteristics of the financial asset. There are two measurement approaches, namely fair value and amortised cost.
- The financial asset is carried at amortised cost if it is the business model of the entity to hold that asset for the purpose of collecting contractual cash flows and if those cash flows comprise principal repayments and interest. All other financial assets are carried at fair value.
- For financial liabilities designated as at fair value through profit or loss, a further requirement is that all changes in the fair value of financial liabilities attributable to credit risk be transferred to other comprehensive income with no recycling through profit or loss on disposal.
- A financial asset that would otherwise be at amortised cost may only be designated as at fair value through profit or loss if such a designation reduces an accounting mismatch.
- The classification and measurement of financial liabilities include requirements similar to those contained in the existing standard IAS 39 Financial Instruments: recognition and measurement.
- For financial liabilities designated as at fair value through profit or loss, a further requirement is that all changes in the fair value of financial liabilities attributable to credit risk be transferred to other comprehensive income with no recycling through profit or loss on disposal.

IAS 12 income taxes: The amendment provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair-value model in IAS 40 Investment property. The amendment is effective for the ELIDZ for the year commencing on or after 1 April 2012 and is expected to have a significant impact on the ELIDZ.

The following standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2012 or later periods but are not relevant for the company's operations:

Amendments to IFRS 1 First time adoption of International Financial Reporting Standards - Hyperinflation and fixed dates (effective 1 July 2011);

- IAS 28 (revised 2011) Associates and joint ventures (effective 1 January 2013);
- Amendments to IAS 32 Financial Instruments – Presentation (effective 1 January 2014
- IFRS 11 Joint Arrangements (effective 1 January 2013);
- IFRIC 20 Stripping costs in the production phase of a surface mine (effective 1 January 2013)

3. PRIOR PERIOD ERROR

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice on a basis consistent with the prior year. Where adjustments were done in the current annual financial statements, the management considered the impact on the opening balances of the earliest comparative figures and these were adjusted accordingly.

The aggregate effect of the prior period adjustment on the financial statements for the year ended 31 March 2012 is as follows:

Figures in Rand	GROUP 2012	COMPANY 2012

STATEMENT OF FINANCIAL POSITION

The entity understated the value of investment property which is used to calculate deferred income released to the statement of comprehensive income in the prior years. This error has been corrected retrospectively and comparative figures have been appropriately restated. The effect of the correction of the error is as above

Deferred Income - Short Term Portion

	GROUP 2012	COMPANY 2012
Previously stated	372 443 526	372 443 526
Adjustment	212 919	212 919
	372 656 445	**372 656 445**

Investment Property

The company duplicated investment property in the prior years by recording it under land and also under buildings.

The error has been corrected retrospectively and comparative figures have been restated. The effect of the correction of the error on the results for the 2012 is as follows:

	GROUP 2012	COMPANY 2012
Previously stated	792 651 440	792 651 440
Adjustment	(20 600 000)	(20 600 000)
	772 051 440	**772 051 440**

Contract Retention Provision

	GROUP 2012	COMPANY 2012
Previously stated	4 445 612	4 445 612
Adjustment	(1 051 930)	(1 051 930)
	3 393 682	**3 393 682**

We incorrectly included a provision that was exstinguished in prior year financial statements.

This error has been corrcted retropectively and comparative figures have been appropriately restated.The effect of the correction of the error is:

Figures in Rand	GROUP 2012	COMPANY 2012

STATEMENT OF COMPREHENSIVE INCOME

Project Expenses

Decrease in project expenses	1 051 930	1 051 930
Increase in profit	**1 051 930**	**1 051 930**

IAS 39 Calculations

We incorrectly calculated the time value in the previous year by using 30 days instead of using the average payment days

This error has been corrected retrospectively and comparative figures have been appropriately restated. The effect of the correction of the error is:

increase in IAS 39 finance costs	1 783 932	1 783 932
decrease in the operating expenditure	(1 783 932)	(1 783 932)
Change in equity	-	-

Fair Value adjustment

The company duplicated investment property in the prior years by recording it under land and also under buildings.

The error has been corrected retrospectively and comparative figures have been restated. The effect of the correction of the error on the results for the 2012 is as follows:

Previously stated	140 521 284	140 521 284
Adjustment	20 600 000	20 600 000
	161 121 284	**161 121 284**

Grant Released - Investment Property

Previously stated	41 413 688	41 413 688
Adjustment	(212 919)	(212 919)
	41 200 769	**41 200 769**

Figures in Rand	GROUP 2012	COMPANY 2012

STATEMENT OF CHANGES IN EQUITY AND DISCLOSURE NOTES

Accumulated Profit

Previously stated	(66 387 607)	(68 448 423)
Investment property effect of duplication	(20 600 000)	(20 600 000)
Error in contract provision	1 051 930	1 051 930
Grant release from investment property	(212 919)	(212 919)
	(86 148 596)	**(88 209 412)**

Commitment disclosure

We have restated the prior period commitments due to omission of some contracts in the commitment register in the previous year

This error has been corrected retrospectively and comparative figures have been appropriately restated on note 25. The effect of the correction of the error is:

increase in commitments prior year	**16 675 350**	**16 675 350**

Operating lease disclosure

We have restated the prior period operating lease disclosure in correcting Langa Energy contract based on the suspensive clause of the lease contract that has not materialised and has no certainty of materialising.

