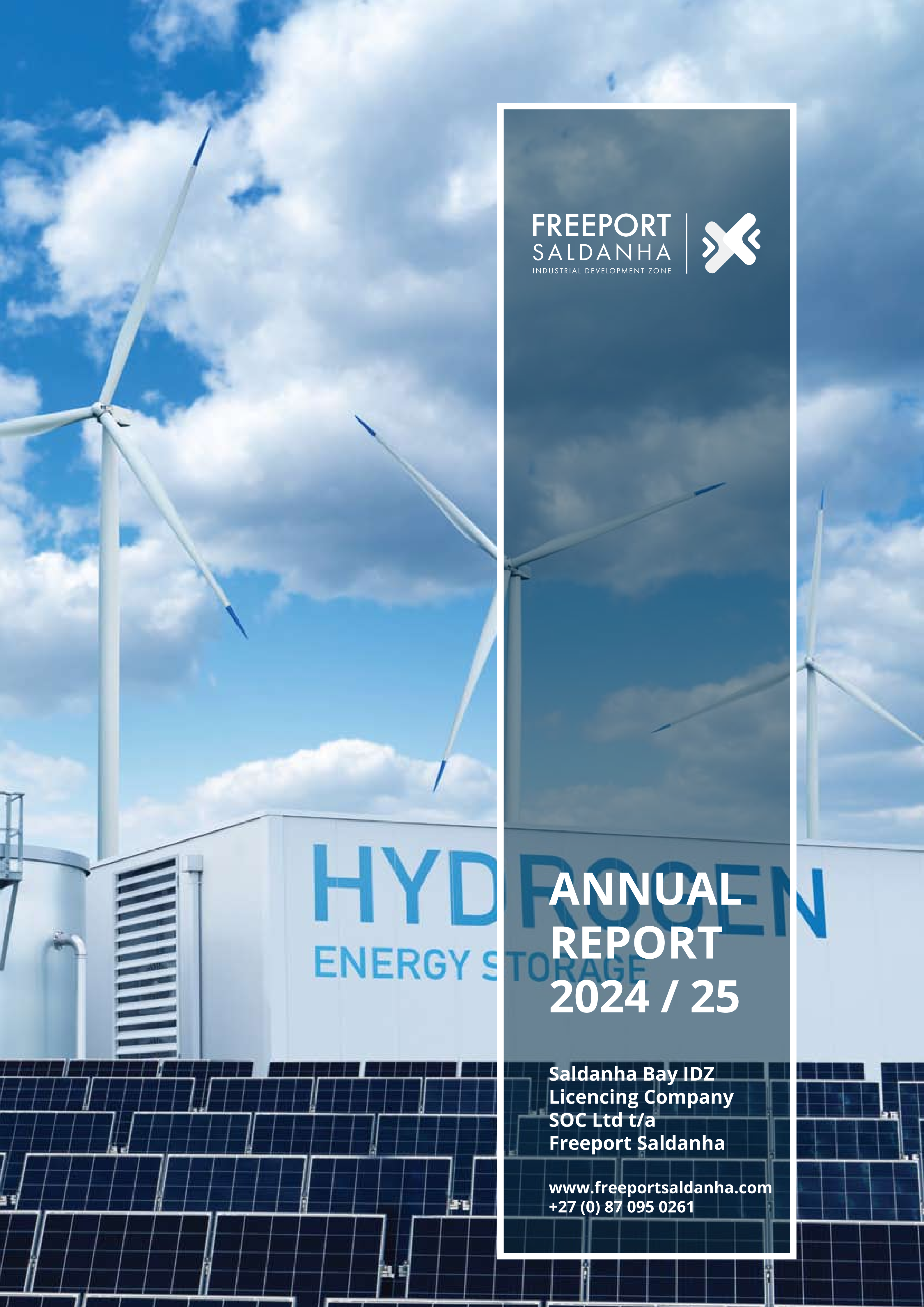

FREEPORT SALDANHA
INDUSTRIAL DEVELOPMENT ZONE

ANNUAL REPORT 2024 / 25

Saldanha Bay IDZ Licencing Company SOC Ltd t/a Freeport Saldanha

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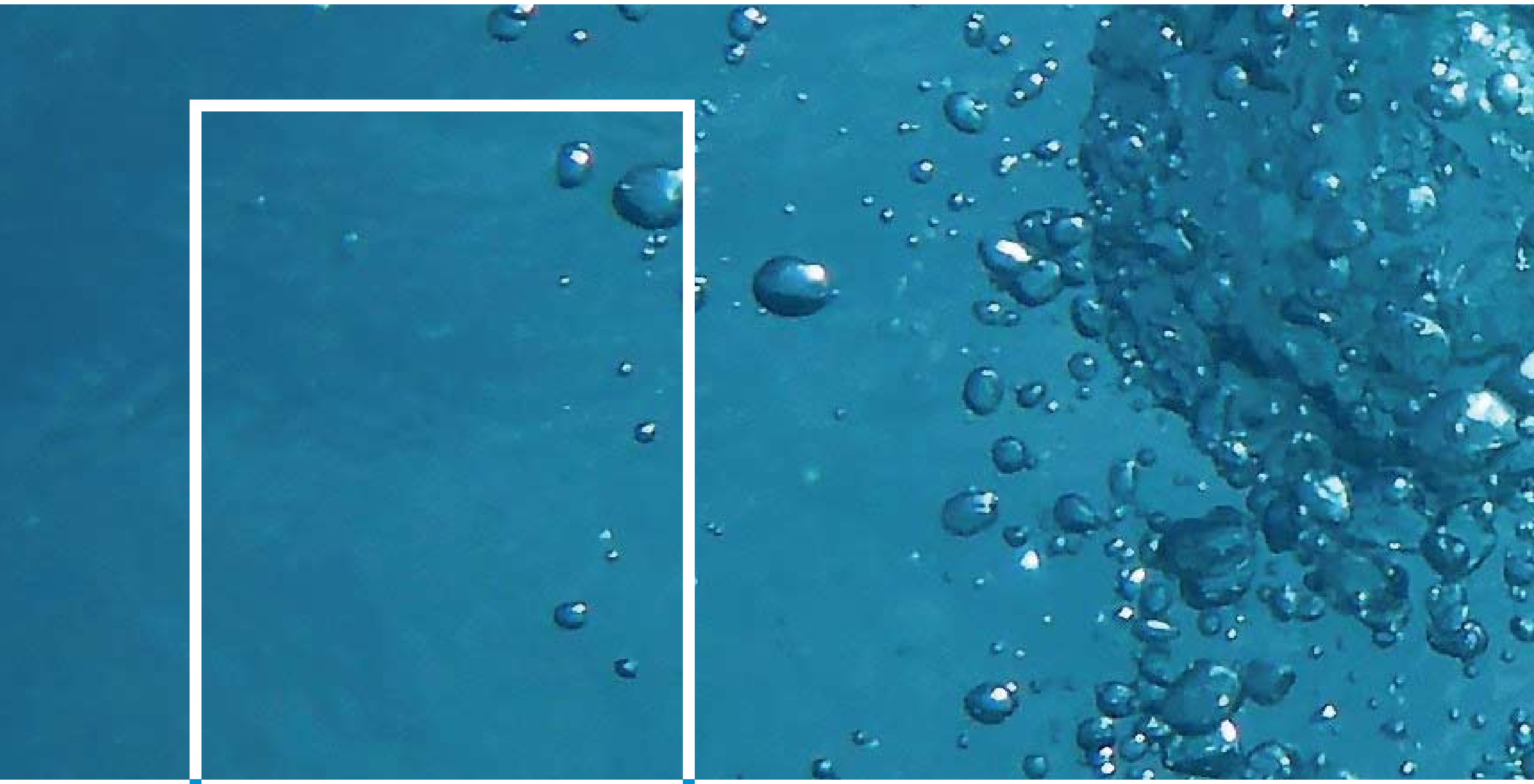

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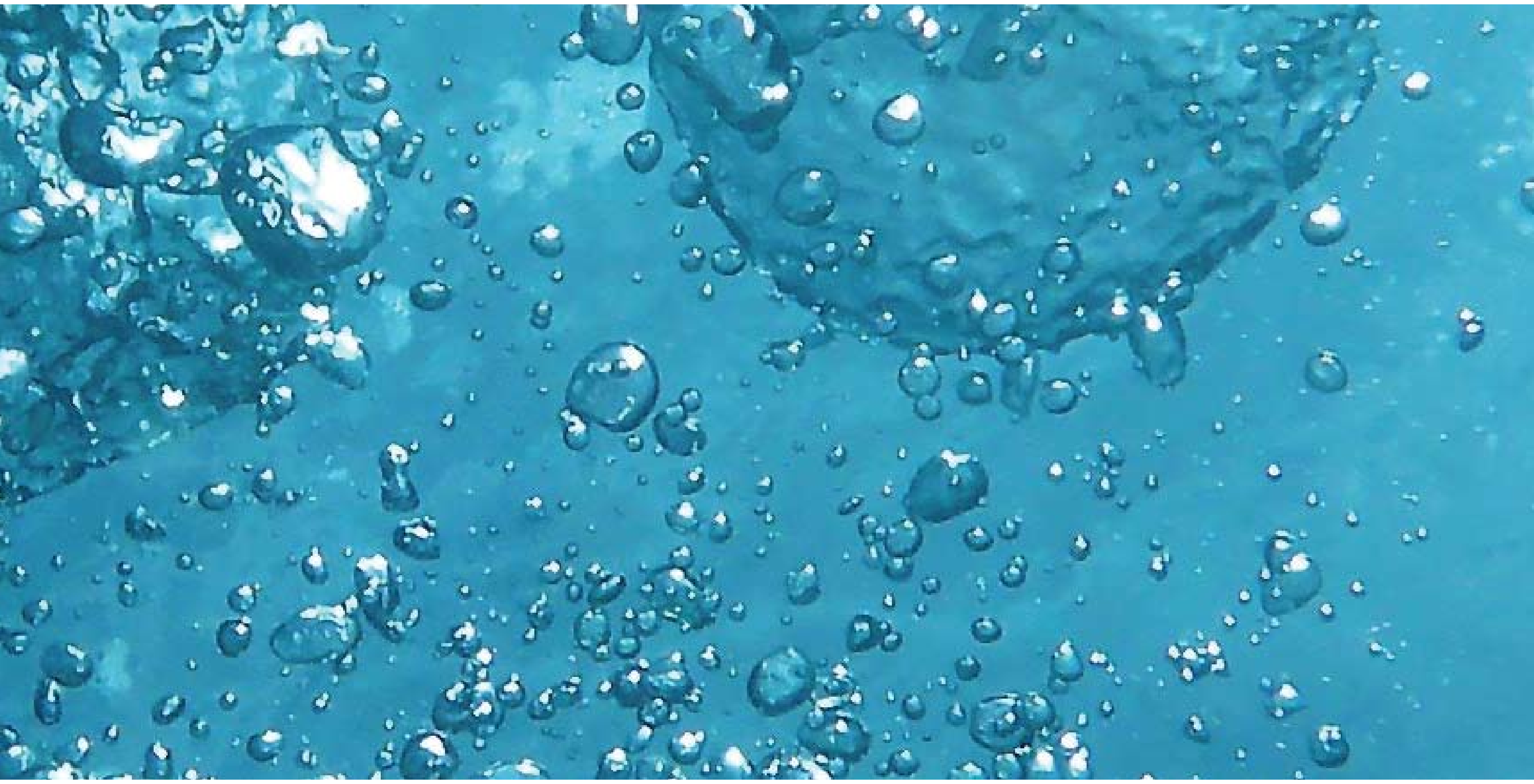


A

GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	Saldanha Bay IDZ Licencing Company SOC Ltd t/a Freeport Saldanha
REGISTRATION NUMBER:	2012 / 035625 / 30
PHYSICAL ADDRESS:	24 Main Road Saldanha Bay 7395
TELEPHONE NUMBER/S:	+27 22 714 0206 +27 87 095 0261
EMAIL ADDRESS:	info@freeportsaldanha.com
WEBSITE ADDRESS:	www.freeportsaldanha.com
EXTERNAL AUDITORS:	**Auditor-General of South Africa** 19 Park Lane Building Park Lane Century City
BANKERS:	**Nedbank** 5th Floor, Nedbank Building Silo District V&A Waterfront Cape Town 8001
COMPANY SECRETARY:	Sollie Marthinus Legal Advisor

2.
LIST OF ABBREVIATIONS/ ACRONYMS

AGSA	Auditor-General of South Africa
CFO	Chief Financial Officer
DDM	District Development Model
DEA&DP	Department of Environmental Affairs and Development Planning
DEDAT	Department of Economic Development and Tourism
dtic	Department of Trade, Industry and Competition
EIA	Environmental Impact Assessment
ERRP	Economic Reconstruction and Recovery Plan
GDP	Gross Domestic Product
GDP-R	Regional Gross Domestic Product
GGP	Gross Geographic Product
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IDZ	Industrial Development Zone
IZP	Industrial Zones Programme
MOU	Memorandum of Understanding
MSDF	Municipal Spatial Development Framework
NDP	National Development Plan Vision 2030
PFMA	Public Finance Management Act
SAOGA	South African Oil and Gas Alliance
SARS	South African Revenue Services
SBIC	Saldanha Bay Innovation Campus
SBIDZ	Saldanha Bay Industrial Development Zone
SBIDZ-LC	Saldanha Bay Industrial Development Zone Licencing Company SOC Ltd
SBM	Saldanha Bay Municipality
SCM	Supply Chain Management
SEZ	Special Economic Zone
SOC	State-Owned Company
SOE	State-Owned Enterprise
TNPA	Transnet National Ports Authority
UNCTAD	United Nations Conference on Trade and Development
WCG	Western Cape Government

3.

FOREWORD BY THE CHAIRPERSON

Operating context

Freeport Saldanha concludes the last year of implementation of its Five-Year Strategic Plan at a pivotal point that promises positive change. The recently approved recovery plan has provided the entity with clear objectives offering increased investments, improved financial performance and the conclusion of strategic relationships that enable the entity to make substantial impact and move towards long-term financial sustainability. The recovery plan focuses on operational stability and efficiency, ensuring governance and leadership structures are reinforced, implementing cost-saving measures, revenue enhancement and investment attraction. The organisation is now firmly on a path towards an irreversible turnaround in operational and financial performance.

The primary strategic objectives for Freeport Saldanha in the period 2019-2024 were to secure operational investments through the provision of world-class infrastructure and robust investment facilitation services. Several key milestones were achieved that have solidified the value proposition of the SEZ as an ideal location for domestic and foreign direct investment. The enabling infrastructure is in place. Investors have access to a variety of instruments that assist them in cutting through the red tape and getting their projects off the ground expeditiously. The entity has invested substantially in the development of communities around it so they can be ready to take advantage of the opportunities the zone offers. Freeport Saldanha is now a 'plug-and-play' special economic zone that is ready for investors.

The original value proposition for the SEZ was a focus on the Oil and Gas industry and the related value chains premised on the planned growth in oil and gas exploration activity around the Orange Basin and the Namibian coast. However, the oil and gas industry went through a severe contraction and the investments that were envisaged were put on hold by the oil majors. Freeport Saldanha has therefore had to revise its value proposition to include opportunities in the green economy. Freeport Saldanha is now pursuing a two-pronged strategy: Marine Sector orientated industries including oil and gas value chains, and green hydrogen and green industrialisation (decarbonisation) opportunities. These include offshore supply services for the oil and gas industry, boat building and repair, logistics, green hydrogen and its derivatives, food processing, and steel fabrication industries and green steel/DRI.

Operational Investments

At the core of the recovery plan is the resolute focus to convert the pipeline of opportunities into operational investments. The most immediate intervention that has been implemented has been to secure tenants for the five existing vacant warehouses. Four of the five buildings have now secured operational investors who are in the process of onboarding. A new multi-user warehouse facility was developed in response to market demand for investors that require smaller factory facilities. The finalisation of construction of this facility will broaden participation to be inclusive of Small and Medium Enterprises.

The next area of focus has been support to investors in the acceleration of megaprojects through the development cycle. There are projects in excess of R6 billion in investment value that are being fast-tracked to breaking ground within the next twelve months.

The southern precinct of the zone is on land that has been developed by Freeport Saldanha under the previous lease with Transport National Ports Authority. This precinct is most suitable for investors that require access to berth facilities for their operations. There are two investments that are closest to breaking ground in this parcel of land, a green ship recycling project and a green oil and lubricant recycling facility. It is in this context that there is urgency to finalise modalities on the 'New Ways of Working' between ourselves and TNPA.

Green Hydrogen

Freeport Saldanha has retained the services of CSIR to undertake phase 1 of the Masterplan to develop the Saldanha Green Hydrogen Hub. This hub will entail the incorporation of all green hydrogen initiatives within the Saldanha industrial area, including the opportunity for the production of green DRI/steel. The location of the zone is strategic in that it has proximity to renewable energy production zones as well as hard to abate industries, such as steel and cement manufacturing. The Masterplan will include details of the enabling common-user infrastructure required, desalination, transmission, storage, and pipeline infrastructure. There are three priority investors in green hydrogen that have been allocated land parcels within the zone. All three of them have been registered as SIP projects. The projects are at various stages of development.

The strategic focus over the medium to long-term period

Looking ahead, Freeport Saldanha's 2025-2030 priorities remain the achievement of full commercialisation and financial sustainability, providing an enabling environment and essential infrastructure to drive investment. The intention is to strengthen strategic partnerships and support the community and business development for regional competitiveness.

Freeport Saldanha has been earmarked to be developed as a green hydrogen hub. The private sector has shown significant interest to invest in green hydrogen and its derivatives in and around the zone. Freeport Saldanha will over the medium to long-term period continue to explore opportunities in the green hydrogen market and be a catalyst for green hydrogen.

Acknowledgements / Appreciation

I want to express my gratitude to Freeport Saldanha's shareholder Minister, the Minister for Agriculture, Economic Development and Tourism, Dr Ivan Meyer, for his support, guidance and the open and responsive approach to the Board's engagements with you. To the Head of the Department for Economic Development and Tourism, Ms Jo-Anne Johnston and her colleagues, the Board appreciates the insight you always provide. I also want to thank the Director General of the Western Cape, Dr Harry Malila for his support and for working with Freeport Saldanha's top investors.

I furthermore want to express my gratitude to the Industrial Zones Programme within the IDC and under the leadership of Mr Lionel October for assisting the Freeport Saldanha in bringing leadership stability to the entity. I also acknowledge and thank the Executive Mayor of the Saldanha Bay Municipality, Councilor Andre

Truter and the Municipal Manager, Mr. Heinrich Mettler and his team for their continued support. I also wish to thank the Department of Trade Industry and Competition for its continued support during the past financial year, Transnet and the TNPA, for the work done on developing a new way of working together model between the two entities.

Lastly, I would like to thank the Board and especially the members whose terms ended during the past year for their service, hard work, dedication and diverse expertise which they contribute to the benefit of the organisation. I am furthermore grateful to the Management and staff of Freeport Saldanha for your dedication which has been essential to the entity's journey to sustainability.

Conclusion

The Western Cape Government has created and is implementing the "Growth for Jobs (G4J)" strategy. The G4J strategy reflects a bold vision for the economy of the province namely, to create *"a provincial economy that achieves break-out economic growth, resulting in sufficient employment and opportunity and an economy that is sustainable, resilient, diverse and thriving – generating confidence, hope and prosperity for all"*. To achieve this, the WCG's goal is that by 2035 the Western Cape will be a R1 trillion inclusive economy, which will stimulate sufficient employment and opportunity to improve lives. Looking forward, I am confident that the Freeport Saldanha with the guidance of the Board and under the skilful leadership of the Interim Chief Executive Officer, Mr Xola Sithole, and his team will continue to position Freeport Saldanha as the catalyst for creating that competitive business environment in which growth is driven through businesses exploiting opportunities within the Zone. Freeport Saldanha has a key role to play in ensuring that the Western Cape economy raises the bar for what is possible for our country. The Board remains committed to steering the entity and setting the strategic direction so that the entity can co-contribute to the economic rise of the Western Cape and the country.

Stieneke Jensma
Chairperson of the Board
29 August 2025

4.

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Context

The 2024/25 financial year has been a defining period for Freeport Saldanha. It marked the approval of our Board- and shareholder-endorsed Recovery Plan in November 2024, which is a focused roadmap designed to reset the organisation, reaffirm its purpose and realise the longstanding vision of establishing a thriving Special Economic Zone (SEZ) on South Africa's West Coast. Our ambition is clear: to be the premier industrial location for manufacturing, services and export-led investments that drive economic growth and create sustainable jobs.

Our operating environment remains challenging, characterised by tight resource constraints and heightened expectations to deliver tangible outcomes. Yet, since the Recovery Plan's approval, we have made meaningful progress across its four strategic pillars: **governance and stability, investment facilitation, organisational development,** and **financial sustainability.**

Initial performance against the Recovery Plan

Our immediate priority was governance and stability. The appointment of new Board and Committee members strengthened leadership structures while also ensuring a seamless and transparent CEO transition. These developments are reinvigorating our governance ethos—enabling improved oversight, alignment with shareholder expectations, and renewed institutional momentum.

At the core of our mandate is investment facilitation. To this end, we established a dedicated Investment Programme Management Office (PMO) reporting directly to the CEO. This cross-functional team is already making progress in converting a strong pipeline into tangible commitments. Key achievements include:

- Accelerating lease negotiations for SEZ-built infrastructure;
- Advancing catalytic projects in green hydrogen, maritime services and energy storage;
- Initiating the development of SEZ 6 to accommodate growing SME demand; and
- Progressing commercial negotiations with the TNPA to unlock opportunities in the Port Precinct, which remains crucial to realising the full potential of our marine sector.

In the area of organisational development, we initiated a broad restructuring process to build an agile, focused and performance-driven institution. The Recovery Plan acknowledged that, while the work of our Development Programmes Business Unit had been commendable, it inadvertently diverted focus and resources away from our principal objective of facilitating and securing investment into the Zone. To realign institutional focus while preserving this important community-facing function, the company resolved to identify strategic partners to assume responsibility for managing the Development Programmes Unit until meaningful investment traction is achieved. It is anticipated that this work will be concluded in the 2025/26 financial year.

