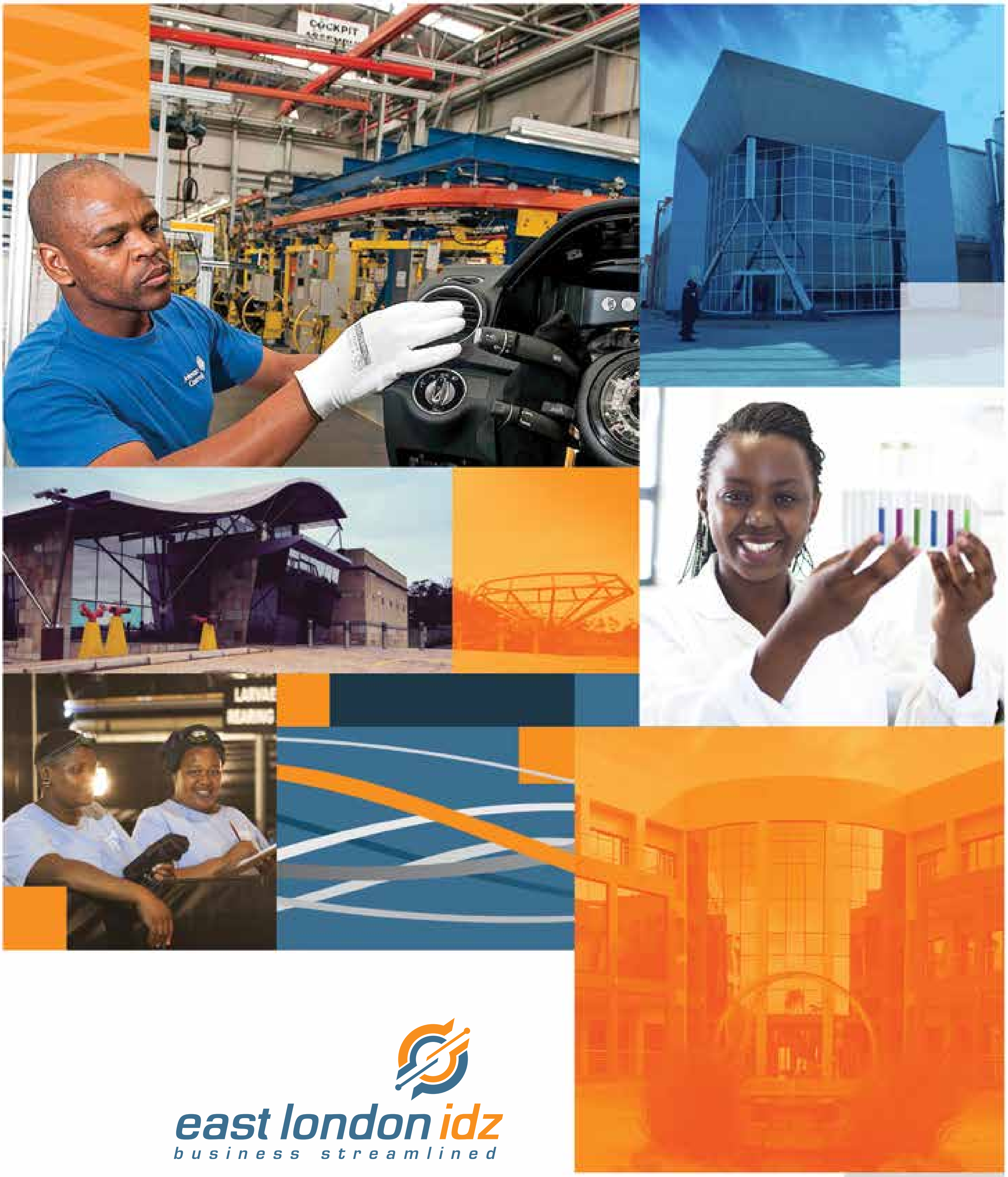


east london idz
business streamlined

ANNUAL REVIEW

2013/14

contents

about the **elidz**

Set up in 2002 as a response to the need for a robust catalyst for economic development and industrial diversification in the Eastern Cape.

The East London Industrial Development Zone (ELIDZ) is a State Owned Corporation set up by government through the South African Industrial Development Zones Programme (now the South African Special Economic Zones Programme) to develop, operate and maintain modern infrastructure and to complementary attract strategic investments for the region. In just 12 years of existence, the ELIDZ, has changed the economic landscape of the Buffalo City region and the Eastern Cape province as a whole and has done well to deliver on its mandate to:

- **Promote the export competitiveness of South African manufactured products and services;**
- **Strengthen, expand and diversify the regional economy;**
- **Enable exploitation and beneficiation of regional natural resources;**
- **Secure advanced foreign production and technology methods; and**
- **Encourage skills transfer and local intellectual capital development.**

This Annual Review outlines the ELIDZ's history and maps out its strategy, its performance and future focus.

about this report

The East London Industrial Development Zone's Annual Review covers the financial year period from 1 April 2013 to 31 March 2014 and is our primary report to our stakeholders. This report provides an overview of the ELIDZ business model, our strategy to fulfil our vision and the mandate of our funders, as well as an integrated view of the past year's performance with regard to our financial, economic and social factors that impact on our business.

This Review also addresses our expectations for growth and performance in the year ahead. The ELIDZ's Annual Review for 2014 will be confined to material issues, which, from the board's perspective impact on our business and our stakeholders. Materiality has been defined by our board based on the organisation's objectives, its strategy, the expectations of our stakeholders and investment promotion trends globally.

In addition to this report, the ELIDZ also uses the following tools to report to our stakeholders:

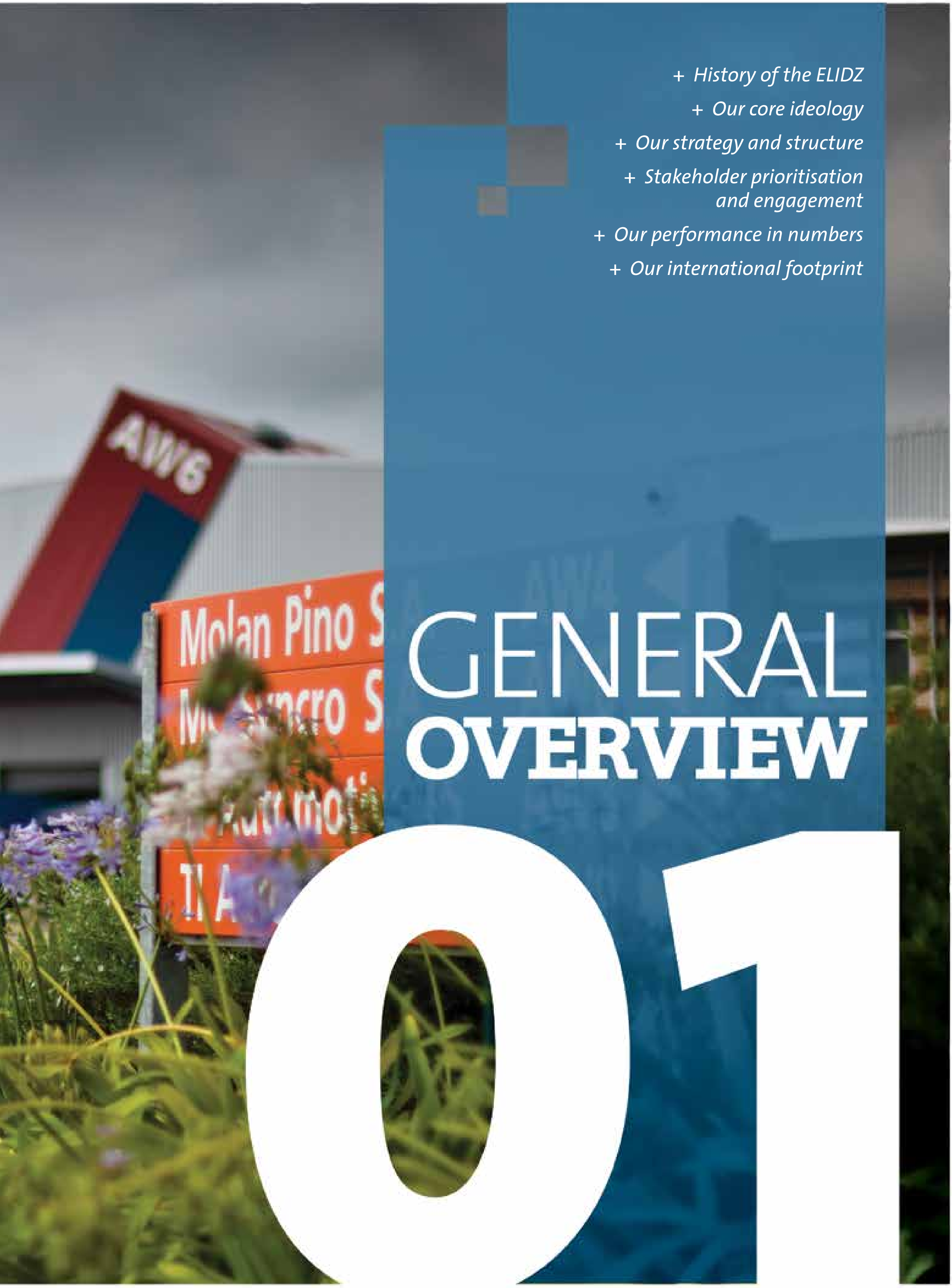
LEGISLATIVE ANNUAL REPORT:
As a State-Owned Enterprise (SOE), the ELIDZ has an obligation to submit an annual report to the Eastern Cape provincial government. The report entails the ELIDZ performance overview as guided by the indicators in the National Treasury Annual Reporting Framework. These include reporting on the organisation's achievement of its performance indicators as well as the organisation's compliance to the Public Finance Management Act 29 of 1999 and other relevant legislation and regulations.

ANNUAL PERFORMANCE FINANCIAL RESULTS PRESENTATION:
As part of its obligations as an SOE, the ELIDZ has the responsibility to present its annual performance and financial results to the provincial Portfolio Committee for Economic Development.

ANNUAL GENERAL MEETING:
The ELIDZ also presents its summarised performance overview and its financials and going-concern to key stakeholders through an Annual General Meeting.

...to develop, operate and maintain modern infrastructure and to complementary attract strategic investments for the region.


AW4



- *History of the ELIDZ*
- *Our core ideology*
- *Our strategy and structure*
- *Stakeholder prioritisation and engagement*
- *Our performance in numbers*
- *Our international footprint*

GENERAL OVERVIEW

01

history in the making

The East London Industrial Development Zone was one of the first IDZs in South Africa to be awarded a provision operator's licence in September 2002.

The zone has come a long way since that very first milestone. Not only has it overcome various institutional and programme challenges to be where it is today, but it has, as the first operational IDZ in South Africa, helped to inform the South African government's Special Economic Zones (SEZ) programme make up and policy framework.

Some of the zone's Key Development Milestones include the following:

2002:
ELIDZ granted a provisional operator's licence to develop an Industrial Development Zone in Buffalo City Municipality. One of the first tasks of the operator was to acquire strategic parcels of land and develop these to suit the needs of international investors.

2003:
After acquiring its first parcel of land from the local municipality, the ELIDZ set out to transform this greenfield site, which was previously Leeches Bay settlement, into prime industrial land. This milestone saw the development of internal roads, the upgrade of the electricity and water supply to the zone and the installation of telecommunications infrastructure.

2005:
In July 2005, the ELIDZ officially completed its infrastructure development phase. The zone boasted over 100 serviced industrial sites; 236 hectares of prime industrial land, a secure trading area with individually fenced and access controlled zones and over 18.5 km of newly built dual carriage roads.

In June 2005, the ELIDZ officially kicked off its investment settlement phase with the announcement of the first three investors with an investment value of R188 million

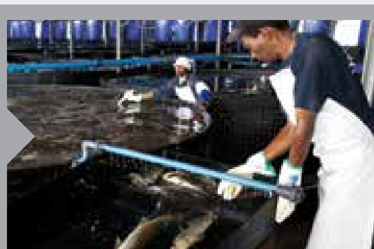
2006:
The ELIDZ, through its partnership with Mercedes Benz South Africa, develops its Automotive Supplier Park (ASP), aimed at taking advantage of MBSA's strategy to increase local content for the W204 C Class contract. The automotive cluster became the first industrial cluster to be developed in the IDZ.

2007:
The numbers of secured investors in the ELIDZ hits double digits with the announcement of 7 new investors in April 2007. This substantial increase in secured investment was as a result of a successful investment promotion drive linked to the Automotive Supplier Park.

In November 2007, the ELIDZ became the first IDZ in South Africa to be awarded a permanent operator permit by the Department of Trade and Industry as with this, the journey of the ELIDZ being one of South Africa's front runner IDZs began.

2009:
The value of secured private sector investment hits R1 billion mark with the announcement of 7 new investors at the end of 2008/09 financial year. Despite this period being the start of the global economic crisis, the ELIDZ increased its secured investors from 15 to 22.

2009:
ELIDZ diversifies its secured investors to include agro processing, renewable energy, aqua-culture and general manufacturing. This, as a result of the zone's efforts to diversify its target sectors and investment mix.



2011:
The ELIDZ trebles its value of secured private sector investment from R1.2 billion to R3.4 billion in 12 months, signalling the highest year-on-year growth in secured investment since inception.

2013:
First IDZ in South Africa to pilot and operationalise the key incentive for the SA IDZs, the Customs Controlled Area (CCA) Incentive.

our core ideology

The ELIDZ is driven by its ambition to contribute toward the industrial diversification and economic growth and transformation of the provincial and national economies. This ambition is underpinned by the following core ideology:

VISION

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

MISSION

Our mission is 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.

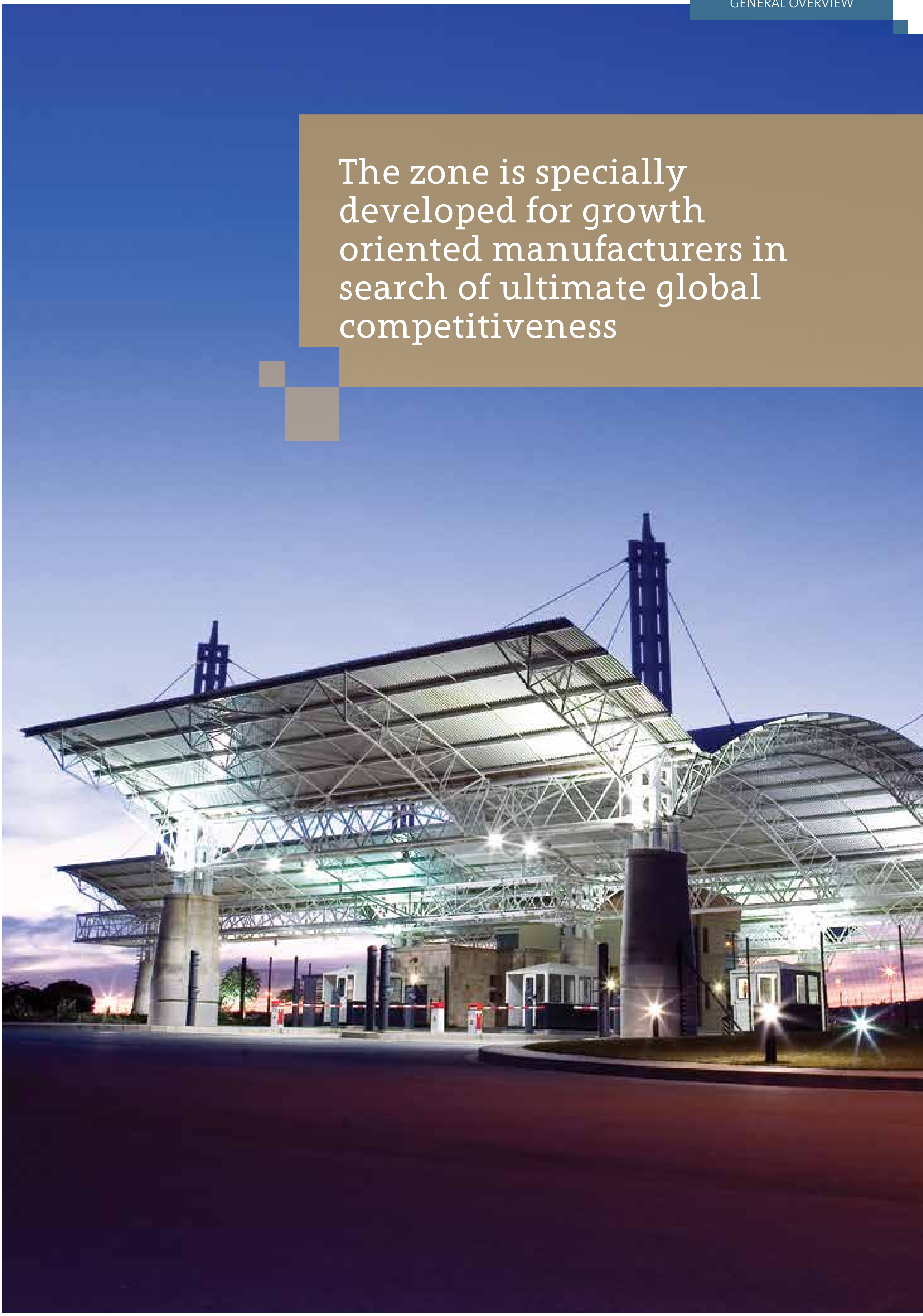
POSITIONING

The ELIDZ is a prime industrial park in South Africa, perfectly positioned for light industry manufacturers that are investing from R10 million (+-$1.2 million) upwards. The zone is specially developed for growth oriented manufacturers in search of ultimate global competitiveness. Our core focus is on streamlining our customer's business operations through engineered efficiency for located industries.

VALUE OFFERING

The ELIDZ offers its customers a specialised manufacturing platform, an incentivised business environment and innovative industrial solutions. These are the building blocks to streamlined business operations and operational efficiencies – aspects which are critical in driving global competitiveness.

The zone is specially developed for growth oriented manufacturers in search of ultimate global competitiveness



our strategy & structure

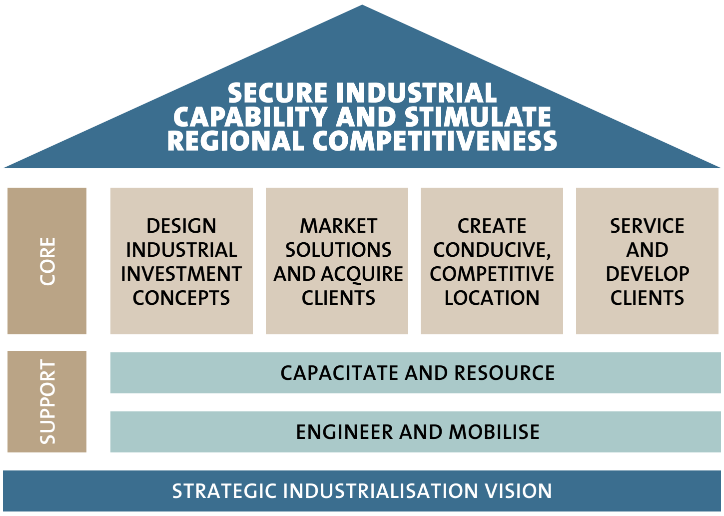
The core value chain of the ELIDZ identifies FOUR primary areas of incremental value creation and delivery

THE ELIDZ VALUE CHAIN

The core value chain of the ELIDZ identifies FOUR primary areas of incremental value creation and delivery which are defined to embrace:

- **Design industrial investment concepts**
- **Market solutions and acquire clients;**
- **Create conducive, competitive location;**
- **Service and Develop Clients**

These primary arenas of value creating activity are coupled with a cross-cutting value chain element of client service that arises throughout the course of the value chain (and also occurs as a culminating value chain deliverable of the business). This is depicted in the value chain below.



OUR STRUCTURE

In giving effect to its value chain implementation, the functional organisation and agenda of the ELIDZ's programmes have been arranged as depicted in the graphic below

CHIEF EXECUTIVE OFFICER

Company Secretarial Support

Internal Audit

Programme 1: INSTITUTIONAL SUPPORT

Programme 1: Office of the CEO

- Enterprise Risk Management
- Enterprise Project Portfolio Management
- Enterprise Performance Monitoring and Reporting
- Quality Management
- Corporate Strategy & Planning
- Client Relations Management

Programme 2: FINANCIAL MANAGEMENT

- Internal Controls Management
- Financial Management, Reporting & Admin.
- Management and Cost Accounting
- Supply Chain Management

Programme 3: CORPORATE SERVICES

- Human Resources Management
- Corporate Communications
- Information & Communications Technology
- Records Management
- Legal and Contracts Management

Programme 4: ZONE DEVELOPMENT

- Property Portfolio Management
- Investment Analysis & Transaction Management
- Sector Management
- Infrastructure and Project Management

Programme 5 ZONE OPERATIONS

- Utilities Management
- Safety, Security, Health and Environmental Management
- Facilities Management
- Investor Support Services

KEY STRATEGIC FOCUS AREAS

- DEVELOP, MANAGE & MAINTAIN WORLD CLASS INFRASTRUCTURE, UTILITIES & SERVICES
- SECURE TARGETED INVESTORS AND INVESTMENTS IN STRATEGIC INDUSTRIES
- BUILD ORGANISATIONAL CAPABILITY TO DELIVER MANDATE AND SATISFY CUSTOMER NEEDS:
- DELIVER ON CUSTOMER VALUE PROMISE:
- CREATE A SUSTAINABLE ORGANISATION
- MAXIMISE THE DEVELOPMENTAL CONTRIBUTION OF THE ELIDZ

OUR TARGETED SECTORS

AUTOMOTIVE
- OEMs
- 1st Tier Suppliers
- 2nd Tier Suppliers
- Related Industries

AGRO PROCESSING
- Bio-fuels
- Forestry & Wood
- Dairy Products
- Food Processing

PHARMACEUTICALS
- Genetics
- Cosmetics
- Natural Remedies

ICT & BPO
- Call Centres
- Software Engineering
- Programming
- Computer & Cell phone

RENEWABLE ENERGY
- Bio-fuels
- Bio-gas
- Solar Panels
- Solar Water Heaters

LOGISTICS
- Logistic Services
- Providers
- Warehousing
- Distribution

AQUACULTURE
- Fish Farming
- Fish Processing

GENERAL MANUFACTURING
- Light Industries
- Plastic Conversion
- Assembly
- Electronics
- Appliances

our stakeholders

As part of delivering on its mandate, it is critical that the ELIDZ builds a strong and reputable brand amongst its stakeholders.

As such, one of the key focuses of the ELIDZ board and management is the monitoring of organisation's engagement with all identified stakeholders and the impact of this on the total organisational brand equity.

Organisationally, stakeholders are defined as publics that are either affected by decisions made by the organisation or those whose decisions affect the operations, continuation or success of that particular organisation. Strategic Stakeholders are defined as those that are critical, crucial, essential, important or vital for an organisation's accomplishment of its mission (Steyn and Puth (2000).

STAKEHOLDER IDENTIFICATION AND CLASSIFICATION

The ELIDZ's relationships with its stakeholders are evaluated based on a stakeholder classification model by Steyn and Puth (2000) which identifies four key stakeholder groupings. These are:

Enabling stakeholders:
Stakeholders that provide authority and control resources

Functional stakeholders:
Groups that provide inputs into the organisation and use the organisation's outputs

Normative stakeholders:
Stakeholders with professional or industry associations who can assist in solving a shared problem.

Diffused stakeholders:
Stakeholders that are not part of any of the above groups but are key recipients to organisational communication.