Furthermore we previously used smoothing values in calculating the disclosure note which we subsequently corrected by using the actual figures.

This error has been corrected retrospectively and comparative figures have been appropriately restated on note 29. The effect of the correction of the error is:

Decrease in operating lease disclosure prior year	**(56 511 484)**	**(56 511 484)**

4. INVESTMENT PROPERTY

	2013			2012		
	Cost / Valuation	**Accumulated Depreciation**	**Carrying Value**	**Cost / Valuation**	**Accumulated Depreciation**	**Carrying Value**
Investment property	1 023 286 612	-	1 023 286 612	772 051 440	-	772 051 440

Reconciliation of investment property - 2013

	Opening Balance	**Disposal**	**Additions**	**Transfers**	**Fair Value Adjustments**	**Total**
Investment property	772 051 440	-	249 661 841	(790 000)	2 363 331	1 023 286 612

Reconciliation of investment property - 2012

	Opening Balance	**Disposal**	**Additions**	**Transfers**	**Fair Value Adjustments**	**Total**
Investment property	817 928 917	(9 915 000)	128 571 534	(3 412 726)	(161 121 284)	772 051 440

The investment property values include market values as per 31/03/2013 valuation and initial costs of additions as reflected by the above reconciliation.

The investment property portfolio of the group includes a property that was leased on a long term basis (20 years) from the Buffalo City Metropolitan Municipality, which has been donated to the company during the year under review.

A register containing the information required by paragraph 28 & 29 of the Companies Act is available for inspection at the registered office of the group.

Details of valuation

The effective date of the revaluations was 31 March 2013. Revaluations were performed by an independent valuer, Mr Johan Henry Boshoff (MIVSA) (NDPV), of MessrsJH Boshoff Valuations. JH Boshoff Valuations are not connected to the group and have recent experience in location and category of the investment property being valued. The methods used by the group to value the investment property are; the income capitalisation valuation method which was used for all income producing properties, and the company has also used the cost method to value investment property which is under construction. The depreciation method has been used for properties that are occupied by tenants that provide service on behalf of the ELIDZ and vacant land is valued at open market value.

	2013	2012
Rental income from investment property	33 642 240	27 659 322
Direct operating expenses from rental generating property	29 603 071	22 641 516
Direct operating expenses from non-rental generating property	2 690 576	1 539 259

5. PROPERTY, PLANT AND EQUIPMENT

Figures in Rand	2013 Cost	2013 Accumulated Depreciation	2013 Carrying Value	2012 Cost	2012 Accumulated Depreciation	2012 Carrying Value
Land	3 819 955	-	3 819 955	3 819 955	-	3 819 955
Plant and machinery	356 358	(293 836)	62 521	356 358	(222 564)	133 793
Furniture and fixtures	3 803 128	(1 289 551)	2 513 578	3 699 678	(926 421)	2 773 258
Motor vehicles	1 513 146	(585 327)	927 819	1 263 896	(679 406)	584 490
Office equipment	1 241 895	(594 890)	647 005	1 183 710	(432 676)	751 034
IT equipment	20 199 567	(14 051 381)	6 148 185	18 720 157	(11 063 392)	7 656 765
Infrastructure: Owner Occupied	463 815 591	(79 955 118)	383 860 474	435 347 759	(62 541 208)	372 806 551
Infrastructure: Work in Progress	35 098 767	-	35 098 767	31 426 341	-	31 426 341
Other property, plant & equipment	1 659 641	(754 226)	905 416	1 659 641	(754 226)	905 416
Total	**531 508 048**	**(97 524 329)**	**433 983 719**	**497 477 494**	**(76 619 893)**	**420 857 601**

Reconciliation of property, plant and equipment - 2013

Figures in Rand	Opening Balance	Additions	Disposal	Transfers	Depreciation	Impairment (Loss)/Gain	Total
Land	3 819 955	-	-	-	-	-	3 819 955
Plant and machinery	133 793	-	-	-	(71 272)	-	62 521
Furniture and fixtures	2 773 257	103 450	-	-	(332 393)	(30 736)	2 513 578
Motor vehicles	584 490	427 201	(8 000)	-	(75 872)	-	927 818
Office equipment	751 034	58 185	-	-	(162 214)	-	647 005
IT equipment	7 656 765	1 667 382	(29 507)	-	(3 146 024)	(430)	6 148 186
Infrastructure: Owner Occupied	372 806 551	27 677 833	-	790 000	(17 413 910)	-	383 860 474
Infrastructure: Work in Progress	31 426 341	3 672 426	-	-		-	35 098 767
Other property, plant & equipment	905 416	-	-	-		-	905 416
	420 857 601	**33 606 477**	**(37 507)**	**790 000**	**(21 201 685)**	**(31 166)**	**433 983 720**

5. PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Reconciliation of property, plant and equipment - 2012

Figures in Rand	Opening Balance	Additions	Disposal	Transfers	Depreciation	Impairment (Loss)/Gain	Total
Land	407 229	-	-	3 412 726	-	-	3 819 955
Plant and machinery	191 614	-	-	-	(57 821)	-	133 793
Furniture and fixtures	2 999 944	101 435	-	-	(324 680)	(3 442)	2 773 257
Motor vehicles	731 621	-	-	-	(147 131)	-	584 490
Office equipment	823 774	88 589	-	-	(161 329)	-	751 034
IT equipment	8 845 866	1 914 931	-	-	(3 103 602)	(430)	7 656 765
Infrastructure: Owner Occupied	330 970 304	56 298 769	-	672 538	(15 135 060)	-	372 806 551
Infrastructure: Work in Progress	12 040 660	20 058 219	-	(672 538)	-	-	31 426 341
Other property, plant & equipment	119 416	786 000	-	-	-	-	905 416
	357 130 427	**79 247 943**	**-**	**3 412 726**	**(18 929 623)**	**(3 872)**	**420 857 601**

6. DEFERRED TAX

Figures in Rand	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Deferred tax asset (liability)				
Accelerated capital allowances for tax purposes	-	-	-	-
Reconciliation of deferred tax asset				
At beginning of the year	-	(439 038)	-	(439 038)
Originating temporary differences on tangible fixed assets	-	439 038	-	439 038
The deferred tax asset has been recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.	-	-	-	-

7. OTHER FINANCIAL ASSETS

Figures in Rand	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Loans and receivables				
Short Term loan	639 111	639 112	639 111	639 112
Loans - IAS 39	(57 914)	(60 812)	(57 914)	(60 812)
	581 197	578 300	581 197	578 300
Long Term Loan	585 852	1 224 963	585 852	1 224 963
Loans - IAS 39	(96 677)	(309 710)	(96 677)	(309 710)
	489 175	915 253	489 175	915 253
	1 070 372	**1 493 553**	**1 070 372**	**1 493 553**

The loan is made up of the Co-ordinated Material Handling (Pty) Ltd t/a UTi Material Handling long-term loan and a short term debt. This is a result of the East London Industrial Development Zone's (ELIDZ) customer rescue program, where-in the ELIDZ assisted to sustain the operations of its logistics tenant, Co-ordinated Material Handling (Pty) Ltd t/a UTi Material Handling, on 1 March 2010, by capitalising its debt of R 1 917 334. The loan is interest free and payable over the three year lease term. This is a result of the tenants' proven business underperformance directly linked to economic recession. The amount is the consolidated rental account owed by Co-ordinated Material Handling (Pty) Ltd t/a UTi Material Handling.

8. TRADE AND OTHER RECEIVABLES

Figures in Rand	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Trade receivables	18 317 239	11 329 146	18 317 239	11 329 146
Receivables - IAS 39	(72 888)	(75 041)	(72 888)	(75 041)
Provision for bad doubtful debts	(13 660 964)	(2 178 595)	(13 660 964)	(2 178 595)
VAT	11 184 355	11 128 065	11 184 355	11 127 965
Other receivable	535 326	18 251	535 326	18 251
Rental Smoothing	8 519 558	4 513 544	8 519 558	4 513 544
BCM Advance	917 640	3 331 509	917 640	3 331 509
Prepayments	1 288 705	1 741 085	1 288 705	1 741 085
	27 028 970	**29 807 964**	**27 028 970**	**29 807 864**

At year end the carrying amounts of accounts receivables approximated their fair values due to the short-term maturities of these assets.

9. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
Figures in Rand	2013	2012	2013	2012
Cash and cash equivalents consist of:				
Cash on hand	499	804	499	804
Bank balances	7 158 120	50 483 473	6 935 552	467 049
Short-term deposits	142 062 694	370 464 764	142 062 694	370 464 764
	149 221 313	**420 949 042**	**148 998 745**	**370 932 617**
Short term deposits yielded an average interest of 4.5%				
Bank balances - environmental affairs (greening ELIDZ) project				
Bank Overdraft	-	(161)	-	(161)
	-	**(161)**	**-**	**(161)**
Total cash and cash equivalents	**149 221 313**	**420 948 881**	**148 998 745**	**370 932 456**

At year end the carrying amounts of cash and cash equivalents approximated their fair values due to the short-term maturities of these assets.

10. SHARE CAPITAL

Authorised				
1 000 000 Ordinary shares of R0.01 each or par value of 1 cent	10 000	10 000	10 000	10 000
Reconciliation of number of shares issued:				
Reported as at 31 March 2013	100 000	100 000	100 000	100 000
Issued				
Ordinary	1 000	1 000	1 000	1 000

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

11. RESERVES (OTHER NDR)

	GROUP		COMPANY	
Figures in Rand	2013	2012	2013	2012
Revaluation at acquisition				
Balance beginning of period	8 306 368	8 306 368	8 306 368	8 306 368
Changes during the year	-		-	
Balance end of period	**8 306 368**	**8 306 368**	**8 306 368**	**8 306 368**

Other non distributable reserve (NDR) represents the net book value of assets and liabilities transferred from East London Industrial Development Corporation on 1 April 2004, that was changed to ELIDZ (Pty) Ltd, adjusted for cash later received in respect of VAT relating to East London Industrial Development Corporation.