The roll-out of a revised organisational structure is well underway, supported by change management interventions and improved internal communications. Two new Executive Committees, one focused on strategy and the other on operations, have been established to strengthen execution and accountability. We also launched an internal communications plan, including regular "From the CEO's Desk" updates, to foster a culture of engagement and purpose-driven delivery.

Pursuant to financial sustainability, we made headway in stabilising our cash flow by implementing cost containment measures, revising lease terms to enhance revenue, actively tenanting our assets, and reactivating our alternative funding model to finance future growth. Together, these four pillars are beginning to shift the organisation's trajectory, from a zone of potential to a zone of delivery. While we remain reliant on shareholder support in the short term, these efforts are laying the foundation for a more resilient and self-sustaining enterprise.

However, momentum must be sustained. The 2025/26 financial year will be critical for consolidating these gains and translating groundwork into operational investments and measurable impact.

Infrastructure development

The close of the 2024/25 financial year also marked a significant milestone in the commencement of construction on SEZ 6, a purpose-built, multi-user warehouse tailored to the needs of small and medium enterprises (SMEs). This facility represents more than physical infrastructure; it reflects a strategic pivot toward a more inclusive and demand-responsive development model. By enabling easier SME entry into the zone, we are broadening the base of beneficiaries and accelerating economic activity. Construction is progressing well amid confirmed interest from prospective tenants, with completion expected in the next financial year.

General financial review

We took decisive steps to improve our financial position, including cost containment, improved cash flow through revised lease terms, and the reactivation of our alternative funding model to support future infrastructure expansion. While we fell slightly short of annual GDP and job creation targets, we exceeded performance expectations in tenancy, infrastructure approvals and enabling broader economic access.

Acknowledgements

We are sincerely grateful for the continued support and belief in our vision from all who walk this journey with us. The unwavering commitment of our shareholder Minister, Dr Ivan Meyer, the HOD of DEDAT, Ms Joanne Johnston and her team, our Board of Directors and strategic partners who has been instrumental during this time of transition and repositioning. I would like to especially acknowledge the professionalism and resilience of the Freeport Saldanha team, particularly those impacted by the organisational restructuring. Your dedication to our shared purpose has been inspiring.

The collaborative spirit of our partners, including the dtic, IDC, TNPA, the Saldanha Bay Local Municipality, the West Coast District Municipalities, and stakeholders across the public and private sectors, has been vital in sustaining our momentum. To the people of Saldanha Bay, we reaffirm our commitment to working alongside you, honouring the promise of this region, and building the foundation for inclusive, sustainable growth.

Looking ahead

The 2025/26 financial year must be the year we secure our first cohort of operational investments. Achieving this is not merely a corporate priority; it is central to fulfilling our developmental mandate and establishing Freeport Saldanha as the premier industrial and logistics hub it was always meant to be.

Xola Sithole
Interim Chief Executive Officer
29 August 2025

5.

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made on this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2025.

Yours faithfully

Interim Chief Executive Officer
Xola Sithole
29 August 2025

Chairperson of the Board
Stieneke Jensma
29 August 2025

6. STRATEGIC OVERVIEW

6.1. Vision

Vision for the Zone

Our vision is to become the premier industrial location on South Africa's West Coast for manufacturing, services and export-led investments that drive economic growth and create sustainable jobs.

Vision for the Organisation

We work with each other and others with integrity, clarity and respect, accepting that we work in the name of all citizens of Saldanha Bay and South Africa.

Vision for the Board

We are a cohesive, informed, decision-making body, working in partnership with Management to ensure the long-term success of the company and the short-term objective to operationalise and build an inclusive economy.

Vision for Partnerships

We are a community of equals, choosing to work together to fulfil our joint visions because we clearly understand the purpose and values of each partner.

6.2. Mission

To stimulate the economy through:

- Attracting and sustaining investments through the creation and operation of a commercially viable Special Economic Zone;
- Marketing and positioning the region's economic benefits and brand awareness of Freeport Saldanha's location value proposition locally and internationally; and
- Generating and growing an inclusive economy, creating jobs, ensuring the beneficiation of resources and the empowerment of our local communities.

6.3. Values

Accountability: Each team member at Freeport Saldanha takes ownership of their actions and responsibilities. The company fosters trust and transparency by encouraging honesty and open communication, which strengthen collaboration and drive continuous improvement.

Integrity: Every team member at Freeport Saldanha upholds ethical standards to ensure their actions align with the company's values. By placing integrity at the forefront, the company fosters a culture of trust, respect and credibility with employees, investors and stakeholders.

Adaptability: Freeport Saldanha can adapt to shifting market conditions, evolving customer needs and new technological advancements. It cultivates an environment that emphasises resilience and innovation, enabling it to remain competitive in dynamic environments.

Commitment: Every team member is dedicated to fulfilling promises, reaching goals and upholding high standards. This commitment fosters trust with investors and partners by demonstrating reliability. Freeport Saldanha is committed to excellence and long-term success, continuously strengthening its reputation in the market.

7.

LEGISLATIVE AND OTHER MANDATES

In terms of the Public Finance Management Act, Act 1 of 1999 (PFMA), Saldanha Bay IDZ Licencing Company SOC Ltd is a Schedule 3D provincial government business organisation.

7.1 Constitutional Mandate

Constitution of the Republic of South Africa, 1996; Constitution of the Western Cape, 1997

The Saldanha Bay Industrial Development Zone (IDZ), is subject to the Constitution of the Republic of South Africa, 1996, and the Constitution of the Western Cape, 1997. In terms of Schedule 4 of the Constitution of the Republic of South Africa, "industrial promotion" is a functional area of concurrent national and provincial legislative competence. The IDZ is a component of the industrial promotion functional area.

Section 81 of the Constitution of the Western Cape, 1997 provides that the WCG must adopt and implement policies to actively promote and maintain the welfare of the people of the Western Cape, including policies aimed at achieving the creation of job opportunities and the promotion of a market-oriented economy. The IDZ fulfils the purpose of a Special Economic Zone (SEZ) within the greater Saldanha Bay area and ensures compliance with the Constitution of the Western Cape by continuing to catalyse growth and development through the provision of an enabling, inclusive environment and to fully operationalise and become commercially sustainable.

7.2 Legislative and Policy Mandates

7.2.1 National Legislative Mandates

Special Economic Zones Act, 2014 (Act 16 of 2014)

The purpose of the Special Economic Zones Act, 2014 (Act 16 of 2014) (SEZ Act) is to provide for the designation, promotion, development, operation and management of Special Economic Zones (SEZs), which includes the establishment of provincial government business enterprises to manage the SEZs, such as the Saldanha Bay IDZ Licencing Company SOC Ltd t/a Freeport Saldanha. The SEZ Act also provides for the functions of SEZ operators.

In terms of the SEZ Act, Freeport Saldanha is an economic development tool to promote national economic growth and export by using support measures to attract targeted foreign and domestic investments and technology. The purpose of Freeport Saldanha includes:

- attracting foreign and domestic direct investment;
- providing the location for the establishment of targeted investments;
- taking advantage of existing industrial and technological capacity, promoting integration with local industry and increasing value-added production;
- promoting regional development;
- creating decent work and other economic and social benefits in the region in which it is located, including the broadening of economic participation by promoting small, micro and medium enterprises and co-operatives; and
- promoting skills and technology transfer, and the generation of new and innovative economic activities.

The IDZ is intended to be an oil & gas and marine repair engineering and logistics services complex, serving the needs of the upstream exploration and production service companies operating in the oil and gas fields in Sub-Saharan Africa. Its roles include logistics, repairs and maintenance, as well as fabrication activities. The IDZ designation also affords Freeport Saldanha the ability to offer a contiguous customs-free area. Freeport Saldanha is the implementing vehicle of the IDZ and is responsible for the provision of infrastructure, promotion, management and marketing of the IDZ.

Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), as amended by the BBBEE Amendment Act, 2013 (Act 45 of 2013)

The Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003) (B-BBEE Act) establishes a legislative framework for the promotion of black economic empowerment. Our vision is to promote sustainable economic growth and job creation within the broader Saldanha Bay Municipality (SBM). Freeport Saldanha has embraced the principles and objectives as set out in the B-BBEE Act and Codes of Good Practice through the implementation of various enterprise, skills and supplier development interventions/programmes.

The regulatory framework for the IDZ programme is informed by the relevant provisions of the following legislation:

- Income Tax Act, 1962 (Act 58 of 1962);
- Section 21A of the Customs and Excise Act, 1964 (Act 91 of 1964);
- Value Added Tax Act, 1991 (Act 89 of 1991);
- Customs Duty Act, 2014 (Act 30 of 2014);
- Customs Control Act, 2014 (Act 31 of 2014);
- Report No. 14 promulgated by the International Trade Administration Commission in accordance with the Customs and Excise Act;
- Employment Tax Incentive Act, 2013 (Act 26 of 2013).

7.2.2 Provincial Legislative Mandates

Saldanha Bay Industrial Development Zone Licencing Company Act, 2016 (Act 1 of 2016)

The Saldanha Bay Industrial Development Zone Licencing Company Act, 2016 (Act 1 of 2016), was enacted by the Western Cape Parliament to regulate the operation of Freeport Saldanha and provides for the objects, functions and governance of the company. In terms of the Act, the objects of the company are to establish and fulfil the purpose of a SEZ within the greater Saldanha Bay area, including:

(a) promoting, managing and marketing the Freeport;
(b) providing internal infrastructure in the Freeport area;
(c) facilitating the ease of doing business in the Freeport area; and
(d) acquiring and leasing land incidental to the company's business.

Western Cape Investment and Trade Promotion Agency Law, 1996 (Act 3 of 1996), as amended by the Western Cape Investment and Trade Promotion Agency Amendment Act, 2013 (Act 6 of 2013)

The Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro) was established as a trade and promotion agency under the DEDAT to promote and support economic growth and related activities within the Western Cape, thus facilitating job creation by creating and keeping more businesses in the Western Cape as well as helping local companies to export to the rest of the Africa and the world. In line with the national InvestSA initiative, the DEDAT has established the Cape Investor Centre through Wesgro. In light of the sector-specific competencies of Wesgro and Freeport Saldanha and both parties' desire to be contributing agencies in providing services to the Cape Investor Centre, Wesgro and Freeport Saldanha have agreed to collaborate and cooperate in providing services at the Cape Investor Centre to create an enabling investor environment.

7.2.3 Global policy context

Freeport Saldanha is committed to responsible and inclusive growth while ensuring the long-term viability of the zone's activities. Thus, the company is linked to global policies and strategic imperatives such as the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change.

The company, through its activities and plans, can be closely linked to achieving the outcomes of the following SDGs:

- **SDG 7: Affordable and Clean Energy**
  Over the past year, the company has made strides in positioning the Zone as a potential Green Hydrogen (GH2) hub. The company has also supported and participated in research and development initiatives focused on advancing clean energy/environmentally friendly technologies in the maritime and energy sectors.

- **SDG 8: Decent Work and Economic Growth**
  In terms of the SEZ Act, the Zone is an economic development tool to promote national economic growth and export by using support measures to attract targeted foreign and domestic investments and technology that lead to the creation of decent work opportunities and other economic and social benefits.

- **SDG 9: Industry, Innovation and Infrastructure**
  Much of the company's work is centred on acting as a catalyst to expand the industrial potential of the Port of Saldanha by agitating for and supporting the development and upgrading of marine infrastructure that will unlock South Africa's latent potential in the maritime industry. In addition, the company has established the Saldanha Bay Innovation Campus, which seeks to develop and establish clusters driving research, development and innovation within the energy and maritime industries.

- **SDG 13: Climate Action**
  Owing to changes in market dynamics and increased global requirements to reduce the carbon footprint of economic activity, the company has increasingly supported research and development activities aimed at decreasing the carbon footprint of maritime and energy operations.

As reflected above, Freeport Saldanha is aligned with the principles of the Paris Agreement on Climate Change. This alignment not only demonstrates environmental responsibility but also positions the SEZ for long-term resilience and competitiveness in a low-carbon future.

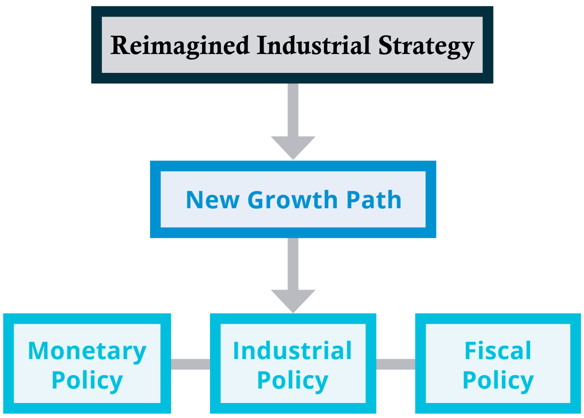
7.2.4 National Policy Context

In addition to the legislative mandates, Freeport Saldanha is linked to broader national strategies and policies and, as a first principle, fits into and seeks to address the policy priorities of the South African government, including the:

- Reimagined Industrial Policy and Strategy (RIS);
- South African Economic Reconstruction and Recovery Plan;
- National Infrastructure Plan 2050 (Phase 1 and Phase 2 [draft]);
- Presidential Infrastructure Coordinating Commission (PICC) Roll-out Programme;
- Industrial Policy Action Plan;
- Operation Phakisa Oceans Economy; and
- Comprehensive Maritime Transport Policy (CMTP).

Freeport Saldanha in the National Policy Context

The hierarchy of economic policy in South Africa can be portrayed as follows:



7.2.5 Overarching Policy Environment

Reimagined Industrial Policy and Strategy

The Industrial Policy and Strategy Review maps the measures and actions of the South African government over the past five years under the Reimagined Industrial Strategy (RIS) laid out by President Ramaphosa, further reflecting the evolution of policy actions during the democratic period since 1994.

The policy and strategy review adopted by the government as part of the Reimagined Industrial Strategy embodies the new approach to industrial policy and SEZ implementation. Industrial policy during this period has been characterised by increased collaboration and partnership with social partners. The RIS outlines key aspects of a future agenda and sources of growth in the South African economy.

Growth will be catalysed though high infrastructure investment of at least half a trillion rand a year, drawing on public and private investment; productive sector investment aligned to securing commitments of R2 trillion over five years; green industrialisation to refocus sources of energy, green component manufacturing and greener industrial and consumer products; and a pivot to an African-led growth drive off the back of the African Continental Free Trade Area (AfCFTA).

Priorities identified include deeper economic and other policy coordination; better alignment at the institutional level; addressing energy security; strengthening skills development in several identified areas; developing the capacity to respond to a changing global and technological environment; improved policy innovation; and scaling up actions that have proven successful, such as the sector masterplans. The review proposes that industrial policy be integrated into a broader economic policy synchronised with other policies, such as foreign policy initiatives and education and skills development strategies, and the establishment of an Industrial Policy Coordination Council chaired by the President, to enable an all-of-government focus on growing the industrial sectors, a shift up the industrial value-chain and help create jobs in South Africa.

7.2.6 Leading Economic Policy

The South African Economic Reconstruction and Recovery Plan

On 15 October 2020, President Ramaphosa tabled the Economic Reconstruction and Recovery Plan (ERRP) at a joint sitting of Parliament. The ERRP is the culmination of work between government, business, labour and the community at the National Economic Development and Labour Council (NEDLAC) and includes key commitments from each stakeholder to achieve its objectives. The Plan includes measures to:

- achieve a sufficient, secure and reliable energy supply within two years;
- create mass employment;
- increase infrastructure investment;
- reduce data costs; and
- increased localisation for reindustrialisation and growth.

The National Infrastructure Plan 2050 (Phase 1 and Phase 2 [draft])

Infrastructure development is critical to attaining South Africa's long-term economic and social goals. The National Infrastructure Plan (NIP 2050) will ensure that the foundations are supported for achieving the National Development Plan (NDP) vision for inclusive growth. The NIP 2050 offers a strategic vision and plan that links top NDP objectives to actionable steps and intermediate outcomes. The aim is to promote dynamism in infrastructure delivery and address institutional blockages and weaknesses that hinder success over the longer term. Additionally, the NIP 2050 will guide the way to building stronger institutions that can deliver on the infrastructure-related aspirations of the NDP.

The Department of Public Works and Infrastructure (DPWI) gazetted the draft NIP 2050 phase 1 for public comment in August 2021. The NIP 2050 phase 1 was prepared by the Infrastructure South Africa (ISA) team over a period of six months, working closely with sector specialists and other stakeholders, and was published on 11 March 2022 for implementation. The NIP 2050 details the South African government's broad vision for infrastructure development in the country and seeks to create a foundation to give effect to the NDP, setting out actionable steps and intermediate outcomes intended to lead to inclusive growth and promote job creation and transformation in South Africa. This first phase of the NIP 2050 focuses on four strategic sectors: energy, water, digital infrastructure and freight transport.

The draft NIP 2050 Phase 2 was gazetted for public comment on 21 October 2022. The NIP 2050 Phase 2 attempts to offer a strategic vision and plan to deliver high-priority distributed infrastructure networks by 2050. It focuses on distributed infrastructure that links more closely to businesses and communities. Building on the bulk infrastructure sectors prioritised in NIP 2050 Phase 1, this iteration also offers a strategic vision and plan that links NDP objectives to practical steps and intermediate outcomes. To this end, the NIP 2050 Phase 2 focuses mainly on six distributed infrastructure sectors: human settlements, municipal trading services, passenger transport, road infrastructure and social infrastructure related to education and health.

Comprehensive Maritime Transport Policy (CMTP)

The adoption of the Comprehensive Maritime Transport Policy (CMTP) by the Cabinet on 10 May 2017 created a historic opportunity to invigorate the maritime transport sector. The CMTP Implementation Plan 2030 was subsequently developed and is the preferred path to maritime sector transformation and development as envisaged by the CMTP. One of the aims of the CMTP Implementation Plan 2030 is to establish the fundamental pillars on which to base the implementation of the CMTP, culminating in South Africa becoming an International Maritime Centre by 2030.

In April 2022, Freeport Saldanha participated in the 2022 Hybrid Mid-term Maritime Policy Conference, which was hosted by the National Department of Transport (DOT). The Conference took place five years after the adoption by the Cabinet of the CMTP to review progress on the implementation of the CMTP. At the conference, delegates agreed that the full value of the CMTP had yet to be realised. The DOT established six industry-championed maritime task forces to accelerate the implementation of the CMTP. Freeport Saldanha's strategy and work align closely with the CMTP's key strategic objectives. The company has continued to be a valued and active stakeholder in the DOT's efforts to accelerate the implementation of the CMTP by nominating representatives to serve on and participate in the work of the CMTP maritime task forces.

New Growth Path (NGP)

The core drive of the New Growth Path (NGP) is the creation of employment to combat poverty and inequality in an inclusive economy. Of the four areas of "drivers" the NGP identified, "Jobs Drivers" was number one. Similar to the NDP, infrastructure is highlighted as a key priority. The NGP also refers to the sectors prioritised in the Industrial Policy Action Plan.

7.2.7 Provincial Policy Context

Because the DEDAT is its overseeing governing body, Freeport Saldanha is linked to broader provincial strategies and policies, including the Western Cape Provincial Strategic Plan (PSP), the Western Cape Recovery Plan, the Western Cape Provincial Spatial Development Framework (PSDF) and the Western Cape Infrastructure Framework (WCIF). These provincial strategies and policies are explained below (7.3).

Specifically, within the concluded WCG Provincial Strategic Plan (PSP) 2019 – 2024, Freeport Saldanha falls under Provincial Strategic Goal VIP2, focusing on exports, employment and GDP. Freeport Saldanha also aligns with the SBM's Local Economic Development Strategy and the Growth Potential Study of Towns (GPS)-2014.

7.3 Institutional Policies and Strategies over the Five-Year Planning Period

7.3.1 Policies

Western Cape Growth for Jobs Strategy

The Growth for Jobs (G4J) Strategy for the Western Cape is premised on the recognition that the private sector creates jobs and the State must stimulate market growth and create an enabling environment in which people and businesses can create and exploit opportunities. Taking into consideration South Africa's profound socio-political challenges, the strategy was developed through sound research and analysis, including a detailed growth diagnostic commissioned by the WCG.

The G4J Strategy reflects a bold vision for the economy of the province, namely: "A provincial economy that achieves break-out economic growth, resulting in sufficient employment and opportunity and an economy that is sustainable, resilient, diverse and thriving – generating confidence, hope and prosperity for all".

To achieve this, the WCG's goal is that the Western Cape will be a R1 trillion inclusive economy by 2035, growing at between 4% and 6% per annum, which will stimulate sufficient employment and opportunities to improve lives. This will be achieved through enabling a competitive business environment in which growth is driven through businesses exploiting opportunities. To guide the WCG's approach towards achieving this vision and goal, the G4J Strategy relies on several key pillars of growth acting as beacons to inform choices, decisions and actions.

Freeport Saldanha's alignment with the G4J Strategy is evidenced by the company's investment promotion mandate, the investment pipeline established and the infrastructure developed, where investments are already realised and in operation in the Zone.

The four strategic priorities of the company, taken together, will create a conducive, enabling business environment in and around the Zone, and will facilitate positive, value-adding outcomes and impacts to the local and provincial economy and communities by focusing, among other things, on attracting direct investment, increasing employment and contributing to the Western Cape GDP through increasing value-added production and the generation of innovative economic activities within the marine and energy sectors.

Overview of the Medium-Term Development Plan (MTDP) 2024–2029

The MTDP 2024–2029 serves as the five-year strategic plan for South Africa's seventh administration under the Government of National Unity (GNU) formed after the 29 May 2024 general elections. It acts as the implementation framework for the NDP, aligning with its goals while emphasising development outcomes and economic growth.

The MTDP replaces the Medium-Term Strategic Framework (MTSF) and is designed to focus on fewer, high-impact interventions to drive measurable results. It was approved by the Cabinet on 29 January 2025 and is structured around three core strategic priorities:

- Inclusive growth and job creation (apex priority), driving economic interventions across all spheres of government.
- Reducing poverty and tackling the high cost of living – ensuring social protection and economic inclusion.
- Building a capable, ethical and developmental state – enhancing governance, law and order, and enabling infrastructure.