STAKEHOLDER GROUPING CLASSIFICATION	STAKEHOLDER GROUPS	PURPOSE OF ENGAGEMENT
Enabling Stakeholders	**Local, Provincial and National Government** (funding and regulatory environment)	Providers of funding are core to the ELIDZ's existence and growth. The organisation's operational strength is gained from funding received from provincial and national government. Similarly, the ELIDZ's existence is depended on its fulfillment of its mandate as outlined by its funders and its shareholders (Buffalo City Metropolitan Municipality and the Eastern Cape Provincial government). To ensure the satisfaction of shareholder and funder expectations, the ELIDZ continuously engages with this stakeholder group with transparent and complete information to allow the shareholders and funders to evaluate the ELIDZ's strategy, its performance and impact.

STAKEHOLDER GROUPING CLASSIFICATION	STAKEHOLDER GROUPS	PURPOSE OF ENGAGEMENT
Functional Stakeholders	**Investor Support Partners** • Local, Provincial and national government (permits, services and incentives for investors) • Funding institutions • State Owned enterprises (sector development support) • Education and Training Institutions • Organised labour	Investor support partners are critical in complementing and enhancing the ELIDZ's value offering to its targeted investors. The organisation's zone development strategy relies of the identified investor support partners developing and implementing solutions that will improve the competitiveness of the ELIDZ as a strategic investment location.
	ELIDZ Customers	Our existence and growth depends on the extent to which we understand the needs and key investment decision drivers of our investors. Our interactions with our potential and existing investors helps to share our strategy, our offering and our priorities as an organisation. By understanding our customer's expectations and implementing strategies to satisfy these, we build customer loyalty and positive brand equity.
	ELIDZ Employees	The ELIDZ acknowledges that employees are critical in delivering brand value and influencing an organisation's reputation. It is therefore critical that the ELIDZ continues on developing and implementing internal brand building initiatives and for employees and management to which are characterised communication and engagement to ensure the attainment and maintenance of a desired culture that supports the delivery of the organisation's value offering
Normative Stakeholders	**Organised Business** **Respective Sector Value Chain players** **Other IDZs and SEZs**	As an organisation it is critical to understand our macro environment and in instances where it is warranted, develop strategies to drive opinion, shape the thinking and advance progress that is supportive of our mandate. Normative stakeholders are important in creating unified industry views and lobbying for desired programme outcomes.
Diffused Stakeholders	**Media**	The media provides other stakeholders with information on the ELIDZ, its performance and its challenges. Communicating with the media assists in ensuring accurate, factual and contextual reporting on developments on the ELIDZ and the IDZ programme as a whole.
	Surrounding Communities	The ELIDZ has set up structures and tools to engage with the surrounding communities around our zone. This is aimed at creating an understanding and support for the objectives of the ELIDZ amongst the community whilst also growing the organisation's understanding of the social matters that shape the community.

WHAT WERE THE KEY STAKEHOLDER ISSUES FOR THE YEAR

COMPLIANCE TO PFMA AND RELEVANT TREASURY REGULATIONS

Compliance to the PFMA and relevant treasury regulations was one of the key stakeholder issues identified for 2013/14, especially in light of the ELIDZ's first qualified audit opinion by the Auditor General of South Africa for the 2012/13 financial year. The ELIDZ, in the period under review undertook to implement an audit turn-around strategy which saw the review and refinement of financial management processes and systems as the key building blocks to clean organisational administration. As a result of this, the ELIDZ achieved an unqualified audit opinion for the 2013/14 financial year. Details on this aspect can be found in the Board Report as well as the Report of the Auditor General on pages 23 to 40.

CHANGES IN THE ELIDZ'S INSTITUTIONAL ARRANGEMENTS

The close of the 2012/13 financial year saw the introduction of an SEZ Bill, which was meant to improve the basis for the development and operationalization of industrial development zones in South Africa. One of the key stakeholder issues in this regard was the ability for the ELIDZ to shape the proposed legislation and position itself for the new dispensation. Details of how the ELIDZ has managed this issue in the 2013/14 financial year can be found in the Chairman's Statement and the CEO's Overview on pages 19 to 21.

COMPLIANCE TO SAFETY, HEALTH AND ENVIRONMENT REGULATIONS

The impact of industrial development zones on surrounding communities with respect to safety, health and environmental legislation continues to be a key concern for stakeholders. The ELIDZ has a strong focus on these aspects and drives for Zero Impact through its policies and systems. Details of the ELIDZ's impact in this regard can be found on page 62.

INCREASED SOCIO-ECONOMIC IMPACT OF THE ELIDZ

The socio-economic impact of the zone continues to be one of the key pillars that drive stakeholder perceptions and satisfaction. As such, the organisation's ability to attract and retain strategic investments that create jobs while introducing new technology and skills in the region remains a key concern for stakeholders. Details of the ELIDZ's impact in this regard can be found on pages 65 to 68.

ABILITY TO DELIVER CUSTOMER VALUE

The ELIDZ's ability to satisfy the needs of its targeted customers continues to be a concern to its stakeholders. As such, the ELIDZ continues to carefully monitor the satisfaction levels of its customers with its value offering as well as the growth in the organisation's brand equity. Details of the ELIDZ's ability to deliver on customer value can be found on page 59.

our performance

R622 MILLION
NEW INVESTMENT ATTRACTED IN 2013/14 FINANCIAL YEAR

4% GROWTH
R4.2 BILLION
PRIVATE SECTOR INVESTMENT

R73 MILLION
TOTAL EXPENDITURE TOWARDS SMALL MEDIUM & MICRO ENTERPRISES
SMMEs
IN 2013 / 14

Lungile Dingaan
Dingaan & Associates
Architect: ELIDZ Shared Warehousing Facility, 2013

20% GROWTH
2992
IN ACTIVE MANUFACTURING & SERVICES JOBS CREATED BY ELIDZ TO 2992

25% GROWTH
27
IN THE NUMBER OF OPERATIONAL INVESTORS IN THE ZONE TO 27

12.8% YEAR ON YEAR GROWTH IN THE PIPELINE CONVERSION RATE TO 15.2%

26% YEAR ON YEAR GROWTH IN OWN GENERATED REVENUE

R258 TOTAL EXPENDITURE TOWARDS BROAD BASED BLACK ECONOMIC EMPOWERED BBBEE ENTERPRISES IN 2013 / 14

as it is today

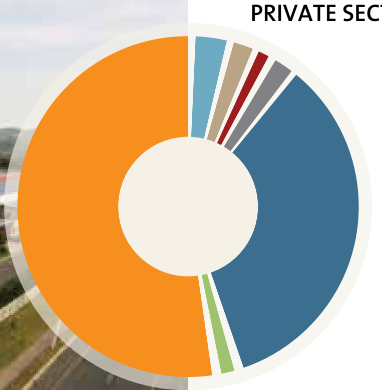
The ELIDZ is a thriving operation with 27 world renowned investors operating from its world class industrial park.

The ELIDZ has become a diversified industrial park which offers investors customised industrial solutions and world class infrastructure. The zone's international footprint now spreads over 11 countries

South Africa | Germany | Belgium | United Kingdom | USA
Spain | China | Switzerland | Taiwan | Italy

our international footprint

PRIVATE SECTOR INVESTMENT VALUE BY SECTOR



our customers

MC –Synchro
The company assembles tyres and rims for supply to Mercedes Benz South Africa

Feltex Autmotive Trim
A leading supplier of a wide range of quality automotive acoustic and trim component which include moulded carpets, sound insulators, sun visors, wheel house liners, boot packages for Original Equipment Manufacturers (OEM).

Feltex Fehrer
Produces seat pads and head rests for Mercedes Benz South Africa.

Feltex Futuris
Manufactures tuffed carpets for supply to sister companies, Feltex Trim and Caravelle Carpets, who supply Mercedes Benz South Africa.

Feltex Caravelle
Manufactures loose-lay carpets for supply to OEMs including Mercedes-Benz South Africa, VW and Toyota.

Foxtec-Ikhwezi
Supplies high volume Forged non-ferrous products for automotive and engineering industries.

ILB Helios
Spanish company producing solar panels units

Johnson Controls
Produces Cockpits, Overhead Systems and Seats for the Automotive Industry.

TI Brake and Fuel Pipes
Assembles brake and fuel pipes for Mercedes Benz South Africa.

TI Automotive Fuel Systems
Assembly of fuel tanks for Mercedes Benz South Africa.

UTi
Logistics and supply chain management services.

ZZZ
Distributor of Fast Moving Consumer Goods products, with the main focus on personal care items.

Vehicle Delivery Service
VDS utilises the East London IDZ state of the art Vehicle Storage Centre. The facility has the capacity to store 2 500 vehicles under cover and a further 1154 in open parking.

Molan Pino
Manufacturers of polypropylene foam components, cold cured polyurethane components and cut foams for OEMs.

Milltrans
Milltrans is one of the leading competitors in the freight transport industry. The company has a fleet of 28 trucks and 78 trailers.

Bigfoot Express Freight
An independent express distribution company offering distribution and fulfilment solutions to clients throughout the major centres of South Africa.

Matla Diamond Works
Diamond cutting and polishing

Sunningdale Dairy
Established in 1981, Sunningdale Dairy produces dairy products such as milk, maas, cheese and yoghurt for distribution throughout the Eastern Cape Province.

Reinforcing Steel Contractors
RSC provides reinforcing solutions to the building, civil, mining and engineering markets, including the supply, cut, bend, delivery and fixing of reinforcing steel.

Ocean Wise
Land based marine aquaculture operation specialising in FinFish farming and hatchery.

Pure Ocean Aquaculture
Finfish farm and hatchery

ELPET (Pty) Ltd
Manufacturers of PET plastic bottles. The plant manufactures bottles in the volumes of 1,5l 1l, 300ml and 250ml.

Mediterranean Shipping Company (MSC) Depots (Pty) Ltd
Responsible for container handling facilities in Southern Africa. The depot is responsible for the movement and storage of empty and full MSC containers.

RG BROSE
German Based company manufacturing door systems for MBSA W205.

BOYSEN
Boysen develops and manufactures exhaust manifolds, catalytic converter silencers and exhaust systems.


Johnson Controls

CORPORATE GOVERNANCE

02

chairman's statement

The ELIDZ Board of Directors is responsible for ensuring effective and efficient management of the organisation and all its resources. Discharging this crucial role ensures that the ELIDZ continues to be a financially and operationally sound business and that it remains attractive to potential and current investors, funders and shareholders at large.

ADVOCATING FOR CHANGE

The ELIDZ Board has in the period under review also continued to advocate for a conducive policy and operational environment to allow management and staff to undertake their key responsibilities with maximum prospect of success.

A key to this has been the ELIDZ's lobbying for changes in the industrial development zone (IDZ) legislative framework to drive for improved competitiveness and stability for the South African IDZ sector. The period under review has seen some good progress in this regard with the development and refinement by affected stakeholders of a new and expanded legislative regime for special economic zones (SEZs). As at the end of the financial year, a SEZ Bill was awaiting final sign-off into law, signalling the completion of an intense phase of consultation and lobbying which has necessitated the devotion of considerable time and resources.

The road to lobbying for an improved institutional basis for Zones development and operation, does not, however, end here. The incoming new legislation continues to present the ELIDZ and the Board with elements of uncertainty. Among these are potential changes to the basis of current funding, especially with the awaited development of the anticipated national SEZ Fund and new funding instruments that it will invoke.

Possible qualification or reluctance by national government to continue utilising grant funding for the delivery of tenant facility top-structures could become a factor moving into the future. This potential constraint, coupled with pressure on provincial sources of funding, could leave the Eastern Cape's two IDZs facing persistent -- and possibly worsening -- funding shortfalls. This could well prove to undermine the IDZs' currently adopted business model/plans and could compromise or delay critical project timelines (with medium-to-long-term rate of business development impacts). This has necessitated that the ELIDZ continue to engage national government to seek clarification on funding avenues for IDZs.

In addition, the uncertainty within the sector is also requiring strategic examination of various possible scenarios and responses, coupled with an agility and willingness to maintain flexible business planning and value proposition management to take into account some of these possibilities.

As an organisation we are encouraged by the positive intents that the Minister of the Department of Trade and Industry is exploring via the expansion and strengthening of the incentives basis of the Zones Programme. This offers welcome signs of a new stimulus for investment take-up. We continue to engage with the designers of these incentives to ensure that predominantly rural and somewhat logistically challenged provinces (such as our Eastern Cape) truly benefit from these incentives and stand shoulder to shoulder with other economically stronger, predominantly industrially more advanced locations such as Gauteng, the Western Cape and KwaZulu Natal.

The changes in the new SEZ legislation, particularly with regard to the requisite positioning of the provincial shareholder and executive authority as a future SEZ Programme Licensee has also, during the period under review, warranted a relook into the current shareholding arrangements. Following the assessment of possible solutions in this regard and after thorough consultation with the affected stakeholders, the Executive Authority together with Board of the ELIDZ and the Eastern Cape Development Corporation (ECDC) resolved to decouple the ELIDZ from its ECDC shareholding so that it can operate as a future SEZ Operator in relation to the Licensee. As at the end of the financial year, the decoupling process for ECDC is underway and is being led by ECDC.

This action has also subsequently necessitated the review of Buffalo City Metropolitan Municipality (BCMM) shareholding mechanism also. There is also continuing engagement with BCMM to investigate various permutations that would ensure a continued role of BCMM within the ELIDZ project as a valued, primary stakeholder.

RENEWAL TOWARDS CLEAN ADMINISTRATION

Since its inception in 2003, the ELIDZ has applied itself to deliver its operations in a manner that will ensure the sound management of a financially viable entity, the steady attraction of new investment as well as the retention of existing investors.

The organisation has, in its relatively short history, shown itself agile and broadly capable of adaptation to a changing environment and emergent business challenges.

While it has not wavered in this mission, the organisation found itself, in 2012/13, receiving its first qualified audit opinion in its 11 years of operation from the Auditor General of South Africa. This opinion placed a blemish on an otherwise thriving financial year and served as a strong call on the ELIDZ board to act decisively in dealing with institutional shortcomings that had led to the qualification.

With this as a background to activity for the 2013/14 financial year, the board set out to drive a turnaround process that would remove this black mark. Its focus was to review and refine the ELIDZ's internal processes and controls to ensure that the qualified opinion was addressed and would not repeated for the 2013/14 financial year.

As a board this is not a matter that we have taken lightly - after the audit the Board took full responsibility for the organisational results. We had to sit back and take stock of what went wrong and how we can act to turn the situation around in conjunction with the executive and management. The organisation responded to implement a comprehensive and closely monitored audit turn-around plan which not only focused on specific areas of qualification but also on the broader qualities of organisational administration and performance.

As the year comes to a close, we are confident of the strides that have been made for the organisation in turning the situation around. Not only has the ELIDZ dealt with the root causes of the qualified audit opinion, there is now a greater focus, both by the board and management, on ensuring incremental and sustained improvement for the attainment of clean administration.

GROWING IMPACT

Despite some of the challenges highlighted above – the ELIDZ continues to thrive and its significant impact continues to be felt on the ground. In the last year alone we have increased investment into the zone by more than R500 million and more than 500 new permanent manufacturing jobs have been created just in the last twelve months. Importantly, the ELIDZ's socio-economic impact continues to reach wider than just the zone's physical boundaries.

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 (DEDEAT). 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 Port Terminals and Mercedes Benz South Africa 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 ELIDZ and who bring the contributions that ultimately grow the provincial and 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

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 the Act, and all such returns appear to be true, correct and up to date.

Adv. Gulshan Singh
Company Secretary

statement of corporate governance

The ELIDZ Board of Directors 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.

our board

Zolile Milton Tini

Nationality:	South African
Profession:	Businessman

Zolile Milton Tini is an avid businessman who has managed a number of successful businesses in South Africa. He has business interests in various sectors including construction, retail, entertainment and event management. Tini has over 20 years of experience in the development of and management of training programmes with a specific specialisation on technical training programmes for industry needs. Tini is a member of various professional bodies including the Concrete Manufacturing Association (CMA). Tini has also held various board memberships including being the President of the Border Kei Chamber of Business, a Director at Own Haven Housing Association, a Director at the Eastern Cape Socio Economic Consultative Council and a director at the Leadership Development Institute.

As a chairman of the East London Industrial Development Zone (ELIDZ) board for the past 6 years, Tini has led the team that has provided sound leadership and an enabling , conducive environment for the development and operation of a world class industrial development zone which has been recognised as one of the leading IDZs in South Africa.

Simphiwe Kondlo (ex-officio)

Nationality:	South African
Profession:	Civil & Agricultural Engineer

Mr Simphiwe Nicholas Kondlo is a seasoned engineer. He holds a MSc Engineering Management and has more than 10 years' experience spanning over various fields including civil and agricultural engineering. Kondlo, is a former Chief Executive Officer of Amatola Water and one of his career highlights was developing and executing a turn-around strategy for the organisation, a water utility, with 14 water treatment plants and extensive bulk water pipe lines accross a number of municipalities, leading to the sustainable and profitable operation of the entity. In 2004, Mr Kondlo joined the ELIDZ as Chief Executive Officer. With him at the forefront, the ELIDZ managed an intensive infrastructure development programme which transformed a greenfield site into a fully-fledged industrial development hub.

The zone has secured more than R1 billion worth of investment since Mr Kondlo took over the reins and it continues to flourish. In his role at the ELIDZ, Mr Kondlo has also played a significant role in shaping the policy framework of the South African IDZ programme. He has sat in several boards including the Eastern Cape Development Corporation (ECDC) Trans-Caledon Tunnel Authority (TCTA), Aspire, Mvula Trust and Buffalo City FET College, Walter Sisulu University Council and the Buffalo City Development Agency (BCDA).

Ayanda Kanana

Nationality:	South African
Profession:	Chartered Accountant

Mr. Ayanda Kanana qualified as a Chartered Accountant in 2008. He is currently a board member as well as a member of the Audit Committee at the ELIDZ . He holds a Bachelor of Commerce in Financial Accounting from the University of Witwatersrand and a Bachelor of Accounting Honours from the University of KwaZulu Natal. Mr. Kanana has held various positions at Deloitte South Africa. These include being an Article Clerk, an Auditor in Charge and Learning & Audit Manager at this reputable Accounting firm. During his tenure at Deloitte South Africa, his client base included Anglo Platinum, Barloworld Limited, Murray & Roberts Construction, and Cricket South Africa. In 2008, he was seconded by Deloitte South Africa to their counterpart in the United States of America where he was employed as Auditor in Charge.

Mr. Kanana currently heads a Governance & Reporting Unit in the City of Johannesburg, where he represents the Shareholder interests in the Board of Directors of the Municipal Entities Owned by the City. He has held Independent Audit Committee positions in the following institutions: Johannesburg Social Housing Company, Johannesburg City Parks & Zoo, Mogale City Local Municipality and Randfontein Local Municipality.

Pumla Nazo

Nationality:	South African
Profession:	Municipal Management

Pumla Nazo, councillor at the Buffalo City Metropolitan Municipality (BCMM) has a well vested knowledge in Public Administration having served at all three spheres of government. She has at all times supported her vast practical experience with tertiary qualifications. Nazo has qualifications in Labour Law, Community Relations and Development Communication, project management and Local Government Management. She is currently pursuing a post graduate qualification in Social Security.

Nazo's work experience spans over decades with various organisations under her belt such as Voter Education and Training Unit (VETU) and the Cecelia Makhiwane Hospital. Nazo has held various managerial positions within the public sector during which she maintained her relations with the community and ensured that those who serve them understand their needs. These include positions at the Eastern Cape Office of the Premier, the Department of Social Development, the South African Social Security Agency (SASSA), and the Office of the Speaker at the Buffalo City Municipality.

Nazo is currently the Portfolio Head for Local Economic Development at the Buffalo City Municipality. Her portfolio includes oversight on Trade and Investment, Agriculture and Rural Development, Business Development, Tourism and Arts Culture and Heritage. She sits on various Local Economic Development forums both within Buffalo City and the Eastern Cape Province. At Buffalo City she chairs the Committee on Geographical Name Change and is serving in Eastern Cape Geographical Name Change Committee, she is also chairing the committee in developing the Metro Growth Development Strategy 2030. Nazo is a member of the ELIDZ Board and also a sits on the Finance and Tenders Committee.

Eugene Vincent Jooste

Nationality:	South African
Profession:	Financial Management and Accounting

Eugene Vincent Jooste an independent consultant at EVJ Consulting. His works experience spans over decades having worked as a Junior Audit Clerk in 1985 at Spencer Steward CA (SA). He has since applied his trade in both public and private sector this include Development Bank of Southern Africa (DBSA), the Independent Business Enrichment Centre & The Independent Finance Centre and Eastern Cape Department of Roads & Public Works to mention but a few.

Jooste has been a member of the Eastern Cape Provincial Interim Bid Adjudication Committee, a member of the Institute of Purchasing Supply South Africa and was part of the provincial Treasury Task Team that dealt with Procurement Reforms that led to the implementation of the Supply Chain Management Regulations within the Eastern Cape Province. Using his extensive experience gained at both private and public entities he now devotes his time to his Consultancy Company consulting and undertaking advisory services with the three spheres public, private and Non-Governmental Organisations.

Jooste is a member of the ELIDZ board and also serves on the organisation's Audit and Risk and Finance and Tender Committees.

Sakhumzi Caga

Nationality:	South African
Profession:	Municipal Management

Sakhumzi Caga has 14 years experience in municipal policy development and service delivery monitoring. He has been deployed by the African National Congress as a councillor for the Buffalo City Municipality (later renamed Buffalo City Metropolitan Municipality) since 2000. It is in this role that Caga has served in various decision making structures including the following: Human Resources Standing Committee, Community Services Steering Committee and the Public Participation Standing Committee.

Caga also chaired the municipality's Employment Equity Steering Committee (2003 -2006) and was later appointed as the municipality's interim Executive Mayor between 2008 and 2009. Through his political affiliation he has fought for youth development and equality in sport since the days of racial segregation. In his youth he served in various youth councils such as Student Representative Council (SRC) Secretary and chairperson of East London Youth Organisation to mention but a few. Caga has a Post Graduate Qualification in Public Management and is currently pursuing a Post Graduate qualification in Municipal governance and administration.

His current responsibilities at BCMM include Chairperson of the Social Facilitation Committee and Member of the Development Planning & Management Portfolio Committee. Caga also chairs council's Section 79 Committee responsible for the welfare of councillors including pension funds, medical aid and financial investments. Caga is a member of the ELIDZ board and also serves in the Executive and Investment Services Committees of the ELIDZ board.

Phumla Mzazi-Geja

Nationality:	South African
Profession:	Environmental Management and Conservation

Phumla Mzazi-Geja a well versed nature conservationist and second black woman to qualify in her field in the 90's; she started her career at Tsolwana Game Reserve which has since grown in the ranks of Nature Conservation. In her work as a nature conservationist she managed to water down tensions between communities and protected area management where she advocated for the involvement and recognition of the communities in the land within which the parks are located. Her ability to facilitate an amicable solution between warring parties opened doors for her within the Eastern Cape provincial administration were she was employed as an Environmental Education Officer.

Following a brief stint with the provincial administration and her interminable commitment in working with communities she moved to the South African National Parks (SANPARKS) and assumed Community Liaison in Addo Elephant National Park. She has since fulfilled various roles in her working career within nature conservation such as an Assistant Director: Environmental Affairs at the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) and first black Park Manager at SANPARKS in Cradock.

Some of her current responsibilities as Senior Manager: Biodiversity Conservation & Coastal Zone Management include facilitating and coordinating conservation of diversity landscapes, ecosystems, habitats, biological communities, population species and genes in the Province of the Eastern Cape. Mzazi-Geja is a member of the ELIDZ board and also sits on the Investment Services Committee.