12. LONG TERM LEASE

	Minimum lease payments		Present value of minimum lease payments	
Figures in Rand	2013	2012	2013	2012
Amounts payable under finance leases:				
Within one year	-	140 875	-	131 645
In the second to fifth years inclusive	-	763 016	-	518 016
After five years	-	9 610 893	-	1 805 429
	-	10 514 784	-	2 455 090
Less: future finance charges	-	8 059 694		
Present value of lease obligations	**-**	**2 455 090**	-	**2 455 089**
Less: Amount due for settlement within 12 months (shown under current liabilities)			-	131 645
Amount due for settlement after 12 months			**-**	**2 323 444**

The above liability is in respect of a leasehold property that existed due to a long term lease between the company and BCMM, such a lease has been terminated and the property was donated by BCMM to the company on 29 August 2012.

13. DEFERRED INCOME

	GROUP		COMPANY	
Figures in Rand	2013	2012	2013	2012
Balance at beginning of year	1 631 414 060	1 492 042 392	1 631 414 060	1 492 042 392
Grant received				
- Eastern Cape Development Corporation	46 051 000	141 614 000	46 051 000	141 614 000
- Department of Trade and Industry	150 000 000	171 282 000	150 000 000	171 282 000
- Interest on Grant funding	11 386 539	18 246 324	11 386 539	18 246 324
South African Revenue Services - Output Vat on Grants	(24 076 437)	(38 425 825)	(24 076 437)	(38 425 825)
Total Grant Income	**1 814 775 162**	**1 784 758 891**	**1 814 775 162**	**1 784 758 891**
Released to income	(63 935 301)	(112 144 063)	(63 935 301)	(112 144 063)
Investment property released from grants	(51 076 201)	(41 200 769)	(51 076 201)	(41 200 769)
	(115 011 501)	**(153 344 832)**	**(115 011 501)**	**(153 344 832)**
Balance at end of year	**1 699 763 660**	**1 631 414 060**	**1 699 763 660**	**1 631 414 060**
Non-current liabilities	1 448 201 621	1 258 757 616	1 448 201 621	1 258 757 616
Current liabilities	251 562 040	372 656 445	251 562 040	372 656 445
	1 699 763 661	**1 631 414 061**	**1 699 763 661**	**1 631 414 061**

14. TRADE AND OTHER PAYABLES

Figures in Rand	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Trade payables	15 780 617	76 968 454	15 780 617	76 968 454
Payables - IAS 39	(63 019)	(642 231)	(63 019)	(642 231)
Other payables	1 601 153	1 048 812	1 601 153	1 048 812
Other grants*	-	2 338 002	-	2 338 002
Other accrued expenses	850 190	388 143	850 190	388 143
Deposits received	1 829 802	1 714 410	1 828 234	1 709 821
Leave pay acccual	4 384 135	3 410 085	4 384 135	3 410 085
Bonus provision	100 233	-	100 233	-
	24 483 111	**85 225 675**	**24 481 543**	**85 221 086**

At year end the carrying amounts of accounts payable approximated their fair values due to the short-term maturities of these liabilities.
* Other Grants is made of funds from government that are financing special projects. For income and expenditure relating to other grants refer to note 32.

15. PROVISIONS

Figures in Rand	Opening Balance	Additions	Utilised during the year	IAS 39 Adjustment	Total
Reconciliation of provisions - 2013					
Retentions	3 393 683	153 663	-	(321 446)	3 225 900
	3 393 683	**153 663**	**-**	**(321 446)**	**3 225 900**
Reconciliation of provisions - 2012					
Retentions	6 176 303	-	(2 782 620)	-	3 393 683
	6 176 303	**-**	**(2 782 620)**	**-**	**3 393 683**

Retentions: these are project amounts withheld by the group and are paid back to contractors when there are no latent defects to project work.

16. REVENUE

	GROUP		COMPANY	
Figures in Rand	2013	2012	2013	2012
Rendering of services	25 487 796	19 794 465	25 487 796	19 794 465
Other revenue - IAS 39	(377 483)	(130 376)	(377 483)	(130 376)
	25 110 314	**19 664 090**	**25 110 314**	**19 664 090**
Rental income	**33 642 240**	**27 659 322**	**33 642 240**	**27 659 322**

17 OTHER INCOME

	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Sundry income	1 792 520	384 543	1 792 520	384 543
Donation - BCMM	2 383 662	-	2 383 662	-
Finance income - IAS 39	(1 158 274)	(2 113 078)	894 021	(4 165 373)
Gains (loss) on disposal of assets	26 893	(5 447 915)	26 893	(5 447 915)
Government grants	63 935 301	112 144 063	63 935 301	112 144 063
Grants released - Investment property	51 076 201	41 200 769	51 076 201	41 200 769
	118 056 302	**146 168 381**	**120 108 597**	**144 116 086**