The WCG aligns its strategies with the MTDP's priorities while maintaining its own provincial mandates through the Provincial Strategic Plan (PSP) and the Provincial Strategic Implementation Plan (PSIP).

- **Economic Growth & Job Creation:** The WCG will contribute through provincial economic policies, investment attraction, skills development and infrastructure projects that support the national focus on inclusive growth.
- **Poverty Reduction & Social Interventions:** The WCG's social development programmes, health initiatives and education reforms will align with the national emphasis on lowering the cost of living.
- **Building a Capable State:** The WCG's governance innovation, service delivery efficiency and regulatory frameworks will support the national goal of strengthening institutional capacity and ethical leadership.

Western Cape Provincial Strategic Plan, 2025–2030

The Provincial Strategic Plan (PSP) 2025–2030 sets out the WCG's strategic priorities and goals for the next five years. It provides overarching direction for government action, focusing on people-centred outcomes that drive meaningful change for residents.

Due to its mandate and nature of work, Freeport Saldanha contributes primarily, but not exclusively, to "VIP 2: Economy and Jobs". This is mainly achieved by focusing on attracting direct investment, increasing employment and contributing to the Western Cape GDP by increasing value-added production and generating innovative economic activities within the oil, gas and marine services industries. The PSP recognises the oil, gas and marine services sectors as priority sectors based on their potential to create jobs and unlock further economic opportunities and comparative advantages.

Western Cape Spatial Development Framework

The Western Cape Provincial Spatial Development Framework (PSDF), adopted in 2014, addresses the province's spatial agenda. It is not a blueprint that can be implemented in the short term, but rather a framework within which:

- coherent and consistent sector and area-based plans (e.g. for functional regions or municipalities) can be formulated and rolled out by the spheres of government and SOEs operating in the Western Cape; and
- Communities and the private sector have greater certainty over where development and investments are heading and can respond to opportunities arising from them.

The PSDF's spatial policies cover three inter-related themes, namely "resources", "space-economy" and "settlement". In adopting a strategic view of the provincial space-economy, the PSDF identifies three functional regions with significant development trends and/or development potential. One of these regions is the emerging Greater Saldanha Regional Industrial Complex, with the Saldanha Bay/ Vredenburg growth centre at its heart. The PSDF proposes that the advancement of this functional region should be facilitated by targeting support for the oil and gas economic sectors, facilitating the development of a water demand management system for the region and, lastly, by encouraging the flow of new regional and bulk economic infrastructure investments into the area to leverage private sector and community investments.

It should be noted that the Western Cape DEA&DP has started the process of compiling a new Western Cape PSDF. Freeport Saldanha was requested to form part of the ad-hoc intergovernmental steering committee (ISC) that will guide and advise on the development of the new PSDF.

Western Cape Infrastructure Framework

Schedule 5A of the Constitution mandates the WCG to coordinate provincial planning. As part of this mandate, the Western Cape Infrastructure Framework (WCIF) was adopted in 2013. The WCIF aims to align the planning, delivery and management of infrastructure provided by all stakeholders (national government, provincial government, local government, SOEs and the private sector) to the WCG strategic agenda and vision for the province. The WCIF recognises that the harbour and industrial development in Saldanha will create a need for a substantial transition in infrastructure coordination, administration and provision related to bulk water supply, energy generation, transportation and Information and Communications Technology (ICT).

The Western Cape Department of Transport and Public Works (DTPW) is leading a process to revise and update the WCIF, in which Freeport Saldanha is participating as a key stakeholder.

West Coast District: Joint District and Metro Approach Plan

The WCG has adopted the Joint District and Metro Approach (JDMA) in response to and in alignment with the national government's District Development Model (DDM). The objectives of the DDM are to:

- coordinate a government response to challenges of poverty, unemployment and inequality, particularly among women, youth and people living with disabilities;
- ensure inclusivity by gendered budgeting, based on the needs and aspirations of people and communities at a local level;

- narrow the distance between people and government by strengthening the coordination role and capacity at the District and City municipal levels;
- foster a practical intergovernmental relations mechanism to jointly plan, budget and implement to provide a coherent government to the people in the Republic (solve silos, duplication and fragmentation), maximise impact, and align plans and available resources through the development of "One District, One Plan and One Budget";
- build government capacity to support municipalities;
- strengthen monitoring and evaluation at district and local levels;
- implement a balanced approach to development between urban and rural areas; and
- exercise oversight over budgets and projects in an accountable and transparent manner.

Through the work coordinated in this regard by the WCG's Department of Local Government (DLG), a holistic JDMA plan has been developed for municipalities within the West Coast District. This plan has been approved by all municipalities in the district, the WCG, and the national government through the Department of Cooperative Governance and Traditional Affairs (COGTA). Freeport Saldanha has been included in the economic section of this plan as a strategic project for the West Coast district area.

Saldanha Bay Municipality 5th Generation Integrated Development Plan 2017–2022 (2nd Amendment)

The Saldanha Bay 5th Generation Integrated Development Plan (IDP) for 2022–2027 is the primary strategic framework of the SBM. It outlines key development priorities and governance needs for the municipal area over five years. Adopted within a year of municipal elections, the IDP remains active for the local council's term and is reviewed annually with input from the local community, state organs and other stakeholders. This plan serves as a guide for all municipal planning and development, ensuring alignment with the SBM's constitutional and developmental responsibilities.

Freeport Saldanha plays a crucial role in promoting economic growth and job creation for residents of the SBM and beyond. It offers direct employment opportunities within the Zone and supports local businesses through partnerships with its tenants and users. The SBM firmly believes that the Zone will significantly enhance the lives of Saldanha Bay residents for current and future generations. This belief is supported by the Saldanha Bay Municipality Socio-Economic Futures (SBM SEF) study, which provides essential economic insights that shape both the SBM's and Freeport Saldanha's strategic planning.

Aligning with 'Strategic Focus Area 2: Economy', the SBM has integrated the development of Freeport Saldanha into its long-term strategy. One of SBM's strategic objectives under this focus is to "Increase the Size and Number of Businesses." This objective includes initiatives to support Freeport Saldanha, which is viewed as a key partner in driving economic growth, job creation, poverty alleviation and fostering global partnerships for sustainable development in the region.

Saldanha Bay Municipality Spatial Development Framework

Saldanha Bay Municipality is currently reviewing its Municipal Spatial Development Framework (MSDF) in line with the Spatial Planning and Land Use Management Act (SPLUMA), the Western Cape Land Use Planning Act (LUPA), and the Municipal Land Use Planning By-Law. The MSDF is a key long-term planning document that outlines the SBM's spatial growth vision and aligns with its IDP. Updated every five years alongside the IDP, the current MSDF, which was approved in 2019, is due for review. Once finalised, it will guide future development and land use decisions.

The MSDF reflects the "identification of areas for future industrial development" as a key strategy towards implementing part of its spatial vision relating to the "promotion of the industrial area, including high-tech economic development, to take advantage of global demand opportunities and encourage local employment and capacity building". This becomes especially pertinent when considering the future growth of the port facility and expected pressures on the industrial land supply, given the potential for growth in backwards and forward linkages.

7.3.2 Strategies

dtic SEZ Strategic Framework 2020–2030: Draft

The draft dtic SEZ Strategic Framework 2020–2030 leverages global best practices from UNCTAD, the World Bank and case studies worldwide. It emphasises that quality infrastructure incentives alone are not enough; success requires an ecosystem approach with interconnected implementation actions.

The framework envisions competitive SEZs that contribute to poverty reduction, inequality and economic inclusivity. Its mission is to ensure that all SEZs are supported by infrastructure and incentives to deliver economic, social and environmental benefits by 2030.

Key strategies which Freeport Saldanha aligns with include:

- enhancing legal flexibility for competitiveness;
- providing targeted, environmentally compliant infrastructure;
- proactive investment promotion;
- strengthening stakeholder engagement;
- expanding funding sources; and
- building a comprehensive ecosystem beyond location and incentive.

The framework, currently under review for comment, sets out an integrated operational delivery environment for SEZ operators. This new direction for the SEZ programme recognises the backwards, forward and sideways socio-economic potential of SEZs and therefore the associated responsibilities of SEZ operators and all the stakeholders who can contribute to realising the outcomes.

Western Cape Climate Change Response Strategy

The WCG has identified the need to act locally – on a transversal, bold and unprecedented scale – to reduce society's collective Greenhouse Gas (GHG) emissions and adapt to global climate change.

Building on the 2008 Western Cape Climate Change Response Strategy and Action Plan, the 2014 Climate Change Response Strategy (CCRS) is aligned with the National Climate Change Response Policy and geared to strategically direct and mainstream climate change actions and related issues throughout relevant provincial transversal agendas. In line with the National Climate Change Response Policy, the Strategy takes a two-pronged approach (adaptation and mitigation) to address climate change:

- **Adaptation:** To reduce the climate vulnerability and develop the adaptive capacity of the Western Cape's economy, people, ecosystems and critical infrastructure in ways that simultaneously address the province's socio-economic and environmental goals.
- **Mitigation:** To contribute to national and global efforts to significantly reduce GHG and build a sustainable low-carbon economy, which simultaneously addresses the need for economic growth, job creation and improving socio-economic conditions.

Saldanha Bay Municipality Local Economic Development Strategy

The SBM's Local Economic Development (LED) Strategy focuses on leveraging the area's existing assets and strategic advantages to drive sustainable growth. Key objectives include supporting small, medium and micro-enterprises (SMMEs), enhancing job creation and building strong linkages with Freeport Saldanha as a hub aimed at fostering industrial and export-oriented activities. The LED strategy also emphasises tourism, waste management and environmental sustainability as crucial components for local economic resilience. Additionally, the strategy aims to align with national goals, particularly in green energy and infrastructure investment, to position Saldanha Bay as a vital economic node within South Africa.

A significant part of the Municipality's current economic strategy is closely aligned with the mandate and work of Freeport Saldanha;

hence, Freeport Saldanha is set to participate as a key informant and stakeholder in the SBM's process to draft its new economic development strategy, for which it recently appointed a service provider.

7.4 Relevant Court Rulings

There are no court rulings that are relevant to Freeport Saldanha or may have a significant impact on its operations.

8. ORGANISATIONAL STRUCTURE

Freeport Saldanha's organisational structure ensures the effective and responsive undertaking of its business activities, with due diligence and care to standards of good corporate governance. There are two programmes in the company, namely Administration and Operations. Both programmes aid the realisation of the company's vision, mission and values, and both aid the delivery of the company's strategic objectives.

Administration has the overarching objective of implementing best practice governance in support of the operations of the company. The programme has a complex role due to its need to balance agile business needs and requirements of the operations while undertaking a crucial governance function of a public company. It provides a treasury function to ensure optimum spending and utilisation of financial resources.

Operations has the overarching objective of attracting, servicing and maintaining tenants and investors in the zone. The programme must lead proactively to ensure a business-friendly environment that addresses the needs of the industry and all the role-players and stakeholders of the company.

Xola Sithole
Interim
Chief Executive Officer

Neville Majtie
Acting
Chief Executive Officer
(Resigned: 31 Jan 2025)

Doug Southgate
Acting
Chief Operating Officer
(Term ended: 30 Sept 2024)

Herman Boneschans
Chief Financial Officer

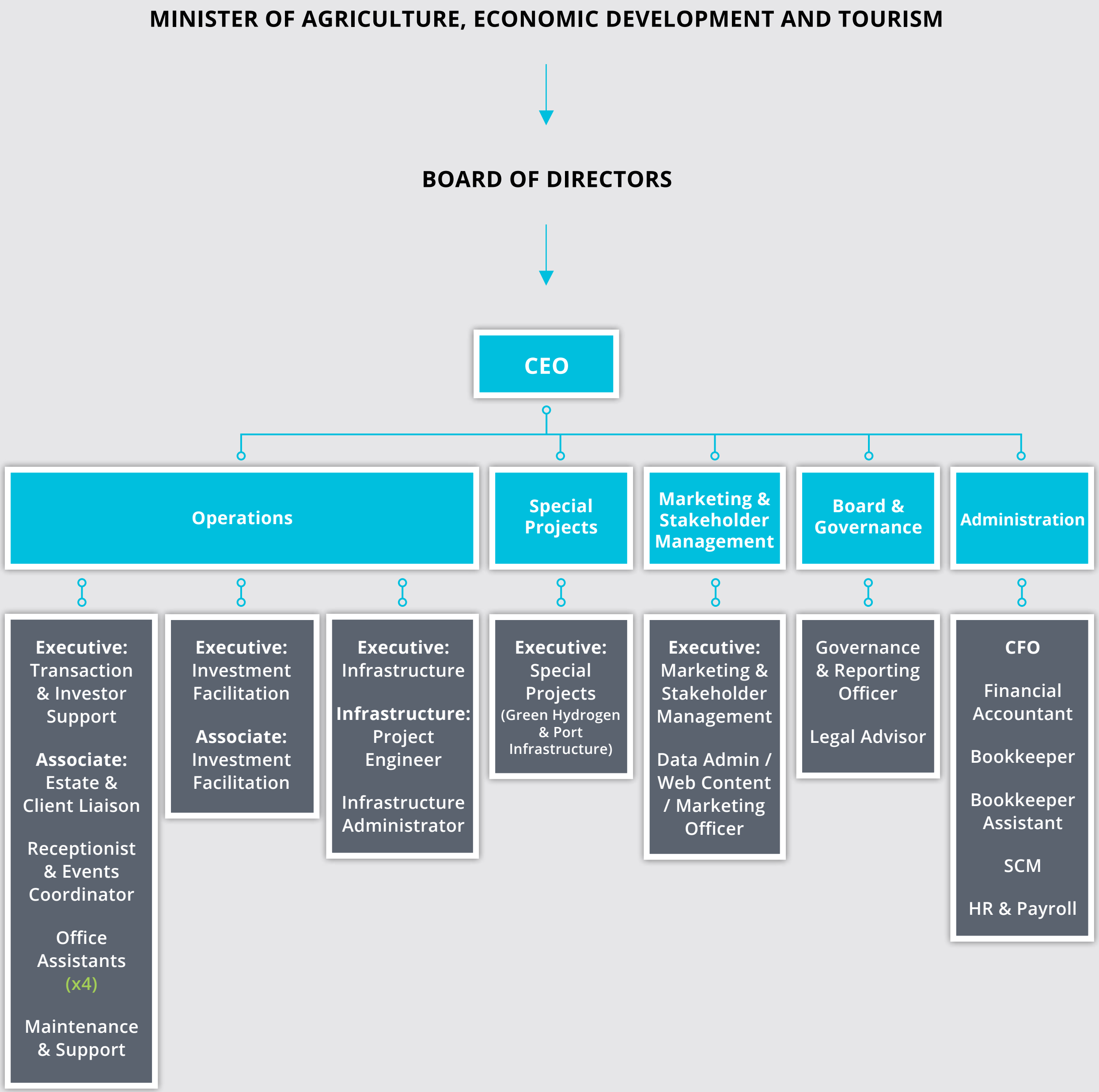
Kgethi Molemane
Infrastructure &
Environment

Gareth Geldenhuys
Transaction &
Investor Support

Conray Joseph
Stakeholder
Management

Shanon Neuman
Investment Facilitation
(Acting)

ORGANISATIONAL STRUCTURE



9. BOARD OF DIRECTORS

The Board is composed of representatives of the founding partners of the three spheres of government, namely the SBM, WCG and the national government, as well as representatives of the broader Saldanha Bay social and economic community and those from the private sector with requisite expertise and experience.

Stieneke Jensma
Chairperson of the Board
Appointed: January 2023

Ms Stieneke Jensma is the Chief Operations Officer at the Special Economic Zones Project Management Unit at the IDC. She has extensive experience in regional industrial development, infrastructure delivery and development finance spanning over 20 years, incorporating work in the private sector, government and non-governmental organisations. Ms Jensma serves as a Commissioner on the Commission for Employment Equity.

She holds a Master in Business Administration degree (MBA) from the University of Pretoria, a Bachelor of Commerce degree (BCom) from the University of Swaziland, and an Executive Leadership Certificate. She is a Certified Associate of the Institute of Bankers – CAIB(SA).

Edwin Obiri
Reappointed: April 2022

Mr Edwin Obiri holds a Bachelor of Business Systems degree from Monash University. His professional career began when he was selected to participate in a talent development programme for Siemens AG. He worked as an intern with Siemens for four years on various projects and assignments in the USA and Germany. He then assumed a role as a business development manager for an investment fund based in Johannesburg and Accra. There, he developed a mining procurement business with blue-chip clients, including AngloGold Ashanti and BP/Castrol SA.

Mr Obiri then joined Citigroup South Africa as a Management Associate and worked in Kenya, Tunisia and Egypt in various departments of the bank. He joined the corporate finance team at Citigroup South Africa, covering East Africa and non-presence countries, and eventually joined the Fixed Income Currencies and Commodities team in Johannesburg as a Corporate Sales Dealer with specific product coverage of commodities, foreign exchange and money market structured products.

Mr Obiri has founded several businesses, including Powerbet Gaming (Pty) Ltd, Africore Energy Ltd, Empower Workforce Solutions Limited, Empower Facilities Management Limited, and Frontier Pipeline Services Gh. Limited.

Sandiso Gcwabe
Appointed: 30 April 2024

Mr Sandiso Gcwabe is a Chartered Accountant [CA(SA)] and is currently the CFO at Wesgro. Prior to that, he was the CFO at the Western Cape Liquor Authority and a Financial Manager at the SBM. He completed his articles at the Auditor-General of South Africa. Mr Gcwabe is also a non-executive director of the Accounting Standards Board (ASB) and the Desmond and Leah Tutu Legacy Foundation, and is a trustee of the Khayelitsha Youth & Community Centre Trust.

He has a track record of excellence in leadership in the public sector and was the 2021 and 2022 Association for Advancement of Black Accountants of Southern Africa (ABASA) Public Sector CFO of the Year award-winner. Mr Gcwabe also served as the Deputy Chairperson of the South African Institute of Chartered Accountants (SAICA) Southern Region Public Sector Committee.

Mr Gcwabe is passionate about the public sector and appreciates its importance for the realisation of the South Africa envisaged in the Constitution. “The career choices I have made were informed by a passion for acquiring skills and utilising them to serve organisations whose objectives are primarily focused on improving lives and livelihoods of others,” he says.

Cornell de Kock
Appointed: 13 December 2024

Ms Cornell de Kock holds a BTech in Information Technology from the Cape Peninsula University of Technology and completed several Municipal Minimum Competency Level courses from the University of Stellenbosch and Kgolo Institute.

Ms De Kock is a highly skilled and experienced professional with a strong passion for technology, economic development, and community growth. She has held various positions at the SBM and currently serves as the Director of Economic Development and Strategic Services, as well as Senior Manager of Information and Communication Technology, overseeing key areas such as enterprise risk services, integrated development planning, performance management and community development. Ms De Kock’s expertise extends to managing property portfolios, contract management, economic planning and stakeholder relationships.

Xola Sithole
Interim Chief Executive Officer
Appointed: 1 February 2025

Mr Xola Sithole has over 30 years of experience in both the public and private sectors, during which he amassed expertise in the areas of public policy, entrepreneurship, economic development, development finance, corporate finance and infrastructure planning and investment. He started his career at Unilever before serving the IDC in various operational and senior management roles. He has occupied CEO roles in development finance institutions, special economic zones and private enterprises, and has also served as a non-executive director in several public and private companies. He is currently contracted as a Technical Advisor to the Industrial Zones Programme (IZP) within the IDC. The IZP is tasked with accelerating the implementation of regional industrial zones (Special Economic Zones and Industrial Parks) and corridors. His current assignment for the IZP is as Interim CEO of Freeport Saldanha.

Mr Sithole has a passion for steering economic development and navigating the nexus between the public and private sectors to advance national development goals.

Herman Boneschans
Chief Financial Officer (Executive Director)
Reappointed: May 2023

Mr Herman Boneschans qualified as a professional accountant in 2003, after completing his articles at Ernst & Young. Shortly thereafter, he joined the DEDAT, where he gained extensive public sector finance experience. In 2007, he was appointed as the CFO of the Western Cape Tourism Authority, Cape Town Routes Unlimited (CTRU). Mr Boneschans has extensive experience in organisational governance, compliance and policy development. Under his leadership, the organisations he has worked for have achieved clean audits over the past 16 years. He was appointed as CFO of Freeport Saldanha in 2014.

Sollie Marthinus
Company Secretary

Mr Sollie Marthinus completed his BProc and LLB degrees from the University of the Western Cape in 1999. He was admitted as an attorney of the High Court of South Africa in 2001. Mr Marthinus has experience in the fields of municipal governance, municipal and provincial legislative processes, constitutional law, administrative law and corporate law, and governance. He has worked in both the local and provincial spheres of government. Mr Marthinus was appointed as the Company Secretary of Freeport Saldanha on 24 August 2016.

John Smelcer
Resigned: 29 April 2024

Mr John Smelcer has more than 15 years' experience working in the Energy and Infrastructure sectors with a focus on gas projects, where he has been involved in some of the largest LNG projects in emerging economies across Africa, as well as gas-fired power projects and other gas transportation and downstream utilisation projects. He holds a Juris Doctor of Law degree from the University of Washington and an undergraduate degree from the Woodrow Wilson School for Public Administration and International Affairs at Princeton University. He is a member of the New York bar. Having previously worked for law firms Webber Wentzel and Latham & Watkins as an independent commercial consultant, Mr Smelcer now leads the development of the Temane gas-fired power projects for Globeleq in Mozambique and plays a leadership role in growing Globeleq's African gas business. In addition to his Globeleq role, Mr Smelcer regularly leads training seminars with senior government officials and other stakeholders related to energy and oil & gas developments and financing. Mr Smelcer is also an LNG expert for the US Departments of State and Commerce and provides technical assistance with respect to LNG projects to governments around the world, with a focus on new LNG buyers.

Irvin Esau
Board Chairperson (Acting)
Resigned: October 2024

Mr Irvin Esau obtained his BComm in Management Accounting in 1991 and later completed a Management Development Programme at the University of Stellenbosch. In March 1998, Mr Esau started as a Management Accountant at Sea Harvest Ltd in Saldanha Bay and was promoted to Group Admin Manager in 1999. In July 2000, Mr Esau joined SeaVuna Fishing in Mossel Bay as a General Manager and in 2001 was appointed as the Managing Director. In April 2006, he moved back to Sea Harvest in Saldanha Bay, where he worked as the Operations Executive and was later appointed as the Operations Director, serving until 2014. In 2014, he decided to explore his options in the property market and is now a self-employed businessman developing property in and around Saldanha Bay.