Natasha Meinie-Anderson

Nationality:	South African
Profession:	Chartered Accountant

Natasha Meinie-Anderson qualified as a chartered accountant in 1999 and has years of experience in the accounting and auditing field. She started her career by doing her articles at Coopers & Lybrand then later applied her trade at National Audit Office in London. After a brief spell there, she relocated back to South Africa and was appointed Audit Manager at the Auditor General's Eastern Cape office responsible for auditing annual financial statements of provincial government departments, municipalities and statutory bodies with various other responsibilities. She later moved to occupy a senior position at AG in the Eastern Cape office.

Following years of working at the AG's office, she took on a new challenge at Eskom as Regional Financial Manager- South Region and is where her responsibilities include Strategic financial management leadership, execution of the operational financial management strategy, development of accounting policies, procedures and governance as well as pricing, purchasing and related regulation.

Meinie-Anderson is a member of the Independent Regulatory Board for Auditors (IRBA), the South African Institute of Chartered Accountants (SAICA), the Association for the advancement of Black Accountants of Southern Africa (ABASA) and the Institute of Directors (IoD). Meinie-Anderson is the chairperson of the ELIDZ Audit and Risk Committee and also serves on the ELIDZ board of directors.

Noxolo Stella Mteto

Nationality:	South African
Profession:	Corporate Law

Noxolo Stella Mteto is a seasoned legal practioner who qualified as an attorney of the High Court of South Africa in 2000. She holds a B Proc from the University of Transkei and a Post Graduate Diploma in Corporate Law from the University of South Africa. Mteto qualified as a Conveyancer of the High Court of South Africa in 2002 and a Notary Public of the High Court of South Africa in 2003.

Mteto has worked as an attorney both for the state and for the private sector. Her professional exposure includes experience with companies such as Telkom SA, Mohlaba and Moshoana Inc and the Department of Trade and Industry where she worked in the Office of Companies and Intellectual Property Enforcement. In 2002, Mteto founded Ngeno and Mteto Incorporated. The company specialises in Corporate and Commercial Legal Advisory Services and Property Law. Mteto has been a board member of the ELIDZ since the 2011/12 financial year and is also a member of the Finance and Tender Committee.

Sithembele Mase

Nationality:	South African
Profession:	Economic Development and Finance

Sithembele Mase has been Chief Executive of Eastern Cape Development Corporation since July 1, 2010. Mr Mase has experience in the micro-finance industry spans more than 20 years. He graduated from the University of Transkei with a B Com degree and also holds B Com (Hons) and MBL degrees from the University of South Africa. Mase has worked both in private and public sector organizations and his experience includes being CEO of the South African Micro Apex Fund.

Mase has served on various boards including the OR Tambo Ntinga Development Agency and the East London Industrial Development Zone.

Vuyo Sikwebu

Nationality:	South African
Profession:	ICT Management

Vuyo Sikwebu has a long track record of success in conceiving, developing and executing strategies that drive revenue, growth and shareholder value in the ICT industry. Throughout her 15 year career, Sikwebu has earned a reputation for managing complex business initiatives in the IT industry both for the private and public sector. Sikwebu holds various qualifications in Management Practice from Rhodes and GIBS and sat on Board for Gijima Technologies and Prism Transwitch Services (now Easy Pay). Sikwebu also sits on the Board of Governors at Merrifield Prep & College. Her experience in a number of specialised South African multi-nationals such as GijimaAST, Pinnacle Africa, SBS Consulting and Outsourcing and Mercedes Benz South Africa adds valuable expertise to the ELIDZ board.

Sikwebu is a member of the ELIDZ board and the organisation's Audit Committee.

Mpumelelo Saziwa

Nationality:	South African
Profession:	Education

Mpumelelo Saziwa a teacher by profession and Trade Unionist at heart has a vast experience in dealing with labour related matters at work having joined the South African Democratic Teachers Union (COSATU) as an ordinary member in 1992. Due to his political prowess and ability to lead he was in 1993 elected as an Education Convener for the Mthatha Branch. The election opened more doors and was elected to various senior positions within the trade union in the Eastern Cape Province such Chairperson of Cosatu. Whilst applying his political trade and climbing to even to better heights within Cosatu, Saziwa never forgot his first love teaching. When he joined Cosatu he was employed as an educator at Zimele Junior Secondary School in Mthatha. After a decade teaching at the school he was appointed Principal at Ikhwezi Technical Skill Centre in 2002.

His respect for teaching and leading Cosatu in the province prompted him to further his studies as he obtained his Secondary Teacher's Diploma in 1991 and Advanced Certificate in Trade Union Management in 1998. He then enrolled with the University of South Africa (UNISA) where he obtained his Bachelor of Arts in 2004.

His decorated political career, vast experience in dealing with labour related matters and serving in various boards such as member of the Council at Walter Sisulu University where he represented National Economic Development and Labour Council (NEDLAC), Accelerated and Shared Growth Initiative-South Africa (ASGISA) and Uvimba Finance Limited. Saziwa has been a member of the ELIDZ board since 2009 and he has been entrusted with a responsibility of providing leadership in labour related issues. He also serves on the Audit and Risk Committee.

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

BOARD

The ELIDZ has a unitary Board which comprises of 11 non-executive directors as of 31 March 2014. 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 are 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 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; and
- Ensure that the company has developed a succession plan for its chief executive and senior management.

CHANGES IN THE BOARD COMPOSITION IN 2013/14

Ms. J. Brown resigned as of 15 May 2013.
The ELIDZ appointed the following new members as of 24 October 2013, Ms. V. Sikwebu and Mr. E. Jooste.

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, three special Board meetings were held making it seven 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, in advance of the agenda items being presented;
- Disclose their interests at the ELIDZ, other directorships, and any other area of potential conflict of interest; and
- 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. The EXCO acts as the nomination and remuneration committee, and also the social and ethics committee in terms of the Companies Act. The EXCO also performs the functions of Human Resources committee where it fulfills the necessary oversight responsibility on the selection and performance of a Chief Executive, the selection and retention of senior management and senior management succession planning. 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 four Independent non-executive directors, one of which is the chairperson, as at 31 March 2014. The chief executive officer, chief financial officer, chief information officer, chief risk 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:

- Monitor the Safeguarding and responsible management of ELIDZ assets;
- Ensure continued maintenance of adequate accounting records;
- Ensure the development and maintenance of 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; and
- Provide as much assistance and information as possible to the board to enable it to discharge its responsibilities appropriately.

FINANCE AND TENDER COMMITTEE (FNT)

The committee is comprised of one non-executive director (who acts as a chairperson) and, three non-executive directors as members. The chief executive officer, the chief financial officer and executive manager, rendering a tender to be considered, 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; and
- Analyse the submission of tenders and recommend for board approval those that exceed the delegated authority.

INVESTMENT SERVICES COMMITTEE (ISC)

This committee consists of five 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; and
- 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 are 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 the committees, board charter, 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 company's fiduciary duties as contained in the Companies Act, PFMA, and also King III report and operations including an introduction on an informal level to the executive management.

BOARD AND BOARD COMMITTEE MEETINGS FOR FINANCIAL YEAR 2013/14 INCLUDING (SCHEDULED AND SPECIAL MEETINGS)

Name of Director	Board	Audit and Risk Committee	Finance and Tender Committee	Executive Committee of the Board	Investment Services Committee	Annual General Meeting and Other meetings	
Total Number of Meetings for the Financial Year	**8 (4 scheduled, 4 special)**	**7 (5 scheduled, 2 special)**	**4 (4 scheduled, 0 special)**	**5 (4 Scheduled, 1 special)**	**2 (2 special)**		**Total Fees Earned**
Z. Tini (Chairman Board and EXCO)	21 May 2013 30 May 2013 26 July 2013 14 August 2013 23 October 2013 12 December 2013 28 February 2014 26 March 2014			26 July 2013 14 August 2013 27 August 2013 26 November 2013 28 February 2014		• Meeting with Executive Authority • Meeting with Shareholder – BCMM • Meeting with Shareholders • Annual General Meeting • AG Control Visit • AG – 24 February 2014 • BCMM liaison Forum 19 Sep 2013, 5 Feb 2013 • Strategy Session 22 October 2013 • Stakeholder function 22 October 2013 • Stakeholder function 2 October • Stakeholder Oversight Meeting – 11 November 2013 • DIR COM MINISTERS VISIT – 29 November 2013 • Board induction 21 Jan 2013	R 195 094
N. I. Meinie-Anderson (Chairman ARC)	26 July 2013 14 August 2013 23 October 2013 December 2013 February 2014 26 March 2014	23 July 2013 27 September 2013 15 November 2013 16 January 2014 (Special) 20 February 2014 20 March 2014 (Special)		26 July 2013 14 August 2013 27 August 2013 26 November 2013 28 February 2014		• Scopa – 18 October 2013 • Strategic Planning 22 October	R 191 567

BOARD AND BOARD COMMITTEE MEETINGS FOR FINANCIAL YEAR 2013/14 INCLUDING (SCHEDULED AND SPECIAL MEETINGS)

Name of Director	Board	Audit and Risk Committee	Finance and Tender Committee	Executive Committee of the Board	Investment Services Committee	Annual General Meeting and Other meetings	
Total Number of Meetings for the Financial Year	**8 (4 scheduled, 4 special)**	**7 (5 scheduled, 2 special)**	**4 (4 scheduled, 0 special)**	**5 (4 Scheduled, 1 special)**	**2 (2 special)**		**Total Fees Earned**
S. Caga	21 May 2013 30 May 2013 26 July 2013 14 August 2013 23 October 2013 12December 2013 28 February 2014 26 March 2014			26 July 2013 14 August 2013 27 August 2013 26 November 2013	18 July 2013 19 March 2014	• BCMM liaison Forum – 5 February 2013 • BCMM Liaison Forum 19 September 2013 • Stakeholders Meeting • AGM – paid 24 Oct 2013 • Strategy Session – 22 October 2013 • Stakeholder function 2 October 2013 • Portfolio Committee – 14 November 2013 • Stakeholder Oversight meeting – 11 November 2013	R 119 674
S. Mase	26 July 2013 14 August 2013 23 October 2013 28 February 2014		15 May 2013 16 July 2013 27 November 2013 24 February 2014	26 July 2013 14 August 2013 28 February 2014			Nil
M. Saziwa	21 May 2013 30 May 2013 26 July 2013 14 August 2013 23 October 2013 12 December 2013 28 February 2014 26 March 2014	30 May 2013 23 July 2013 27 September 2013 15 November 2013			19 March 2014		R 104 890
P. Nazo	21 May 2013 30 May 2013 26 July 2013 4 August 2013 23 October 2013 12 December 2013 28 February 2014		15 May 2013 16 July 2013 27 November 2013 24 February 2014				R 96 719
P. Mzazi-Geja	21 May 2013 30 May 2013 26 July 2013 14 August 2013 12 December 2013 28 February 2014 26 March 2014				18 July 2013		Nil

BOARD AND BOARD COMMITTEE MEETINGS FOR FINANCIAL YEAR 2013/14 INCLUDING (SCHEDULED AND SPECIAL MEETINGS)							
Name of Director	Board	Audit and Risk Committee	Finance and Tender Committee	Executive Committee of the Board	Investment Services Committee	Annual General Meeting and Other meetings	
Total Number of Meetings for the Financial Year	**8 (4 scheduled, 4 special)**	**7 (5 scheduled, 2 special)**	**4 (4 scheduled, 0 special)**	**5 (4 Scheduled, 1 special)**	**2 (2 special)**		**Total Fees Earned**
A. Kanana	26 July 2013 14 August 2013 23 October 2013 12 December 2013 28 February 2014	23 July 2013 15 November 2013 27 September 2013 (Teleconference) 16 January 2014 (Special - Teleconference) 20 February 2014 (Teleconference)					R 108 355
N. S. Mteto	21 May 2013 26 July 2013 14 August 2013 23 October 2013 12 December 2013 28 February 2014 26 March 2014		15 May 2013 (Teleconference) 16 July 2013 (Teleconference) 27 November 2013 (Teleconference) 24 February 2014 (Teleconference)				R 88 814
V. Sikwebu	12 December 2013 28 February 2014 26 March 2014	15 November 2013 16 January 2014 (Special) 20 February 2014 20 March 2014 (Special)				• BCMM Liaison on 5 Feb 2014 • Induction – 31 January 2014	R 48 838
E. Jooste	12 December 2013 28 February 2014 26 March 2014	15 November 2013 16 January 2014 (Special) 20 February 2014 20 March 2014 (Special)	24 February 2014				R 103 389
						Total:	**R 1 057 340**

report of the board audit & 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) and the Companies Act, 71 of 2008, section 94(7)(f)

The Audit and Risk Committee is pleased to present the board report for the financial year ended 31 March 2014.

AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE

The Audit and Risk Committee consists of the members listed hereunder and has met as reflected below.

Name of the members	Number of meetings attended
Mrs N.I Meinie-Anderson (Chairperson)	6 of 7
Mr A. Kanana (Member)	5 of 7
Mr M. Saziwa (Member)	4 of 7
Mr E. Jooste (Member) - appointed 24 October 2013	4 of 7
Ms V. Sikwebu (Member) - appointed 24 October 2013	4 of 7
Ms J. Brown (Member) - resigned 15 May 2013	0 of 7

Separate closed meetings were held with Auditor General (AG) and management during the year under review. The Audit and Risk Committee also had closed meetings with the Chief Executive Officer (CEO).

Furthermore, as per a Board Resolution, the Audit and Risk Committee was mandated to set-up a sub-committee to monitor audit readiness through regular meetings to provide advice and guidance on finance and audit matters. A total of five sub-committee monitoring meetings were held over and above the mandatory meetings listed above.

AUDIT COMMITTEE RESPONSIBILITY:

The Audit and Risk Committee reports that it has adopted an 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 has conducted its affairs in line with the requirements of Section 51(1)(a)(ii) of the Public Finance Management Act, 1 of 1999 (as amended) and Treasury Regulations 3.1.

The Audit Committee has an oversight function with regards to:-

- Financial Management and other reporting practices,
- Internal controls and management of risks,
- Compliance with laws, regulation,
- The external audit and
- The internal audit function.

In the conduct of its oversight 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;
- The 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
  - effectiveness of the entity's compliance with legal and regulatory provisions.

Financial and sustainability information provided

- 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 addressing the risks pertinent to the company in its audits;
- 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 explanations given by management and information gathered by the committee through its extended oversight programme as well as internal audit reports, 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.

While there was significant breakdown in controls and significant inadequacies noted in the control environment of the 2012/13 financial year, the Audit and Risk Committee notes an improvement, after a controls review was conducted, in the functioning of these controls, procedures and systems during the year under review.

EVALUATION OF FINANCIAL STATEMENTS:

The Audit and Risk Committee has evaluated and discussed the annual financial statements of the East London Industrial Zone SOC Ltd for the year ended 31 March 2014 and, based on the information provided to it, considers that the Statements comply, in all material respects, with the requirements of 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 its special meeting held on 27 May 2014, recommended the adoption of the financial statements by the board of directors.

The Audit and Risk Committee concurs with 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:

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N I Meinie-Anderson
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 SOC LTD

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the East London Industrial Development Zone SOC Ltd set out on pages 75 to 127, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

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

Auditor-general's responsibility

3. My responsibility is to express an opinion on the 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 financial statements are free from material misstatement.

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

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the East London Industrial Development Zone SOC Ltd as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Statements of GAAP and the requirements of the PFMA and the Companies Act.

Emphasis of matters

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

Restatement of corresponding figures

8. As disclosed in note 34 to the financial statements, the corresponding figures for 2012-13 have been restated as a result of errors discovered during 2013-14 in the financial statements of the public entity at, and for the year ended, 31 March 2013.

Irregular expenditure

9. As disclosed in note 37 to the financial statements, the public entity incurred irregular expenditure of R5,7 million during the year ended 31 March 2014. This was as a result of non-compliance with procurement requirements.

Additional matter

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

Other reports required by the Companies Act

11. As part of my audit of the financial statements for the year ended 31 March 2014, I have read the directors' report, audit committee's report and company secretary's certificate to identify 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 my opinion. I have not audited the reports and accordingly do not express an opinion on them.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2014:

- Programme 1: Zone development, on pages 40 to 44
- Programme 2: Zone operations, on pages 45 to 47
- Programme 3: Science and technology park, on pages 50 to 51

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

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

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

17. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Additional matter

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

Achievement of planned targets

19. Refer to the annual performance report on pages 40 to 58 for information on the achievement of planned targets for the year.

Compliance with legislation

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

Annual financial statements

21. Specific account balances and disclosure items in the financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and were not supported by full and proper records, as required by section 55(1)(a) and (b) of the PFMA and section 29(1)(a) of the Companies Act. Material misstatements in deferred income, investment property and the commitments disclosure identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records provided, resulting in the financial statements receiving an unqualified audit opinion.

Asset and liability management

22. The accounting records for non-current assets were not complete or accurate, as required by section 28(1) of the Companies Act and prescribed in companies regulation 25(3)(a)(i).

Internal control

23. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on non-compliance with legislation included in this report.

Leadership

24. Although the leadership carried out their responsibilities of oversight within the organisation, the entity still had recurring non-compliance findings and corrected material misstatements in the financial statements. This was as a result of management not adequately implementing the action plan and the leadership's recommendations.

Financial management

25. The underlying records for investment property and deferred income did not initially support the values as reflected in the financial statements, due to inadequate review by management. Furthermore, not all compliance matters were addressed in the record keeping of investment property.

Governance

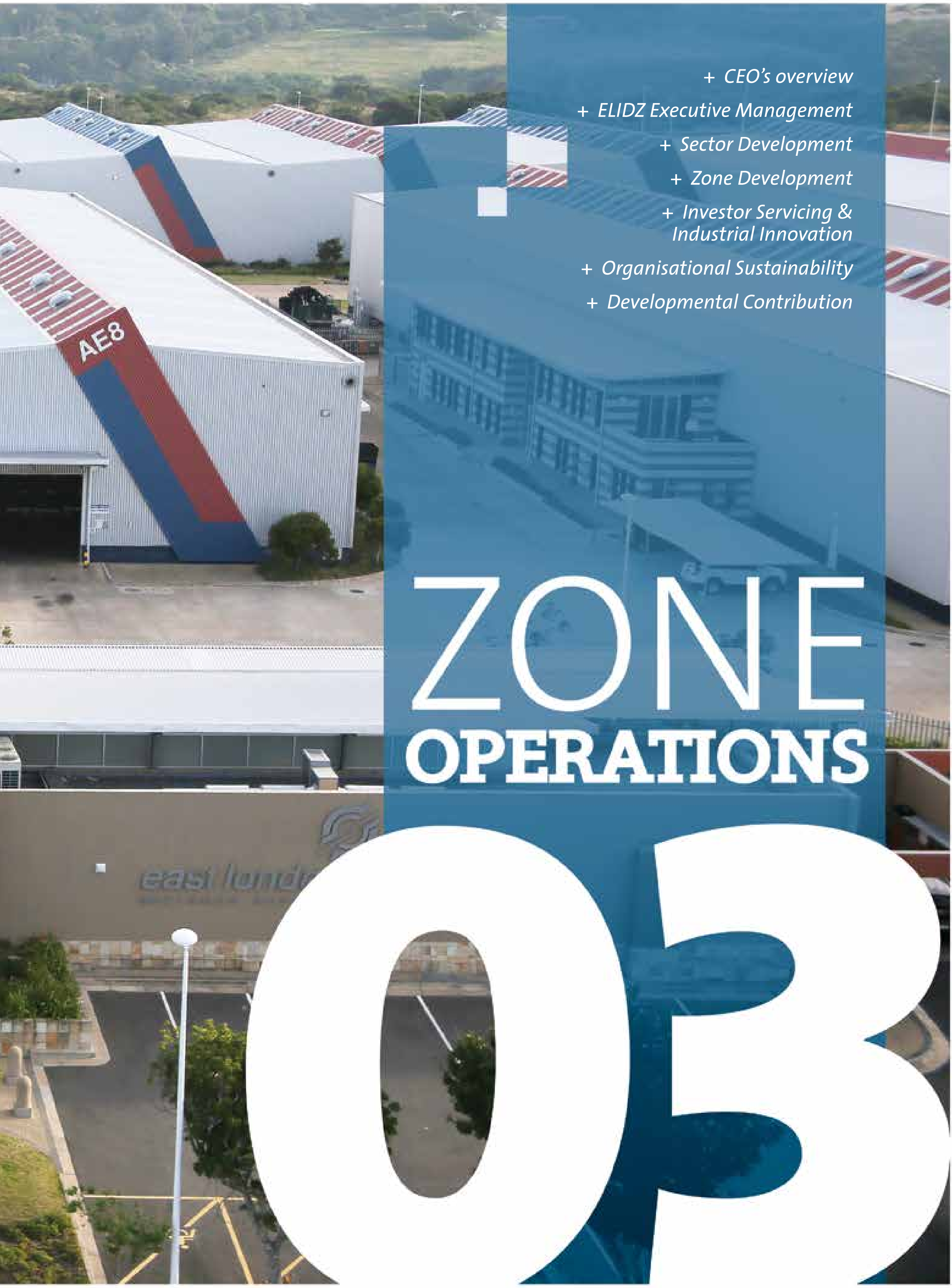
26. Although the internal audit unit and the audit committee carried out their mandate, the organisation still had recurring non-compliance findings and corrected material misstatements in the financial statements. This was as a result of management not adequately implementing all the recommendations of the internal audit unit and the audit committee.

Auditor General

East London
29 July 2014

AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



ZONE OPERATIONS

03

CEO's overview

The East London Industrial Development Zone was designated in 2002 as a tool to promote the export competitiveness of South African manufactured products its mandate was underpinned by four pillars. These included diversifying the local economy, enabling beneficiation of natural resources, securing advanced production and technology methods and encouraging skills transfer

As the 2013/14 financial year drew to a close, some significant work that had been done under these four pillars stand as evidence that the ELIDZ is meeting the objectives of the IDZ programme that it was designated under and is fulfilling its public mandate.

DIVERSIFYING THE ECONOMIC LANDSCAPE

The ELIDZ continues to contribute towards the diversification of the regional industrial activity. Through the Mercedes Benz South Africa's (MBSA) W205 C-Class project, the ELIDZ during the period under review saw the settlement of six new investors worth over R890 million. Some 849 jobs existed in the automotive and related industries before the W205 project. More than 534 additional job opportunities have been created following the introduction of the project.

The move from the Mercedes Benz W204 C-Class to the exciting new generation W205 has seen the deepening of local content where the region is starting to see more primary manufacturing happening at the ELIDZ automotive suppliers.

The East London Industrial Development Zone is extremely proud of the impressive export production achievement of MBSA and the major contribution that the C-Class launch represents for the status and future of the automotive industrial output and potential of the Eastern Cape. It is one further demonstration that the region can assemble the capability and determination to enter and capture international markets with products of an extremely high quality and premium technology content.

The ELIDZ engagement with MBSA in building the automotive production capacity of the Eastern Cape is a vital partnership that underpins the attraction of foreign investment and the location of new, competitive production and product technologies. In this respect, the establishment of a world class e-coating facility at the IDZ in support of the new C-Class production heralds a significant achievement for the auto industry development in South Africa and is set to grow further the total automotive investment base located within the Buffalo City Metro.

INCREASING INVESTMENT

In the period under review the ELIDZ has not only bedded down new investment in the automotive sector, it has also increased investment in the aqua-culture and renewable energy sectors - a further signal that the zone is making significant strides in diversifying the regional economy. Key to this has been the settlement of a photovoltaic invertor manufacturing plant as well as a photovoltaic panels manufacturing plant, both as part of the spin-offs from existing renewable energy investments. This is proof that the ELIDZ's value proposition for the renewable energy sector remains relevant to those investors that are looking for a competitive location for their investments.

In the aqua-culture sector, the success of the two investors that are already operational has started to reap rewards for the zone. The period under review saw three new investors in the sector choosing the ELIDZ as their investment location. This brings the number of operational investors in this sector to 5 and increases the land take up for the hectares reserved for this sector.