18. OPERATING EXPENSES

	GROUP		COMPANY	
Figures in Rand	2013	2012	2013	2012
Operating profit for the year is stated after accounting for the following operating expense:				
Operating Lease Charges				
Premises				
- Contractual amounts			-	-
Equipment				
- Contractual amounts	1 382 579	1 356 860	1 382 579	1 356 860
	-	-		
Consulting and professional fees	17 289 897	9 219 522	17 278 052	9 213 255
Project costs	18 530 459	18 350 921	18 530 459	18 350 921
Repairs and maintenance	13 197 093	10 607 851	13 197 093	10 607 851
Gain/(Loss) on sale of assets	(26 893)	5 447 915	(26 893)	5 447 915
Impairment on property, plant and equipment	31 166	3 871	31 166	3 871
Depreciation on property, plant and equipment	21 201 685	18 929 623	21 201 685	18 929 623
Employee costs	54 467 671	43 478 919	54 467 671	43 478 919

19. FINANCE INCOME

	GROUP		COMPANY	
Figures in Rand	2013	2012	2013	2012
Interest paid on obligations under finance lease	832 811	301 707	599 809	259 935
	832 811	**301 707**	**599 809**	**259 935**

20. TAXATION

	GROUP		COMPANY	
Figures in Rand	2013	2012	2013	2012
Major components of the tax income				
Deferred				
Originating and reversing temporary differences	-	(439 038)	-	(439 038)
Tax provision - current year	58 538	863 874	-	860 560
Taxation charged (from previous years)	(602 037)	-	(602 037)	-
	(543 499)	**424 836**	**(602 037)**	**421 522**

	Balance	Profit	%
Tax rate reconciliation			
Effective rate of tax	543 499	(15 912 353)	(3)
Permanent differences	72 318 977	(15 912 353)	(127)
Prior year adjustments	(543 499)	(15 912 353)	3
Temporary differences	8 871 455	(15 912 353)	(16)
Assessed loss	(97 102 785)	(15 912 353)	171
			28

The estimated loss carried foward for year 2013 is R 97 102 785 (2012: nil)

21. FINANCE COST

	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Interest paid on obligations under finance lease	129 351	25 429	129 351	25 429
	129 351	**25 429**	**129 351**	**25 429**

22 AUDITORS' REMUNERATION

	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Audit Fees	2 633 993	1 539 876	2 626 431	1 539 876
	2 633 993	**1 539 876**	**2 626 431**	**1 539 876**

23 CASH GENERATED FROM OPERATIONS

	GROUP		COMPANY	
Figures in Rand	2013	2012	2013	2012
Loss before taxation	(15 912 353)	(116 891 252)	(14 069 123)	(118 955 382)
Adjustments for:				
Depreciation	21 201 685	18 929 623	21 201 685	18 929 623
Profit/(Loss) on sale of non-current assets	(26 893)	5 447 915	(26 893)	5 447 915
Finance income	(832 811)	(301 707)	(599 809)	(259 935)
Finance costs	129 351	25 429	129 351	25 429
Fair value adjustments	(2 363 331)	161 121 284	(2 363 331)	161 121 284
IAS 39 adjustments	(71 030)	-	(2 123 325)	2 052 295
Donation - BCMM	(2 383 662)	-	(2 383 662)	
Financial Lease (non cash movements)	-	2 455 090	-	2 455 090
Amortisation and impairments	31 166	3 872	31 166	3 872
Movements in provisions	(167 783)	(2 782 620)	(167 783)	(2 782 620)
Changes in working capital:	-	-	-	-
Trade and other receivables	2 778 994	(17 523 299)	2 778 894	(17 523 299)
Trade and other payables	(60 742 564)	50 768 489	(60 739 543)	50 763 900
Movements in other financial assets	423 181	256 143	423 181	256 143
Deferred income	68 349 600	139 371 669	68 349 600	139 371 669
	10 413 550	**240 880 636**	**10 440 408**	**240 905 984**

24 CURRENT TAX - PAYABLE

Balance at beginning of the year	(512 158)	-	(508 844)	-
Current year tax	(58 538)	(863 874)	-	(860 560)
Provisions Adjustments	602 037	-	602 037	-
Tax Paid	(359 737)	351 716	(359 737)	351 716
Balance at end of year	**(328 396)**	**(512 158)**	**(266 544)**	**(508 844)**

25 COMMITMENTS

	GROUP		COMPANY	
Figures in Rand	2013	2012	2013	2012
Authorised capital expenditure				
Balance on contract work in progress	**239 832 152**	**391 085 820**	**239 832 152**	**391 085 820**

This commitment expenditure relates to infrastructure and will be financed by grants from the Department of Trade and Industry as well as the Department of Economic Affairs and Tourism - Eastern Cape. The commitments amounts are exclusive of VAT.

26. CONTINGENCIES

2013

(i) The company has entered into performance-based contracts with employees in terms of which performance bonuses may be paid out. The performance bonus liability is estimated at R 6 741 160 .88

(ii) A possibility of financial settlement of an employee as a result of the outcomes of disciplinary case estimated at R 830 118.