Ambassador Sadick Jaffer
Retired: 31 October 2024

Ambassador Sadick Jaffer is the Chief Director (Investment Promotion, Attraction and Facilitation) in Investment & Spatial Industrial Development (ISID), a division of the dtic. He has extensive experience in the public sector, having served as a senior member of the civil service since 1996. Ambassador Jaffer was the Director (Economic Development Services) in the Northern Cape Department of Economic Affairs and Tourism, from 1996 to 2001; the Chief Director (Economic Policy, Planning and Research) in the Gauteng Department of Finance and Economic Affairs, from 2002 to 2005; and the Chief Director (Investment Promotion and Facilitation in Trade) at Investment South Africa, a division of the dtic, from 2005. From 2011 to 2015, he served as South Africa’s Ambassador to the Kingdom of Saudi Arabia. Ambassador Jaffer has served in several other positions in the public sector and participated in economic research projects at universities.

Neville Matjie
Chief Executive Officer (Acting)
Resigned: 31 January 2025

Mr Neville Matjie is a Senior Technical Advisor on Investment Promotion for the IZP housed at the IDC and has been seconded to Freeport Saldanha as Acting CEO. Neville's previous roles include Special Advisor to the Premier of KwaZulu-Natal and CEO for Trade and Investment KwaZulu-Natal (TIKZN). He has extensive experience in negotiation, business planning, strategic planning and business development. Mr Matjie has a BA degree in Communications, PR, Marketing and Journalism and a Diploma in Business Management.

Doug Southgate
Chief Executive Officer (Acting)
Term Ended: 30 September 2024

Mr Southgate has worked with Freeport Saldanha since December 2009, first as the Project Executive and then as the Chief Operating Officer of SBIDZ-LC. He is a chartered accountant and was previously the chairperson of the Nelson Mandela University Foundation. He also served on the Auditor-General's special committee that investigated corruption in government, ultimately leading to the Alexander Commission.

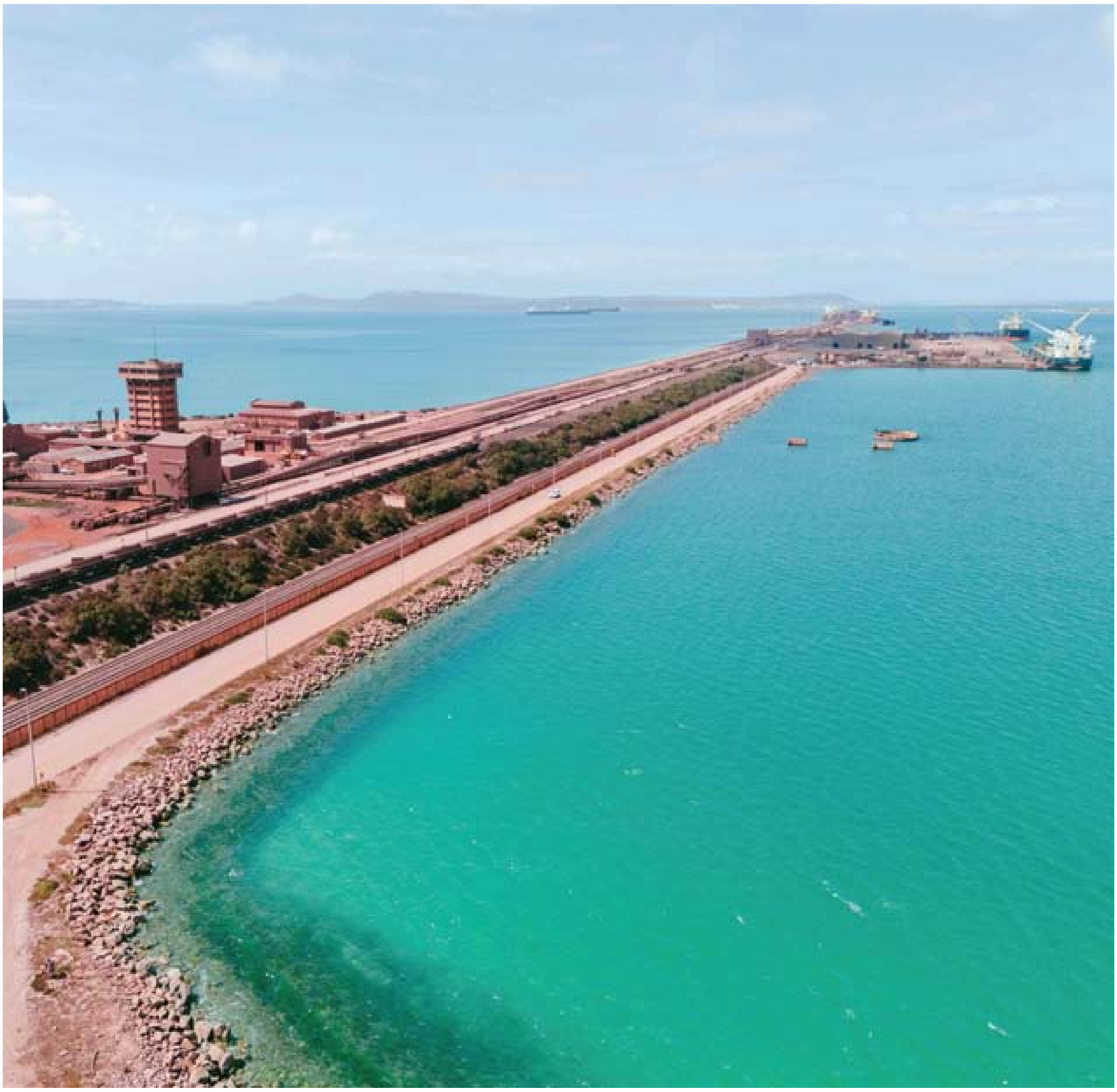
B

PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against pre-determined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the Auditor's Report.

Refer to page 75 of the Report of the Auditor-General, published in Part E: Financial Information.



2. SITUATIONAL ANALYSIS

2.1 Service Delivery Environment

The macroeconomic context below is based on the 2024/25 Provincial Economic Review and Outlook (PERO), released in September 2024, and the 2024/25 Municipal Economic Review and Outlook (MERO) for the West Coast District, released in November 2024 by the WCG. The MERO draws on multiple data sources to analyse socio-economic trends across municipalities in the province. National economic and employment data are sourced from Statistics South Africa (Stats SA), while regional GDP-R and employment figures are pro-vided by Quantec Research.

Between 2014 and 2023, the Western Cape economy grew by 9,1% (0,9% annually), driven largely by the finance sector, with smaller contributions from community services, government, transport and agriculture. Agriculture, which is responsible for nearly half of South Africa's agricultural exports, grew by 190,7%, while manufacturing expanded by 56,7%. Employment rose by 7,1% over the past five years, with youth em-ployment increasing by 3,6% and strong gains among those with secondary (24,3%) and tertiary (12,3%) education. The province also saw notable socio-economic improvements: life expectancy (67,4 years for males, 70,4 for females) exceeded national averages, and the Gini coefficient declined from 0.66 to 0.59, indicating reduced inequality. The Western Cape Human Development Index stands at 0.76, well above the national average of 0.66.

Crime reduction efforts like the LEAP programme have yielded measurable results, including a 29,3% drop in residential robberies and DUI cases in targeted areas. The Western Cape's population grew by 19,6% over the past decade, driven by migration, which will account for over half of future growth. Education out-comes improved, with primary and high school retention rates rising by 7% and strong gains in Grade 3 learning outcomes. In health, the number of public doctors per 100,000 people rose slightly, and initiatives such as Differentiated Models of Care and universal TB testing aimed to ease system pressure and improve access. By 2022, over 96% of households had access to electricity, 91,6% to flush toilets and 84,5% to piped water indoors, while informal housing dropped from 18,1% to 11,8% since 2013.

The West Coast District (WCD) economy in 2023 showed both progress and pressure. Growth was driven by infrastructure projects and business expansions, particularly in Saldanha Bay's industrial and maritime sec-tors, supported by the SBIDZ. Swartland and Bergrivier also benefited from improved transport infrastructure. However, challenges such as funding constraints, skills shortages and climate-related disruptions—particularly severe weather—negatively affected transport, agriculture and construction.

Saldanha Bay remains the district's economic anchor, contributing 31,8% (R9,3 billion) to GDP-R and 28,3% (51 666 jobs) to total employment. Its economy is diverse, with agriculture, manufacturing and finance accounting for over 60% of jobs. Maritime activities linked to the Port of Saldanha are the largest source of formal employment, while fish processing—including firms like Oceana and West Point—contributes 19,3% to GDP-R. The sector is sensitive to regulatory shifts, especially catch limits on key species. Finance and business services, centred in Vredenburg, contribute 20,8% to GDP-R. Swartland and Bergrivier follow as major contributors, led by agriculture, retail and tourism, with Matzikama and Cederberg also playing key roles. While the WCD economy is diverse, building resilience—especially in agriculture and manufacturing—remains critical to sustaining long-term growth.

2.2. Organisational Environment

Freeport Saldanha's specialist team is structured to ensure that the unique demands of setting up a zone are met effectively and efficiently. Each business unit has an executive assigned, each with a distinctive focus, which together create a robust management approach.

Using the vehicle of an IDZ to facilitate sustainable economic growth in the Saldanha Bay area, Freeport Saldanha will enable the required level of infrastructure development and support to capitalise on the unique value proposition of a maritime and energy, fabrication, logistics and related servicing cluster to support the African continent, thus ensuring not only sustainable economic development for the area, but a sizeable contribution to the national GDP.

The Freeport designated areas include a component of the TNPA land for direct access and usage, governed by an MOU between Freeport Saldanha and the TNPA, which will enable the creation of the first Freeport within South Africa.

2.3. Key Policy Developments and Legislative Changes

Freeport Saldanha is functional under the Special Economic Zones Act on a national level and the Saldanha Bay Industrial Development Zone Licencing Company Act on a provincial level.

2.4. Progress towards Achievement of Institutional Impacts and Outcomes

Impact

Inclusive and sustainable economic growth and job creation in an enabling business environment through the pioneering development and implementation of the SEZ.

Outcome

It is estimated that the zone would contribute R6,3 billion to direct regional Gross Domestic Product (GDP-R) in the Western Cape, and R7,8 billion to total GDP for the country. On average 1 485 direct jobs would be sustained annually with a further 3 000 indirect and induced jobs and, over the period, 7 800 total jobs would be sustained in the province.

In terms of specific strategic outcomes, the zone aimed to create an enabling environment to promote sustainable economic growth and job creation by:

- Facilitating a cumulative contribution to the National GDP by investment within the zone of R11,87 billion by the end of the 2024/25 financial year;
- Facilitating a cumulative contribution to the Western Cape GGP by investment within the zone of R10,62 billion by the end of the 2024/25 financial year;
- Facilitating the creation of 12 000 direct, indirect and induced jobs throughout South Africa by the end of the 2024/25 financial year.

Planned Targets as per the original tabled 2024/25 Corporate Plan

Outcome	Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reason for deviation
To promote sustainable economic growth and job creation	GDP	A cumulative contribution to the National GDP by investment within the zone by the end of the financial year 2024/5	R0,594b	R0,575bn	R154m	R122m	(R32m)	-
	GGP	A cumulative contribution to the Western Cape GGP by investment within the IDZ by the end of the financial year 2024/5	R0,482b	R0,467bn	R126m	R100m	(R26m)	Targets partially achieved as planned capital projects commenced later than anticipated, affecting investment value, GDP, GGP, and job creation within the reporting period.
	Jobs	The creation of indirect and induced jobs throughout South Africa by the end of the financial year 2024/5	940	853	216	170	(46)	
	Investment	Rand value of infrastructure and direct investment	-	R0,456bn	R122m	R97m	(R25m)	

3.
PERFORMANCE INFORMATION

3.1. Programme 1: Administration

Purpose

Administration has the overarching objective of implementing best practice governance in support of the operations. The programme has a complex role due to its need to balance the business needs and requirements of the operations, while at the same time undertaking a crucial governance function within the company. As an SOE, Administration provides a treasury function to ensure optimum spending and utilisation of financial resources.

Further, the Administration programme is required to be agile and support a world-class approach to doing business, while balancing the legislative requirements of a public company. It is a skill to achieve this balance, which is vital to the optimal performance of the overall programme.

Programme Structure

The programme includes the following functions:

- Office of the CEO;
- Stakeholder Management and Marketing;
- Board and Governance;
- Legal;
- Financial Management;
- Human Resource;
- Supply Chain Management;
- Information Technology.

Stakeholder Management and Marketing

As part of the Recovery Plan implementation, Freeport Saldanha expanded its Stakeholder Management function to incorporate Marketing and Communications, establishing an integrated external relations capability. This strategic restructuring is aimed at driving coherence across stakeholder engagement, reputation management and investment promotion—key enablers in advancing Freeport Saldanha's investment pipeline and overall recovery trajectory.

Over the past year, the organisation adopted a more deliberate and targeted approach to stakeholder engagement, rooted in the evolving operational context and the medium-term priorities outlined in the Recovery Plan. Engagement activities were prioritised around stakeholders whose actions materially impact the Freeport's ability to unlock investments, address infrastructure bottlenecks and facilitate project implementation.

Focused engagements with critical public sector partners—particularly the TNPA, SBM, and national and provincial government departments—have yielded tangible outcomes. These include progress on finalising a revised commercial framework with the TNPA under the "New Ways of Working" model, collaboration on a study to demystify mechanisms to crowd in private sector investment for port infrastructure, strengthened collaboration on green hydrogen initiatives, and improved municipal support for zone development.

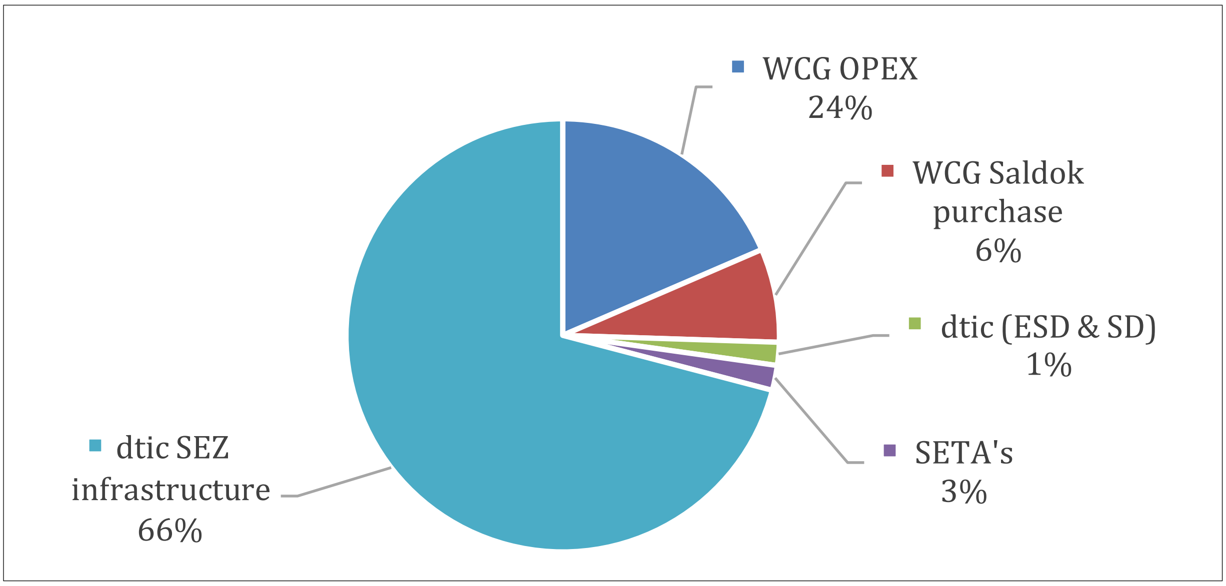
As Freeport Saldanha continues to position itself as a hub for port-linked industrial growth and the green hydrogen economy, the Marketing and Stakeholder Management unit's function remains focused on building trust, deepening strategic partnerships and supporting the realisation of bankable investments. These efforts are central to the Freeport's role in driving inclusive growth and reindustrialisation in the Saldanha Bay region and the wider Western Cape.

Funding

Operations are funded by the WCG, while infrastructure is funded by the national government through the SEZ Fund.

The WCG also funded the purchase of the Saldok land from the IDC. Development programmes are funded from various sources as they do not form part of the formal funding programme.

Funding Model



Outcome, Output Indicators, Targets and Actual Achievements

PROGRAMME 1: ADMINISTRATION

Outcome	Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Actual Achieve-ment 2024/25	Deviation from planned target to Actual Achieve-ment 2024/25	Reason for deviation
To promote sustainable economic growth and job creation	Unqualified Audit opinion	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report	Unqualified Audit Report	-	
	Institutional agreements monitored	Number of institutional agreements reviewed	3	2	2	2	-	
	Number of frameworks created and/ or reviewed to monitor and manage tenant lease agreements	Number of frameworks reviewed to monitor and manage tenant lease agreements	5	3	3	3	-	
	Communications performance	Number of communication plans implemented/ influenced	-	4	4	4	-	

Strategy to overcome underperformance

None required.

Changes required to planned targets

None required.

3.2. Programme 2: Operations

Purpose

Operations has the overarching objective of attracting, servicing and maintaining tenants and investors to the zone. The programme must lead proactively to ensure a business-friendly environment that addresses the needs of the industry and all role-players and stakeholders of the company.

Programme Structure

The programme includes the following business units:

- Investment Facilitation;
- Transaction and Investor Support;
  Access Complex;
  Facilities;
- Infrastructure Development;
- Special Projects.

The main focus areas of each business unit are described below.

Investment Facilitation

Investment Facilitation was formed through the merger of the Ease of Doing Business and Business Development units. The Business Development team led investment promotion activities in the zone, focusing on securing leases and in-principle agreements to enhance the zone's value proposition and attract future investments. Complementing Business Development, Ease of Doing Business aimed to deliver customer-centric, proactive solutions tailored for investors and service providers in the zone. The unit's approach was designed to be responsive to market shifts, addressing investor challenges to maintain a relevant and competitive service offering.

Combining the two activities into the Investment Facilitation unit allowed the company to streamline the investor interface and provide specialist services and a bespoke knowledge base in the maritime, energy and other diversified sectors.

Investment Facilitation stays aligned with market trends and developments by focusing on scenario planning that extends beyond the current maritime, energy, logistics and engineering sectors. This approach enables the team to envision and tailor products and services for emerging markets, environmental shifts and geopolitical demands, guided by market demand analysis and broader trend monitoring.

Investment Facilitation is guided by the principles of ease of doing business. The unit provides investors with virtual and in-person consultations with government officials and private service providers, available by appointment.

Service offerings include:

- Advisory Services: Comprehensive, in-depth guidance on various business requirements, such as registrations, licences, permits and inspections, necessary for launching and sustaining operations.
- Co-located Services: A centralised location where businesses can access government support. While these services are housed together, they are provided by representatives from different government departments, agencies and ministries, each using their own systems.
- Client-Centric Services: Tailored support based on the business lifecycle, from initial setup to ongoing operations. These services address all formalities needed to operate in the sectors we supported by Freeport Saldanha.

A key emerging trend is the growth of the green hydrogen sector, supported by strategies at the national, regional and provincial levels. The Investment Facilitation unit will prioritise facilitating private sector investment in green hydrogen production, derivatives and value chains. The unit will collaborate closely with public sector stakeholders to streamline and accelerate investments in the region. This sector aligns well with Freeport Saldanha's positioning of Saldanha as an energy hub, leveraging the strategic advantages of Saldanha Bay and Saldanha Port to attract green hydrogen pilot and catalytic projects.

A range of international studies, the Green Hydrogen Commercialisation Strategy and the WCG Green Hydrogen Strategy and Roadmap have all identified Saldanha as a high-potential GH2 hub. Some of the main locational advantages of Saldanha are:

- Located near large areas with high potential renewable energy generation (including onshore, offshore wind and solar).
- Well-established and potentially highly suitable port infrastructure able to serve as an export channel and a green bunker fuel location for the shipping industry.
- Local hydrogen demand – specifically, the nearby steel plant, ArcelorMittal, has publicly declared its intention to produce green DRI.
- Robust engineering value chains and an already operational SEZ integrated into the Port of Saldanha offer major opportunities for manufacturing components for GH2 production and a range of related manufacturing and services markets.
- Proximity to the Saldanha–Northern Cape and Saldanha–Cape Town Logistical Corridors.

Opportunities and further study are recommended for the following:

- Freeport Saldanha to undertake GH2 master planning for the West Coast region. With significant market interest from the private sector in land in the IDZ, Freeport Saldanha and other stakeholders need to understand the need for and interest in building common user infrastructure in support of green hydrogen production, inclusive of desalination, grid and port development.
- Saldanha is the first mover green hydrogen region for the Western Cape. This will allow Saldanha and the province to capitalise on the advantages of a green hydrogen hub. This fits the strategic objectives of Freeport Saldanha. Hence, Freeport Saldanha is ideally positioned to play a significant role in enabling the GH2 economy in the Saldanha, Western Cape and broader Northern/ Eastern Cape regions. Over the next 25 years, Freeport Saldanha aims to create a vibrant hub of opportunity, job creation and sustainable growth utilising the SEZ legislation as a catalyst.
- The SA EU Green Iron Ore Shipping Corridor. In May 2023, Freeport Saldanha joined a consortium of partners led by the Global Maritime Forum to establish the viability and opportunity for a green iron ore export corridor. The partners include CMB Tech, Engie, Anglo American and Vuka Marine. The GMF will conduct research into the supply, demand and business model in support of operationalising a shipping corridor from Saldanha Bay to Europe.
- Establishment of the Atlantic GH2 Corridor in the national GH2 and ISA programme. With the signing of an MOU between the Northern Cape, the Eastern Cape and the Western Cape in 2023, an opportunity exists for the Atlantic GH2 corridor to join the Saldanha Bay GH2 and Boegoebaai GH2 clusters, recognising that the two clusters can support a synergistic phased development of the national GH2 economy. The support of ISA and the national GH2 programme will assist both projects in bringing much-needed socio-economic opportunities to the region.
- Establishment of the GH2 Project Steering Committee (PSC), led by the WCG. The PSC will consist of members across industry, public sector, academia and the community. Given the large interest in Saldanha Bay and the opportunities detailed above, Freeport Saldanha should play an active role in the PSC to undertake project development and research. This is required to realise the green hydrogen opportunity and accelerate the development of the Green Hydrogen sector.