The period under review also saw the 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 continue focusing 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 experienced contract assembler. The ELIDZ is already in discussion with a number of potential users for this facility and has already secured a preferred operator. The zone will intensify its marketing efforts of this initiative during the 2014/15 financial year.

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 so further strengthen the localisation efforts of leading automotive players like MBSA.

INCREASED IMPACT

At the end of the 2012/13 financial year, notable progress could be seen in regard to inward investment impact for the local and regional economy. An example of this is the growth of ELIDZ private sector investment to R4.4 billion, with more than 80% of this being Foreign Direct Investment.

The total number of secured investors has grown from 34 to 38 with a bulk of these already operating from the zone. Direct manufacturing and related services jobs in the ELIDZ has grown from 2 497 direct jobs in 2012/13 to 2 992. An additional 1 659 jobs have been pledged by investors and these will be realised in the next 18 to 24 months.

A total of 1 571 direct construction-related employment opportunities were also created in the last twelve months. The impact, however, is wider than just the zone. The ELIDZ has awarded over a R1 billion worth of contracts to BBBEE enterprises and just over R300 million worth to qualifying SMMEs.

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 in the last 12 months 78 entrepreneurs located into the STP. Two additional value-added services, which would be critical in the incubation of these entrepreneurs, were secured in the period under review.

The period under review also saw the operationalization of a world-class analytical laboratory in partnership with the CSIR. 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 has also been made on the establishment of a Renewables laboratory within the STP.

The Renewable Energy Experts programme which culminates in a Solateur qualification (international EU qualification) is currently being piloted with 20 entrants. The zone also implemented a National Tooling Initiative 12 month programme for Tool Room Assistants, with 19 entrants going through the programme.

Going into the 2014/15 financial year, the ELIDZ will continue to build on its current successes. The operation of the multi-surface auto sector treatment plant will see new technologies and skills being introduced in the region and ensure further beneficiation of local resources. The ELIDZ's growing pipeline in sectors beyond automotive will also see the realization of the ELIDZ's mandate to diversify the local economy and introduce advanced production methods. More importantly – it will continue to expand the impact of the East London IDZ in new and exciting dimensions.

In presenting this Annual Review, the Management Team has attempted to provide the reader with a simpler and more focused document that cuts to the chase of the ELIDZ mandate and the implementation of its strategy.

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Mr. Simphiwe Kondlo
Chief Executive Officer


Johnson Controls

our executive management team

THANDO LIONELL PUGH GWINTSA

Thando Gwintsa is the incumbent Executive Manager in the Office of the Chief Executive Officer (CEO) at the East London Industrial Development Zone (ELIDZ). Gwintsa joined the ELIDZ in 2003 and has held various positions during this time which has seen him climbing the ranks to his current position. He began his duties at the ELIDZ as the Safety, Health and Quality Manager in 2003, then ascended to be an Executive Manager: Investor Services in 2005. Following his dedication to the organisation Gwintsa was appointed to his current position in 2011. His extensive work experience includes working for the Lesotho Highlands Development Authority in the Construction and Building Sector, being a Medical Biologist, Environmental Management and Lecturing. Gwintsa is a Masters student of Project Management at the University of Southern Queensland (USQ) in Australia, holds Post Graduate Certificate in Enterprise Risk Management from UNISA, Master of Safety, Health and Environmental Management from USQ, Masters in Business Administration, USQ and the Medical Laboratory Science qualification from the College of Technology in Dublin, Ireland.

At the ELIDZ, Gwintsa is tasked to provide leadership and support to the organisation, enterprise risk management, corporate governance, quality management, management and execution of special programmes that pay special emphasis on developing the economy of the province.

AMANDA PATEKA MAGWENTSHU

Ms Amanda Pateka Magwentshu is currently the Executive Manager: Corporate Affairs at the East London Industrial Development Zone. She has, through her lifelong learning received extensive training in the field of humanities boasting several qualifications. These include a B.A. in Social Work from the University Of Fort Hare, B.A. (Honours) from the University of Transkei and Masters in Public and Development Management from the Wits University. She has also received additional training in countries such as Sweden and the Netherlands. Magwentshu has a combined 30 years' worth of experience in the Finance, Social Work, Support Services, Corporate Services, Human Resource, Labour Relations, Strategic and Project Management fields having spent a bigger part of her life working at the Buffalo City Municipality.

Her current responsibilities at the ELIDZ include managing the strategic and operational human resource function, facilitating efficient and effective management of the legal function, operationalising excellence of the Information Communication and Technology function, corporate communication, administration of record keeping and strong operational excellence of the organisation's research function.

JOHAN BURGER

Mr Johan Burger is currently the Executive Manager Zone Operations within the East London IDZ. He qualified with a BSc degree from the University of the Witwatersrand and has worked for various major private and public companies in the built environment, operating in the property development and property management arena, as well as Maintenance and Facilities Management. He has a well-grounded background in the "built environment arena" having spent the earlier years of his career in the general building, civil engineering and construction industry before migrating across to the project management and construction project management environment.

Burger joined the ELIDZ in 2002 as a Technical Services Manager and was at the forefront of developing over 400 hectares of greenfield land into prime industrial property. He has managed high value, high impact infrastructure project portfolio worth over a billion rands. Later Burger was given the responsibility of heading the Zone Operations and Maintenance Unit at the ELIDZ. This unit is charged with the responsibility of managing the zone facilities, undertaking planned and preventative maintenance, managing the Safety, Security, Health and Environment Management portfolio of the ELIDZ and developing and maintaining critical shared services for the ELIDZ's Investor Community. Burger's experience in strategic and tactical facilities management have allowed him to obtain an Accredited Facilities Professional accreditation and become one of a new breed of Accredited Facilities Professionals in the country. He has also been extensively involved with as well as being chairman of the East London Chapter of SAFMA, being appointed as the Regional Chairman and having been involved with the local and National bodies of the South African Property Owners Association (SAPOA).

TEMBELA ATWELL ZWENI

Mr Tembela Zweni is the Executive Manager for Zone Development at the East London Industrial Development Zone. He is a seasoned business professional with a strong Business Management and Economics background. His working career spans a wide variety of public and private institutions such as East London Industrial Development Zone (ELIDZ); Corporate Banker at Standard Corporate and Merchant Bank; Asset Finance at Wesbank and CEO of the Uitenhage Dispatch Development Initiative. As a CEO of UDDI he oversaw development and implementation of the mega projects such as the Automotive Logistic Park, the Science Park and various Agricultural and Manufacturing projects in Nelson Mandela Metropolitan Municipality. He is one of the first Black Professionals to involved in the electrification of first townships directly by Eskom in the early 90's. Zweni holds an Honours Degree in Economics, Master's Degree in Business Administration and has vast experience in various sectors including Pharmaceuticals, Tourism, Leather, Timber and Automotive.

His current responsibilities at the ELIDZ include the management of the organisation's infrastructure development programme, property, investment promotion, investor settlement and post settlement after care.

GIFT HAPPYMORE MATENGAMBIRI

Mr Gift Happymore Matengambiri a qualified Chartered Accountant (South Africa) CA (SA) has vast experience spanning close to a decade working within the auditing, financial accounting, taxation and financial management fields.

Accompanying his depth of experience in finance are his notable tertiary qualifications. He holds B. Compt (Honours), Certificate in Theory of Accounting (CTA), Final Qualifying Exam I&II and Chartered Accountant(South Africa).

He has applied his trade and shared his experiences with various organisations such as Auditor General South Africa, AMG Global Chartered Accountants and Morar Chartered Accountants as a Director responsible for the Polokwane Branch. Mr Matengambiri joined the East London Industrial Development Zone in 2013 as Manager: Finance Controls & Reporting but through his dedication and remarkable work ethic he was appointed as the Acting Chief Financial Officer. Matengambiri has been instrumental in helping the organisation strengthen its financial management control and reporting. This was further underlined by the unqualified audit opinion received by the ELIDZ from year under review following an audit by the AG.

sector development

The mandate of the East London Industrial Development Zone (ELIDZ) has always been underpinned by the attraction of targeted investors and investments and the development and provision of the infrastructure and customised superstructure solutions to those targeted investors.

R518 MILLION - AVERAGE PRIVATE SECTOR INVESTMENT PER ANNUM SINCE 2007/8

RENEWABLE ENERGY HIGHEST VALUE OF INVESTMENT

5 NEW INVESTORS ON AVERAGE PER ANNUM SINCE 2005/6

When the ELIDZ started to put strategies to deliver on this mandate as far back as 2004, it was very clear that the organisation would need to grow the recognition of its brand and the credibility of its value offering to its targeted markets in order to be able to deliver on the above. A number of milestones, achieved in the 2013/14 financial year, have signalled that the organisation has not only grown its brand equity over the years, it is fast being recognised for its industrial solutions that offer investors value for money and streamlined business operations.

In just the last 12 months, the ELIDZ attracted four new investors with the investment value of R622 million in the automotive, renewable and aqua-culture sectors. Since inception, the ELIDZ has secured investments worth over R4 billion from 38 investors. Investor confidence continues to grow, this is evident from not only the number of investments that are attracted but the type of investments that are now being made by both local and international companies who are now looking at longer lease periods and more permanent investment solutions such as the purchase of land and investment into bricks and mortar.

LEADING THE DEVELOPMENT OF THE RENEWABLE ENERGY SECTOR

The Eastern Cape is leading the charge when it comes to the supply of renewable energy in South Africa and the rest of the continent. The province is also becoming a trailblazer when it comes to vital equipment production and skills transfer. Tasked with attracting much needed economic development to the Border region and the rest of the province, the ELIDZ has identified the supply of clean green power as the new frontier and is implementing strategies in this regard. The zone is not only targeting investment in wind energy but also other renewable energy sources like bio-fuels, biogas and even ocean currents. The ELIDZ's strategy in terms of renewable energy sector is two-pronged, the zone is targeting investors both in renewable manufacturing as well as the production and transfer of renewable energy. Currently the ELIDZ is busy trying to start greening its own electricity supply initially focusing on solar energy, wind and biomass, but not excluding any other technologies that could show promise.

Skills and training are key priorities for the organisation as these will assist the region. As part of this initiative the ELIDZ has partnered with the Master Artisan Academy of South Africa (MAASA) and is currently implementing a skills training programme at artisan level in renewable energy technologies.

The organisation's main focus is also to introduce pilots and demonstrators into the ELIDZ Science and Technology pilots in order to showcase and learn about technologies and techniques in the sector. Two other technologies being investigated are biogas and biomass. These two technologies are of extreme interest because of the multifaceted benefits that they have on the socio-economics of the province as well as the ability to be utilised as a 'storage' mechanism, thus overcoming the intermitted supply problems of renewable energies such as wind and solar. These projects assist in alleviating energy in security, they increase water availability, they are able to remove invasive plants and make more land available for agriculture, they solve sanitary, and sewerage matters and, most importantly, they can create high levels of employment of relatively unskilled labour in some of the most rural areas of the Eastern Cape. Another potential energy source being investigated by the ELIDZ is ocean current and wave energy. This technology is still relatively expensive compared to solar and wind and it is also younger than the tried and tested stuff, but it has some great benefits.

As part of implementing its Renewable Energy strategy, the ELIDZ, in the period under review, clinched a deal to bring giant manufacturers and distributors of solar panels, ILB Helios into the zone. Construction of the facility has been completed and the company which has presence in ten countries across the globe was ready for production at the end of the period under review. The facility, which by far is the biggest in the African continent, will be manufacturing world-class photovoltaic panels used as a source of generating energy by converting daylight into direct current. Initially, the facility will be producing 150 megawatts of electricity per year during the initial stages. In the next three years or so, this is set to double. This partnership between the ELIDZ and ILB Helios will not only focus on the production and sale of high performance products such as photovoltaic modules, solar cells, flat and tubular collectors, inverters and other products for solar energy but on providing all kinds of solutions including jobs and skills. As an added value, the company will supplement the energy supplied by state-owned enterprise, ESKOM by supplying the Independent Power Producers of SA, various companies and individuals. A significant number of panels manufactured at the facility will also be exported to Europe. Most of the components that will be used to assemble these panels will be sourced locally as this is a prerequisite from the South African government.

Various other initiatives including the attraction of component manufacturers and independent power producers were under way at the end of the period under review. The ELIDZ continues to vigorously target investments into the renewable energy sector and the growing investment pipeline in this sector is evidence of such.

DRIVING AUTOMOTIVE EXCELLENCE

In the Automotive Sector, the ELIDZ continued with its efforts to settle W205 suppliers for the new Mercedes Bens C-Class. These suppliers have seen the investment of an additional R700 million by private sector with 7 new facilities operationalised in the period under review. These have done well to strengthen the automotive sector offering of the region. The ELIDZ is also implementing various initiatives to strengthen the region's capabilities in this sector. In the period under review, the ELIDZ finalised the development of the country's most technologically advanced Metal Surface Treatment Operation (E-Coating & Aluminium pre-treatment) to extend the region's automotive capabilities. This facility is now operational.

The most exciting initiative for this sector at the moment continues to be the ELIDZ Multi-Model OEM facility, a common passenger vehicle assembly facility that will be operated by an internationally renowned contract assembler. This shared facility allows Original Equipment Manufacturers (OEMs) to participate in a shared and common infrastructure facility (including a shared assembly production unit and logistics provider) and is an innovative way of cutting costs and increasing competitiveness while offering an alternative to importation of fully built units. In the period under review a major milestone was achieved with the securing of an operator in the project. The organization continues to lobby for funding of the development of the project. Efforts to market the initiatives continue and negotiations with various OEMs are at advanced stages.

AQUA CULTURE

The ELIDZ continues to position the zone as a prime location for aqua-culture investment. The zone has a production capacity of between 7000 and 10 000 tons of fish per annum and existing government authorisation for activities such as hatcheries and grow-out facilities for local marine species and a centralised fish processing establishment. In the period under review the ELIDZ board approved 3 new investors for the zone's aquaculture sector. All of these investors are looking at farming kob. Additionally, as part of its investment facilitation value offering, the ELIDZ was able to secure over R33 million for one of these investors from the Department of Trade and Industry SEZ fund to assist in putting up a building structure for the enterprise on condition that the investor would secure its own funding for equipment and stock. This is critical in growing this under-developed sector in the region. As part of its efforts to grow this sector, the ELIDZ also finalised its Tilapia bio plan in the period under review. The plan will allow the ELIDZ venture into the fresh-water environment and attract interested investors in this regard. The ELIDZ also finalised its plan for an aquaculture business incubator in the period under review. The incubator is key in reducing the likelihood of failure in new enterprises, increasing the availability of relevant skills and bringing predictability to investors.

AGRO PROCESSING

The ELIDZ is also making meaningful strides in the agro-processing sector. There are already two enterprises that are operational in the zone in this sector and in the last 12 months the organisation finalised the Agro-Industrial Park (AIP) feasibility study. The AIP will see the clustering of various agri-business roleplayers, including manufacturers, processors, logistic companies and other complimentary service providers in an eco-friendly manner within the same precinct.

CONCLUSION

As the ELIDZ moves into the 2014/15 financial year, its strategy is to focus on high impact projects such as the AIP, the Multi-Model OEM and the aquaculture incubator as these will not only bring investors for the ELIDZ, but will also have critical backward linkages, diversify the provincial economic landscape and introduce new technologies into the region.

zone development

One of the key priorities of the ELIDZ is the development and management of zone infrastructure and superstructures to allow for the successful attraction and retention of strategic investors.

R339 MILLION INFRASTRUCTURE
BUILDING COMPLETED IN YEAR UNDER REVIEW

130 000 m^2 MANAGED
INDUSTRIAL FACTORY SPACE

27 OPERATIONAL
INVESTORS
BEING SERVICED

ZONE DEVELOPMENT AND MANAGEMENT

The East London Industrial Development Zone (ELIDZ)'s value proposition is characterised by tangible and intangible offerings which, when combined, offer investors a turn-key solution to industrial development. Key to those offering is the availability of serviced land, world class bulk internal infrastructure and the option of quality tenant facilities. As such, one of the key priorities of the ELIDZ is the development and management of zone infrastructure and superstructures to allow for the successful attraction and retention of strategic investors. It is our belief that the growing investor community and the multi-billion investor pipeline are an indication of the ELIDZ's success in developing and managing this industrial property portfolio.

LAND ACQUISITION AND DEVELOPMENT

The ELIDZ's Zone 1 comprises of over 400 hactors of prime serviced industrial land and is home to 27 operational investors. The zone also houses the ELIDZ Science and Technology Park, an initiative aimed at new industry innovation and incubation. As part of its master planning and sector diversification strategy, the ELIDZ has realised the need for additional pieces of land that would assist in extending the footprint of the ELIDZ and provide critical backward linkages with various sector value chains. As a response to this, the ELIDZ, in 2012/13, approached the Buffalo City Municipality (BCMM) to enquire on the possible acquisition of a parcel of land in Berlin which would allow for an increased footprint for the zone's agro-processing and renewable energy activities. The BCMM council has since approved the donation of this parcel of land to the ELIDZ. Feasibility studies on the land utilisation have been finalised and the ELIDZ is actively pursuing various investors to locate in this area. In the period under review, the ELIDZ started critical planning work for the electrical and other bulk internal infrastructure upgrades that would be essential to activate industrial activity in the area. This work will be rolled out, pending the availability of funding, in the next 2 to 3 years.

INFRASTRUCTURE DEVELOPMENT

The ELIDZ completed the construction of various investor facilities in the period under review. These include the extension of the Johnson Controls Automotive facility, the finalisation of the Metal Surface Treatment facility and the delivery of the ILB Helios building. As such in the period under review the ELIDZ completed 4 infrastructure projects worth R339 million and delivered these according to the specification and requirements of our investors. The ELIDZ has also identified the potential for the development of a housing complex within the zone precinct in partnership with various social housing development stakeholders. As at the end of the financial year , the organisation had undertaken the construction of infrastructure services such as water reticulation, storm water and sewer reticulation, electrical network and building platforms for this project.

PLANNED AND PREVENTATIVE INFRASTRUCTURE MAINTENANCE

The bulk of the infrastructure in the ELIDZ was completed in 2004/05 financial year and as such, the age of most bulk internal infrastructure and estate buildings in the ELIDZ is close to the 10 year mark. While the infrastructure was built to last, it is critical that that as the years pass and as the traffic and users in the zone increase, the ELIDZ undertakes continuous infrastructure and superstructure maintenance to maintain the standards of utilities and related services for investors the zone.

More than 40 main infrastructure units have now been completed in the ELIDZ and are being managed by Zone Operations in addition to the more than 130 000 square metres of industrial factories under roof. In addition, there are eight main estate buildings including the new Corporate Head Office that was designed in keeping with the principles of energy efficiency. The ELIDZ has developed a Zone Operations functions which is responsible for the maintenance of the electrical network, substations and standby generators as well as the sewage pump station and sea water abstraction system capable of handling up to 185 litres a second of sea water for mariculture investors.

One of the challenges is the shortage of scarce skills and the strategy that has been adopted is to use service providers based on the “outsourced model” using a minimum number of management control team members. The system that has been put in place is based on strong performance management measures and yardsticks that provide, for example, agreed upon time response for calls out for critical services such as electricity. With many of the investors in the automotive sector working on the basis of just in time/just in sequence supply it is essential that we can supply the requisite support on the basis of 24 hours a day and 365 days a year. It is imperative that a high level of utility service supply is ensured to all investors operating in the East London IDZ, specifically with regard to security of electricity supply, where a target of 98% availability has been set. Feedback from investors in the ELIDZ has confirmed the success of this strategy. In this regard the challenge exists to provide adequate financial reserves for the replacement of the infrastructure over time taking into account its life cycle.

The need also exists to reduce the risk of the plant and equipment becoming redundant as a result of a lack of planned maintenance and a high level of facility management.

It is also vital that the East London IDZ looks ahead and participates in the planning around the enabling infrastructure for the Zone and surrounds including the proposed R72/N2 road linking the IDZ with areas such as Berlin. The new road would become the main transportation route to the N2 and N6 to Gauteng, the Western Cape and KwaZulu-Natal.

In addition, ensuring a reliable and adequate water supply from Buffalo City and Eskom is of critical importance, more specifically because Eskom’s planning time lines are now 36 months or more. A potable water supply and adequate water pressure for the current year and five years into the future needs to be assured as well as the necessary electricity supply.

the ELIDZ undertakes continuous infrastructure and superstructure maintenance to maintain the standards of utilities and related services for investors the zone

investor servicing & industrial innovation

The ELIDZ's value offering is a combination of specialised infrastructure solutions, customised investor services and an incentivised operating environment.

78 ENTREPRENEURS INCUBATED IN THE CHEMICAL AND ICT SECTORS

MORE THAN R46 MILLION TOTAL SAVINGS DUE TO CCAE INCENTIVE

15 REGISTRATIONS APPROVED FOR THE CCA INCENTIVE

Companies that invest in industrial production facilities within the East London Industrial Development Zone (ELIDZ) are a critical stakeholder to the organisation. Without them, the mandate of increasing and diversifying industrial activity in the Eastern Cape would be impossible. This is the main motivation behind the ELIDZ's strategy encompassing, in its value chain, the critical component of delivering on promised customer value. In the context of the ELIDZ offering, promised customer value is a combination of specialised infrastructure solutions, customised investor services and an incentivised operating environment. These combined, are the ELIDZ's solution to streamlined business and efficient investor operations. During the period under review, this remained one of the critical strategic goals for the ELIDZ.

SPECIALISED INFRASTRUCTURE SOLUTIONS

The period under review saw the full operationalisation of the ELIDZ's Sea Water Abstraction System, a solution expertly engineered to meet the needs of investors in the zone's aqua-culture cluster. On par with the best such facilities globally, the three-tiered aquaculture infrastructure is a highly impressive engineering feat that allows for the abstraction, storage and distribution of sea water for commercial fin fish cultivation. The facility is tailored to meet the production demands of the zone's tenants and also positions the IDZ as a location of choice for future mariculture tenants. The infrastructure has helped to streamline the business operations of existing tenants in the sector and has done well to improve their individual value offering for the respective customers. Evidence of this can be seen in one of the zone's existing aquaculture tenants, who recently achieved a major milestone of seeing its product reaching shelves of prominent retailer, Woolworths. Oceanwise, one of the two fish farms located at the ELIDZ has launched three farmed Kob product lines at Woolworths. These include, fresh farmed Kabeljou on WW Seafood counters, fresh vacuum packed WW farmed kabeljou fillets and a lightly smoked lemon and thyme seasoned whole farmed braai kabeljou.

CUSTOMISED INVESTOR SERVICES

As part of driving down the cost of doing business in the zone, the ELIDZ offers investors a suite of centralised services that include a conference facility, canteen and clinic services, bus transportation system and telephony and internet services. The clinic service has grown stature, offering investorS and their employees a full time health professional who manages a comprehensive medical referral system. This has resulted in reduced absenteeism within the zone. In the period under review, the ELIDZ also developed a labour recruitment strategy and piloted this with a number of the new enterprises that were being set up in the zone. The existence of a separate entrance into the Zone from the construction entrance and the management of access control have provided additional security for investors in the Zone and is a further measure that reduces costs. The demand for security has been met with good security and access control, an electrified fence and CCTV cameras as well as a SCADA linked back to the main security control room that is operated on a full-time basis by a service provider. Various other services are being investigated to improve the ELIDZ's value offering. These include business services such as ATMs and Post Office Services as well as residential accommodation for tenant employees.

AN INCENTIVISED BUSINESS ENVIRONMENT

The ELIDZ realises that doing business, for any enterprise, is all about the bottom line. As such, other that the zone's competitively priced industrial solutions, the ELIDZ has also allowed for an incentive facilitation desk, which assists investors to apply for all relevant government incentives. The facilitation of applications for qualifying investors to access the Customs Control Area (CCA) incentive by government is such an example. The ELIDZ, in the previous financial year was the IDZ to pilot this incentive, which allows for tenants registered as CCAEs to benefit from VAT exemption and import duty suspension. Since then, the ELIDZ has registered 9 CCA enterprises and 6 CCA enterprises. This has resulted in a total bond savings for these enterprises of over R36 million and a total CCAE Customs Duty and vat savings of R9.8 million.