2012

(i) The ELIDZ has entered into performance-based contracts with employees in terms of which performance bonuses may be paid out. The performance bonus liability is estimated at R 5 610 559.

(ii) A possibility of financial settlement of employees as a result of the outcomes of disciplinary cases estimated at R 1 400 000.

(iii) There is a probable liability in terms of VAT withheld in respect of other government grants, estimated at R808 070.

27. RELATED PARTIES

Relationships

Holding group	Eastern Cape Development Corporation	Members of key management	Mr. S. Kondlo
Shareholder	Buffalo City Municipality		Mrs. N.V. Madyibi
Subsidiary	Monti IDZ Investment (Pty) Ltd		Mr. T. Zweni
			Mr. J. Burger
			Mr. T. Gwintsa
			Ms A.Magwentshu

27. RELATED PARTIES - CONTINUED

Figures in Rand	2013	2012
Related party balances		
Amounts included in Trade receivables		
Buffalo City Metropolitan Municipality	2 206 344	3 331 509
Amounts included in Trade payables regarding related parties		
Buffalo City Metropolitan Municipality	(5 296 695)	(1 473 492)
Long term lease		
Buffalo City Metropolitan Municipality	-	2 455 090
Related party transactions		
Buffalo City Metropolitan Municipality		
Rates and taxes	4 046 876	7 746 650
Electricity	20 434 390	12 211 083
Water	2 570 784	999 879
Sewerage	411 329	351 765
Donation	2 383 662	-
Interest on long term lease	129 351	25 429
Eastern Cape Development Corporation		
Total grants received for the year	46 051 000	141 614 000
Compensation to directors and other key management		
Key management remuneration	11 234 805	8 906 095

28. DIRECTOR'S EMOLUMENTS

Figures in Rand	2013	2012
Non-executive		
2013	**Emoluments**	**Total**
For services as directors	**386 635**	**386 635**
2012	**Emoluments**	**Total**
For services as directors	**215 313**	**215 313**

29. OPERATING LEASES

Figures in Rand	2013	2012

Operating leases - as lessor (revenue)

Leasing arrangements

Operating leases relate to the investment property owned by the ELIDZ with lease terms of between 5 to 10 years, with an option to extend for a further 10 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period. The operating leases include escalation clause.

Rental income earned by the ELIDZ from its investment properties and direct operating expenses arising on the investment properties for the year are set out in note 4.

	2013	2012
Minimum lease receipts due		
- no later than one year	30 019 073	32 900 781
- later than one year and not later than five years	58 976 085	77 546 985
- later than five years	11 316 412	26 129 988
	100 311 570	**136 577 755**

Operating leases - as lessee (expenses)

Leasing arrangements

Operating leases relate to leases of equipment with lease terms of between 0 and 1 year. The ELIDZ does not have an option to purchase the leased equipment at the expiry of the lease periods.

	2013	2012
Minimum lease payments due		
- no later than one year	1 019 469	-
- later than one year and not later than five years	1 189 381	-
	2 208 851	**-**

30. RISK MANAGEMENT

Interest rate risk

The group's interest bearing assets are included under cash and cash equivalents. The group's income and operating cash flows are substantially independent of changes in market interest rates due to the short term nature of interest bearing assets.

Balances with banks, deposits and all call and current accounts attract interest at rates that vary with the South African prime rate. The group's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus / deficit.

Interest charged on trade debtors in arrears is linked to South African prime rate.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date.

The basis points increases or decreases, as detailed in the table below, were determined by management and represent management's assessment of the potential change in interest rates.

A positive number below indicates an increase in surplus. A negative number below indicates a decrease in surplus.

The sensitivity analysis shows reasonable expected changes in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite percentage adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been separately disclosed below. The disclosure only indicates the effect of the change in interest rate on surplus.

	GROUP		COMPANY	
Estimated increase in rates	2013	2012	2013	2012
Estimated increase in basis points	100	100	100	100
Effect on accumulated profit (loss)	1 492 213	4 209 490	1 489 987	3 709 326

Market risk: other price risk

The group's financial assets do not include equity investments that will expose it to price risks. The group has no market risk exposure for the year, as there have been no foreign exchange transactions and financial borrowing during the current financial year.

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through a review of future commitments and funding agreements.

30. RISK MANAGEMENT - CONTINUED

	GROUP		COMPANY	
Figures in Rand	2013	2012	2013	2012

Credit risk

Credit risk refers to the risk that counter-party will default on its contractual obligations resulting in financial loss to the group.

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors.

The group only deposits cash with major banks with high quality credit standing and limits exposure to any particular counter-party.

Trade receivables comprise a widespread counter base. Credit exposure is controlled by the application of the groups credit control and debt collection policies. Adequate provision has been made for anticipated doubtful debts.

The carrying amount of financial assets, represent the entity's maximum exposure to credit risk in relation to these assets. The group's cash and cash equivalents and short-tem deposits are placed with high credit quality financial institutions.