Transaction and Investor Support

Transaction and Investor Support (T&IS) fulfils a vital role in realising the commercial and operational interests of the business, investors and the company. Commercial activities include but are not limited to targeted lead generation; leasing of various commercial property assets, such as the Access Complex, SME Co-lab Project Facility and Manufacturing facilities; identifying new potential streams of revenue; as well as investor project facilitation, account management, investor retention and aftercare.

During the 2024/25 financial year, significant efforts were undertaken to enhance the commercial performance of Freeport Saldanha. These included a focused strategy aimed at filling existing vacant facilities and reviewing current lease agreements to secure more favourable terms. Key areas of improvement targeted included increased rental income, earlier payment terms, additional revenue streams and the renegotiation of certain agreements that were commercially less advantageous.

The outcomes of these initiatives are expected to positively impact the financial and operational performance of Freeport Saldanha in the 2025/26 financial year.

Operational activities include estate, facilities and office management, and entail fit-out, repair and maintenance activities as well as procurement of vital services such as ICT, security, cleaning and grubbing. The T&IS endeavours to provide a world-class experience while remaining cost-effective and efficient in its operations.

Infrastructure Development

A key part of Freeport Saldanha's mandate is to provide enabling infrastructure to attract investors who will increase exports and create jobs. To do this, the company has a dedicated Infrastructure Development business unit implementing the macro infrastructure plan for the Freeport, in line with the Freeport's strategy and mandate, inclusive of investor requirements. The unit has developed critical competences and systems to oversee the planning, alignment, contracting, construction and handover of all manner of buildings, utilities and enabling provisions (e.g. EAs, EMPs, guidelines, permits, licences).

Among these resources are the panels of contractors and professionals put in place through the company's supply chain management policies. This reduces time in procurement and gives an assurance of capacity to a list of forecasted construction and professional needs.

The unit works with many public sector role-players, such as the local authority, the district municipality, the provincial government, Eskom, Transnet and the TNPA, as well as private sector developers and landowners in executing its responsibilities. It also has a close operational interface with the T&IS and Investment Facilitation units to support the planning, scoping and delivery of tenant facilities as quickly and reliably as possible.

A priority for the year ahead will be the bankable feasibility and Marine Environmental Impact Assessment (EIA) for the new port infrastructure in support of the establishment of marine manufacturing industries, due to the consistent demand for additional quaysides and floating dry docks for ship repair, ship dismantling and marine manufacturing, and associated activities. The niche value of Freeport Saldanha, in partnership with the TNPA, offers a unique value proposition. The project is registered with Infrastructure South Africa and has passed the early business case gateway with the Transport Technical Working Group. The project is also registered with the IDC.

This project depends highly on continued accessibility to the SEZ Fund for this capital programme in the near term, while alternative financial avenues are sourced; in particular, the successful raising of financing for the port infrastructure to conclude the bankable feasibility study, the marine EIA and possible capital financing in future.

Key construction initiatives

SEZ 4 & 5

During the 2024/25 financial year, Freeport Saldanha completed two facilities, SEZ 4 and SEZ 5, each spanning approximately 1,089 m². These were designed specifically for small-scale production and manufacturing, deliberately excluding office space.

- The structures support small warehouse operations focused on manufacturing activities.
- No internal office accommodation is provided, aligning with light industrial usage.
- Construction achieved practical completion by the end of June 2024 (end of FY 2023/24), and was ready for tenant occupation.

- These facilities have been earmarked for use by an alginate processing plant operator.

Strategic Significance

- The deployment of SEZ 4 & SEZ 5 supports specialised manufacturing tenants and adds diversity to the SEZ asset mix.

- Allocating the buildings for a bio-based industrial process (alginate) aligns with Freeport Saldanha's mission to attract innovative, high-value industries and bolster regional economic development.

SEZ 6

Freeport Saldanha, as a Special Economic Zone (SEZ), recognised unmet demand for smaller-scale warehousing within the zone. The SEZ 6 Shared Modular Warehouse was launched to address this gap while advancing socio-economic objectives: empowerment of local SMEs, youth development and broader community upliftment.

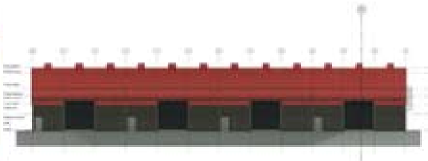
- Modular Layout: Units can be combined via removable partitions—allowing initial small-scale leases that scale up as businesses grow.
- Key features: scalable design, flexible configuration, operational efficiency and cost-effective fit-outs tailored to SME requirements.
- Construction of this facility commenced in March 2025 and will conclude in October 2025.
- Locating local SMEs within the SEZ fosters networking, enhances market access and embeds them in the manufacturing and logistics value chains.
- This delivers sustainable economic impact far exceeding that of temporary construction jobs by enabling ongoing local participation in zone operations.

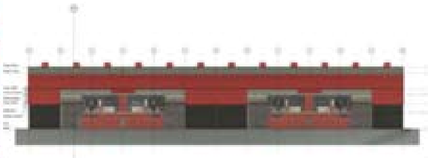
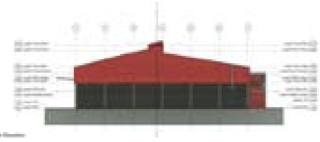
Forward Strategy

- Continue modular roll-out of warehouse units to accommodate local SMEs.
- Monitor leasing uptake, with flexibility to expand paired units as tenant needs evolve.
- Track socio-economic outcomes via SME growth, job creation and value chain participation.

By integrating scalable infrastructure with community-focused objectives, the SEZ 6 Shared Modular Warehouse exemplifies Freeport Saldanha's commitment to inclusive, locally driven industrial growth.



Outcome, Output Indicators, Targets and Actual Achievements Table

PROGRAMME 2: OPERATIONS

Outcome	Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Actual Achievement 2024/25	Deviation from planned target to Actual Achievement 2024/25	Reason for deviation
To promote inclusive and sustainable economic growth and job creation	Support development of growth opportunities in identified markets	Number of growth opportunities supported	-	2	2	2	-	
	Develop strategic partnerships for development programmes initiatives and SBIC	Number of partnership agreements established	8	13	6	16	10	Additional skills opportunities
	Operationalisation of the Zone Labour Charter with trade unions, tenants and operators	Number of partnerships realised and maintained with trade unions in support of the Saldanha economic ecosystem	3	3	3	3	-	
	Support local economic development	Number of businesses supported through economic interventions	-	902	700	3885	3185	Various businesses required more than one intervention
	Support access to economic opportunities and/or employability opportunities	Number of people improved to access economic opportunities and/or employability	-	303	100	373	273	More people required access than anticipated

PROGRAMME 2: OPERATIONS (CONTINUED)

Outcome	Output	Output Indicator	Audited Actual Performance 2022/23	Audited Actual Performance 2023/24	Planned Annual Target 2024/25	Actual Achieve-ment 2024/25	Deviation from planned target to Actual Achieve-ment 2024/25	Reason for deviation
Promote sustainable commercial business	Operation-alisation of the Access Complex, Project and Leasing Facility	Percentage available space tenanted	35%	61.8%	40%	60%	20%	The demand for rental space was higher than anticipated
	Tenant and operator leases signed	Number of signed tenant and operator lease agreements	12	11	8	3	(5)	Leases in negotiation were not yet finalised by 31 March 2025
	Maintain and improve the outcomes of the EoDB SLA with SBM	Turnaround time on building plans	No demand for the service	2 days	21 days	6 days	15 days	Engagements with the SBM to improve turnaround times on building plans are ongoing
	Voice of the Customer enhanced	Number of economic and market intelligence reports produced	0	1	1	1	-	
	Operation-alisation of the Customs Control Area regime with key partners, such as the TNPA, SARS, DOL & DHA	Number of standard operating protocols in place	3	4	2	2	-	
	Maintain contractor and professional panels	Number of contractor and professional panels maintained	2	3	3	2	(1)	Insufficient projects

Strategy to overcome underperformance

To address the underperformance in key indicators, a targeted recovery strategy is being implemented. The approach is to prioritises the phased maintenance of critical panels, while leasing efforts are being realigned to focus on high-potential investors and sectors less sensitive to prevailing economic constraints. These measures aim to restore momentum and ensure gradual improvement in performance over the medium term.

Changes required to planned targets

None required.

Linking Performance with Budget

	2023/24			2024/25		
Programme	Budget R	Actual Expenditure (incl. capital) R	(Over)/ Under Expenditure R	Budget R	Actual Expenditure (incl. capital) R	(Over)/ Under Expenditure R
Administration	21,620,063	20,691,329	928,734	22,085,000	18,742,841	3,342,159
Operations	72,443,487	64,869,234	7,574,253	47,623,500	46,012,795	1,610,705
Total	**94,063,550**	**85,560,563**	**8,502,987**	**69,708,500**	**64,755,636**	**4,952,864**

Revenue Collections

	2023/24			2024/25		
Sources of Revenue	Estimate R	Actual Amount Collected R	(Over)/ Under Collection R	Estimate R	Actual Amount Collected (cash) R	(Over)/Under Collection R
Total	1,882,967	1,771,538	111,429	4,260,000	4,241,493	18,507

Capital Investment

	2023/24			2024/25		
Capital Investment	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R	Budget R	Actual Expenditure (cash) R	(Over)/ Under Expenditure R
Total	41,097,256	37,382,163	3,715,093	21,880,500	18,450,446	3,430,054

The nature of infrastructure implementation leads to the commitment of funds over the duration of the im-plementation period, and funds will be spent as the contractual deliverables are met.

The following infrastructure projects are still in progress:

Projects	Estimated Completion Deadline
Port Infrastructure - Feasibility	November 2025
Port Infrastructure – Marine EIA – Environmental authorisation	November 2025
SEZ 6 Tenant Facility	October 2025
COT Foundation works – Tank farm construction	October 2025

The asset register is prepared in accordance with the National Treasury Regulations, 2005 and the Standards of Generally Recognised Accounting Practice (GRAP). The asset register is regularly reviewed for accuracy and completeness based on monthly transactions and progress made on infrastructure assets. Ad hoc asset inspections are conducted to ensure that any damaged, lost or stolen assets are updated on the asset register.

IDZ North
INNOVATION CAMPUS
IDZ Central
IDZ South-West
Ship Recycling facility (300mx200m)
Reclamation
Paving (390mx250m)
Mobile Hoist
Reclamation
Lay-by Jetty (240mx30m)
Ship-lift (240mx40m)
SW Jetty
IDZ South-East
Project Leasing Facility
OSB
8m
23.7m
MPT
N
Legend
SEZ Designation
Customs Controlled Area (CCA)
Internal Roads
IDZ North (90ha)
IDZ South-East (35ha)
IDZ South-West (20ha)
Access Complex (5ha)
Project Leasing Facility (10ha)
Innovation Campus
SME Co-Lab Centre
Offshore Supply Base (OSB) (23.5ha)
Multi-Purpose Terminal (MPT)
Shipyard Development
Reclamation

C

CORPORATE GOVERNANCE REPORT

1. INTRODUCTION

The Saldanha Bay IDZ Licencing Company SOC Ltd t/a Freeport Saldanha ensured that sound corporate governance structures and processes were implemented within the organisation from the outset. These practices are constantly reviewed and adapted to accommodate internal corporate developments and stakeholder expectations, and to reflect national and international best practices.

The Directors of Freeport Saldanha support the principles of the King IV Report on Corporate Governance for South Africa (King IV), and where applicable and practical, implement these principles. Responsible corporate citizenship and sound governance practices will remain a top priority of the Board, its committees and management.

2. THE ACCOUNTING AUTHORITY (BOARD OF DIRECTORS)

2.1. Introduction

It was agreed by the WCG and national government that the structure of Freeport Saldanha's Board should be representative of the founding partners from the three spheres of government, as well as industry experts, to professionally and expertly deal with the next phases of the IDZ project. Industry experts were appointed to Freeport Saldanha's Board to help with the next phase of the IDZ project.

2.2. Composition of the Board of Directors

In response to the Board's new focus, the Board was reconstituted as follows:

- Five institutional representatives (officials), one each from the dtic, IDC, TNPA, SBM and WCG, representing the public sector interest;
- One person from the Saldanha social and labour community;
- One person from the Saldanha economic community;
- One nominated representative from the South African Oil and Gas Alliance (SAOGA) Board of Directors with the requisite sector-specific expertise;
- Two proven, accomplished broader business practitioners with relevant expertise; and
- Two executive directors, one the Chief Executive Officer and the other the Chief Financial Officer of the company, in line with King IV, to improve collective accountability.

At the end of March 2025, five positions on the Board were vacant, namely the SAOGA, TNPA, dtic, Saldanha social and labour community, and the Saldanha Bay economic representatives.

The powers and duties of the Board are detailed in the Companies Act, read together with the Board Charter, and detail the meetings and decisions of the Board, the establishment and appointments to committees, powers of delegation, as well as remuneration.

Board of Directors

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorship (List Entities)	Other Committees	No.of Meetings attended
Stieneke Jensma	IDC	24/01/2023		BCom UNISWA, MBA Executive leadership certificate, Certified Associate to the Institute of Bankers CAIB (SA)	Regional industrial development, Infrastructure delivery, Development finance	Namakhwa SEZ, Thembani International Guarantee Fund (NPC)	HR&R and S&E Audit IT & Risk Investment Nominations Board Management	6 1 6 2 2
Edwin Obiri	Business Practitioner	10/04/2022		BSc Ind. & Systems Engineering BSc Business Systems	Business development, Mining procurement, Corporate finance	MOGS Storage Mauritius Limited (Mauritius), Ghana Petroleum Mooring Systems Limited (Ghana)	Investment HR&R and S&E	6 6
Sandiso Gcwabe	WCG	17/4/2024					Audit IT & Risk Board Management	2 2
Cornell de Kock	SBM	13/12/2024					Investment HR&R and S&E	6 4
Xola Sithole	Interim CEO Freeport Saldanha	1/2/2025					Investment HR&R and S&E Nominations	3 1 1
Herman Boneschans	CFO Freeport Saldanha	21/05/2023		BComm Hons. BComm Acc & Fin.	Accountant, Public Sector Finance Experience, organisational governance, compliance and policy development	None	Investment HR&R and S&E Board Management	6 5 3

Name	Designation	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorship (List Entities)	Other Committees	No.of Meetings attended
Neville Matjie	Acting CEO Freeport Saldanha	1/10/2024	31/1/2025				Investment HR&R and S&E Nominations	1 4 2
John Smelcer	Business Practitioner	20/5/2021	29/4/2024	Juris Doctor, Bachelor of Arts	Energy & Infrastructure Projects with a focus on oil, gas and LNG, Independent Commercial and legal advisor	Mikhulu Trust, Genysis Africa	Investment	0
Irvin Esau	Saldanha Economic Represent-ative	10/4/2022	24/10/2024	BComm	Accountant, Property developer	None	HR&R and S&E Audit, IT & Risk Nominations Board Management Investment	3 3 2 4 3
Ambassador Sadick Jaffer	IDC	13/12/2023	Retired: 31/10/2024				Investment	1
Doug Southgate	Acting CEO Freeport Saldanha	1/1/2024	Term ended: 30/9/2024	Chartered Accountant (CA)	Feasibility studies, business & financial modelling, benefit analysis and management (financial & economic), economic impact assessments, quality assurance and benefit realisation, project management and audit, compliance review, and governance	None	Investment HR&R and S&E Board Management Nominations	2 2 4 2

2.3. Board Committees

The Board is authorised to form committees as and when necessary to facilitate efficient decision-making and to assist the Board in the execution of its duties. The committees do not perform any management functions or assume any management responsibilities.

The company has five Board Committees, namely the Audit, IT and Risk Committee; Investment Committee; Human Resources & Remuneration and Social & Ethics Committee; Nominations Committee; and the Board Management Committee.

Committees	No. of Meetings Held	No. of Members	Name of Members
Audit, IT & Risk	5	3	Paul Slack – Chairperson (Independent) Stieneke Jensma – Member Sandiso Gcwabe – Member Tareq Carrim – Independent (Resigned) Irvin Esau – Member (Resigned)
Investment	6	5	Stieneke Jensma – Chairperson Edwin Obiri – Member Cornell de Kock – Member Herman Boneschans – Member Xola Sithole – Member Neville Matjie – Member (Resigned) John Smelcer – Member (Resigned) Irvin Esau – Member (Resigned) Doug Southgate – Member (Term ended) Ambassador Sadick Jaffer – Member (Retired)
Human Resources & Remuneration and Social & Ethics	6	6	Neil Jansen – Chairperson (Independent) Edwin Obiri – Member Stieneke Jensma – Member Cornell de Kock – Member Xola Sithole – Member Herman Boneschans – Member Neville Matjie – Member (Resigned) Doug Southgate – Member (Term ended) Irvin Esau – Chairperson (Resigned)
Board Management Committee	4	5	Stieneke Jensma – Chairperson Sandiso Gcwabe – Member Herman Boneschans – Member Paul Slack – Member Neil Jansen – Member Irvin Esau – Chairperson (Resigned) Doug Southgate – Member (Term ended)
Nominations Committee	4	3	Stieneke Jensma – Chairperson Neil Jansen – Member Xola Sithole – Member Neville Matjie – Member (Resigned) Irvin Esau – Chairperson (Resigned) Doug Southgate – Member (Term ended)

Remuneration and Board Members

In terms of the Saldanha Bay Industrial Development Zone Licencing Act, 2016, the Board, in consultation with the Minister responsible for finance in the Province, shall determine the remuneration, allowance and reimbursements payable to the directors, which will be reviewed on an annual basis.

Name	Remuneration	Other Allowance	Other Reimbursements	TOTAL
Edwin Obiri	60,091			60,091
Irvin Esau	98,996			98,996

Risk Management

The company remains duly committed to a risk management process that is aligned to principles of good corporate governance and is in accordance with the provisions of the PFMA, 1999 (Act 1 of 1999), King IV and other related codes of corporate governance.

Risk control strategies and policies have been put in place to ensure that all risks are managed in an integrated manner. Risk management is addressed through risk categories. Major risks that could influence the achievement of the company's strategic objectives are identified, assessed and prioritised regularly, and control mechanisms are implemented to manage and monitor these risks.

Internal Control

Freeport Saldanha maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements and to safeguard, verify and maintain accountability for its assets. Such controls are based on established policies and procedures and are implemented with appropriate segregation of duties.

The Board acknowledges its responsibility for ensuring that Freeport Saldanha implements and monitors the effectiveness of internal, financial and operating controls to guard against material misstatements and losses.

The internal and external auditors independently appraise the adequacy and effectiveness of the internal controls.

Internal Audit and Audit Committee

The Audit, IT and Risk Committee consists of three non-executive directors and two independent members, and has clearly defined Terms of Reference. The committee is a committee of the Board and accordingly operates as an extension of its mandate. The purpose of the committee is to assist the Board in discharging its duties in relation to financial reporting, asset management, risk management, supply chain management, information technology issues, internal control systems, processes and procedures, and to measure the quality of both the external and internal audit functions.

The internal auditors and external auditors, as well as certain members of the Executive Management, are invited to attend meetings.

Internal Audit

The internal audit function was outsourced to BDO Advisory Services for a three-year period, ending 30 June 2023 , with a possibility of a 12-month extension. The Board of Directors is responsible for the appointment of the Internal Auditor. The Internal Auditor operates under the direction of the Audit, IT and Risk Committee, which approves the scope of work to be performed. Significant findings are reported to both the Executive Management and the Audit, IT & Risk Committee. Corrective action is taken to address internal control deficiencies identified in the execution of the work.

External Audit

The AGSA is responsible for performing the annual audit of the company. The Audit, IT and Risk Committee examines and reviews the annual financial statements of the company and other relevant financial reports.

Audit, IT and Risk Committee

Name	Qualifications	Internal or External	If internal position in the public company	Date appointed	Date resigned	No. of meetings attended
Paul Slack	BCom Hons	External		17/11/2020		5
Stieneke Jensma	MBA, BCom	External		15/5/2024		1
Sandiso Gcwabe	CA(SA)	External		15/5/2024		2
Tareq Carrim	BComm Hons. CA(SA)	External		17/11/2022		2
Irvin Esau	BComm	External		17/11/2020	24/10/2024	3

Compliance with Laws and Regulations

Freeport Saldanha assesses its compliance quarterly with the PFMA, 1999 (Act 1 of 1999), and relevant regulations, the Companies Act, 2008 (Act 71 of 2008), and the Saldanha Bay Industrial Development Zone Licencing Company Act, 2016 (Act 1 of 2016). Quarterly reports on the company's compliance with the legislation are tabled at the Audit, IT and Risk Committee of the Board.

The Chief Financial Officer, Financial Accountant and Supply Chain Manager are members of various provincial forums (CFO Forum, Accounting Forum and SCM Forum) where important legislative reforms and updates are discussed.

Through these forums, important and relevant training is provided to incumbents. Freeport Saldanha also receives updates through various circulars from the National Treasury and Provincial Treasury.

Fraud and Corruption

The company supports and fosters a culture of zero tolerance for fraud in all its manifestations. The company is guided by its Fraud Prevention Plan (Fraud Policy and Response Plan). The plan applies to all employees and is intended to reinforce existing systems, policies, procedures, rules and regulations aimed at determining, preventing, detecting, reacting to and reducing the impact of fraud.

Employees of the company must report all incidents of fraud to their manager and/or the CEO. Incidents are also identified through internal controls. Members of the public can report allegations of fraud anonymously by contacting any member of management, the CEO or the Audit, IT and Risk Committee, and/or the Fraud Hotline on the toll-free number or by mail. All information received relating to fraud and subsequently investigated will be treated confidentially. The Whistle-blowing Policy is intended to encourage employees to raise concerns without fear of victimisation.