CONTINUOUS CUSTOMER FEEDBACK

During the period under review, the ELIDZ also undertook its annual Customer Satisfaction Survey. The customer satisfaction survey is one of the measures put in place by the organisation to gage the level of satisfaction and from such, the organisation also gains more insight where to improve on its services. The survey focused on various aspects of the ELIDZ value proposition including the analysis of the competitiveness of the ELIDZ's value proposition from an investor perspective, the delivery of mandatory and value added zone services and the quality of infrastructure.

While there are still various areas of improvement in the delivery of customer service, the organisation achieved a 70% customer satisfaction score – a big improvement from the first ever customer satisfaction score of 64% attained in 2009/10 financial year. The organisation is determined to get 100 percent in it service delivery and we have made it our goal to get 100 percent customer satisfaction.

INDUSTRIAL INNOVATION

As part of its strategy to increase the pace of economic development in the Eastern Cape, the ELIDZ is implementing the development and operation of a Science and Technology Park (STP). The park is designed as an attractive, functional and interactive space to encourage the exchange of ideas and facilitate the development of creative technical solutions to problems. Its services include a variety of laboratory facilities, training platforms, an open innovation platform, networking solutions, as well as incubator services. As such, the main objective behind the park is to increase competitiveness, efficiency and effectiveness of local industries through innovation.

The ELIDZ STP is the only park of its kind in the country which is linked to an IDZ and was conceived as a catalyst for growth, collaboration, incubation and the application of innovations for the high technology sector.

By locating it within ELIDZ we are increasing the competitive and comparative advantage of this IDZ. This will be done through the creation of research and networking infrastructures and by attracting appropriate funding and resources, with the ultimate goal of developing innovations that can leverage a company's competitiveness. As an organisation we have seen Science parks becoming a very important part of the economic landscape - globally the biggest growth of these parks is seen in countries like China, Russia and Brazil which integrate them with industrial developments. It is no co-incidence that these countries are showing strong economic growth.

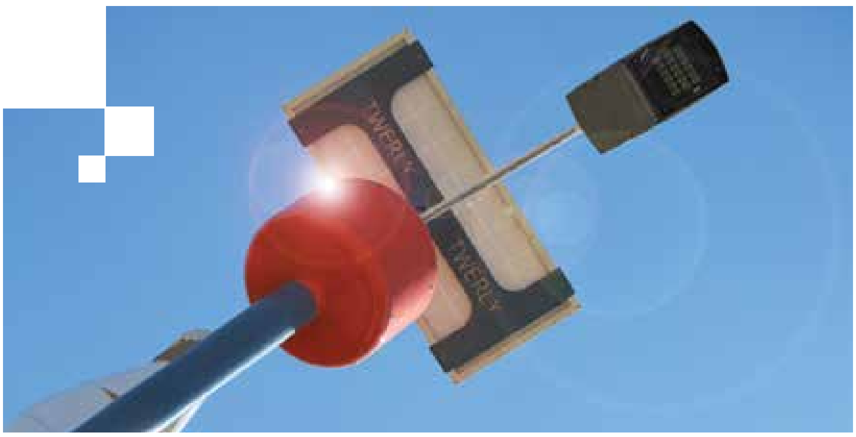
The ELIDZ STP is designed as an attractive, functional and interactive space to encourage the exchange of ideas and facilitate the development of creative technical solutions to problems. Its services include a variety of laboratory facilities, training platforms, an open innovation platform, networking solutions, as well as incubator services.

The park is linked to the International Association of Science Parks (IASP), which gives the organisation networking capabilities with almost every globally recognised science park and this opens up vast opportunities to find solutions and ensure that innovations developed within the ELIDZ STP are talked about. Since its inception the ELIDZ STP has piloted a number of innovation initiatives, aimed at increasing the competitive and comparative advantage of the ELIDZ as an industrial destination. As at the end of the period under review, the STP had finalised the development of two prototypes, these being a Water Desalination plant and a Wind Turbine prototype. A further two prototype were at advanced stages of development. These are solar and wind driven street lamps and heat raider conversion of heat dissipated by refrigeration into usable energy. The successful development of these prototypes will illustrate the ability of the ELIDZ innovation ecology to generate new technologies, which works and contributes towards increasing the outputs of the industry.

The year also saw the ELIDZ concretising its partnership with the Council for Scientific and Industrial Research (CSIR) to develop a SANAS accredited analytical laboratory. This accredited analytical laboratory has started to provide testing services to both industries in the Eastern Cape as well as government (through municipalities). At the beginning of this financial year, a Renewable Energy Centre of Excellence, which focusses on developing skills within the rapidly growing renewable energy sector was established within the STP. The centre has had an initial intake of 35 trainees since its inception with a planned intake of 150 trainees per annum. The trainees are taken through an 18 months long training process and are sourced from various organisations. The ELIDZ has also located 2 incubators in the STP and these host 78 entrepreneurs from the ICT and Chemical sectors.

The STP remains a critical component of the ELIDZ value proposition to its investors, not only does it focus on growing and building businesses, it also supports industrial research and developing aimed at producing commercialised products and this is key in developing new industrial sectors and diversifying the local economy.


SCIENCE &
TECHNOLOGY
PARK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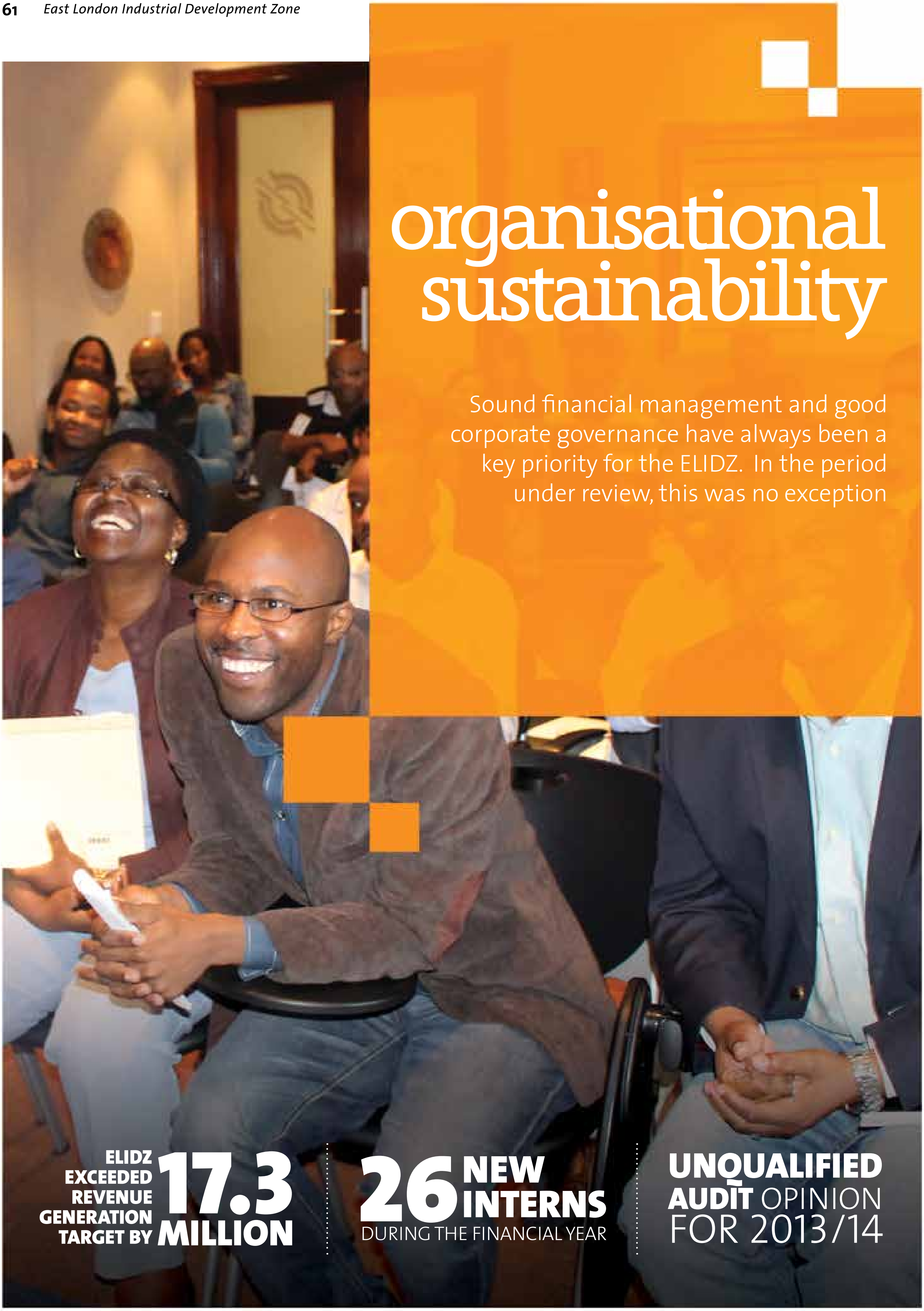


organisational sustainability

Sound financial management and good corporate governance have always been a key priority for the ELIDZ. In the period under review, this was no exception

ELIDZ EXCEEDED REVENUE GENERATION TARGET BY 17.3 MILLION

26 NEW INTERNS DURING THE FINANCIAL YEAR

UNQUALIFIED AUDIT OPINION FOR 2013/14

FINANCIAL MANAGEMENT

EFFECTIVE CONTROLS

Sound financial management and good corporate governance have always been a key priority for the ELIDZ. In the period under review, this was no exception, especially in light of a setback experienced in the previous financial year, which saw the ELIDZ receiving its first qualified audit opinion since its inception. As a response to this, the ELIDZ pulled out all stops to review its financial management processes and controls and beef up its capacity in the finance department. This was not in vain. The process to sharpen the organisation's financial management function and re-align its processes led to the ELIDZ achieving an unqualified audit opinion for the Auditor General of South Africa (AG) for the period under review and was a sign of improvement in the effectiveness of the organisation's internal controls and financial management system. Having said that, this, in no way means that the areas of improvement identified by the AG have not been taken into account. A plan has been put in place to eliminate any non-conformances and ensure the achievement of a clean audit record. The organisation will continue to internalise and respond to the requirement of the rigorous audit methodology of the AG and align internal controls and financial management processes as such.

Expanding the organisation's funding sources and incrementally improving the annual revenue generation capabilities is central to the East London IDZ objectives. The IDZ has year-on-year set its own revenue generation targets and the past seven years have seen a steady growth as far as this is concerned. In the last year alone, the IDZ had a target of generating R66.1 million from its own operations and by the end of the financial year R83.4 million was generated from rentals, sales and provision of services for zone enterprises. In spite of this growth, there is still need for other sources of funding.

In this regard, the IDZ continue to engage government on the provision of funding for the IDZ as part of its medium term funding commitments. The organisation is also in the process of strengthening it balance sheet to ensure that the company is also in good standing should there be a need for it to access other funding sources beyond government funding.

ENVIRONMENTAL MANAGEMENT

The East London IDZ's commitment to being a responsible corporate citizen extends to a rigorous application of, and adherence to, stringent sustainability guidelines. Not only are we acutely aware of our environmental footprint, we are ensuring that this footprint is as green as possible by adopting and promoting various energy-saving strategies throughout the zone.

This not only applies to internal IDZ processes and functions, but to all our tenants as well. As such, all investors interested in locating within the IDZ must submit an EIA to the Department of Economic Development and Environmental Affairs for approval. To streamline this process, the IDZ alerts and consults with potential investors about the full array of environmental responsibilities at an early stage, and then works closely with them, in both the pre- and post-settlement phase, to meet every environmental requirement.

In terms of our on-going sustainability strategy, all zone operations are subjected to rigorous monitoring. To this end, the ELIDZ has achieved the following:

Waste Management

- ELIDZ Waste Collection, Sorting and Transfer Facility (WCSTF) - Compliance inspections results are positive in terms of compliance to legal and other requirements.

SHE Management

- Air quality Monitoring and Water Quality Monitoring: No anomalies triggered for investigation
- Industrial Effluent Monitoring: Generally, industrial effluent is within permitted limits as set out in the municipal effluent permits quality parameters. RFQ for sea water discharge quality monitoring is underway.

- Construction SHE Management: The Disabling Injury Frequency Rate (DIFR) for construction projects, remains controlled around 0.3 which is satisfactorily below the national norm of 0.5.
- Contractor SHE Management: Strategies to improve the monitoring of owner builder projects are under review with the focus on reviewing the development manual to firm up SHE compliance monitoring requirements.
- Potential Investor Environmental Due Diligence Assessments
- The ELIDZ Environmental Due Diligence Assessment process assesses potential investor suitability. This intervention provides input into project time-line and costing considerations as well as environmental legal and other compliance requirements.
- Environmental Due Diligence for New Land Acquisition.
- A forum is in place to assess new land acquisition and disposal of land ventures. Environmental due diligence studies are implemented to determine the state of land intended for purchase or sale, in terms of environmental degradation, and to ensure compliance to legal and other requirements.
- Environmental Compliance Monitoring.
- Environmental compliance monitoring against ROD's, permits and general applicable legal and other requirements has been implemented. Identified anomalies are being tracked for correcting.

HUMAN RESOURCES MANAGEMENT

One of the East London IDZ's core strategic assets is its human and intellectual capital.

During the year in review, the organisation solidified and strengthened its human resource policies, and significantly enhanced the many programmes already in place that has seen the IDZ recognised as one of South Africa's top Employers of Choice.

Our wellness programmes prioritise individual and collective development and growth, while general HR policies – closely aligned with prevalent best practice models – stress the creation of an innovative, creative and efficient workforce. To this end, the ELIDZ prioritises the filling of vacant position in order to ensure that the organisation is functioning optimally at all times. As such, for the period under review the recorded vacancy rate remained under 10% of total approved positions. Thirteen appointments, at various employment levels were made, with the greatest focus being in the augmentation of the ELIDZ's residual financial management capacity as a response to changes in the operational environment. The ELIDZ continues to prioritise national legislation around Employment Equity. As such, the period under review saw the set up and functioning of an Employment Equity Committee and the development and implementation of an Employment Equity Plan. The plan outlines the ELIDZ targets, its shortfall and the strategies to be implemented to deal with the identified shortfalls.

As part of its wellness programmes the ELIDZ implemented various health promotions programmes aimed creating awareness and coping strategies for illnesses such as diabetes, cholesterol, high blood pressure, and HIV and Aids. Industrial relations remain strong – no industrial action took place within the East London IDZ during the period under review, and no injuries on duty were reported.

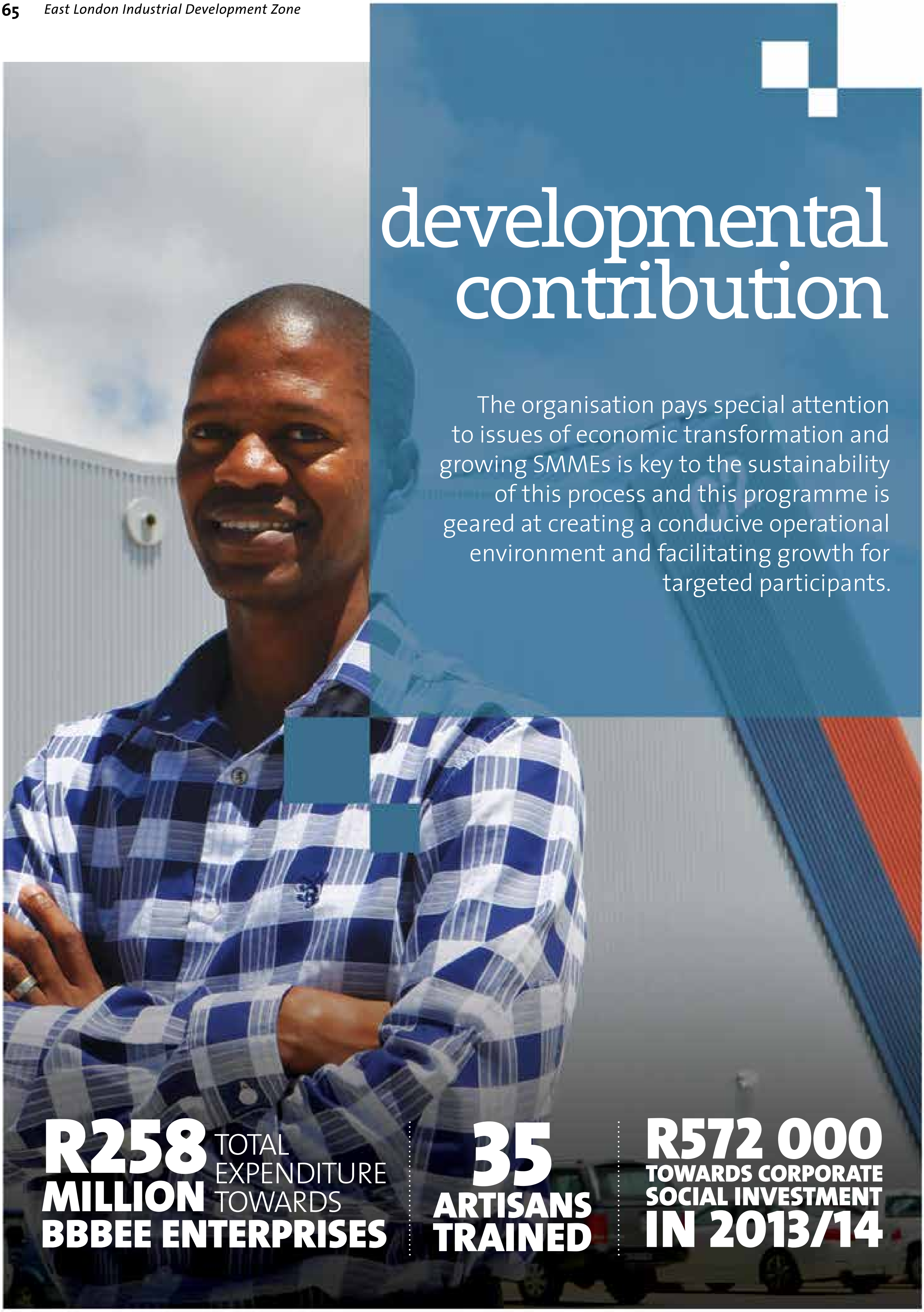
To ensure that the organisation's skills force remain its competitive edge, the ELIDZ, during the period under review awarded 44 bursaries to its 98 employees. The East London IDZ also prioritises skills development and mentoring outside of the organisation. We have a robust internship programme, and recruited and placed 26 interns in all of the following fields: Human Resource Management, Finance, Procurement, ICT, Safety, Health and Environment, PR and Communication, Marketing, Research, Civil Engineering, Building Engineering, Agriculture and Property Development.

Ultimately, the IDZ's overarching imperative continues to be building a credence organisation – one that fully and optimally utilises the skills sets and knowledge base of our employees to best serve our customers and our stakeholders.

STAKEHOLDER MANAGEMENT

The key driving force behind the East London IDZ's existence is the successful creation of specialised solutions for growth oriented businesses who locate in this prime industrial park, as such the organisation is synonymous with solutions and innovation to meet customer demand. From a stakeholder perspective, however, the ELIDZ's key mandate is that of operating a successful industrial park where strategic industries thrive on streamlined business benefits that will result in increased regional economic growth and job creation. As such in order to manage its reputation, it is critical for the ELIDZ to satisfy the expectations of customers (tenant industries that locate in the zone), critical stakeholders (primary government stakeholders, local businesses and investor support partners) as well as critical shareholders.

In a response to this mandate, the East London IDZ has undertaken a number of initiatives to firstly understand and appreciate stakeholder and customer expectations and has further devised strategies to manage these expectations in order to ensure that it manages its corporate reputation. In order to ensure that the organisation's efforts in this regard have the desired effect, the ELIDZ, in the period under review, undertook a Stakeholder Perception Audit. The main purpose of the audit was to ascertain the level of awareness about the ELIDZ brand amongst ELIDZ stakeholders and to further identify the main sources and channels of awareness; to ascertain stakeholder perception about the ELIDZ brand and draw a trend based on the ELIDZ's 2011/12 stakeholder perception survey and to ascertain stakeholder perceptions about the extent to which the ELIDZ brand pillars are entrenched in the organisation's day to day runnings. The audit indicated that there was a 79% stakeholder satisfaction rating amongst the targeted respondents and that a majority of ELIDZ stakeholders were confident and in support of the ELIDZ's operations.



developmental contribution

The organisation pays special attention to issues of economic transformation and growing SMMEs is key to the sustainability of this process and this programme is geared at creating a conducive operational environment and facilitating growth for targeted participants.

R258 MILLION TOTAL EXPENDITURE TOWARDS **BBBEE ENTERPRISES**

35 ARTISANS TRAINED

R572 000 TOWARDS CORPORATE SOCIAL INVESTMENT IN 2013/14

EMPOWERING LOCAL ENTERPRISES

The East London IDZ mandate encompasses stimulating the economic growth of the Eastern Cape Province which includes issues of economic transformation. In this regard, special attention has been given to the development and empowerment of Broad Based Black Economic Empowerment (BBBEE) Enterprises and Small Medium and Micro Enterprises (SMME). In the period under review the ELIDZ recorded of R73 million total expenditure towards Small Medium and Micro Enterprises (SMMEs) and R258 million total expenditure towards Broad Based Black Economic Empowered (BBBEE) enterprises, while R21 million went to Women Owned enterprises.

In the period under review, the ELIDZ, together with the Amathole District Municipality (ADM) also launched the MASAKHE SONKE Targeted Small, Medium and Micro Enterprise (SMME) programme aimed at facilitating growth of these businesses with a Construction Industry Development Board (CIDB) grading designation of 2 up to 7. The programme is aimed at developing the construction capacity and also facilitating growth for SMMEs in the construction industry.

The organisation also pays special attention to issues of economic transformation and growing SMMEs is key to the sustainability of this process and this programme is geared at creating a conducive operational environment and facilitating growth for targeted participants.

RESPONSIBLE CORPORATE CITIZENSHIP

The ELIDZ is committed to being a responsible corporate citizen and we take seriously our growing stature and responsibilities within the Buffalo City and wider Eastern Cape communities. This commitment to our feeder communities extends beyond our core mandate of facilitating growth and job creation. The IDZ welcomes our burgeoning involvement in fostering opportunity and development and is committed to ensure that we have a demonstrably positive impact on the community in we operate.

This is the premise of our Corporate Social Investment strategy. Corporate Social Investment is the support by the ELIDZ, either financially or otherwise, in identified developmental areas, to organisations and projects that seek to address the social needs of communities and society-at-large in a positive and sustainable way.

The ELIDZ CSI programme seeks to make a meaningful contribution to the promotion of community/society transformation and development firstly in its immediate community and, secondly, in the greater Eastern Cape. Within the ELIDZ context CSI is achieved through

the facilitating and creating platforms for social upliftment; the formulation of broad-based partnerships for development and Innovative and sustainable solutions for local, provincial and national developmental priorities. In the period under review the ELIDZ contributed a total of R572 000 to CSI initiatives in education support, social and community development and sports development. These included the sponsorship of mobile libraries to schools in the Queenstown area, the donation of office space to serve as a Crime Reporting Centre in partnership with the local community and the South African Police Services, the donation of office space for a Victim Empowerment Centre and the support of sport development in various Eastern Cape local communities. In the period under review, the ELIDZ CSI projects touched the lives of the young and old.