There has been no significant change during the financial year, or since the end of the financial year, to the group's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing the risk. The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk:

Financial instrument	**2013**	**2012**	**2013**	**2012**
Cash and cash equivalents	149 221 313	420 949 042	148 998 745	370 932 617
Trade and other receivables	27 028 970	29 807 964	27 028 970	29 807 864
Other financial assets	1 070 372	1 493 553	1 070 372	1 493 553
Trade and other payables	24 483 111	85 225 675	24 481 543	85 221 086

Capital management

The group manages its capital to ensure that the company and the entities in the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of capital levels. The group's overall strategy remains unchanged. The group is not subject to any externally imposed capital requirements.

31. COMPENSATION TO DIRECTORS AND EXECUTIVE MANAGEMENT

ELIDZ **2012**

Executive Management	Basic Salary	Allowances	Employer Contribution to Funds	Total Guaranteed Pay	Bonus	Total Remuneration
Mr. S. Kondlo	1 345 739	802 957	125 324	2 274 021	491 182	2 765 203
Mrs. N.V. Madyibi	966 045	576 407	96 351	1 638 803	365 820	2 004 623
Mr. T. Zweni	950 190	566 947	91 699	1 608 836	320 641	1 929 477
Mr. J. Burger	817 688	487 887	56 161	1 361 736	280 857	1 642 593
Mr. T. Gwintsa	950 190	566 947	99 189	1 616 326	298 044	1 914 370
Ms A.Magwentshu	532 285	317 597	82 453	932 334	46 205	978 540
	5 562 136	**3 318 741**	**551 178**	**9 432 056**	**1 802 749**	**11 234 805**

Directors	Fees	Allowances	Total
ZM Tini	83 477	22 693	106 170
S. Mteto	41 344	18 218	59 562
P. Nazo	41 439	4 913	46 352
N. Anderson	70 462	5 559	76 021
Mr MA Msoki	17 545	-	17 545
M. Saziwa	24 432	16 140	40 572
A. C. Kanana	21 046	4 400	25 446
S. W. Caga	13 240	1 726	14 966
	312 985	**73 650**	**386 635**

ELIDZ **2012**

Executive Management	Basic Salary	Allowances	Employer Contribution to Funds	Total Guaranteed Pay	Bonus	Total Remuneration
Mr. S. Kondlo	1 162 683	693 734	268 350	2 124 767	265 524	2 390 292
Mrs. N.V. Madyibi	894 486	533 710	213 370	1 641 566	201 571	1 843 137
Mr. T. Zweni	773 092	461 278	180 864	1 415 233	155 517	1 570 751
Mr. J. Burger	757 118	451 747	155 209	1 364 075	162 223	1 526 298
Mr. T. Gwintsa	766 702	457 466	187 174	1 411 342	164 276	1 575 618
	4 354 081	**2 597 935**	**1 004 967**	**7 956 983**	**949 112**	**8 906 095**

31. COMPENSATION TO DIRECTORS AND EXECUTIVE MANAGEMENT - CONTINUED

Directors	Fees	Allowances	Total
ZM Tini	49 899	11 176	61 075
J Badenhorst	15 957	4 165	20 122
N Anderson	20 955	2 891	23 846
DM Matika	26 382	5 988	32 370
M Saziwa	22 037	10 238	32 275
P Nazo	11 965	1 436	13 401
M Msoki	11 144	-	11 144
	158 339	**35 894**	**194 233**

32 OTHER GRANTS

	GROUP		COMPANY	
Figure in Rand	2013	2012	2013	2012
Opening balance	2 338 002.00	4 411 530.00	2 338 002	4 411 530
Income received		1 000 000.00		1 000 000
Expenditure for the year	(2 338 002.00)	(3 073 528.00)	(2 338 002)	(3 073 528)
Closing balance	**-**	**2 338 002**	**-**	**2 338 002**

* Other grants are funds from government to finance special projects.

33. UNAUTHORISED, FRUITLESS, IRREGULAR AND WASTEFUL EXPENDITURE

There is no unauthorised, fruitless, irregular and wasteful expenditure.

DETAILED INCOME STATEMENT

		GROUP		COMPANY	
Figures in Rand	Note(s)	2013	2012	2013	2012
Revenue					
Rendering of services	16	25 487 796	19 794 465	25 487 796	19 794 465
Other revenue - IAS 39		(377 483)	(130 376)	(377 483)	(130 376)
		25 110 314	**19 664 090**	**25 110 314**	**19 664 090**
Rental income	16	**33 642 240**	**27 659 322**	**33 642 240**	**27 659 322**
Cost of sales					
Purchases		(29 603 071)	(22 641 516)	(29 603 071)	(22 641 516)
Gross profit		**29 149 483**	**24 681 895**	**29 149 483**	**24 681 895**
Other income					
Sundry income		1 792 520	384 542	1 792 520	384 542
Donation - BCMM		2 383 662	-	2 383 662	-
Finance income - IAS 39		(1 158 274)	(2 113 078)	894 021	(4 165 373)
Gains (loss) on disposal of assets		26 893	(5 447 915)	26 893	(5 447 915)
Government grants		63 935 301	112 144 063	63 935 301	112 144 063
Grants released - Investment property		51 076 201	41 200 769	51 076 201	41 200 769
		118 056 302	**146 168 381**	**120 108 597**	**144 116 086**
Operating expenses (Refer to pages 112 - 113)		(166 184 929)	(126 896 522)	(166 160 992)	(126 866 585)
Operating profit		**(18 979 144)**	**43 953 754**	**(16 902 912)**	**41 931 396**
Finance income	19	832 811	301 707	599 809	259 935
		(18 146 333)	**44 255 461**	**(16 303 103)**	**42 191 331**
Fair value adjustments	4	2 363 331	(161 121 284)	2 363 331	(161 121 284)
Loss before finance cost and taxation		**(15 783 002)**	**(116 865 823)**	**(13 939 772)**	**(118 929 953)**
Finance cost	21	(129 351)	(25 429)	(129 351)	(25 429)
		(15 912 353)	(116 891 252)	(14 069 123)	(118 955 382)
Taxation	20	543 499	(424 836)	602 037	(421 522)
Loss for the period		**(15 368 854)**	**(117 316 088)**	**(13 467 086)**	**(119 376 904)**