Incidents identified by employees or members of the public may be investigated internally or referred to forensic auditors. The CEO communicates allegations to the Chairperson of the Audit, IT and Risk Committee and initiates investigations. Any fraud committed by an employee will be pursued through thorough investigation and to the full extent of the law.

Minimising Conflict of Interest

The Supply Chain Management policy has been drafted and approved to comply with all applicable legislation. All members of the bid specification, evaluation and adjudication committees must declare any interest in any bid that will be advertised in the market. Any potential conflict must be declared, and the respective person must recuse themselves from the entire process.

Code of Conduct

The company's conditions of service are guided by relevant legislation, including the Basic Conditions of Employment Act and Labour Relations Act, as amended, and the labour regulations within the South African context. To fulfil its mandate and mission, the company requires all employees to subscribe to a common set of values and behaviours that drive collective and individual conduct within the business environment, thus ensuring success.

Employees are required to conduct themselves professionally at all times, both within company premises and at client premises, and are to conduct their business transparently and professionally, demonstrating integrity in all they do. The company's formal disciplinary approach is in place to establish and promote acceptable behavioural patterns that support the company's goals.

Health Safety and Environmental Issues

Freeport Saldanha takes reasonable, practicable steps to ensure a working environment at the company that is safe and without risk to the health of employees and non-employees who may be directly affected by the company's activities.

Company Secretary

In terms of the Companies Act, every state-owned company must appoint a person to serve as company secretary. Freeport Saldanha appointed a company secretary on 24 August 2016.

The company secretary's duties include:

- providing the directors of Freeport Saldanha collectively and individually with guidance as to their duties, responsibilities and powers;
- making the directors aware of any law relevant to or affecting Freeport Saldanha;
- reporting to the Board any failure on the part of Freeport Saldanha or a director to comply with the Memorandum of Incorporation or rules of Freeport Saldanha or the Companies Act;
- ensuring that minutes of all shareholders' meetings, Board meetings and the meetings of any committees of the directors, or of Freeport Saldanha's audit committee, are properly recorded in accordance with the Companies Act;

- certifying in Freeport Saldanha's Annual Financial Statements whether Freeport Saldanha has filed required returns and notices in terms of the Companies Act, and whether all such returns and notices appear to be true, correct and up to date;
- ensuring that a copy of Freeport Saldanha's Annual Financial Statements is sent, in accordance with the Companies Act, to every person who is entitled to it; and
- carrying out the functions of a person designated in terms of section 33(3) of the Companies Act.

In addition to various statutory functions, the Board Secretariat, with the assistance of the Company Secretary, ensures that the Board of Directors is provided with induction training as well as guidance on duties and responsibilities.

In consultation with the Board Chairperson, the Board Secretariat ensures that the contents of the agenda are relevant to the Board of Directors' decision-making. The information required for each board meeting is sent to the directors in a timely manner to enable them to acquaint themselves with the information and to consider company information in terms of their statutory and fiduciary responsibilities.

The Board Secretariat acts as the primary point of contact between the Board of Directors and the company.

Social Responsibility

The company holds a fundamental overarching corporate social responsibility (CSR) purpose to catalyse socio-economic transformation in Saldanha Bay at large and in the Western Cape. CSR is ingrained in the values guiding how the company conducts its work and as a mechanism to respond to the socio-economic development context in which it operates.

The company acknowledges that it is critically important that collaborative partnerships be established with all parties to achieve meaningful, inclusive transformation.

B-BBEE Compliance Performance Information

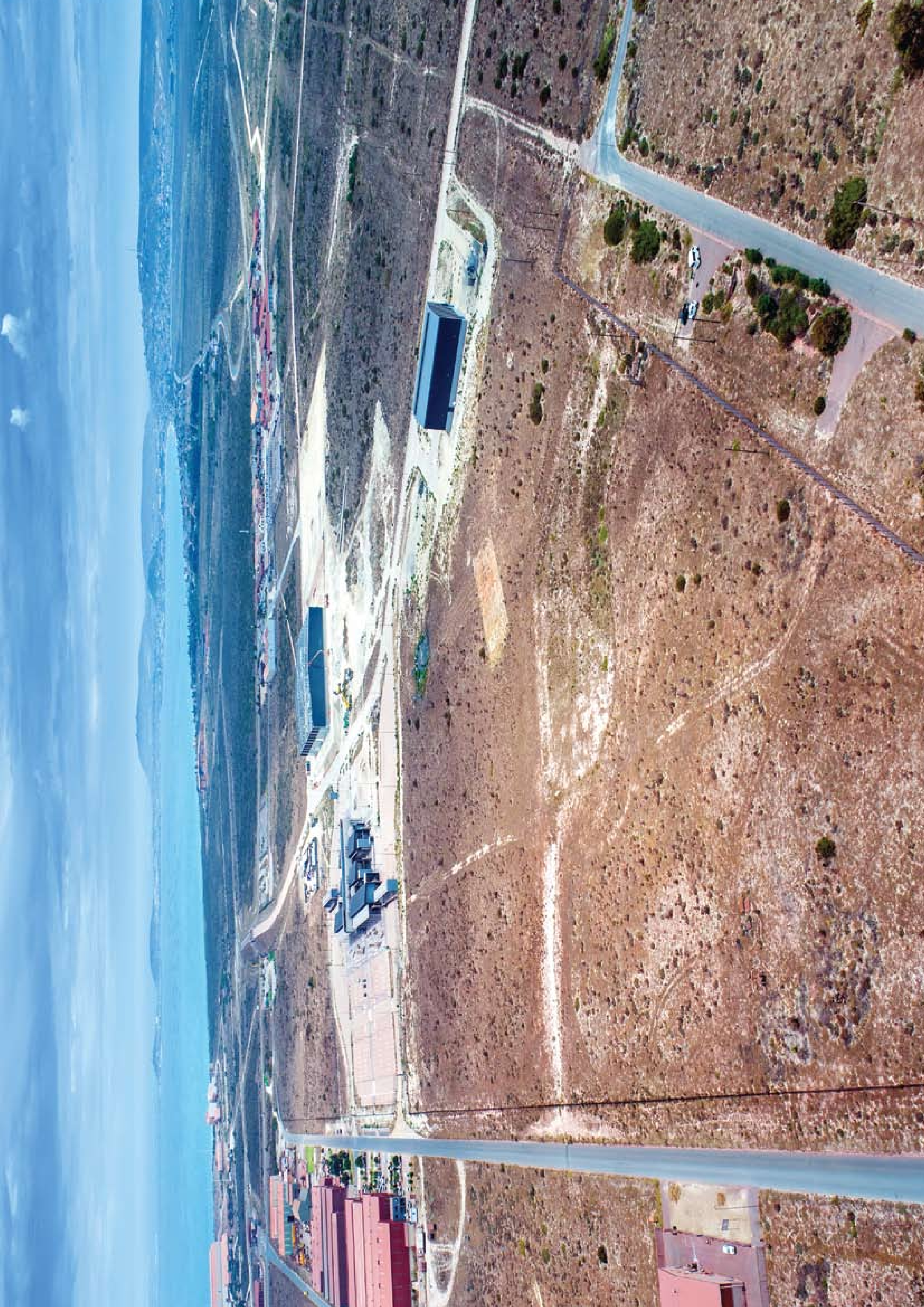
Has the company applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1-8) with regard to the following?		
Criteria	**Response Yes/No**	**Discussion** *(Include a discussion on your response and indicate what measures have been taken to comply)*
Determine qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law.	No	The company finalised its B-BBEE certificate during the period under review. It has been determined that this criterion is not applicable.
Developing and implementing a preferential procurement policy.	Yes	The Supply Chain Management Policy has incorporated the preferential procurement requirements. This has been implemented since the promulgation of the Preferential Procurement Policy Framework Act, 2017.
Determining qualification criteria for the sale of state-owned enterprises.	No	The company finalised its B-BBEE certificate during the period under review. It has been determined that this criterion is not applicable.
Developing criteria for entering into partnerships with the private sector.	Yes	The Supply Chain Management Policy has incorporated Public-Private Partnerships. These types of contracts are based on the needs of the company, and when such a scenario presents itself, the policy will be our guideline for implementation.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment.	No	The company finalised its B-BBEE certificate during the period under review. It has been determined that this criterion is not applicable.

In terms of section 13G (1) of the Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003) (B-BBEE), the public entity is required to report on its compliance with B-BBEE in its audited annual financial statements and annual reports required under the PFMA, 1999 (Act 1 of 1999).

In terms of B-BBEE regulation 12(2), the public entity is required to file the audited annual financial statements and annual report compiled in terms of section 13G (1), with the Commission, in the prescribed FORM B-BBEE 1, within 30 days of the approval of such audited annual financial statements and annual report. The 2023/24 audited annual financial statements and 2023/24 annual report were submitted to the Commission.

SCOPA Resolutions

There were no SCOPA resolutions.



D

HUMAN RESOURCE MANAGEMENT & DEVELOPMENT

1. INTRODUCTION

The Human Resource unit aims to provide high-quality professional assistance to managers and staff fulfilling their day-to-day roles. Attention to detail and speed of response are essential to the nature of the tasks undertaken. The HR unit's roles include Recruitment and Selection, Training and Development, Performance Management, Employee Wellness and Payroll. The unit reports to the Chief Financial Officer.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel cost by programme

Programme	Total Expenditure for the entity R	Personnel Expenditure R	Personnel exp. as a % of total Expenditure	No. of employees	Average personnel cost per employee R
Operations	68,321,799	12,821,447	14.88%	24	534,227
Administration	17,836,090	10,544,503	12.24%	13	811,116
Subtotal	**86,157,889**	**23,365,950**	**27.12%**	**37**	**631,512**
Infrastructure (CAPEX)	14,079,800	2,887,302	20.51%	6	481,217
Totals	**100,237,689**	**26,253,252**	**26.19%**	**43**	**610,541**

Personnel cost by salary band

Level	Personnel Expenditure R	% of personnel exp. to total personnel cost R	No. of employees	Average personnel cost per employee R
Top Management	7,810,709	30%	8	976,339
Professional qualified	14,058,626	54%	18	781,035
Skilled	3,207,486	12%	10	320,749
Semi-skilled	1,176,431	4%	7	168,062
TOTAL	**26,253,252**		**43**	

Performance Rewards

Level	Performance Rewards R	Personnel Expenditure R	% of Performance Rewards to Total Personnel Cost
Top Management	-	7,810,709	0.00%
Professional qualified	-	14,058,626	0.00%
Skilled	-	3,207,486	0.00%
Semi-skilled	-	1,176,431	0.00%
TOTAL	**-**	**26,253,252**	**0.00%**

Training Costs

Programme	Personnel Expenditure R	Training Expenditure R	Training Expenditure as a % of Personnel Cost	No. of employees trained R	Avg training cost per employee
Operations	12,821,447	7,200	0%	2	3,600
Administration	10,544,503	-	0%	0	-
Infrastructure	2,887,302	-	0%	--	
Totals	**26,253,252**	**7,200**		**2**	**3,600**

Employment and vacancies, by programme

Programme	2024/25 No. of Employees	2024/25 Vacancies	% of vacancies
Operations	18	11	38%
Administration	11	6	35%
Infrastructure	5	2	29%
Totals	**34**	**19**	**36%**

Employment and vacancies, by level

Programme	2024/25 No. of Employees	2024/25 Vacancies	% of vacancies
Top Management	5	4	44%
Professional qualified	14	13	48%
Skilled	8	2	20%
Semi-skilled	7	0	0%
TOTAL	**34**	**19**	**36%**

Employment Changes

Salary Band	Employment at beginning of the period	Appointments	Employment movements	Terminations	Employment at end of the period
Top Management	6	2	0	3	5
Professional qualified	19	0	0	5	14
Skilled	10	0	0	2	8
Semi-skilled	7	0	0	0	7
Total	**42**	**2**	**0**	**10**	**34**

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	6	60%
Dismissal	-	-
Retirement	-	-
Expiry of contract	4	40%
Other	-	-
Total	**10**	**-**

Equity Target and Employment Equity Status

Level	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1		2				1	
Professional qualified	0		4				1	
Skilled	2		1				0	
Semi-skilled	1		1				0	
TOTAL	**4**		**8**				**2**	

Level	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1		0		-		-	
Professional qualified	3		6		0		0	
Skilled	2		3		0		0	
Semi-skilled	0		5		0		0	
TOTAL	**6**		**14**		**-**		**0**	

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FINANCIAL INFORMATION

General Information

Country of incorporation and domicile	South Africa
Legal form of entity	Provincial government business enterprise listed in Schedule 3 Part D of the Public Finance Management Act
Nature of business and principal activities	To establish an industrial development zone (IDZ) at Saldanha Bay as a catalyst for economic activity and sustainable job creation
Directors (as at 31 March 2025)	Stieneke Jensma (Non-Executive) (Chairperson) Cornell de Kock (Non-Executive) Edwin Obiri (Non-Executive) Sandiso Gcwabe (Non-Executive) Xola Sithole (Executive) Herman Boneschans (Executive)
Registered office	24 Main Road Saldanha Bay 7395
Business Address	24 Main Road Saldanha Bay 7395
Bankers	Nedbank Corporate
Auditors	Auditor-General of South Africa
Company registration number	2012/035625/30
Income tax number	9523103175

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Accounting Authority's Responsibilities and Approval

The Board of directors are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The Board of directors acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Board of directors to meet these responsibilities, the Board of directors sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board of 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement.

The Board of directors have reviewed the entity's cash flow forecast for the year to 31 March 2026 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The ability of the entity to continue as a going concern is dependant on a number of factors. The most significant of these is that the Board of directors continue to procure funding/finance for the ongoing operations for the entity. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the accounting authority are primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 75.

The annual financial statements set out on page 86 to 139, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2025 and were signed on its behalf by:

Stieneke Jensma
Chairperson of the Board

Audit, IT and Risk Committee Report

We are pleased to present our report for the financial year ended 31 March 2025.

Audit committee members and attendance

The Audit, IT and Risk Committee consists of the members listed hereunder and should meet four times per annum as per its approved terms of reference. During the current year five meetings were held.

Name of member	Number of meetings attended
Paul Slack (Chairperson) (independent member)	5
Irvin Esau (Resigned 24 October 2024)	3
Tareq Carrim (independent member) (Resigned 2 September 2024)	2
Sandiso Gcwabe	2
Stieneke Jensma	1

Audit committee responsibility

The Audit, IT and Risk Committee reports that it has complied with its responsibilities arising from section 55(1)(a) of the PFMA and Treasury Regulation 27.1.

The Audit, IT and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit, IT and Risk Committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the entity over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit, IT and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The Audit, IT and Risk Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Authority of the entity during the year under review.

Internal audit

The Audit, IT and Risk Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

Auditor-General of South Africa

The Audit, IT and Risk Committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Chairperson of the Audit Committee
31 July 2025

Report of the Auditor-General to the Western Cape Provincial Parliament on Saldanha Bay Licencing Company (SOC) Limited

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of Saldanha Bay IDZ Licencing Company (SOC) Limited set out on pages 86 to 139, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Saldanha Bay IDZ Licencing Company (SOC) Limited as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act 71 of 2008 (Companies Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 31 to the financial statements, the corresponding figures for 31 March 2024 were restated as a result of errors detected during the 2025 financial year in the financial statements of the public entity at, and for the year ended, 31 March 2025.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA and 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.

Report on the audit of the financial statements (continued)

9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on page 79 of the annexure to the auditor's report, forms part of my auditor's report.

Report on the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following material performance indicators related to Programme 2: Operations presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
    - Number of growth opportunities supported
    - Number of partnerships agreements established
    - Number of partnerships realised and maintained with trade unions in support of the Saldanha economic ecosystem
    - Number of businesses supported through economic interventions
    - Number of people improved to access economic opportunities and/or employability
    - Percentage available space tenanted
    - Number of signed tenant and operator lease agreements
    - Turnaround time on building plans
    - Number of standard operating protocols in place
    - Number of contractor and professional panels maintained
14. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
15. I performed procedures to test whether:
    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
    - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included

Report on the annual performance report (continued)

- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
17. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under- achievements.

20. The table that follows provides information on the achievement of planned targets and lists the indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on page 49.

Programme 2 - Operations

Targets achieved: 82% *Budget spent: 97%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Number of signed tenant and operator lease agreements	8	3
Number of contractor and professional panels maintained	3	2

Report on compliance with legislation

21. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

Report on compliance with legislation (continued)

23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
24. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

25. The accounting authority is responsible for the other information included in the annual report which includes the directors' report, the audit committee's report and the company secretary's certificate, as required by the Companies Act of South Africa. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.
26. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
27. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
28. I did not receive the other information before the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
30. I did not identify any significant deficiencies in internal control.

Auditor - General

Cape Town
31 July 2025

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the Auditor's Report

The annexure includes the following:
- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Sections 50(3)(b); 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 52(b); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(d); 66(5); 67
Treasury Regulations, 2005	Regulations 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1; 31.1.2(c); 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Companies Act 71 of 2008	Sections 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 112(2)(a); 129(7
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17; 25(7A)
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury Instruction No. 5 of 2020/21	Paragraphs 4.8; 4.9; 5.3
Second Amendment to National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury SCM Instruction No. 3 of 2021/22	Paragraph 4.2
National Treasury SCM Instruction No. 11 of 2020/21	Paragraphs 3.1; 3.4(b); 3.9
Preferential Procurement Policy Framework Act 5 of 2000	Sections 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraphs 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Paragraphs 4.1; 4.2, 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Accounting Authority's Report

The Board of directors submit their report for the year ended 31 March 2025.

1. Review of activities

Main business and operations

The main business of the entity is to establish an industrial development zone (IDZ) at Saldanha Bay as a catalyst for economic activity and sustainable job creation, and operates principally in South Africa.

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

2. Going concern

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the Board of directors continue to procure funding for the ongoing operations for the entity.

3. Subsequent events

The Board of directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Share capital

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

5. Distributions to owners

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

6. Accounting Authority

The members of the entity during the year and to the date of this report are as follows:

Name	Nationality	Changes
Stieneke Jensma (Non-Executive) (Chairperson)	South African	
Cornell de Kock (Non-Executive)	South Africa	Appointed 13 December 2024
Edwin Obiri (Non-Executive)	Ghanaian	
Irvin Esau (Non-Executive)	South African	Resigned 24 October 2024
John Smelcer (Non-Executive)	USA	Resigned 29 April 2024
Ambassador Sadick Jaffer (Non-Executive)	South African	Retired 31 October 2024
Sandiso Gcwabe (Non-Executive)	South African	Appointed 17 April 2024
Xola Sithole (Executive)	South African	Appointed 1 February 2025
Neville Matjie (Executive)	South African	Appointed 1 October 2024, resigned 31 January 2025
Douglas Southgate (Executive)	South African	Term ended 30 September 2025
Herman Boneschans (Executive)	South African	

7. Corporate governance

General

The accounting authority are committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting authority supports the highest standards of corporate governance and the ongoing development of best practice.

The entity confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2016. The accounting authority discuss the responsibilities of management in this respect, at Board meetings and monitor the entity's compliance with the code on a three monthly basis.

The salient features of the entity's adoption of the Code is outlined below:

Board of directors

The Board:

- retains full control over the entity, its plans and strategy;
- acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the entity;
- is of a unitary structure comprising:
  - non-executive directors, all of whom are independent directors as defined in the Code; and
  - executive directors.
- has established a Board directorship continuity programme.

Chairperson and chief executive

The Chairperson is a non-executive and independent director (as defined by the Code).

The roles of the Chairperson and Chief Executive are separate, with responsibilities divided between them, so that no individual has unfettered powers of discretion.

Human Resources, Remuneration, Social and Ethics Committee

The committee consists of three Non-Executive directors, two Executive directors and an independent member. The chairperson is Neil Jansen. The committee met six times during the reporting period to review matters necessary to fulfil its role. Members of the committee are:
Neil Jansen (Chairperson) (independent member)
Irvin Esau (Resigned 24 October 2024)
Edwin Obiri
Stieneke Jensma
Herman Boneschans
Douglas Southgate (Term ended 30 September 2024)
Conell de Kock (Appointed 13 December 2024)
Neville Matjie (Appointed 1 October 2024 and resigned 31 January 2025)
Xola Sithole (Appointed 1 February 2025)

Accounting authority

The accounting authority have met on five separate occasions during the financial year. The accounting authority schedule to meet at least four times per annum.

Non-executive directors have access to all members of management of the entity.

7. Corporate governance (continued)

Investment Committee

The committee consists of four Non-Executive directors, two Executive directors and the chairperson is Stieneke Jensma. The committee met seven times during the reporting period to review matters necessary to fulfil its role. Members of the committee are:
Stieneke Jensma (Chairperson)
Edwin Obiri
John Smelcer (Resigned 29 April 2024)
Irvin Esau (resigned 24 October 2024)
Conell de Kock (Appointed 13 December 2024)
Ambassador Sadick Jaffer (Non-Executive) (Retired 31 October 2024)
Xola Sithole (Appointed 1 February 2025)
Neville Matjie (Appointed 1 October 2024 and resigned 31 January 2025)
Douglas Southgate (Term ended 30 September 2024)
Herman Boneschans

Audit, IT and Risk Committee

For the period under review, the chairperson of the committee was Paul Slack (independent member). The committee met five times during the reporting period to review matters necessary to fulfil its role. Other members of the committee are:
Irvin Esau (Resigned 24 October 2024)
Tareq Carrim (Resigned 2 September 2024)
Stieneke Jensma
Sandiso Gcwabe (Appointed 17 April 2024)

Board Management Committee

The committee consisted of two Non-Executive directors, two Executive directors and an independent member. The committee is chaired by Stieneke Jensma. The committee met eleven times during the reporting period to review matters necessary to fulfil its role. Members of the committee are:
Stieneke Jensma
Irvin Esau (Resigned 24 October 2024)
Paul Slack – Independent member
Neil Jansen - Independent member
Sandiso Gcwabe (Appointed 17 April 2024)
Douglas Southgate (Term ended 30 September 2024)
Herman Boneschans

Nominations Committee

The committee consisted of one Non-Executive director, one Executive director and is chaired by Stieneke Jensma. The committee met four times to review matters necessary to fulfil its role. Members of the committee are:
Stieneke Jensma
Irvin Esau (resigned 24 October 2024)
Neil Jansen
Xola Sithole (Appointed 1 February 2024)
Neville Matjie (Appointed 1 October 2024 and resigned 31 January 2025)
Douglas Southgate (Term ended 30 September 2024)

7. Corporate governance (continued)

Internal audit

To comply with the Public Finance Management Act 1 of 1999, the entity must have an internal audit function.