Some of the activities that were the highlight of the period included the following:

- On Mandela Day the ELIDZ employees donated their time to refurbish the Ethembeni Old Age Home in Mdantsane;
- the smiles from the children at the Fundukwazi Centre for the mentally Challenged when the team descended on their school to perform very necessary renovations;
- the ELIDZ also continues to invest in the future of the province's young and bright minds with the launch of a bursary programme aimed at giving financial assistance to matric learners and those who completed their matric and are between the ages of 18-25 and wished to pursue a career in Maths, Science and Technology related fields.

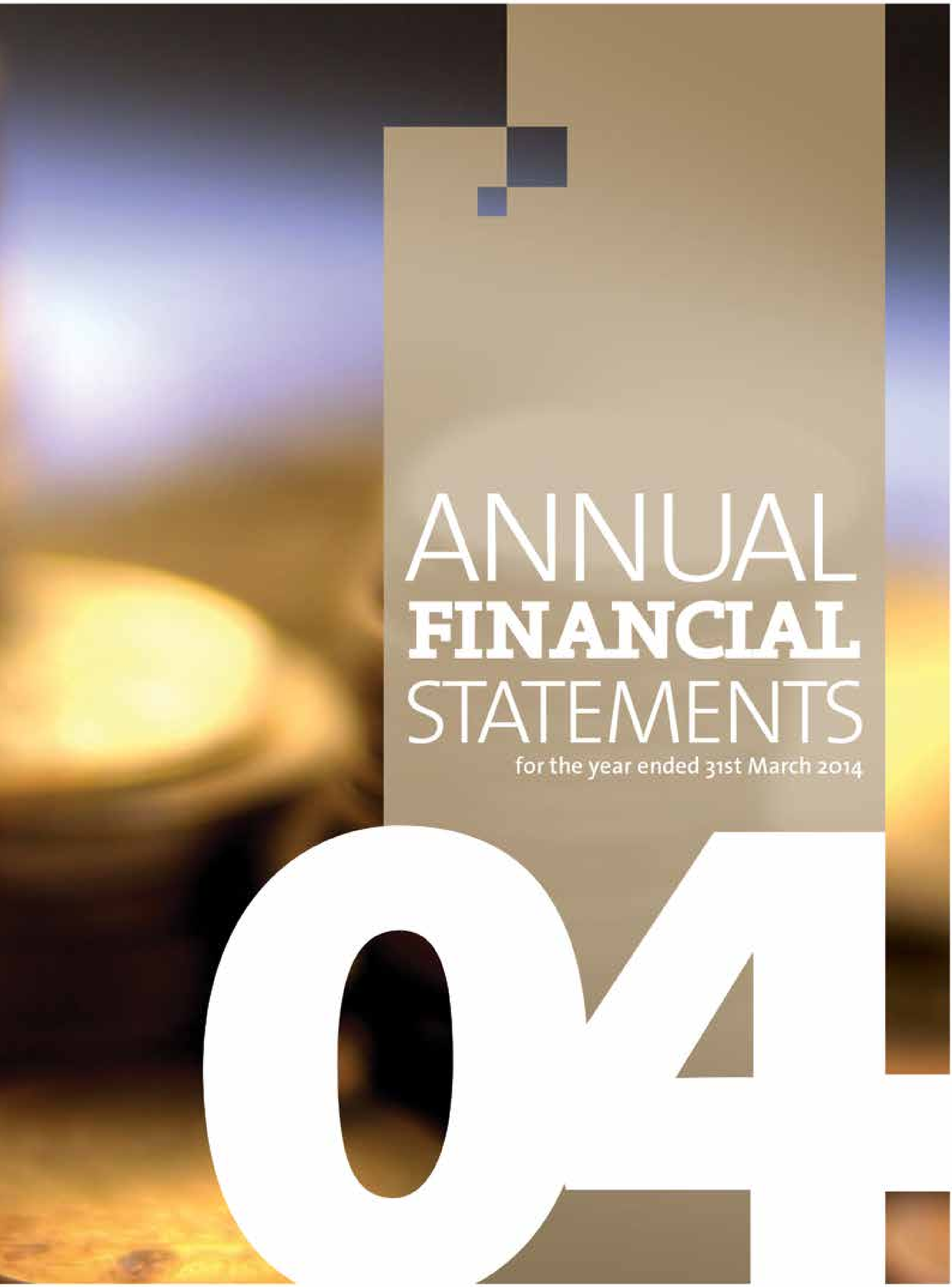
JOB CREATION AND SKILLS DEVELOPMENT

Increasing the skills profile of the local population as a prerequisite for economic growth is a key element of the philosophy underpinning the ELIDZ. A total of 35 artisans are being trained as part of the Science and Technology Park project in conjunction with the Tooling Initiative and MERSETA with the goal to have a bigger programme that seeks to deal with the tooling shortage, taking advantage of our proximity to automotive and component manufacturers. In the period under review the ELIDZ also participated in a Department of Environmental Affairs (DEA) funded initiative geared at the generating of job opportunities and skills development of individuals from previously disadvantaged communities. The ELIDZ as the principal implementer is responsible for the project management of this initiative named "Greening IDZ".

The Four project deliverables include Waste Separation at Source, Organoponic Vegetable Gardens and Composting, Mdantsane Composting and the re-establishing East London Buy-Back Centre to purchase and process recyclable waste for resale. As at the end of the financial year, the project had employed 173 beneficiaries and had exceeded the DEA target for Women (55%) and Persons with a disability (2%) with an achievement of 65% and 5% respectively. The DEA business plan target of 40% for Youth employment is was also achieved.

Similarly the ELIDZ continues, as part of its core mandate to create meaningful manufacturing and services jobs. To this end, the financial year recorded a 20% growth in the number of manufacturing and services jobs created by the ELIDZ and as at the end of the year 2992 jobs were active at the of the financial year. Additionally, the ELIDZ has created 21 262 direct construction job opportunities since inception.


NOT USE PEN ON TOUCH SCREEN
USE FINGER



ANNUAL FINANCIAL STATEMENTS

for the year ended 31st March 2014

04

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
Directors	Z. Tini N.I. Meinie-Anderson M. Saziwa S. Mase P. Nazo S. Mteto S. Caga A. Kanana P. Mzazi-Geja E. Jooste V. Sikwebu
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

index

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

directors' responsibilities and approval

The Directors are required in terms of the Companies Act 71 of 2008 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 Generally Accepted Accounting Practice (SA GAAP).

The financial statements are prepared in accordance with SA GAAP 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 company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board 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 Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company 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 on 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.

The Auditor-General of South Africa is responsible for independently auditing and reporting on the Company's financial statements.

The financial statements set out on page 77 to 130, which have been prepared on the going concern basis, were approved by the Board on 31 July 2014 and were signed on its behalf by:

Z. Tini
Board chairman

directors' report

The Directors have pleasure in submitting their report on the financial statements of East London Industrial Development Zone SOC Ltd (ELIDZ) for the ended 31 March 2014.

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

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

Full details of the financial position, results of operations and cash flows of the Company are set out in these financial statements.

3. SHARE CAPITAL

There have been no changes to the authorised or issued share capital during the under review.

4. DIVIDENDS

The company does not declare dividends.

5. DIRECTORATE

The Directors in office at the date of this report are as follows:

DIRECTORS	NATIONALITY	DESIGNATION	CHANGES
Z. Tini	South African	Non-executive	
N.I. Meinie-Anderson	South African	Non-executive	
M. Saziwa	South African	Non-executive	
S. Mase	South African	Non-executive	
P. Nazo	South African	Non-executive	
S. Mteto	South African	Non-executive	
S. Caga	South African	Non-executive	
A. Kanana	South African	Non-executive	
P. Mzazi-Geja	South African	Non-executive	
E. Jooste	South African	Non-executive	Appointed 24 October 2013
V. Sikwebu	South African	Non-executive	Appointed 24 October 2013
J. Brown	South African	Non-executive	Resigned 15 May 2013

6. EVENTS AFTER THE REPORTING PERIOD

The Special Economic Zone (SEZ) bill was promulgated into law on 19 May 2014. The act will affect how the entity is funded and also structured in terms of capital projects.

7. GOING CONCERN

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient funding to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

8. AUDITORS

The Auditor-General of South Africa continued in office as auditors for the company for the 2013/ 2014 financial year. They will continue in office for the 2015 financial .

9. SECRETARY

The Company Secretary was Gulshan Singh in the 2014 financial year and the postal address as well as that of the registered office is:

Business and postal address: P.O. Box 5458, Greenfields, East London, 5208

10. CONSOLIDATION

EL IDZ did not prepare consolidated financial statements since the sole subsidiary, Monti Industrial Development Zone (Pty) Ltd, has been deregistered in the 2014 financial year.

Statement of Financial Position
as at 31 March 2014

	Notes	2014 R	2013 Restated R	2012 Restated R
Assets				
Non-Current Assets				
Investment property	3	1 280 060 308	1 012 357 671	771 984 440
Property, plant and equipment	4	474 434 519	445 420 214	416 429 166
Intangible assets	5	2 981 118	2 251 680	4 088 845
Investment in subsidiaries	6	-	100	100
Other financial assets	7	-	488 818	915 252
		1 757 475 945	**1 460 518 483**	**1 193 417 803**
Current Assets				
Loan to subsidiary	8	-	-	47 947 705
Other financial assets	7	658 586	581 198	578 300
Current tax receivable	28	-	-	93 183
Trade and other receivables	9	26 839 046	24 163 310	25 716 444
Cash and cash equivalents	10	119 945 994	148 998 745	370 932 617
		147 443 626	**173 743 253**	**445 268 249**
Total Assets		**1 904 919 571**	**1 634 261 736**	**1 638 686 052**
Equity and Liabilities				
Equity				
Share capital	11	1 000	1 000	1 000
Reserves	12	8 306 368	8 306 368	8 306 368
Retained income		152 228 517	(34 506 469)	(101 535 128)
		160 535 885	**(26 199 101)**	**(93 227 760)**
Liabilities				
Non-Current Liabilities				
Finance lease obligation		-	-	2 323 445
Deferred income	13	1 544 862 211	1 456 641 126	1 255 250 094
		1 544 862 211	**1 456 641 126**	**1 257 573 539**
Current Liabilities				
Current tax payable	28	-	266 544	-
Finance lease obligation		-	-	131 645
Trade and other payables	15	58 307 254	25 109 609	85 050 528
Deferred income	13	140 585 366	176 841 513	385 764 257
Provisions	14	628 855	1 602 045	3 393 682
Bank overdraft	10	-	-	161
		199 521 475	**203 819 711**	**474 340 273**
Total Liabilities		**1 744 383 686**	**1 660 460 837**	**1 731 913 812**
Total Equity and Liabilities		**1 904 919 571**	**1 634 261 736**	**1 638 686 052**

Statement of Comprehensive Income

	Notes	2014 R	2013 Restated R
Revenue	16	63 102 800	59 892 607
Cost of sales	17	(33 211 829)	(29 613 321)
Gross profit		**29 890 971**	**30 279 286**
Other income	18	170 504 602	196 152 713
Operating expenses	19	(167 989 610)	(164 852 788)
Operating profit		**32 405 963**	**61 579 211**
Finance income	21	862 928	1 035 555
Fair value adjustments	22	156 172 947	4 701 390
Finance costs	23	(2 706 852)	(287 497)
Profit for the year		**186 734 986**	**67 028 659**
Other comprehensive income		-	-
Total comprehensive income for the year		**186 734 986**	**67 028 659**
Profit attributable to:			
Owners of the parent		138 183 890	49 601 208
Non-controlling interest		48 551 096	17 427 451
		186 734 986	**67 028 659**

Statement of Changes in Equity

	Share capital R	Other NDR R	Retained income R	Total equity R
Opening balance as previously reported	1 000	8 306 368	(88 209 412)	(79 902 044)
Prior year adjustments	-	-	(13 325 716)	(13 325 716)
Balance at 01 April 2012 as restated	**1 000**	**8 306 368**	**(101 535 128)**	**(93 227 760)**
Restated profit for the year	-	-	67 028 659	67 028 659
Other comprehensive income	-	-	-	-
Total comprehensive income for the	**-**	**-**	**67 028 659**	**67 028 659**
Opening balance as previously reported	1 000	8 306 368	(101 676 498)	(93 369 130)
Prior year adjustments	-	-	67 170 029	67 170 029
Balance at 01 April 2013 as restated	**1 000**	**8 306 368**	**(34 506 469)**	**(26 199 101)**
Profit for the year	-	-	186 734 986	186 734 986
Other comprehensive income	-	-	-	-
Total comprehensive income for the	**-**	**-**	**186 734 986**	**186 734 986**
Balance at 31 March 2014	**1 000**	**8 306 368**	**152 228 517**	**160 535 885**
Notes	11	12		

Statement of Cash Flows

	Notes	2014 R	2013 Restated R
Cash flows from operating activities			
Cash generated from operations	27	137 115 307	9 595 326
Finance income		862 928	1 035 555
Finance costs		(2 706 852)	(287 497)
Tax (paid)/received	28	(266 544)	359 737
Net cash from operating activities		**135 004 839**	**10 703 121**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(51 039 052)	(46 720 670)
Sale of property, plant and equipment and intangible assets		15 600	287 056
Purchase of investment property	3	(122 984 689)	(236 461 841)
Sale of investment property	3	12 239 205	-
Purchase of intangible asset	5	(2 845 374)	(164 913)
Loan to subsidiary repaid		-	50 000 000
Repayment of financial assets	7	411 431	423 536
Proceeds from deregistration of subsidiary	38	145 290	-
Net cash from investing activities		**(164 057 590)**	**(232 636 832)**
Total cash movement for the		**(29 052 751)**	**(221 933 711)**
Cash at the beginning of the		148 998 745	370 932 456
Total cash at end of the	**10**	**119 945 994**	**148 998 745**

Accounting Policies

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with SA GAAP, and the Companies Act 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 the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

Statements of SA GAAP were withdrawn by the APB from 1 December 2012. Treasury instructed ELIDZ to continue using SA GAAP until a more appropriate accounting framework is identified.

These accounting policies are consistent with the previous period.

1.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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 judgements is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Trade receivables, held to maturity investment and loans and receivables
The Company assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, 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 loans and receivables is calculated on an individual debtor 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 specific debtor.

Provisions, depreciation and impairments
Provisions, depreciation and impairments were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14.

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 Company 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 Company 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 Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted 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 Company to realise the net deferred tax assets recorded at the statement of financial position date could be impacted.

Investment property
Investment property is measured at fair value for financial reporting purposes EL IDZ engaged an independent valuer to determine the appropriate valuation technique and inputs for fair value measurement.

The properties management department of EL IDZ works closely with the engaged third party qualified valuers to establish the appropriate valuation technique and inputs to the model. The properties manager reports the valuation findings to the chief financial officer to explain the cause of the fluctuation in the fair value of the investment property.

The information about the valuation technique and inputs used in determining the fair value of investment property is disclosed in note3.

1.2 INVESTMENT PROPERTY

Investment property is property held either to earn rental 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 administration 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.

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.

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

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 use or disposal.

Fair value
Subsequent to initial measurement investment property is measured at fair value annually.

A gain or loss arising from a change in fair value is included in net 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 transfer from owner-occupied property to investment property.

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.

1.3 PROPERTY, PLANT AND EQUIPMENT

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 Company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

The depreciation charge for each year 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.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

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

Item	Average useful life
Furniture and fixtures	10 years
Infrastructure: owner occupied	25 years
IT equipment	3 years
Laboratory equipment and other	5 years
Land	Indefinite
Motor vehicles	5 years
Office equipment	5 years
Plant and machinery	5 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 change in accounting estimate.

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

The gain or loss arising 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 disposal 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 other comprehensive income. 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.

1.4 INTANGIBLE ASSETS

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

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

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

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

1.5 INVESTMENTS IN SUBSIDIARIES

Subsidiaries are entities that are controlled by the Company. Loans to subsidiaries are disclosed as balances owing at year end less any impairments. Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the stand alone financial statements of the Company.

1.6 FINANCIAL INSTRUMENTS CLASSIFICATION

The Company classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss - held for trading
- Held-to-maturity investments
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities at fair value through profit or loss - held for trading

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Financial assets classified as at fair value through profit or loss which are no longer held for the purposes of selling or repurchasing in the near term may be reclassified out of that category:

- if the asset met the definition of loans and receivables and the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

No other reclassifications may be made into or out of the fair value through profit or loss category.

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

Initial recognition and measurement

The Company 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 contractual arrangement.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss. Regular way purchases of financial assets are accounted for at trade date.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Trade and other receivables

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 (more than 30 days overdue) 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 profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the bad debts account in profit or loss. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables
Trade payables are 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 initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company'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.

Held to maturity
These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the company has the positive intention and ability to hold to maturity are classified as held to maturity.

1.7 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.

1.8 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 Company evaluates leases on substance rather than form.

Finance leases
Assets held under finance lease are recognised as assets of the Company 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.

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

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.

1.9 IMPAIRMENT OF ASSETS

The Company assesses at the end of each financial year whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, 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.

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.

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 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.

1.10 SHARE CAPITAL AND EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.11 EMPLOYEE BENEFITS

Short-term employee benefits
The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans
Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.12 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the Company 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 of 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 Company 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 Company recognises any impairment loss on the assets associated with that contract.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

1.13 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.

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 setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up 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 increasing the carrying amount of the asset or 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 grants for special projects

Government grants received for special projects which are not part of the normal trading of the company 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.

The assets that are bought using the grants and later used by EL IDZ are regarded as economic benefits to the entity.

1.14 REVENUE

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 a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet 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 associated with the transaction will flow to the company;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company 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.

1.15 COST OF SALES

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

1.16 VALUE ADDED TAX (VAT) POLICY

VAT is accounted for on the ealier of invoice or payment. The entity is a category C VAT vendor.

Notes to the Financial Statements

2. NEW STANDARDS AND INTERPRETATIONS

There were no new standards and interpretations that were issued, effective or adopted in the current financial year.

3. INVESTMENT PROPERTY

	2014			2013			2012		
	Cost / Valuation	Accumulated depreciation & Impairment	Carrying value	Cost / Valuation	Accumulated depreciation & Impairment	Carrying value	Cost / Valuation	Accumulated depreciation & Impairment	Carrying value
Investment property	1 280 060 308	-	1 280 060 308	1 012 357 671	-	1 012 357 671	771 984 440	-	771 984 440

Reconciliation of investment property - 2014

	Opening balance	Additions	Disposals	Fair value adjustments	Total
Investment property	1 012 357 671	122 984 689	(11 455 000)	156 172 948	1 280 060 308

Reconciliation of investment property - 2013

	Opening balance	Additions	Disposals	Fair value adjustments	Total
Investment property	771 984 440	236 461 841	(790 000)	4 701 390	1 012 357 671

Reconciliation of investment property - 2012

	Opening balance	Additions	Disposals	Transfers	Fair value adjustments	Total
Investment property	817 928 917	128 571 534	(9 915 000)	(3 414 174)	(161 186 837)	771 984 440

The investment property values include market values as per 31 March 2014 valuation and initial costs of additions as reflected by the above reconciliation.

Details of investment properties

A register containing the information required by section 28 and 29 of the Companies Act is available for inspection at the registered office of the Company.

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company

Details of valuation

The effective date for the property valuations was 31 March 2014. Revaluations were performed by an independent and registered valuer, Mr Ryphun Madodandile Welkom, Reg. No. 4275/4, of Damita Holdings (PTY) Ltd, Reg No.: 2003/017039/07. Mr Ryphun Madodandile Welkom is not connected to the company and has recent experience in location and category of the investment property being valued. The methods used by the company to revalue the investment property are:

- The income capitalisation method- for income generating properties.
- The comparative sales method- for all vacant industrial land and agriculturally zoned farms.
- The cost method to value investment property which is under construction.
- The depreciation replacement value method has been used for properties that are used to provide services to EL IDZ tenants.

Prevailing open market rental values have been used for all the Income capitalization methodology with the appropriate capitalization rate as determined by the value with guidance from sources such as the Independent Property DataBank (IPD), Rode and Associates and South African Property Owners Association (SAPOA).

Notes to the Financial Statements - continued

	2014 R	2013 R

3. INVESTMENT PROPERTY (CONTINUED)

For the cost method the prevailing construction costs as derived from interaction with architects, quantity surveyors, DavisLangdon and to some degree Roden and Associates and SAPOA was used.

Change in estimate
EL IDZ used the lease agreements as a source for rental rates used for capitalising the income generating investment property in the prior year. In order to reflect a more accurate fair value of income generating investment property in the current year, EL IDZ used the rates of the most recent transactions in the industry.

EL IDZ can not quantify the effect of the change in estimate in the current year as there was no comparative valuation that was done using the rates per the lease agreement in the current year valuation.

Costs and income associated with the investment properties

	2014 R	2013 R
Rental Income from Investment property	32 620 009	35 050 758
Direct operating expenses from rental generating property	9 601 623	5 810 657
Direct operating expenses from non rental generating property	3 069 966	2 690 576
	12 671 589	8 501 233

4. PROPERTY, PLANT AND EQUIPMENT

	2014			2013			2012		
	Cost / Valuation	Accumulated depreciation & Impairment	Carrying value	Cost / Valuation	Accumulated depreciation & Impairment	Carrying value	Cost / Valuation	Accumulated depreciation & Impairment	Carrying value
Furniture and fixtures	4 592 428	(1 740 615)	2 851 813	4 362 580	(1 351 011)	3 011 569	4 253 527	(974 194)	3 279 333
Infrastructure: owner occupied	464 102 509	(97 589 673)	366 512 836	463 815 591	(79 026 738)	384 788 853	435 347 759	(62 541 208)	372 806 551
Infrastructure: work in progress	81 780 710	-	81 780 710	48 298 767	-	48 298 767	31 426 341	-	31 426 341
IT equipment	22 972 406	(6 563 359)	16 409 047	9 594 114	(6 176 403)	3 417 711	8 205 387	(5 054 729)	3 150 658
Laboratory equipment and other	3 593 452	(1 425 768)	2 167 684	1 659 641	(809 857)	849 784	1 659 641	(754 226)	905 415
Land	3 821 361	-	3 821 361	3 821 402	-	3 821 402	3 821 402	-	3 821 402
Motor vehicles	1 513 146	(843 866)	669 280	1 513 146	(665 793)	847 353	1 263 896	(673 870)	590 026
Office equipment	601 839	(412 023)	189 816	682 443	(381 562)	300 881	629 858	(314 212)	315 646
Plant and machinery	386 358	(354 386)	31 972	356 358	(272 464)	83 894	356 358	(222 564)	133 794
Total	**583 364 209**	**(108 929 690)**	**474 434 519**	**534 104 042**	**(88 683 828)**	**445 420 214**	**486 964 169**	**(70 535 003)**	**416 429 166**

	2014 R	2013 R

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Furniture and fixtures	3 011 569	360 414	(53 049)	(467 121)	-	2 851 813
Infrastructure: owner occupied	384 788 853	286 918	-	(18 562 935)	-	366 512 836
Infrastructure: work in progress	48 298 767	33 481 943	-	-	-	81 780 710
IT equipment	3 417 711	14 930 786	(58 726)	(1 879 655)	(1 069)	16 409 047
Laboratory equipment and other	849 784	1 937 037	(108)	(619 029)	-	2 167 684
Land	3 821 402	-	(41)	-	-	3 821 361
Motor vehicles	847 353	-	-	(178 073)	-	669 280
Office equipment	300 881	11 954	(1 967)	(121 052)	-	189 816
Plant and machinery	83 894	30 000	-	(81 922)	-	31 972
	445 420 214	51 039 052	(113 891)	(21 909 787)	(1 069)	474 434 519

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Furniture and fixtures	3 279 333	109 050	-	-	(346 078)	(30 736)	3 011 569
Infrastructure: owner occupied	372 806 551	27 677 833	-	790 000	(16 485 531)		384 788 853
Infrastructure: work in progress	31 426 341	16 872 426	-	-	-	-	48 298 767
IT equipment	3 150 658	1 581 575	(31 540)	-	(1 282 982)	-	3 417 711
Laboratory equipment and other	905 415	-	-	-	(55 631)	-	849 784
Land	3 821 402	-	-	-	-	-	3 821 402
Motor vehicles	590 026	427 201	(8 000)	-	(161 874)	-	847 353
Office equipment	315 646	52 585	-	-	(67 350)	-	300 881
Plant and machinery	133 794	-	-	-	(49 900)	-	83 894
	416 429 166	**46 720 670**	**(39 540)**	**790 000**	**(18 449 346)**	**(30 736)**	**445 420 214**

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Transfers	Depreciation	Total
Furniture and fixtures	3 555 701	101 432	-	(377 800)	3 279 333
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
IT equipment	2 418 009	1 739 391	-	(1 006 742)	3 150 658
Laboratory equipment and other	119 415	786 000	-	-	905 415
Land	407 229	-	3 414 173	-	3 821 402
Motor vehicles	736 015	-	-	(145 989)	590 026
Office equipment	292 002	88 589	-	(64 945)	315 646
Plant and machinery	191 614	-	-	(57 820)	133 794
	350 730 949	**79 072 400**	**3 414 173**	**(16 788 356)**	**416 429 166**

Encumbered assets: There are no assets that are encumbered or held as security for a debt that are included in the PPE.