DETAILED INCOME STATEMENT - CONTINUED

Figures in Rand		Note(s)	GROUP 2013	GROUP 2012	COMPANY 2013	COMPANY 2012
Operating expenses	Advertising-marketing		(3 975 139)	(3 851 180)	(3 975 139)	(3 851 180)
	Auditors remuneration		(2 633 993)	(1 539 876)	(2 626 431)	(1 539 876)
	Bad debts		(11 728 404)	(1 722 447)	(11 728 404)	(1 722 447)
	Bank charges		(87 312)	(34 382)	(82 780)	(31 793)
	Board expenses		(412 575)	(215 313)	(412 575)	(194 233)
	Cell phones		(880 066)	(775 933)	(880 066)	(775 933)
	Cleaning		(825 932)	(947 005)	(825 932)	(947 005)
	Computer expenses		(128 978)	(134 228)	(128 978)	(134 228)
	Consulting and professional fees		(17 289 895)	(9 219 522)	(17 278 052)	(9 213 255)
	Depreciation		(21 201 685)	(16 302 303)	(21 201 685)	(16 302 303)
	Amortisation and impairments		(31 166)	(3 871)	(31 166)	(3 871)
	Development planning and related costs		(352 568)	(15 607)	(352 568)	(15 607)
	Donations		(115 894)	(77 786)	(115 894)	(77 786)
	Employees costs		(54 467 671)	(43 478 919)	(54 467 671)	(43 478 919)
	Expenditure IAS 39		1 496 076	2 427 618	1 496 076	2 427 618
	Entertainment		(670 569)	(502 541)	(670 569)	(502 541)
	Hire of facilities & services		(1 382 579)	(1 356 860)	(1 382 579)	(1 356 860)
	Insurance		(1 469 451)	(1 202 341)	(1 469 451)	(1 202 341)
	Interest Paid & Fines		-	(51 751)	-	(51 751)
	Internal Audit		(432 752)	(80 280)	(432 752)	(80 280)
	Internship		(295 692)	(296 547)	(295 692)	(296 547)
	IT expenses		(562 574)	(776 496)	(562 574)	(776 496)
	Legal expenses		(352 985)	(389 745)	(352 985)	(389 745)
	Marketing- Brand Management		(2 312 111)	(1 315 207)	(2 312 111)	(1 315 207)

DETAILED INCOME STATEMENT - CONTINUED

		GROUP		COMPANY	
Figures in Rand	Note(s)	2013	2012	2013	2012
Miscellaneous expenses		23 549	(122 915)	23 549	(122 915)
Non-capitalised equipment		(805 866)	(1 053 283)	(805 866)	(1 053 283)
Petrol, Oil and Repairs - motor vehicles		(65 249)	(61 676)	(65 249)	(61 676)
Placement fees		(1 216 757)	(503 977)	(1 216 757)	(503 977)
Postage		(36 981)	(34 131)	(36 981)	(34 131)
Printing and stationary		(253 753)	(280 971)	(253 753)	(280 971)
Project costs		(18 530 459)	(18 350 921)	(18 530 459)	(18 350 921)
Marketing Communications		(699 017)	(1 027 083)	(699 017)	(1 027 083)
Repairs and maintenance		(13 197 093)	(10 607 851)	(13 197 093)	(10 607 851)
Research and development costs		-	-	-	-
Security		(5 420 920)	(4 156 262)	(5 420 920)	(4 156 262)
Subscriptions		(387 576)	(234 480)	(387 576)	(234 480)
Telephone and fax		(163 119)	(110 847)	(163 119)	(110 847)
Training		(1 546 233)	(1 852 086)	(1 546 233)	(1 852 086)
Travel - local		(1 770 294)	(1 758 155)	(1 770 294)	(1 758 155)
Travel - overseas		(2 255 350)	(1 507 548)	(2 255 350)	(1 507 548)
Utilities - Operating Costs		254 106	(3 371 814)	254 106	(3 371 814)
		(166 184 929)	**(126 896 522)**	**(166 160 992)**	**(126 866 585)**

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