BDO Advisory Services (Pty) Ltd performed the function.

The annual financial statements set out on page 86 to 139, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2025 and were signed on its behalf by:

Stieneke Jensma
Chairperson of the Board

Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

Sollie Marthinus
Company Secretary

Statement of Financial Position as at 31 March 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	270,036,302	259,542,132
Receivables from exchange transactions	4	597,320	612,782
Receivables from non-exchange transactions	5	547,293	1,031,680
Prepayments	6	434,447	467,395
Operating lease asset	7	62,685	66,964
		271,678,047	**261,720,953**
Non-Current Assets			
Investment property	8	293,936,866	292,427,165
Property, plant and equipment	9	484,619,589	510,794,773
Intangible assets	10	63,521	118,072
Operating lease asset	7	143,870	771,095
		778,763,846	**804,111,105**
Total Assets		**1,050,441,893**	**1,065,832,058**
Liabilities			
Current Liabilities			
Operating lease liability	7	-	93,736
Payables from exchange transactions	11	24,567,947	28,284,754
VAT payable	12	150,175	326,397
Employee benefit obligation	13	1,099,502	1,659,964
Unspent conditional grants and receipts	14	157,845,500	137,895,508
Payables from non-exchange transactions	15	89,806	-
		183,752,930	**168,260,359**
Non-Current Liabilities			
Unspent conditional grants and receipts	14	111,394,408	126,694,019
Payables from non-exchange transactions	15	243,846	359,153
		111,638,254	**127,053,172**
Total Liabilities		**295,391,184**	**295,313,531**
Net Assets		**755,050,709**	**770,518,527**
Share capital	16	120	120
Accumulated surplus		755,050,589	770,518,407
Total Net Assets		**755,050,709**	**770,518,527**

* See Note 31

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Rental income	17	4,248,048	2,517,497
Interest received - investment	18	1,049,003	1,949,889
Total revenue from exchange transactions		**5,297,051**	**4,467,386**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	19	64,797,150	63,593,631
Other income		595,872	-
Total revenue from non-exchange transactions		**65,393,022**	**63,593,631**
Total revenue	20	**70,690,073**	**68,061,017**
Expenditure			
Employee related costs	21	(23,365,949)	(30,298,301)
Depreciation and amortisation	22	(39,893,617)	(37,821,278)
Lease rentals on operating lease	23	(1,482,419)	(6,097,938)
Gain or loss on disposal of assets and liabilities		(188,726)	(2,030)
General Expenses	24	(21,227,180)	(21,326,508)
Transfer to the Department of Infrastructure		-	(11,704,318)
Total expenditure		**(86,157,891)**	**(107,250,373)**
Deficit for the year		**(15,467,818)**	**(39,189,356)**

* See Note 31

Statement of Changes in Net Assets

Figures in Rand	Share capital	Accumulated surplus	Total net assets
Opening balance as previously reported	120	809,439,146	809,439,266
Prior year adjustments - Note 31	-	268,617	268,617
Balance at 01 April 2023 as restated*	**120**	**809,707,763**	**809,707,883**
Changes in net assets			
Deficit for the year	-	(39,189,356)	(39,189,356)
Total changes	-	(39,189,356)	(39,189,356)
Restated* Balance at 01 April 2024	**120**	**770,518,407**	**770,518,527**
Changes in net assets			
Deficit for the year	-	(15,467,818)	(15,467,818)
Total changes	-	(15,467,818)	(15,467,818)
Balance at 31 March 2025	**120**	**755,050,589**	**755,050,709**
Note	16		

* See Note 31

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Grants		50,471,049	178,926,415
Interest income		20,406,828	21,633,363
Rental income		4,241,493	1,771,538
Other receipts		130,435	-
		75,249,805	202,331,316
Payments			
Employee costs		(23,926,411)	(31,120,267)
Suppliers		(22,378,778)	(17,058,135)
		(46,305,189)	(48,178,402)
Net cash flows from operating activities	25	**28,944,616**	**154,152,914**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(2,240,785)	(1,010,538)
Purchase of investment property		(16,209,661)	(36,371,625)
Net cash flows from investing activities		**(18,450,446)**	**(37,382,163)**
Cash flows from financing activities			
Net increase in cash and cash equivalents		**10,494,170**	**116,770,751**
Cash and cash equivalents at the beginning of the year		259,542,132	142,771,381
Cash and cash equivalents at the end of the year	3	**270,036,302**	**259,542,132**

* See Note 31

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental income	3,495,000	765,000	**4,260,000**	4,241,493	**(18,507)**	
Other income	-	131,000	**131,000**	130,435	**(565)**	
Interest received - investment	19,054,128	1,847,872	**20,902,000**	20,406,828	**(495,172)**	
Total revenue from exchange transactions	**22,549,128**	**2,743,872**	**25,293,000**	**24,778,756**	**(514,244)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	49,044,168	1,426,881	**50,471,049**	50,471,049	**-**	
Total revenue	**71,593,296**	**4,170,753**	**75,764,049**	**75,249,805**	**(514,244)**	
Expenditure						
Corporate services, operational services and special projects	(52,847,243)	5,019,243	**(47,828,000)**	(46,305,189)	**1,522,811**	Note 36
Cash flow from operating activities	**18,746,053**	**9,189,996**	**27,936,049**	**28,944,616**	**1,008,567**	
Actual Amount on Comparable basis	**18,746,053**	**9,189,996**	**27,936,049**	**28,944,616**	**1,008,567**	
Reconciliation to the deficit in the Statement of Financial performance						
Interest received				(19,357,825)		
Rental income				6,555		
Unspent conditional grant						
Employee cost				560,462		
Depreciation				(39,893,617)		
General expenses				(613,283)		
Lease rentals				93,737		
Sundry income				465,436		
Deficit in the Statement of Financial Performance				**(15,467,818)**		

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Cash and cash equivalents	253,022,487	12,575,194	**265,597,681**	270,036,302	**4,438,621**	
Non-Current Assets						
Investment property	23,785,698	(4,705,198)	**19,080,500**	16,209,661	**(2,870,839)**	Note 36
Property, plant and equipment	1,480,000	1,320,000	**2,800,000**	2,240,785	**(559,215)**	
	25,265,698	**(3,385,198)**	**21,880,500**	**18,450,446**	**(3,430,054)**	
Total Assets	**278,288,185**	**9,189,996**	**287,478,181**	**288,486,748**	**1,008,567**	
Net Assets	**278,288,185**	**9,189,996**	**287,478,181**	**288,486,748**	**1,008,567**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Cash flow from operating activities	18,746,053	9,189,996	**27,936,049**	28,944,616	**1,008,567**	
	18,746,053	**9,189,996**	**27,936,049**	**28,944,616**	**1,008,567**	
Accumulated cash flows	259,542,132	-	**259,542,132**	259,542,132	**-**	
Total Net Assets	**278,288,185**	**9,189,996**	**287,478,181**	**288,486,748**	**1,008,567**	

Accounting Policies

1. Significant accounting policies

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparations

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

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

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.3 Going concern assumption

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

1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

The entity does not retrospectively adjust the accounting of past items (or group of items) that were previously assessed as immaterial, unless an error occurred.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

1.5 Significant judgements and sources of estimation uncertainty (continued)

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Trade receivables

The entity 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 surplus or deficit, the provincial entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Useful lives of property, plant and equipment and other assets

The entity's management determines the estimated useful lives and related depreciation charges for the assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Materiality

Applying materiality is pervasive to the preparation of financial statements. Materiality is a key consideration in deciding how to apply the Standards of GRAP when preparing the financial statements. Information is material if its omission or misstatement has the potential to influence the decisions of users or affect the discharge of accountability by the entity.

1.6 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services or for
- administrative purposes, or for
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

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

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

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.

1.6 Investment property (continued)

Cost model

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

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

Item	Useful life
Property - land	indefinite
Property - buildings	7-30 years

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

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

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

The entity separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 8).

The entity discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 8).

1.7 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

1.7 Property, plant and equipment (continued)

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

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

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings and structures	Straight-line	7-30 years
Buildings - Leasehold property	Straight-line	Over lease term
Furniture and fixtures	Straight-line	6 - 10 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	8 years
IT equipment	Straight-line	3 - 5 years
Infrastructure assets	Straight-line	10 -120 years

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of

1.7 Property, plant and equipment (continued)

property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 9).

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

1.8 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:
- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

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

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

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

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

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

1.8 Intangible assets (continued)

Item	Depreciation method	Average useful life
Computer software	Straight-line	3 - 4 years

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

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

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:
- cash;
- a residual interest of another entity; or

1.9 Financial instruments (continued)

- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;

1.9 Financial instruments (continued)

- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Measurement

Initial recognition

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

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

1.9 Financial instruments (continued)

Derecognition

Financial assets

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

In this case, the entity :
- derecognise the asset; and
- recognises separately any rights and obligations created or retained in the transfer.

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

Financial liabilities

The entity removes a financial liability or a part of a financial liability from its statement of financial position when it is extinguished.

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

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.10 Statutory receivables

The entity is registered with the South African Revenue Service Exemption Unit under section 10(1)(cA)(ii).

1.11 Leases

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

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

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.12 Discontinued Operations

Discontinued operation is a component of an entity that has been disposed of and:

- represents a distinguishable activity, group of activities or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a distinguishable activity, group of activities or geographical area of operations; or
- is a controlled entity acquired exclusively with a view to resale.

A component of an entity is the operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity.

1.13 Impairment of cash-generating assets

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

1.13 Impairment of cash-generating assets (continued)

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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

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

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

Identification

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

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

Value in use

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

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

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

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

1.13 Impairment of cash-generating assets (continued)

Cash-generating units

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 entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cashgenerating unit are affected by internal transfer pricing, the entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

1.14 Impairment of non-cash-generating assets

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

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

1.14 Impairment of non-cash-generating assets (continued)

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

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

Identification

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

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired.

If any such indication exists, the entity estimates the recoverable service amount of the asset.

Value in use

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

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

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

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater

1.14 Impairment of non-cash-generating assets (continued)

capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

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

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

1.15 Share capital

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

1.16 Employee benefits

Identification

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

1.16 Employee benefits (continued)

Short-term employee benefits

Recognition and measurement

All short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
a) wages, salaries and social security contributions;
b) short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
c) bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
d) non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered services to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
(a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.
(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

1.17 Contingencies

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

1.18 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.19 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

1.19 Revenue from exchange transactions (continued)

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Interest, royalties and service fees

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.20 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulations, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

1.20 Revenue from non-exchange transactions (continued)

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange

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

Measurement

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

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

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Grants and Project funds

Funding by way of special project grants are disclosed under liabilities as unspent conditional grants and receipts. The liability is transferred to revenue when conditions attached to the grants and project funds are met. Grants and project funds that are not subject to any conditions are recognised as revenue immediately.

Interest earned on investment of certain grants and special project funds received is treated in accordance with the stipulations set out in the agreement.

Public contributions, including goods in-kind

Public contributions, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable

1.20 Revenue from non-exchange transactions (continued)

that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

Contractual penalty income

Revenue derived from non-performance clauses—such as penalties for breach of contract, failure to meet delivery deadlines, underperformance, or service-level agreement (SLA) violations — is recognised as other income and not as part of ordinary operating revenue.

This income is recognised only when:
- It is probable that the economic benefits will flow to the entity;
- The amount of income can be measured reliably; and
- A contractual or legal basis exists to support the entitlement to such income.

1.21 Comparative figures

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

1.22 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.23 Irregular expenditure

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

(a) this Act; or

(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements. Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure

1.23 Irregular expenditure (continued)

can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.24 Segment information

A segment is an activity of an entity:

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

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

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.25 Budget information

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

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

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

The approved budget covers the fiscal period from 2024/04/01 to 2025/03/31.

The annual financial statements and the budget are not on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Comparative information is not required.

1.26 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

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

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

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

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

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

1.27 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

1.27 Events after reporting date (continued)

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

1.28 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total non-current assets. This materiality is from management's perspective and does not correlate with the auditor's materiality.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Likely there will be a material impact

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	2025	2024
Cash on hand	9,142	22,448
Bank balances	255,699,309	246,286,073
Corporation for Public Deposits and call accounts	14,327,851	13,233,611
	270,036,302	**259,542,132**

Unspent conditional grants are included the cash and cash equivalents. Refer to note 14.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired have been assessed by reference to external credit ratings:

Credit rating		
B (2024: B)	255,699,309	246,286,073

4. Receivables from exchange transactions

	2025	2024
Debtors	366,801	463,809
Other receivables from exchange transactions	230,519	148,973
	597,320	**612,782**

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2025, R 187,891 (2024: R 386,004) was past due but not impaired.

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

	2025	2024
1 month past due	178,797	43,829
2 months past due	113	33,976
3 months past due	187,891	386,004

Other receivables relate to interest accrual on cash balances with no restrictions or conditions.

5. Receivables from non-exchange transactions

	2025	2024
Receivables from non-exchange transactions	547,293	1,031,680

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

6. Prepayments

	434,447	467,395

The majority of prepayments are for annual software subscriptions.

7. Operating lease asset (liability)

Non-current assets	143,870	771,095
Current assets	62,685	66,964
Current liabilities	-	(93,736)
	206,555	**931,795**

The operating lease asset relates to property leased to tenants.

- Non-current operating lease asset of R143,870 (March 2024: R771,095)
- Current operating lease asset of R62,685 (March 2024: R66,964)

Operating lease liability (as lessee) consists of:
- operating lease liability of R 0 (March 2023: R93,736)

Refer to note 23 for further information on operating leases.

Notes to the Annual Financial Statements

Figures in Rand

8. Investment property

	2025			2024		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Investment property	327,935,999	(33,999,133)	293,936,866	314,720,904	(22,293,739)	292,427,165

Reconciliation of investment property - 2025

	Opening balance	Additions	Depreciation	Total
Investment property	292,427,165	13,215,095	(11,705,394)	293,936,866

Reconciliation of investment property - 2024

	Opening balance	Additions	Impairments	Depreciation	Total
Investment property	261,664,750	40,468,114	(149,253)	(9,556,446)	292,427,165

Investment Property per asset class

	2025	2024
Land	92,614,841	92,614,841
Buildings (completed)	190,858,610	154,266,064
Buildings (work in process)	10,463,415	45,546,260
	293,936,866	**292,427,165**

Pledged as security

No investment property was pledged as security.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

8. Investment property (continued)

Investment property in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of Investment property		
Opening balance	45,546,260	5,227,399
Additions	13,215,095	40,468,114
Transferred to completed items	(48,297,940)	-
Impairment	-	(149,253)
	10,463,415	**45,546,260**

Carrying value of Investment property that is taking a significantly longer period of time to complete than expected		
Facility	-	24,178,476
The construction of the facility commenced later than anticipated, resulting in the extension of the completion date. Consequently, the facility was completed in May 2024		
	-	**24,178,476**

A register containing the information required by the Public Finance Management Act is available for inspection at registered office of the entity.

Amounts recognised in surplus or deficit

Rental revenue from Investment property	1,163,333	35,217
From Investment property that generated rental revenue		
Direct operating expenses (excluding repairs and maintenance)	3,156,381	-
From Investment property that did not generate rental revenue		
Direct operating expenses (excluding repairs and maintenance)	-	3,011,049
Repairs and maintenance	71,725	2,260
	71,725	**3,013,309**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment

	2025			2024		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	1,490,897	-	1,490,897	1,490,897	-	1,490,897
Buildings	166,733,034	(43,439,094)	123,293,940	166,285,387	(35,004,868)	131,280,519
Furniture and fixtures	2,157,547	(1,438,704)	718,843	2,173,629	(1,281,144)	892,485
Motor vehicles	471,882	(471,882)	-	471,882	(471,882)	-
Office equipment	673,701	(512,827)	160,874	744,120	(520,337)	223,783
IT equipment	2,674,722	(1,868,411)	806,311	3,221,973	(2,138,174)	1,083,799
Infrastructure assets	471,680,107	(113,531,383)	358,148,724	470,857,743	(95,034,453)	375,823,290
Total	**645,881,890**	**(161,262,301)**	**484,619,589**	**645,245,631**	**(134,450,858)**	**510,794,773**

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals at cost	Disposal - accumulated depreciation	Depreciation	Impairment loss	Total
Land	1,490,897	-	-	-	-	-	1,490,897
Buildings	131,280,519	1,139,585	(598,365)	598,365	(9,032,591)	(93,573)	123,293,940
Furniture and fixtures	892,485	-	(16,081)	15,422	(172,983)	-	718,843
Motor vehicles	-	-	-	-	-	-	-
Office equipment	223,783	-	(70,420)	70,013	(62,502)	-	160,874
IT equipment	1,083,799	93,916	(641,167)	638,427	(368,664)	-	806,311
Infrastructure assets	375,823,290	1,007,284	(184,920)	-	(18,496,930)	-	358,148,724
	510,794,773	**2,240,785**	**(1,510,953)**	**1,322,227**	**(28,133,670)**	**(93,573)**	**484,619,589**

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals at cost	Disposals accumulated depreciation	Transfer to the Department of Infrastructure - Work in progress	Transfer to the Department of Infrastructure	Depreciation	Impairment - Deregistering of servitude	Total
Land	1,490,897	-	-	-	-	-	-	-	1,490,897
Buildings	139,800,693	371,562	-	-	-	-	(8,891,736)	-	131,280,519
Furniture and fixtures	1,071,141	-	(2,073)	1,461	-	-	(178,044)	-	892,485
Motor vehicles	-	-	-	-	-	-	-	-	-
Office equipment	290,879	-	(7,023)	5,617	-	-	(65,690)	-	223,783
IT equipment	946,831	570,371	(90,900)	90,888	-	-	(433,391)	-	1,083,799
Infrastructure assets	406,832,252	68,605	-	-	(7,412,913)	(4,291,405)	(18,641,270)	(731,979)	375,823,290
	550,432,693	**1,010,538**	**(99,996)**	**97,966**	**(7,412,913)**	**(4,291,405)**	**(28,210,131)**	**(731,979)**	**510,794,773**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

9. Property, plant and equipment (continued)

Pledged as security

No assets were pledged as security.

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment		
Buildings	-	93,574
Infrastructure assets	8,486,118	7,663,754
	8,486,118	**7,757,328**

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected		
Port development - EIA and feasibility	3,218,136	3,075,650
The project will resume in the 2025/26 financial year as the entity collaborates with Transnet National Ports Authority to align their objectives and strategy.		
Port Electrical Infrastructure	3,883,320	4,068,240
The project is on hold due to delays in the construction of an electrical substation by Transnet National Ports Authority, which is required before further work can proceed.		
	7,101,456	**7,143,890**

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Buildings	Total
Opening balance	7,663,754	93,574	7,757,328
Additions/capital expenditure	1,007,284	-	1,007,284
Impairment	-	(93,574)	(93,574)
Loss with disposal	(184,920)	-	(184,920)
	8,486,118	**-**	**8,486,118**

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Buildings	Total
Opening balance	10,939,822	93,574	11,033,396
Additions/capital expenditure	68,605	-	68,605
Prior year adjustment - from completed items	4,068,240	-	4,068,240
Transfer to the Department of Infrastructure	(7,412,913)	-	(7,412,913)
	7,663,754	**93,574**	**7,757,328**

Expenditure incurred to repair and maintain property, plant and equipment

Buildings	654,568	548,429
Infrastructure assets	60,000	253,369
	714,568	**801,798**

A register containing the information required by the Public Finance Management Act is available for inspection at the registered office of the entity.

Notes to the Annual Financial Statements

Figures in Rand

10. Intangible assets

	2025			2024		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	219,252	(155,731)	63,521	219,252	(101,180)	118,072

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software	118,072	(54,551)	63,521

Reconciliation of intangible assets - 2024

	Opening balance	Disposals at cost	Disposals accumulated depreciation	Amortisation	Total
Computer software	172,772	(761,539)	761,539	(54,700)	118,072

Pledged as security

No intangible assets were pledged as security.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

11. Payables from exchange transactions

Trade payables	24,567,947	28,284,754

12. VAT payable

VAT payable	150,175	326,397

13. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Leave pay	1,093,426	1,659,964
Other salary-related payables	6,076	-
	1,099,502	**1,659,964**

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Department of Trade and Industry - SEZ fund	238,840,819	235,475,400
Department of Economic Development and Tourism	902,001	-
Enterprise and skills development - DTI and DEDAT	602,347	2,060,236
Merseta - Skills development	-	9,930
Skills development - CHIETA and LG SETA	142,929	334,175
Department of Economic Development and Tourism - Land	25,412,785	25,412,785
Department of Economic Development and Tourism - Green Hydrogen	3,339,027	1,297,001
	269,239,908	**264,589,527**

Movement during the year

Balance at the beginning of the year	264,589,527	129,570,591
Additions during the year	50,206,089	179,070,375
Income recognition during the year	(64,797,150)	(63,593,631)
Interest received	19,241,442	19,542,192
	269,239,908	**264,589,527**

Non-current liabilities	111,394,408	126,694,019
Current liabilities	157,845,500	137,895,508
	269,239,908	**264,589,527**

The unspent conditional grants and receipts represent amounts previously received from government grants that will be utilised in the future against the respective projects. Refer to note 19 for reconciliation of each grant.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

15. Payables from non-exchange transactions

Current payables from non-exchange transactions	89,806	-
Non-Current payables from non-exchange transactions	243,846	359,153
	333,652	**359,153**
	-	**-**

Payables from non exchange transactions relates to deposits received from tenants as per lease agreements.

16. Share capital

Authorised		
4000 No par value shares	-	-
Reconciliation of number of shares issued:		
120 No par value shares	120	120
Issued		
120 No par value fully paid shares	120	120

17. Rental income

Premises		
Premises	4,248,048	2,517,497

Included in the above rentals are operating lease rentals at straight-lined amounts of R 103,563 (2024: R 710,843) as well as contingent rentals of R 36,535 (2024: R 66,567).