Notes to the Financial Statements - continued

Change in estimate

During the year, the company revised the accounting estimates of the residual values of certain components of PPE with effect from 1 April 2013. Details of such revision are set out below:

Category of fixed assets	Percentage residual value before revision	Percentage residual value after revision	Depreciation before revision of residual value	Depreciation after revision of residual value	Net book value before revision of residual value	Net book value after revision of residual value
Plant and Machinery	20	-	18 622	81 922	95 272	31 972
Furniture and Fixtures	10	-	380 308	467 121	2 938 626	2 851 813
Office Equipment	15	-	71 344	121 052	239 524	189 816
IT equipment	15	10	1 705 933	1 879 655	16 583 741	16 409 047
Laboratory Equipment and Other (Average)	9	-	447 643	619 029	2 338 098	2 167 684
	-	**-**	**2 623 850**	**3 168 779**	**22 195 261**	**21 650 332**

The residual values were revised in order to fairly present the revised expected proceeds from the assets on disposal at the end of their respective useful lives. As a result of the revision, the depreciation charge of the company for the year ending 31 March 2014 increased by R544 929. Equity attributable to owners of the company and the net profit of the company for the year ending 31 March 2014 decreased by R544 929. The same effect in the current year is expected in the future.

Details of PPE

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

5. INTANGIBLE ASSETS

	2014			2013			2012		
	Cost / Valuation	**Accumulated depreciation & Impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation & Impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation & Impairment**	**Carrying value**
Computer software	11 662 562	(8 681 444)	2 981 118	10 689 289	(8 437 609)	2 251 680	10 524 376	(6 435 531)	4 088 845

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Disposals	Amortisation	Impairment loss	Total
Computer software	2 251 680	2 845 374	(12 814)	(1 783 791)	(319 331)	2 981 118

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Computer software	4 088 845	164 913	(2 002 078)	2 251 680

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Computer software	6 028 463	171 400	(2 111 018)	4 088 845

Details of intangible assets

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

	2014 R	2013 R

5. INTANGIBLE ASSETS (CONTINUED)

Change in estimate
During the year, the Company revised the accounting estimates of the residual value of intangible asset with effect from 1 April 2013. Details of such revision are set out below:

Category of fixed assets	Percentage residual value before revision	Percentage residual value after revision	Amortisation before revision of residual value	Amortisation after revision of residual value	Net book value before revision of residual value	Net book value after revision of residual value
Computer software	15	-	806 889	1 783 791	4 277 351	2 981 118

The residual values were revised in order to fairly present the revised expected proceeds from the assets on disposal at the end of their respective useful lives. As a result of the revision, the amortisation charge of the company for the year ending 31 March 2014 increased by R976 902. Equity attributable to owners of the company and the net profit of the company for the year ending 31 March 2014 decreased by R976 902. The same effect in the current year is expected in the future.

6. INVESTMENT IN SUBSIDIARY

	2014 R	2013 R
Monti IDZ Investment SOC Ltd	-	100

The subsidiary was de-registered in November 2013. There were no transactions of any significance in the dormant subsidiary up to the date of deregistration.

7. OTHER FINANCIAL ASSETS

	2014 R	2013 R
Total other financial assets	**658 586**	**1 070 016**
Non-current assets		
Long term loan	-	488 818
Current assets		
Short term loan	658 586	581 198
	658 586	**1 070 016**

The loan is made up of the co-ordinated Material Handling Ltd t/a UTI Material Handling long-term loan and a short term debt. That was a result of the East London Industrial Development Zone's (ELIDZ) customer rescue program, where-in the Company assisted to sustain the operations of its logistics tenant,coordinated Material Handling Ltd t/a UTI Material Handling, on1 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 coordinated Material Handling Ltd t/a UTI material handling.

8. LOAN TO SUBSIDIARY

	2014 R	2013 R
Monti investment	-	47 947 705
Loans - IAS 39	-	2 052 295
Loan settlement	-	(50 000 000)
	-	-

Notes to the Financial Statements - continued

	2014 R	2013 R

9. TRADE AND OTHER RECEIVABLES

	2014	2013	2012
Trade receivables	27 265 853	17 416 583	10 772 989
Prepayments	4 428 212	1 288 705	1 741 085
Sundry debtors	20 808	21 076	18 250
VAT	-	7 322 600	7 048 662
Provision for Doubtful debts	(22 480 074)	(13 660 964)	(2 178 595)
Rental smoothing	13 842 672	10 425 092	4 513 544
Other receivables	2 553 372	432 578	469 000
BCMM Advance	1 208 204	917 640	3 331 509
	26 839 047	**24 163 310**	**25 716 444**

The carrying amount of accounts receivable approximate their fair value in terms of IAS39.
As at 31 March 2014 trade and other receivables to the value of R4 138 517 (2013: R4 932 164) were past due but not impaired and R25 042 867 (R2013: R13 344 345) were past due and impaired.

Movement on the provision for bad debts are as follows:

	2014	2013
At the begining of year	13 660 964	2 178 595
Current year provision	8 967 875	11 728 403
Bad debts writen off	(148 765)	(246 034)
	22 480 074	**13 660 964**

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2014	2013
Cash on hand	1 357	499
Bank balances	17 091 491	6 935 552
Short-term deposits	102 853 146	142 062 694
	119 945 994	**148 998 745**

11. SHARE CAPITAL

	2014	2013
Authorised		
1 000 000 Ordinary shares of R0.01 each or par value of 1 cent	10 000	10 000
Reconciliation of number of shares issued:		
Reported as at 31 March 2014	100 000	100 000
Issued		
Ordinary	1 000	1 000

	2014 R	2013 R

12. RESERVES OTHER NDR

Balance at beginning of period	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 SOC Ltd, adjusted for cash later received in respect of VAT relating to East London Industrial Development Corporation.

13. DEFERRED INCOME

	2014	2013	2012
Balance at the beginning of the year	1 633 482 639	1 641 014 351 1	500 015 371
Grants received			
- Eastern Cape Development Corporation	114 907 000	46 051 000	141 614 000
- Department of Trade and Industry	130 374 719	150 000 000	171 282 000
-Interest on grant funding	5 529 070	12 224 149	18 246 326
South African Revenue Services - output VAT on grants	(30 122 315)	(24 076 436)	(38 425 825)
	1 854 171 113	**1 825 213 064**	**1 792 731 872**

	2014	2013	2012
Released to income	(112 799 512)	(140 725 789)	(110 171 358)
Investment property released from grants	(55 924 024)	(51 004 636)	(41 546 163)
	(168 723 536)	**(191 730 425)**	**(151 717 521)**
Balance at the end of year	1 685 447 577	1 633 482 639	1 641 014 351
Non-current liabilities	1 544 862 211	1 456 641 126	1 255 250 094
Current liabilities	140 585 366	176 841 513	385 764 257
	1 685 447 577	**1 633 482 639**	**1 641 014 351**

14. PROVISIONS

Reconciliation of provisions - 31 March 2014

	Opening balance	Additions	Utilised during the year	IAS 39 Adjustment	Total
Retentions	1 602 045	272 531	(1 367 391)	121 670	628 855

Reconciliation of provisions - 31 March 2013

Retentions	3 393 682	153 663	(1 785 665)	(159 635)	1 602 045

Retentions: These are project amounts withheld by the Company and are paid back to contractors when there are no latent defects to project work. These amounts are claimable within 12 months after the completion of the project.

Notes to the Financial Statements - continued

	2014 R	2013 R

15. TRADE AND OTHER PAYABLES

	2014	2013	2012
Trade payables	33 959 373	16 534 762	76 155 668
VAT	5 172 601	-	-
Deposits received	2 005 803	1 828 234	1 709 821
Other grants (Note 29)	10 029 640	26 948	-
Other accrued expenses	503 296	519 375	388 143
13th cheque accrual	104 187	106 023	85 893
Leave pay accrual	5 042 310	4 384 135	3 410 086
Other payables	1 490 044	1 710 132	3 300 917
	58 307 254	**25 109 609**	**85 050 528**

16. REVENUE

	2014 R	2013 R
Rendering of services	30 482 791	24 841 849
Rental income	32 620 009	35 050 758
	63 102 800	**59 892 607**

17. COST OF SALES

	2014 R	2013 R
Rendering of services		
Services and operating	31 371 179	27 803 694
Telephone services	640 098	848 132
Conference facility	1 200 552	961 495
	33 211 829	**29 613 321**

18. OTHER INCOME

	2014 R	2013 R
Profit from deregistration of Monti IDZ	136 943	-
Donation BCMM	-	2 383 662
Gains on disposal of assets	681 347	247 525
Government grants	112 799 511	140 725 791
Grants released - Investment property	55 924 024	51 004 636
Sundry income	962 777	1 791 099
	170 504 602	**196 152 713**

	2014 R	2013 R

19. OPERATING PROFIT

Operating profit for the year is stated after accounting for the following:

	2014 R	2013 R
Equipment		
- Contractual amounts	(1 229 154)	(1 389 553)
Profit on sale of non current asset	681 347	247 525
Profit on deregistration of a subsidiary	136 943	-
Auditors remuneration	(2 698 383)	(2 626 431)
Impairments	(320 400)	(30 736)
Amortisation on intangible assets	(1 783 791)	(2 002 078)
Depreciation on property, plant and equipment	(21 909 954)	(18 449 346)
Employee costs	(70 403 279)	(54 872 343)

20. EMPLOYEE BENEFITS

The following items are included within employee benefits expense:

	2014 R	2013 R
Contributions to defined contribution plan	6 076 862	5 141 489

21. FINANCE INCOME

	2014 R	2013 R
Interest revenue		
Interest received	862 928	1 035 555

22. FAIR VALUE ADJUSTMENTS

	2014 R	2013 R
Investment property (Fair value model)	156 172 947	4 701 390

Refer to note 3 for the details of the valuation of investment properties

23. FINANCE COSTS

	2014 R	2013 R
Interest paid	2 706 852	287 497

Notes to the Financial Statements - continued

	2014 R	2013 R

24. TAXATION

Major components of the tax expense		
Deferred		
Originating and reversing temporary differences	-	-
Tax provision - current year	-	-
	-	**-**
Reconciliation of the tax expense		
Taxable Income for the year		
Profit before tax	186 734 986	67 028 659
Permanent differences	(132 135 604)	(89 508 672)
Temporary differences	(102 513 161)	2 050 375
Capital gain	8 153 130	-
Current year tax loss	39 760 649	20 429 638
Taxable Income for the year	**-**	**-**
Assessed loss		
Assessed loss brought forward	20 429 638	-
Current year assessed loss	39 760 649	20 429 638
Assessed loss carried forward	**60 190 287**	**20 429 638**
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	28,00 %	28,00 %
Permanent differences	(19,81)%	(37,39)%
Capital gains	1,22 %	- %
Deferred tax not raised	(15,37)%	0,86 %
Assessed loss	5,96 %	8,53 %
	- %	**- %**
	-	-
	-	-

No provision for tax has been made in 2014 financial year as the company has no taxable income. There was no deferred tax asset recognised in the current year since EL IDZ is not expected to generate taxable profit and taxable temporary differences in the future that are enough to utilise against the the deferred tax asset.

25. AUDITORS' REMUNERATION

	2014 R	2013 R
Fees	2 698 383	2 626 431

26. BAD DEBTS WRITTEN OFF

	2014 R	2013 R
Bad debts written off during the year under the Company's debtors policy	148 765	246 034

	2014 R	2013 R

27. CASH GENERATED FROM OPERATIONS

	2014 R	2013 R
Profit before taxation	186 734 986	67 028 659
Adjustments for:		
Depreciation of property, plant and equipment	21 909 787	18 449 346
Profit on deregistration of subsidiary	(136 943)	-
Interest received - investments	(862 928)	(1 035 555)
Finance costs	2 706 852	287 497
Fair value adjustments	(156 172 947)	(4 701 390)
Movements in provisions	(973 190)	(1 791 637)
Investment in subsidiary	-	-
Amortisation of intangible assets	1 783 791	2 002 078
Finance lease - BCMM donation	-	(2 455 090)
Impairment of property, plant and equipment	-	30 736
IAS 39 adjustments for loan from subsidiary	-	(2 052 295)
Impairment of assets	320 400	-
Profit on sale of non-current assets	(681 347)	(247 525)
Changes in working capital:		
Trade and other receivables	(2 675 737)	1 553 133
Trade and other payables	33 197 645	(59 940 919)
Deferred income	51 964 938	(7 531 712)
	137 115 307	**9 595 326**

28. CURRENT TAX PAYABLE

	2014	2013	2012
Balance at beginning of the year	(266 544)	93 183	-
Current tax for the year recognised in profit or loss	-	-	(258 523)
Tax paid/(received)	266 544	(359 737)	351 706
	-	**(266 554)**	**93 183**

29. OTHER GRANTS

	2014 R	2013 R
Department of Environmental affairs		
Opening balance	26 948	2 338 002
Grants received	8 363 248	880 000
Expenditure for the year	(4 105 389)	(1 922 426)
VAT paid	-	(1 268 628)
	4 284 807	**26 948**

Notes to the Financial Statements - continued

	2014 R	2013 R

29. OTHER GRANTS (CONTINUED)

	2014 R	2013 R
MERSETA		
Opening balance	-	-
Income received for the year	1 026 000	-
Expenditure for the year	(964 912)	-
	61 088	**-**
Stem Cell		
Income received for the year	2 192 982	-
Expenditure for the year	(786 086)	-
Release to other income	(328 414)	-
	1 078 482	**-**
Wildcoast SEZ		
Income received for the year	4 605 263	-

Other grants are funds from government to finance special projects. The Company is a conduit for the funds through the Department of Environmental Affairs, in the project for the Greening of the Company. The Company has received an additional funding from the Department of Economic Development Environmental Affairs and Tourism for the pilot project of Stem Cell in partnership with the Eastern Cape Health Department. In addition the company also received a grant for the initial implementation of the Wildcoast SEZ.

EL IDZ received grants from MERSETA for training interns.

	2014 R	2013 R
Total other grants	**10 029 640**	**26 948**

30. COMMITMENTS

	2014 R	2013 R
Authorised capital expenditure		
Contract work in progress		
Property, plant and equipment	25 960 539	42 655 657
Investment property	50 919 326	146 789 828
	76 879 865	**189 445 485**

This committed expenditure relates to infrastructure and other contracts, 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 commitment amounts are exclusive of VAT.

	2014 R	2013 R
Operating leases – as lessee (expense)		
Minimum lease payments due		
- no later than one year	1 019 460	1 019 469
- later than one year and not later than five years	84 955	1 189 381
	1 104 415	**2 208 850**

	2014 R	2013 R

30. OTHER GRANTS (CONTINUED)

Leasing Arrangements

Operating leases relate to the lease of equipment with a lease term of 3 years. The Company does not have an option to purchase the leased equipment at the expiry of the lease periods

	2014 R	2013 R
Operating leases – as lessor (income)		
Minimum lease payments due		
- no later than one year	29 566 493	30 058 082
- later than one year and not later than five years	86 938 972	59 486 221
- later than five years	46 135 048	11 706 413
	162 640 513	**101 250 716**

Leasing Arrangements

Operating leases relate to the investment property owned by the Company with lease terms of between 5 to 10 years, with an option to extend for a further 10 years. All operating lease contracts constrain market review clauses in the event that the lessee exercises its options 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 Company from its investment properties and direct operating expenses arising on the investment properties for the year are set out in note 3.

31. CONTINGENCIES

2014

(i) The company has entered into performance-based contracts with employees in terms of which performance bonuses may be paid out when the board has approved the payment normally after the audit results. The performance bonuses liability is estimated at R7 766 313.

32. RELATED PARTIES

Relationships

Holding company	Eastern Cape Development Corporation
Subsidiary	Monti IDZ Investment SOC Ltd
Shareholder	Buffalo City Metropolitan Municipality
Members of key management	Mr S Kondlo Mrs NV Madyibi Mr T Zweni Mr J Burger Mr T Gwintsa Ms A Magwentshu Mr G Matengambiri
Directors	Z. Tini N.I. Meinie-Anderson M. Saziwa S. Mase P. Nazo S. Mteto S. Caga A. Kanana P. Mzazi-Geja E. Jooste V. Sikwebu

Notes to the Financial Statements - continued

	2014 R	2013 R

32. RELATED PARTIES (CONTINUED)

	2014 R	2013 R
Related party balances		
Amounts included in trade receivables		
Buffalo City Metropolitan Municipality	2 303 263	2 206 344
Amount included in trade payables		
Buffalo City Metropolitan Municipality	(8 572 009)	(5 296 695)
	-	-
Related party transactions		
Buffalo City Metropolitan Municipality		
Rates and taxes - expense	9 601 623	5 863 511
Electricity - expense	20 572 604	20 434 390
Water - expense	2 131 775	2 574 733
Sewerage - expense	651 673	411 329
Donation	-	2 383 662
Interest on long term lease	-	129 351
Grass cutting expense recovery	(418 765)	(377 700)
Eastern Cape Development Corporation		
Total grants received for the year	114 907 000	46 051 000
Compensation to directors and other key management		
Key management remuneration - executive	15 977 466	11 234 800
Key management remuneration - non executive	1 057 340	386 634
Monti IDZ Investments (Pty) Ltd - (assets from subsidiary/loan payback)	136 943	50 000 000

33. DIRECTORS' EMOLUMENTS

Executive

2014	Basic Salary	Allowances	Employer contribution to funds	Bonus	Total
S Kondlo	1 629 232	855 150	331 308	339 126	3 154 816
NV Madyibi	1 169 553	2 689 245	248 412	-	4 107 210
T Zweni	1 150 357	603 798	232 690	274 447	2 261 292
J Burger	989 941	519 600	178 522	172 396	1 860 459
T Gwintsa	1 150 357	603 798	244 950	217 831	2 216 936
A Magwentshu	966 623	507 361	207 197	152 588	1 833 769
G. Matengambiri - (5 months)	281 674	225 313	55 997	-	562 984
	7 337 737	**6 004 265**	**1 499 076**	**1 156 388**	**15 997 466**

33. DIRECTORS' EMOLUMENTS (CONTINUED)

2013

	Basic Salary	Allowances	Employer contribution to funds	Bonus	Total
S Kondlo	1 454 069	802 957	125 324	382 851	2 765 201
NV Madyibi	1 045 058	576 406	96 351	286 807	2 004 622
T Zweni	1 025 683	566 946	91 699	245 148	1 929 476
J Burger	884 566	487 887	56 161	213 978	1 642 592
T Gwintsa	1 025 550	566 947	99 189	222 684	1 914 370
A Magwentshu	560 007	317 597	82 453	18 482	978 539
	5 994 933	**3 318 740**	**551 177**	**1 369 950**	**11 234 800**

Non-executive

2014

	Directors' fees	Allowances	Total
Z. Tini	190 628	4 466	195 094
S Mteto	84 767	4 047	88 814
M. Saziwa	101 908	2 982	104 890
N.I. Meinie-Anderson	189 437	2 130	191 567
P. Nazo	93 452	3 267	96 719
V Sikwebu	47 560	1 278	48 838
S. Caga	115 414	4 260	119 674
A. Kanana	104 947	3 408	108 355
E. Jooste	101 685	1 704	103 389
	1 029 798	**27 542**	**1 057 340**

2013

	Employer contribution to funds	Bonus	Total
Z. Tini	83 477	22 693	106 170
N.I. Meinie-Anderson	70 462	5 559	76 021
M. Saziwa	24 432	16 140	40 572
M.A. Msoki	17 545	-	17 545
P. Nazo	41 439	4 913	46 352
S. Mteto	41 344	18 218	59 562
S. Caga	13 240	1 726	14 966
A. Kanana	21 046	4 400	25 446
	312 985	**73 649**	**386 634**

Notes to the Financial Statements - continued

	2014 R	2013 R

34. PRIOR PERIOD ERRORS

ADJUSTMENTS TO DISCLOSURE NOTES

The financial statements have been prepared in accordance with SA GAAP on a basis consistent with the prior year. Where adjustments were done in the current annual financial statements, 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 2014 is as follows:

Employee benefits: disclosure of contributions to defined contribution plans totaling R5 141 489 has been made in note 20.

Bad debts: disclosure of bad debts written off totaling R246 034 has now been made in note 26.

Related parties: adjustments to amounts reflected for Buffalo City Municipality – water expense (R3 948) and Buffalo City Municipality – rates and taxes (R1 816 635) have been made in note 32.

Cash flow statement: an error in the classification, calculation and disclosure of the movement in other financial assets of R423 536 has been corrected in the statement of cash flows.

Commitments - Authorised capital expenditure: The total value of capital commitments disclosed in the prior year was overstated by R50 386 667. The error has been corrected retrospectively under disclosure note 30.

Fruitless & wasteful expenditure: The following disclosure was omitted in the prior year:

The company incurred charges of interest and penalties to SARS in respect of income taxes amounting to R10 866 and R42 613 respectively. The company also incurred penalties and interest in respect of VAT during the 2013 financial year totalling R229 75. The error has been corrected retrospectively under disclosure not 36.

Commitments - Operating lease as Lessor(income). Note 30. :
During the recalculation of the operating lease payments due from the lessees as at 31 March 2014, it was noted that the prior year disclosure of minimum lease payments due from the lessee per 31 March 2013 annual report was not correct. The error was corrected retrospectively and the prior year disclosure was appropriately restated as follows;

Minimum lease payments due	**31 March 2013 Annual Report**	**Adjustment**	**31 March 2013 Restated**
- No later than one year	30 019 073	39 009	30 058 082
- Later than one year and not later than five years	58 976 085	510 136	59 486 221
- later than 5 years	11 316 412	390 001	11 706 413
	100 311 570	**939 146**	**101 250 716**

Irregular expenditure: Disclosure of irregular expenditure was omitted in the prior year. The error has been corrected retrospectively per the disclosure in note 37.

	2014 R	2013 R
Opening balance	-	-
Irregular expenditure for the year	4 172 990	-
	4 172 990	**-**

ADJUSTMENTS TO ACCOUNT BALANCES

NON CURRENT ASSETS

Investment Property

	2014 R	2013 R
Balance before restatement	1 023 286 612	772 051 440
Adjustment	(10 861 941)	(67 000)
Effect of prior year adjustment	(67 000)	-
	1 012 357 671	**771 984 440**

	2014 R	2013 R

34. PRIOR PERIOD ERRORS (CONTINUED)

ADJUSTMENTS TO ACCOUNT BALANCES - CONTINUED

Incorrect rental rates and square metres were used to revalue income generating investment properties in prior year. This error has been corrected retrospectively and comparative figures have been appropriately restated. The effect of the error on the 2013 financial results is an increase in investment properties by R2 338 059.