The company leases land and facilities out and the current agreement period varies between month-to-month and 5 years. Long term leases have annual escalations.

18. Investment revenue

Interest revenue		
Bank	1,049,003	1,949,889

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

19. Government grants & subsidies

Operating grants

Department of Economic Development and Tourism	38,254,429	8,173,913
Enterprise and skills development - DTI and DEDAT	1,551,031	2,288,248
Merseta - Skills Development	-	825,000
Skills development - CHIETA and LG SETA	6,777,290	4,571,221
Department of Economic Development and Tourism - Green Hydrogen	2,054,672	1,572,565
Skills development - Transport Education Training Authority	412,584	-
	49,050,006	**17,430,947**

Capital grants

Department of Trade and Industry - SEZ fund	15,747,144	46,162,684
	64,797,150	**63,593,631**

Department of Trade and Industry - SEZ fund

Balance unspent at beginning of year	235,475,400	99,222,239
Current-year receipts	-	163,097,213
Conditions met - transferred to revenue	(15,747,145)	(46,162,684)
Interest received	19,112,564	19,318,632
	238,840,819	**235,475,400**

Funds are available for infrastructure implementation over a period of 3 years. Interest earned on investment of grant is treated in accordance with the stipulations and conditions set out in the agreement. Outstanding conditions are still considered liabilities (see note 14).

Department of Economic Development and Tourism

Balance unspent at beginning of year	-	-
Current-year receipts	39,130,435	8,173,913
Conditions met - transferred to revenue	(38,254,429)	(8,173,913)
Interest received	25,995	-
	902,001	**-**

Department of Economic Development and Tourism grant is funding for operational expenditure. Interest earned on investment of grant funding is treated in accordance with the stipulations and conditions set out in the funding agreement. Outstanding conditions are still considered liabilities (see note 14).

Enterprise and skills development - DTI and DEDAT

Balance unspent at beginning of year	2,060,236	4,124,924
Conditions met - transferred to revenue	(1,551,031)	(2,288,248)
Interest received	93,142	223,560
	602,347	**2,060,236**

The project relates to enterprise development and the upskilling of the local community in order to equip them with the necessary skills to participate in opportunities related to the industry the IDZ development creates. This project is jointly funded by the Department of Trade and Industry and the Department of Economic Development and Tourism. Interest earned on investment of grant funding is treated in accordance with the stipulations and conditions set out in the agreement. Outstanding conditions are still considered liabilities (see note 14).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

19. Government grants & subsidies (continued)

The Manufacturing, Engineering and Related Services Education and Training Authority (MERSETA)

Balance unspent at beginning of year	9,930	9,930
Current-year receipts	-	825,000
Conditions met - transferred to revenue	-	(825,000)
Movement	(9,930)	-
	-	**9,930**

The objective of the project is to up-skill the local community in order to equip them with the necessary skills to participate in employment opportunities related to the industry the IDZ development creates. Outstanding conditions are still considered liabilities (see note 14).

Skills development - CHIETA and LG SETA

Balance unspent at beginning of year	334,175	800,713
Current-year receipts	6,576,114	4,104,683
Conditions met - transferred to revenue	(6,777,290)	(4,571,221)
Movement	9,930	-
	142,929	**334,175**

The objective of the project is to up-skill the local community in order to equip them with the necessary skills to participate in employment opportunities related to the industry the IDZ development creates. Outstanding conditions are still considered liabilities (see note 14).

Department of Economic Development and Tourism - Land

Balance unspent at beginning of year	25,412,785	25,412,785

The funds were utilised to acquire land owned by Saldok (Proprietary) Limited, a 100% subsidiary of the Industrial Development Corporation (IDC). Revenue will be recognised in accordance with the stipulations and conditions set out in the agreement. Outstanding conditions are still considered liabilities (see note 14).

Department of Economic Development and Tourism - Green Hydrogen

Balance unspent at beginning of year	1,297,001	-
Current-year receipts	4,086,957	2,869,565
Conditions met - transferred to revenue	(2,054,671)	(1,572,564)
Interest received	9,740	-
	3,339,027	**1,297,001**

The objective of the project is to establish a Saldanha Green Hydrogen Hub and Green Hydrogen Corridor to promote and develop the local, provincial, and regional green hydrogen sector. Outstanding conditions are still considered liabilities (see note 14).

Skills development - Transport Education Training Authority

Current-year receipts	412,584	-
Conditions met - transferred to revenue	(412,584)	-
	-	**-**

The objective of the project is to up-skill the local community in order to equip them with the necessary skills to participate in employment opportunities related to the industry the IDZ development creates. Outstanding conditions are still considered liabilities (see note 14).

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

20. Revenue

Rental income (refer note 17)	4,248,048	2,517,497
Interest received - investment (refer note 18)	1,049,003	1,949,889
Government grants & subsidies (refer note 19)	64,797,150	63,593,631
Other income - non exchange	595,872	-
	70,690,073	**68,061,017**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Rental income (refer note 17)	4,248,048	2,517,497
Interest received - investment (refer note 18)	1,049,003	1,949,889
	5,297,051	**4,467,386**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies (refer note 19)	64,797,150	63,593,631
Other income	595,872	-
	65,393,022	**63,593,631**

Nature and type of services in-kind are as follows:

The entity entered into a below fair value rental agreement with Transnet National Ports Authority in respect of 20-hectare land within the Port of Saldanha Bay. The transaction is not significant to the entity's operations or service delivery objectives.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

21. Employee related costs

Basic	23,246,513	30,410,847
Unemployment Insurance Fund	64,578	78,264
Workers' Compensation Act	129,186	119,795
Leave pay provision charge	(550,670)	(714,122)
Other allowances	183,562	224,331
Directors' fees (refer note 30)	292,780	179,186
	23,365,949	**30,298,301**

Remuneration of chief executive officer (resigned on 31 December 2023)

Basic	-	2,058,889
Contributions to UIF and Group life	-	51,442
Other	-	9,000
Leave pay	-	145,732
	-	**2,265,063**

Remuneration of chief executive officer (acting from 1 January 2024 and retired 30 September 2024)

Basic	1,344,421	672,210
Contributions to UIF and Group life	1,062	531
Other	6,000	3,000
Leave pay	134,438	-
	1,485,921	**675,741**

Remuneration of chief executive officer (acting from 1 October 2024 and resigned 31 January 2025)

Basic	468,608	-
Contributions to UIF and Group life	354	-
Other	2,000	-
Leave pay	39,650	-
	510,612	**-**

Remuneration of chief executive officer (interim from 1 February 2024)

Basic	468,608	-
Contributions to UIF and Group life	354	-
Other	1,000	-
	469,962	**-**

Remuneration of chief finance officer

Basic	1,949,595	1,950,693
Contributions to UIF and Group life	49,866	49,186
Other	12,000	12,000
	2,011,461	**2,011,879**

Aggregate remuneration by class of management

Senior management, comprising two individuals	4,477,956	4,952,683

22. Depreciation and amortisation

Property, plant and equipment	28,133,670	28,210,131
Investment property	11,705,396	9,556,447
Intangible assets	54,551	54,700
	39,893,617	**37,821,278**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

23. Lease rentals on operating lease

Premises		
Contractual amounts	1,242,165	5,819,873
Equipment		
Contractual amounts	240,254	278,065
	1,482,419	**6,097,938**

The entity maintained an operating lease agreement with Eigelaar en Seun for the rental of office premises located in Saldanha Bay. The contractual arrangement encompassed a five-year term with predetermined annual escalation rates, and the lease period terminated in March 2025. Further details regarding the operating lease liability can be found in Note 7. Photocopier lease agreements were negotiated for an average duration of five years with fixed rental payments throughout the contractual period. The current photocopier arrangement operates on a month-to-month basis.

24. General expenses

Assessment rates & municipal charges	746,714	896,510
Consulting and professional fees	836,942	2,124,529
Electricity and water	2,220,334	2,005,728
External audit fees	1,199,527	1,531,970
IT expenses	2,416,605	2,471,446
Impairment property, plan and equipment - Servitude to be deregistered	-	731,979
Insurance	716,248	467,364
Internal audit	509,839	98,086
Marketing and advertising	40,996	390,530
Printing and stationery	153,087	208,362
Repairs and maintenance	814,204	845,983
Reversal of operating lease asset	735,067	351,740
Security	2,147,108	1,898,480
Subscriptions and membership fees	27,418	28,624
Sundry expenses	794,867	992,255
Training	7,200	6,900
Training - Short skills project	6,787,324	5,347,164
Transfer of assets	-	11,704,318
Travel - local	924,732	757,791
Travel - overseas	148,968	165,980
Venue expenses	-	5,087
	21,227,180	**33,030,826**

General expenses	21,227,180	21,326,508
Transfer to the Department of Infrastructure	-	11,704,318
	21,227,180	**33,030,826**

In the prior year, all capital costs associated with the Eastern Access Road project were transferred from the entity to the Department of Infrastructure on the date of the expropriation without any monetary consideration.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

25. Cash generated from operations

Deficit	(15,467,818)	(39,189,356)
Adjustments for:		
Depreciation and amortisation	39,893,617	37,821,278
Gain on sale of assets and liabilities	188,726	2,030
Movements in operating lease assets and accruals	(197,299)	(459,785)
Movements in employee benefits	(560,462)	(821,966)
Impairment of property, plant and equipment and investment property	93,574	881,232
Transfer of asset to Department of Infrastructure	-	11,704,318
Reversal of operating lease asset	735,067	-
Other income from non-exchange transactions	(465,437)	-
Changes in working capital:		
Receivables from exchange transactions	15,462	60,493
Other receivables from non-exchange transactions	484,387	(75,672)
Prepayments	32,948	116,553
Payables from exchange transactions	(3,716,807)	10,294,857
VAT	(176,222)	2,896,486
Unspent conditional grants and receipts	4,650,381	135,018,936
Property, plant and equipment and Investment property payables	3,460,002	(4,096,490)
Payables from non-exchange transactions	(25,503)	-
	28,944,616	**154,152,914**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

26. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	597,320	597,320
Receivables from non-exchange transactions	547,293	547,293
Cash and cash equivalents	270,036,302	270,036,302
	271,180,915	**271,180,915**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	24,567,948	24,567,948
Payables from non-exchange transactions	333,652	333,652
Unspent conditional grants and receipts	269,239,908	269,239,908
	294,141,508	**294,141,508**

2024

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	612,782	612,782
Receivables from non-exchange transactions	1,031,680	1,031,680
Cash and cash equivalents	259,542,132	259,542,132
	261,186,594	**261,186,594**

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	28,284,756	28,284,756
Payables from non-exchange transactions	359,153	359,153
Unspent conditional grants and receipts	264,589,527	264,589,527
	293,233,436	**293,233,436**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

27. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment - Infrastructure	1,158,653	1,861,206
• Property, plant and equipment - Buildings	50,659	741,669
• Investment property	45,843,499	16,660,480
	47,052,811	**19,263,355**

Total capital commitments		
Already contracted for but not provided for	47,052,811	19,263,355

This committed capital expenditure will be financed by unspent conditional grants. Refer note 14.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	1	1,295,546
- in second to fifth year inclusive	4	4
- later than five years	8	9
	13	**1,295,559**

Operating lease payments represent rentals payable by the entity for office properties and office equipment. Leases are negotiated for an average term of five years. The office premises lease agreement reached its contractual termination date in March 2025, while the equipment rental arrangement continues on a month-to-month basis.

Contingent rent is not included in minimum future lease payments..

Operating leases - as lessor (income)

Minimum lease payments due		
- within one year	1,831,519	2,273,950
- in second to fifth year inclusive	3,241,680	7,846,738
- later than five years	-	26,565,491
	5,073,199	**36,686,179**

The entity leases out various parcels of land and industrial property under non-cancellable operating leases. These agreements generally include escalation clauses, and some provide tenants with options to renew. Lease terms vary depending on the nature and stage of tenant investment. The prior year's disclosure includes a lease that was terminated during the current year.

In April 2024, the entity entered into a long-term lease agreement for a parcel of land. The lease includes terms that are contingent on the outcome of an environmental approval process. The future financial impact of this lease is dependent on external approvals and is not included in the above commitments.

28. Contingent liability

Freeport Saldanha entered into a Standard Conditions of Contract Agreement on 1 November 2019 for the design and facilitation of an inclusive social engagement process for the Greater Saldanha Bay Area. However, due to failure by the supplier to execute services outlined in the Agreement, Freeport Saldanha terminated the contract on 20 July 2020. Subsequently, legal action against Freeport Saldanha was initiated for R360,180. The outcome of the legal proceedings remains uncertain.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

29. Related parties

Relationships

Directors	Refer to members' report note 6
Controlling entity	Department of Economic Development and Tourism
Members of key management	Refer to note 21

All related party transactions were at an arm's length. The balances and transactions disclosed below are additional disclosure.

Related party balances

Unspent conditional grants - Owing to related parties		
Department of Economic Development and Tourism	902,001	-
Department of Economic Development and Tourism - Land	25,412,785	25,412,785
Department of Economic Development and Tourism - Green Hydrogen	3,339,027	1,297,001

Related party transactions

Conditions met - transferred to revenue		
Department of Economic Development and Tourism	38,254,429	8,173,913
Department of Economic Development and Tourism - Green Hydrogen	2,054,672	1,572,565

30. Directors' and independent members' fees

Non- executive/Independent member

2025

	Fees	Total
Edwin Obiri (Non-Executive)	60,091	60,091
Irvin Esau (Non-Executive)	98,996	98,996
Tani Moodley (Human Resources, Remuneration, Social and Ethics Committee)	6,012	6,012
Neil Jansen (Human Resources, Remuneration, Social and Ethics Committee)	68,481	68,481
Tareq Carrim (Audit, IT and Risk Committee)	6,066	6,066
Paul Slack (Audit, IT and Risk Committee)	53,134	53,134
	292,780	**292,780**

2024

	Fees	Total
Edwin Obiri (Non-Executive)	32,877	32,877
Harris Talmakkies (Non-Executive)	21,545	21,545
Irvin Esau (Non-Executive)	77,546	77,546
Neil Jansen (Human Resources, Remuneration, Social and Ethics Committee)	14,029	14,029
Magdalena Krieg (Human Resources, Remuneration, Social and Ethics Committee)	2,669	2,669
Tareq Carrim (Audit, IT and Risk Committee)	9,077	9,077
Paul Slack (Audit, IT and Risk Committee)	21,443	21,443
	179,186	**179,186**

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

31. Prior-year adjustments

A component of property, plant, and equipment (infrastructure asset) was incorrectly depreciated.

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2024

	Note	As previously reported	Adjustment	Adjustment	Restated
Property, plant and equipment		510,390,550	268,617	135,608	510,794,775
Accumulated surplus		(770,114,182)	(268,617)	(135,608)	(770,518,407)

Statement of financial performance

2024

	Note	As previously reported	Adjustment	Restated
Depreciation		37,956,886	(135,608)	37,821,278
Deficit for the year		39,324,964	(135,608)	39,189,356

Cash flow statement

2024

	Note	As previously reported	Adjustment	Adjustment	Restated
Adjustments to note 25 - Cash generated from operating activities					
Deficit for the year	25	(39,324,964)	135,608	-	(39,189,356)
Depreciation and amortisation	25	37,956,886	(135,608)	-	37,821,278

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

32. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

The table below analyses the entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Unspent conditional grants and receipts	157,845,500	111,394,408	-	-
• Payables from exchange and non-exchange transactions	24,657,754	243,846	-	-

At 31 March 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Unspent conditional grants and receipts	137,895,508	126,694,019	-	-
• Payables from exchange and non-exchange transactions	28,284,756	359,153	-	-

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Credit guarantee insurance is purchased when deemed appropriate.

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

Financial instrument	2025	2024
Receivables from non-exchange transactions	547,293	1,031,680
Receivables from exchange transactions	597,320	612,782
Cash and cash equivalents	270,036,302	259,542,132

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

32. Risk management (continued)

Market risk

Interest rate risk

The entity analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact on surplus and deficit of a defined interest rate shift.

At 31 March 2024, if interest rates on Rand-denominated borrowings had been 0.1% higher/lower with all other variables held constant, deficit for the year would have been R270,036 (2024: R 259,542) lower/higher.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Cash in current banking institutions	7.25 %	270,036,302	-	-	-	-

Foreign exchange risk

The entity does not hedge foreign exchange fluctuations.

The entity reviews its foreign currency exposure, including commitments on an ongoing basis.

33. Going concern

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the Board of directors continue to procure funding/finance for the ongoing operations for the entity.

34. Fruitless and wasteful expenditure

No fruitless and wasteful expenditure identified during the financial year.

35. Irregular expenditure

No irregular expenditure identified during the financial year

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

36. Reconciliation of the statement of comparison of budget and actual amounts

The budget and the accounting bases are different. The annual financial statements are prepared on an accrual basis using a classification based on the nature of expenses in the statement of financial performance and the budget is approved on a cash basis.

The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by programme classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the annual financial statements for timing differences associated were made to express the actual amounts on a comparable basis to the final approved budget.

Interest income was adjusted upward during the year to reflect higher-than-anticipated interest earned on cash balances. However, actual interest received was less than the adjusted budget due to timing differences in cash flows and variations in interest rates during the financial year. Rental income was also adjusted upward in the budget to account for improved lease uptake and higher rental inflows than originally projected.

The operational expenditure budget was revised downward during the year to reflect the implementation of cost containment measures identified through ongoing monitoring and reprioritisation of activities. The variance between the final approved budget and actual operational expenditure primarily relates to these cost-saving initiatives, and also includes underspending on employee-related costs due to vacancies.

The investment property capital budget was adjusted downward to reflect revised project timelines. Conversely, the PPE budget was adjusted upward to accommodate additional planned asset acquisitions during the year. The savings between the adjusted budgets and actual capital expenditure are primarily due to timing differences related to year-end creditors. Although the expenses were incurred, payment was only made after year-end, resulting in actual capital expenditure being lower than the adjusted budget for the period under review.

The variance between actual cash and cash equivalents and the adjusted budget reflects the combined impact of the reasons detailed above, including rental income, interest income, operational expenditure, and capital expenditure on investment property and property, plant and equipment.

37. Segment information

General information

Identification of segments

The entity is organised and reports to management on the basis of four major service delivery functional areas: Corporate services,operational services, infrastructure implementation and special projects The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments’ performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

Segments were aggregated on the basis of services delivered and function as management considered the economic characteristics of the segments.

Corporate Services: Board and Governance, Finance, Human Resources, IT Management and Saldanha Bay Office.

Operational Services: Operations Management, Business Development, Stakeholders Management, Commercial

Management, Ease of doing business, Enterprise Development, Skills Development, Marketing and CEO office

Infrastructure Implementation: Infrastructure

Special projects: SEZ short skills, MERSETA, CHIETA, LG SETA, TETA, Green Hydrogen and Enterprise development.

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

37. Segment information (continued)

Types of goods and/or services by segment

Corporate Services has the overarching objective of implementing best practice governance and administration practices, in support of the entity's operations. The function has a complex role due to its need to balance the business needs and requirements of the entity, whilst at the same time undertaking crucial governance within the entity, providing a treasury function to ensure optimum spending and utilisation of financial resources within the entity.

The purpose of the Operations Services function is to implement an enabling environment within the Zone, to house and support investors in the Oil and Gas and Marine repair, Fabrication Industries and Energy sector.

Infrastructure development focuses on developing the initial macro-infrastructure required to support potential investors into the Saldanha Bay Industrial Development Zone.

Special projects currently focus on local skills development and are crucial in the West Coast region for the successful implementation of the Saldanha Bay Industrial Development Zone.

Figures in Rand

37. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	Corporate Services	Operational Services	Infrastructure implementation	Special Projects	Total
Revenue					
Revenue from non-exchange transactions	9,004,127	29,250,302	15,747,144	10,795,577	64,797,150
Other revenue from exchange transactions	-	595,872	-	-	595,872
Interest income	1,049,003	-	-	-	1,049,003
Rental income	-	4,248,048	-	-	4,248,048
Total segment revenue	**10,053,130**	**34,094,222**	**15,747,144**	**10,795,577**	**70,690,073**
Entity's revenue					**70,690,073**
Expenditure					
Employee related costs	10,614,838	10,025,075	-	2,726,036	23,365,949
Depreciation and amortisation	542,891	39,350,726	-	-	39,893,617
Lease rentals on operating lease	891,592	-	-	590,827	1,482,419
General expenses	5,786,769	8,376,799	-	7,063,612	21,227,180
Loss on disposal	-	188,726	-	-	188,726
Total segment expenditure	**17,836,090**	**57,941,326**	**-**	**10,380,475**	**86,157,891**
Total segmental surplus/(deficit)	**(7,782,960)**	**(23,847,104)**	**15,747,144**	**415,102**	**(15,467,818)**

Figures in Rand

37. Segment information (continued)

2024

	Corporate Services	Operational Services	Infrastructure implementation	Special Projects	Total
Revenue					
Revenue from non-exchange transactions	1,663,991	6,509,922	46,162,684	9,257,034	63,593,631
Revenue from exchange transactions	-	2,517,497	-	-	2,517,497
Interest revenue	1,949,889	-	-	-	1,949,889
Total segment revenue	**3,613,880**	**9,027,419**	**46,162,684**	**9,257,034**	**68,061,017**
Entity's revenue					**68,061,017**
Expenditure					
Employee related costs	11,684,466	15,477,761	-	3,136,074	30,298,301
Depreciation and amortisation	622,755	37,198,523	-	-	37,821,278
Lease rentals on operating lease	1,008,799	4,542,724	-	546,415	6,097,938
General expenses	6,668,507	9,133,134	-	5,524,867	21,326,508
Loss on disposal	2,030	-	-	-	2,030
Transfer to the Department of Infrastructure	-	11,704,318	-	-	11,704,318
Total segment expenditure	**19,986,557**	**78,056,460**	**-**	**9,207,356**	**107,250,373**
Total segmental surplus/(deficit)	**(16,372,677)**	**(69,029,041)**	**46,162,684**	**49,678**	**(39,189,356)**

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38. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

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