A plant that was under construction was capitalised as investment property instead of being classified as property, plant and equipment. This error has been corrected retrospectively and comparative figures have been appropriately restated.The effect of the error on the 2013 financial results in a decrease in investment properties by R13 200 000.

A piece of owner occupied land with a fair value of R67 000 was incorrectly classified as investment property in 2012. This error has been corrected retrospectively and comparative figures have been appropriately restated

Property, Plant and Equipment.

	2014 R	2013 R
Balance before restatement	433 983 719	420 857 601
Adjustment	13 686 727	(68 398)
Reclassification to intangible assets	(2 251 680)	(4 361 485)
Reclassification from investment properties	1 448	1 448
	445 420 214	**416 429 166**

Adjustments have been made for:

- reclassification of R1 448 from investment property to owner occupied land and reclassification of R2 251 680 (2012: R4 361 485) from property, plant and equipment to intangible assets;
- errors in the calculation of the depreciation;
- errors in assets that were disposed off or written off but for which depreciation continued to be charged; and
- the effect of the above two adjustments were an increase in PPE by R13 686 727 (2012: R68 398).

The errors have been corrected retrospectively and comparative figures has been appropriately restated.

Other financial assets

	2014 R	2013 R
Balance before restatement	489 175	-
Adjustment	(357)	-
	488 818	**-**

The IAS 39 adjustment has been recalculated after the changes in the prior year balances. The effect of the adjustment is the decrease in financial assets by R357. The error has been corrected retrospectively and comparative figures has been appropriately restated.

CURRENT ASSETS

Trade and other receivables

	2014 R	2013 R
Balance before restatement	27 028 970	29 807 864
Adjustment	1 225 760	(4 091 420)
Effect of prior year adjustment	(4 091 420)	-
	24 163 310	**25 716 444**

2013

Adjustments that relate to invoices that were in dispute with tenants in the prior years have been made. The receivables balance was reduced to be in line with amounts that are not disputed. The adjustments resulted in a R679 771 decrease in receivables.

The R1 905 531 increase in receivables balance is due to lease smoothing calculation error that was done in the prior year.

2012

R10 630 decrease in receivables relates to invoices that should have been reversed in the prior years as they were incorrectly debited to the debtors account. Value Added Tax (VAT) was overclaimed in the prior years; SARS subsequently deducted the overclaim on the VAT receivable balance in 2013 financial year. EL IDZ did not update the financial records with an amount of R4 080 790 that was deducted by SARS from a refund that the organisation was suppose to get. The errors have been corrected retrospectively and comparative figures have been appropriately restated.

Notes to the Financial Statements - continued

	2014 R	2013 R

34. PRIOR PERIOD ERRORS (CONTINUED)

ADJUSTMENTS TO ACCOUNT BALANCES - CONTINUED

	2014 R	2013 R
EQUITY		
Retained earnings		
Balance before restatement	(101 676 498)	(88 209 412)
Adjustments	80 495 745	(13 325 716)
Effect of prior year adjustment	(13 325 716)	-
	(34 506 469)	**(101 535 128)**
NON CURRENT LIABILITIES		
Deferred income		
Balance before restatement	(1 448 201 621)	(1 258 757 616)
Adjustments	(11 947 027)	3 507 522
Effect of prior year adjustment	3 507 522	-
	(1 456 641 126)	**(1 255 250 094)**

In 2013 deferred income was understated by an over release to statement of comprehensive income of R11 947 027. The error was corrected retrospectively and comparative figures have been appropriately restated.

Deferred income was overstated by an under release to statement of comprehensive income of R3 507 522 in 2012. The error was corrected retrospectively and comparative figures have been appropriately restated.

	2014 R	2013 R
CURRENT LIABILITIES		
Deferred income		
Balance before restatement	(251 562 040)	(372 656 445)
Adjustment	87 828 339	(13 107 812)
Effect of prior year adjustment	(13 107 812)	-
	(176 841 513)	**(385 764 257)**

Adjustment has been made to deferred income that was utilised in the prior years but was not released to the statement of comprehensive income. The error has been corrected retrospectively and comparative figures have been appropriately restated. The effect of the adjustment was an increase in retained income by R87 828 339.

Adjustment has been made to deferred income that was over released to statement of comprehensive income in 2012. The error has been corrected retrospectively and comparative figures have been appropriately restated. The effect of the adjustment was a decrease in retained income by R13 107 812.

	2014 R	2013 R
Trade and other payables		
Balance before restatement	(24 481 543)	(85 221 086)
Adjustment	(798 624)	170 558
Effect of prior year adjustment	170 558	-
	(25 109 609)	**(85 050 528)**

Creditors were omitted from the creditors listing in the prior year in error. The error has been corrected by including the omitted creditors in the listing and correcting creditors balances retrospectively with an increase of R798 624. The comparative figures have been appropriately restated.

In 2012 an error was due to overstatement of the creditors balance by R170 558 for an invoice that was disputed and was included as a payable but never paid. The error has been corrected retrospectively and comparative figures have been restated.

	2014 R	2013 R

34. PRIOR PERIOD ERRORS (CONTINUED)

ADJUSTMENTS TO ACCOUNT BALANCES - CONTINUED

Provisions

Balance before restatement	(3 225 900)	-
Adjustment	1 623 855	-
	(1 602 045)	**-**

Retentions that were paid before year end were still reflected as provisions at the end of prior year in error. The error has been corrected retrospectively and comparatives figures have been appropriately restated. The effect of correcting the error is the decrease in provisions by R 1 623 855.

Tax Liability

Balance before restatement	-	(508 854)
Adjustment	-	602 037
	-	**93 183**

Tax was incorrectly calculated in the 2012 financial year. The error has been corrected retrospectively and comparative figures have been appropriately restated. The effect of the correction of the error is the decrease of the tax liability by R602 037.

REVENUE

Rental Income

Balance before restatement	33 642 240	-
Reclassification from rendering of service	3 733	-
Adjustment	1 404 785	-
	35 050 758	**-**

As a result of the correction of the error in the rental smoothing calculation, rental revenue has been increased by R1 404 785. In addition rental revenue has been increased by R 3 733 which was classified as revenue from rendering of services in error instead of rental revenue.

The errors have been corrected retrospectively and comparative figures have been appropriately restated.

Rendering of service

Balance before restatement	25 110 314	-
Reclassification to rental Income	(3 733)	-
Adjustment	**(264 732)**	**-**
	24 841 849	**-**

The adjustment of R264 732 relates to:

- credit notes for R22 540 that were raised for invoices that were disputed in the prior year; and

- R242 192 was as a result of the change in the time value of money for revenue that was recalculated based on the restated balance.

In addition revenue from rendering of services has been decreased by a reclassification adjustment of R 3 733 which should have been classified as rental revenue.

The errors have been corrected retrospectively and comparative figures have been appropriately restated.

Notes to the Financial Statements - continued

	2014 R	2013 R

34. PRIOR PERIOD ERRORS (CONTINUED)

ADJUSTMENTS TO ACCOUNT BALANCES - CONTINUED

COST OF SALES

Balance before restatement	(29 603 071)	-
Adjustment	(10 250)	-
	(29 613 321)	**-**

An error was noted relating to an invoice that was processed twice in the prior year. The prior period error has been corrected retrospectively and comparative figures have been appropriately restated.

OTHER INCOME

Balance before restatement	120 108 597	-
Reclassification to other expenses and to finance income	(1 026 278)	-
Adjustment	**77 070 394**	**-**
	196 152 713	**-**

The adjustment of R77 070 394 relates to the following:

- incorrect calculation of the deferred income amortisation release in the prior year for an amount of R76 790 490 which was not released to statement of comprehensive income;
- the understatement of IAS39 adjustment by R130 838;
- an adjustment of the grant release relating to investment properties to statement of comprehensive income by R71 565; and
- an error in accounting for property, plant and equipment resulting in the understatement of profit on disposal by R220 631.

An amount of R1 420 was incorrectly classified as other income instead of operating expenditure, and R1 024 858 also as other income instead of finance income.

The errors have been corrected retrospectively and comparative figures has been appropriately restated.

OPERATING EXPENSES

Balance before restatement	(166 160 992)	-
Reclassification from Other Income	1 420	-
Adjustment	**1 306 784**	**-**
	(164 852 788)	**-**

Adjustment has been made for invoices that were omitted in the prior year expenditure for the services that we had received before year end.

An amount of R1 420 was incorrectly classified as other income instead of operating expenditure.

The errors have been corrected retrospectively and comparative figures have been appropriately restated.

FAIR VALUE ADJUSTMENT

Balance before restatement	2 363 331	-
Adjustment	2 338 059	-
	4 701 390	**-**

Incorrect rental rates and square metres were used to value income generating investment properties in prior year. This error has been corrected retrospectively and comparative figures have been appropriately restated. The effect of the error on the 2013 financial results is an increase in investment properties by R2 338 059.

	2014 R	2013 R

34. PRIOR PERIOD ERRORS (CONTINUED)

ADJUSTMENTS TO ACCOUNT BALANCES - CONTINUED

FINANCE COST

Balance before restatement	(129 351)	-
Adjustment	(158 146)	-
	(287 497)	**-**

The adjustment was to correct the error in the calculation of the time value of money in the prior year. This error has been corrected retrospectively and comparative figures have been appropriately restated.

TAX EXPENSE

Balance before restatement	602 037	-
Adjustment	(602 037)	-
	-	**-**

EL IDZ incorrectly adjusted a 2012 tax calculation error in 2013 annual financial statements prospectively instead of doing it retrospectively. This error has been corrected retrospectively and comparative figures have been appropriately restated.

INTEREST RECEIVED

Balance before restatement	599 809	-
Reclassification adjustment	1 024 858	-
Adjustment	**(589 112)**	**-**
	1 035 555	**-**

R1 024 858 relating to an IAS 39 adjustment was incorrectly classified as other income in stead of being classified as finance income, and EL IDZ ommitted to charge interest of R589 112 from an outstanding amount from a debtor. The errors have been corrected retrospectively and comparative figures have been restated.

INTANGIBLE ASSETS

IT software

Balance before restatement	-	-
Adjustment	-	(272 639)
Reclassification from property, plant and equipment	2 251 680	4 361 484
	2 251 680	**4 088 845**

As a result of incorrect calculation of amortisation, the net book value of intangible assets was overstated by R272 639 in 2012 financial year. IT equipment and computer software were combined as property, plant and equipment. Only IT equipment should have been classified as property, plant and equipment and computer software should have been classified as intangible asset. A reclassification adjustment was performed to move the balances of computer software to intangible asset from property, plant and equipment. The errors have been corrected retrospectively and comparative figures have been restated.

Notes to the Financial Statements - continued

35. RISK MANAGEMENT

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern while maximising the return to stakeholders through the optimisation of the assets and the equity balance. The Company's overall strategy remains unchanged. The Company is not subject to any externally imposed capital requirements.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The entity manages liquidity risk by continuously monitoring forecast and actual cash flows. Liquidity risk is the risk that the entity may fail to meet its payment obligations as they fall due, the consequences of which may be the failure to meet the obligations to creditors. The institute identifies this risk through periodic liquidity gap analysis and the maturity profile of assets and liabilities. Where major gaps appear, action is taken in advance to close or minimise the gaps.

A maturity analysis of EL IDZ's financial instruments as at 31 March 2014 and 31 March 2013 is as follows:

At 31 March 2014	**On demand and less than one month**	**1 to 12 months**	**More than 12 months**	**Total**
Assets				
Other financial assets- short term	-	658 586	-	658 586
Trade and other receivables	-	26 839 047	-	26 839 047
Cash and cash equivalents	119 945 994	-	-	119 945 994
Total assets	**119 945 994**	**27 497 633**	**-**	**147 443 627**
Liabilities				
Trade and other payables	58 307 254	-	-	58 307 254
Liquidity gap	**61 638 740**	**27 497 633**	**-**	**89 136 373**

At 31 March 2013	**On demand and less than one month**	**1 to 12 months**	**More than 12 months**	**Total**
Assets				
Other financial assets - long term	-	-	488 818	488 818
Other financial assets - short term	-	581 198	-	581 198
Trade and other receivables	-	24 163 310	-	24 163 310
Cash and cash equivalents	148 998 745	-	-	148 998 745
Total assets	**148 998 745**	**24 744 508**	**488 818**	**174 232 071**
Liabilities				
Current tax payable	-	266 544	-	266 544
Trade and other payables	25 109 609	-	-	25 109 609
Total liabilities	**25 109 609**	**266 544**	**-**	**25 376 153**
Liquidity gap	**123 889 136**	**24 477 964**	**488 818**	**148 855 918**

Interest rate risk

The Company's interest bearing assets are included under cash and cash equivalents. The Company'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 Company'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.

	2014 R	2013 R

35. RISK MANAGEMENT (CONTINUED)

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.

Estimated increase in rates

	2014 R	2013 R
Estimated increase in basis points	100	100
Effect on accumulated profit/ (loss)	1 199 460	1 489 987

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Trade receivables comprise mainly of amounts owing from tenants. Management evaluated credit risk relating to tenants before they were incorporated into the zone.

Credit risk consists mainly of cash deposits, cash equivalents, trade debtors and other financial assets.

The Company only deposits cash with major banks with high quality credit standing and limits exposure to any particular counterparty.

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

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge a contract. Credit risk arises from cash equivalents, financial instruments and deposits with banks and financial institutions, as well as credit exposures to members, including outstanding receivables and committed transactions. For banks and financial institutions, only well-established institutions with sound financial positions are used. Credit exposures are closely monitored for indications of impairment.

EL IDZ tenants pay deposit at the beginning of their lease terms.

The entity's exposure to credit risk by class of financial asset is as follows:

	2014 R	2013 R
Trade and other receivables (excluding prepayments)	44 950 919	36 643 480
Cash and cash equivalents	119 945 994	148 998 745
Other financial assets - UTI	692 348	1 070 016
	165 589 261	**186 712 241**

The fair value of cash and cash equivalents and accounts receivables as at 31 March 2014 approximates the carrying amount.

Notes to the Financial Statements - continued

	2014 R	2013 R

35. RISK MANAGEMENT (CONTINUED)

Analysis by credit quality of financial assets is as follows:

Neither past due nor impaired		
- Cash and cash equivalent	119 945 994	148 998 745
- Trade and other receivables	15 769 536	18 366 971
Past due and not impaired		
- Trade and other receivables	4 138 517	4 932 164
- Other financial assets - UTI	692 348	1 070 016
Past due and impaired		
- Trade and other receivables	25 042 867	13 344 345

36. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure	623 994	283 237

After the investigation on the fruitless and wasteful expenditure the organisation noted that there was no need to pursue disciplinary action against employees that were involved.

2014

The company incurred interest and penalties to SARS totaling to R623 994. The penalties and interest were as a result of VAT adjustments that were processed in the general ledger after the initial submission of VAT returns.

2013

The company incurred charges of interest and penalties to SARS in respect of income taxes amounting to R10 866 and R42 613 respectively. The company also incurred penalties and interest in respect of VAT during the 2013 financial year totaling R229 758.

37. IRREGULAR EXPENDITURE

Opening balance	4 172 990	-
Current year irregular expenditure	5 785 452	4 172 990
Irregular expenditure condoned	(9 958 442)	-
	-	**4 172 990**

ELIDZ incurred irregular expenditure totaling to R5 785 452 (2013: R4 172 990) due to non-compliance with SCM policies, the PFMA and Treasury Regulation. This expenditure has been paid and recorded on their relevant expenditure accounts. The above expenditure is not fruitless and wasteful expenditure as it was incurred to further the interest of the entity.

After the investigation on the irregular expenditure the organisation noted that there was no need to pursue disciplinary action against employees that were involved.

	2014 R	2013 R

38. DEREGISTRATION OF SUBSIDIARY

Monti Industrial Development Zone (Pty) Ltd was 100% owned subsidiary of East London Industrial Development Zone.

The directors of EL IDZ resolved to deregister Monti IDZ (Pty) Ltd and transfer the assets and liabilities to EL IDZ. The effective date of deregistration was 30 November 2013. There is no consideration for the assets aquired since the subsidiary was 100% owned by EL IDZ as an investment with a cost value of R100. The difference between the fair value of the net identifiable assets transfered and liabilities assumed and the cost value of the investment in Monti IDZ (Pty) Ltd is the profit on the deregistration of the subsidiary.

The following are the identifiable assets transfered and liabilities assumed during the business combination.

Recognised amounts of identifiable assets transfered and liabilities assumed	2014 R	2013 R
Cash and cash equivalents	145 290	-
Trade and other payables	(8 247)	-
Fair value of assets transfered and liabilities assumed	137 043	-
Investment in Monti IDZ (Pty) Ltd	(100)	-
Profit on deregistration of subsidiary	**136 943**	**-**

39. CATEGORIES OF FINANCIAL INSTRUMENTS

Assets	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**	**Equity and non financial assets and liabilities**	**Total**
Non-current assets				
Investment property	-	-	1 280 060 308	1 280 060 308
Property, plant and equipment	-	-	474 434 519	474 434 519
Intangible assets	-	-	2 981 118	2 981 118
	-	**-**	**1 757 475 945**	**1 757 475 945**
Non-current assets				
Other financial assets	658 586	-	-	658 586
Trade and other receivables	26 839 046	-	-	26 839 046
Cash and cash equivalents	119 945 994	-	-	119 945 994
	147 443 626	**-**	**-**	**147 443 626**
Total assets	**147 443 626**	**-**	**1 757 475 945**	**1 904 919 571**
Equity and liabilities				
Equity				
Share capital	-	-	1 000	1 000
Reserves	-	-	8 306 368	8 306 368
Retained income	-	-	152 228 517	152 228 517
	-	**-**	**160 535 885**	**160 535 885**
Liability				
Non-current liability				
Deferred income	**-**	**-**	**1 544 862 211**	**1 544 862 211**

Notes to the Financial Statements - continued

39. CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)

	Financial assets at amortised cost	Financial liabilities at amortised cost	Equity and non financial assets and liabilities	Total
Current liabilities				
Trade and other payables	-	58 307 254	-	58 307 254
Deferred income	-	-	140 585 366	140 585 366
Provisions	-	-	628 855	628 855
	-	**58 307 254**	**141 214 221**	**199 521 475**
Total liabilities	**-**	**58 307 254**	**1 686 076 432**	**1 744 383 686**
Total equity and liabilities	**-**	**58 307 254**	**1 846 612 317**	**1 904 919 571**

Categories of financial instruments - 2013

Assets

	Financial assets at amortised cost	Financial liabilities at amortised cost	Equity and non financial assets and liabilities	Total
Non-current assets				
Investment property	-	-	1 012 357 671	1 012 357 671
Property, plant and equipment	-	-	445 420 214	445 420 214
Intangible assets	-	-	2 251 680	2 251 680
Investment property	-	-	100	100
Other financial assets	488 818	-	-	488 818
	488 818	**-**	**1 460 029 665**	**1 460 518 483**
Current assets				
Other financial assets	581 198	-	-	581 198
Trade and other receivables	24 163 310	-	-	24 163 310
Cash and cash equivalents	148 998 745	-	-	148 998 745
	173 743 253	**-**	**-**	**173 743 253**
Total assets	**174 232 071**	**-**	**1 460 029 665**	**1 634 261 736**
Equity and liabilities				
Equity				
Share capital	-	-	1 000	1 000
Reserves	-	-	8 306 368	8 306 368
Retained earnings	-	-	(34 506 469)	(34 506 469)
	-	**-**	**(26 199 101)**	**(26 199 101)**
Liabilities				
Non-current liabilities				
Deferred income	-	-	1 456 641 126	1 456 641 126
Current liabilities				
Current tax payable	-	266 544	-	266 544
Trade and other payables	-	25 109 609	-	25 109 609
Deferred income	-	-	176 841 513	176 841 513
Provisions	-	-	1 602 045	1 602 045
	-	**25 376 153**	**178 443 558**	**203 819 711**
Total Liabilities	**-**	**25 376 153**	**1 635 084 684**	**1 660 460 837**
Total equity and liabilities	**-**	**25 376 153**	**1 608 885 583**	**1 634 261 736**

Detailed Income Statement

	Notes	2014 R	2013 R
Revenue			
Rendering of services		30 482 791	24 841 849
Rental Income		32 620 009	35 050 758
	16	**63 102 800**	**59 892 607**
Cost of sales			
Cost of rendering of services		(33 211 829)	(29 613 321)
Gross profit		**29 890 971**	**30 279 286**
Other income			
Profit from deregistration of subsidiary		136 943	-
Fair value adjustments	22	156 172 947	4 701 390
BCMM Donations		-	2 383 662
Gains on disposal of assets		681 347	247 525
Government grants		112 799 511	140 725 791
Grants released - Investment property		55 924 024	51 004 636
Interest received		862 928	1 035 555
Sundry Income	21	962 777	1 791 099
		327 540 477	**201 889 658**
Expenses (Refer to page 53)		**(167 989 610)**	**(164 852 788)**
Operating profit	19	**189 441 838**	**67 316 156**
Finance costs	23	(2 706 852)	(287 497)
Profit before taxation		**186 734 986**	**67 028 659**
Profit for the year		**186 734 986**	**67 028 659**
Other comprehensive income		-	-
Total comprehensive income for the year		**186 734 986**	**67 028 659**
Operating expenses			
Advertising		(4 939 920)	(3 650 563)
Auditors remuneration	25	(2 698 383)	(2 626 431)
Bad debts and provision for bad debts		(9 079 975)	(11 726 984)
Bank charges		(62 045)	(82 780)
Board fees		(1 254 779)	(412 575)
Cell phones		(1 043 071)	(880 066)
Cleaning		(861 916)	(802 806)
Computer expenses		(286 539)	(128 978)
Consulting and professional fees		(9 656 050)	(17 663 168)
Depreciation		(21 909 954)	(18 449 346)
Development planning and related costs		(285 930)	(352 568)
Donations		(144 399)	(115 894)
Employee costs		(70 403 279)	(54 872 343)
Entertainment		(345 566)	(746 038)
Expenditure		3 464 822	1 576 514
Impairment of fixed and intangible assets		(320 400)	(30 736)
Lease rental		(1 229 154)	(1 389 553)
IT expenses		(672 325)	(562 574)

The supplementary information presented above does not form part of the financial statements and is unaudited

Detailed Income Statement - continued

	Notes	2014 R	2013 R
Insurance		(1 665 890)	(1 469 451)
Internal Audit		(932 161)	(420 310)
Legal expenses		(578 045)	(338 735)
Marketing brand management		(2 410 853)	(2 360 776)
Marketing and communications		(322 362)	(699 017)
Miscellaneous expenses		(70 160)	(183 048)
Non capitalised equipment		(935 606)	(807 358)
Amortisation of intangible assets		(1 783 791)	(2 002 078)
Penalties		(396 585)	-
Petrol, oil and repairs - motor vehicles		(67 828)	(65 249)
Placement fees		(572 200)	(1 215 972)
Postage		(16 110)	(37 626)
Printing and stationery		(155 522)	(262 339)
Project expense		(9 363 802)	(17 550 109)
Repairs and maintenance		(15 587 674)	(13 216 128)
Security		(5 847 675)	(5 487 093)
Subscriptions		(463 547)	(399 540)
Telephone and fax		(264 629)	(163 119)
Training		(1 336 535)	(1 558 110)
Travel - local		(1 119 015)	(1 751 451)
Travel - overseas		(863 273)	(2 255 350)
Utilities operating costs		(1 507 484)	306 960
		(167 989 610)	**(164 852 788)**

The supplementary information presented above does not form part of the financial statements and is unaudited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