CTICC

where people and
innovation meet

2012
ANNUAL REPORT

Cape Town International Convention Centre

CTICC

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ABOUT THE CTICC

The Cape Town International Convention Centre Company (Convenco) is the holding company of the Cape Town International Convention Centre (CTICC). Convenco was formed in 1999 through collaboration between the City of Cape Town, the Provincial Government of the Western Cape and the business sector. It is jointly owned by the City of Cape Town (50.2% shareholding), the Provincial Government of the Western Cape (25.1% shareholding), and SunWest International (Pty) Ltd (24.7% shareholding).

The primary objective behind the formation of the holding company was to deliver a world-class international convention centre in Cape Town that would provide meeting, convention and exhibition services and facilities for local and international organisations and their guests.

It was envisaged by the Convenco cofounders that the CTICC would have a sustainable positive impact on the economic and social development of Cape Town, the Western Cape and South Africa as a whole.

In the nine years since the CTICC first opened its doors to the public, this vision has evolved considerably with the vision of the convention centre now being:

"…to become the best long-haul international convention centre by 2020."

Four key objectives give effect to this vision. These are to:

- maximise economic spin-off and job creation
- focus on innovation and exceeding expectations
- achieve service excellence by building capable and quality staff
- become a world leader in sustainability initiatives

During 2010, the CTICC's Board of Directors added a fifth imperative that requires the CTICC to ensure that it is a fully self-sufficient organisation.
Through the consistent achievement of its financial and non-financial targets, its economic and social upliftment contributions, and its effectiveness in raising the profile of Cape Town and the Western Cape, the CTICC continues to achieve and exceed all these stated objectives.

THE INNOVATION EXPERIENCE

"Innovation distinguishes between a leader and a follower."

Those were the words of Steve Jobs, Apple co-founder, arguably one of history's greatest inventors and a man who, it can be confidently said, changed the modern world through his creative and innovative thinking.

Steve Jobs showed the world that truly valuable innovation starts with a belief, which frames a perspective, which inspires an idea, which eventually becomes a tangible reality.

Like Jobs, the CTICC also aspires to change the world of conferences and events through innovation and creating unique customer experiences.

The organisation is passionate about constantly improving the way it does business to ensure that it not only delivers excellent results for its shareholders, but also constantly enhances the experiences of its clients and guests.

The CTICC has long recognised that the only way it can deliver this kind of ongoing improvement is through a dedicated focus on innovation. As a result, the organisation places a priority on applying creative thought and action to every aspect of its business, thereby delivering value to its shareholders and offering truly memorable experiences to every person who walks through its doors.

For the CTICC, innovation and experiences are the metaphorical bricks and mortar upon which the business is built. By ensuring that these form the solid cornerstones of the CTICC, it will be empowered to achieve even greater heights of performance and success.

MESSAGE FROM THE EXECUTIVE MAYOR OF CAPE TOWN

As an asset of the City of Cape Town, it is incumbent upon the CTICC to raise profits for the City as its primary shareholder. It must also deliver on its mandate to contribute to economic development and job creation in the city.

I am proud to say that over the past financial year, the CTICC has achieved its objectives and exceeded the targets agreed between the Convenco board and all its shareholders.

This is evidenced by the number of successful and prestigious events, conferences, and exhibitions the CTICC has hosted despite the lingering effects of the international financial crisis.

As someone who has had the pleasure of attending many of these events, I have witnessed how the CTICC's commitment to service excellence has made it the venue of choice for many events organisers.

Its world-class facilities give it an edge over its competitors, and its excellent services and the passion of its staff are at the heart of the centre's continued success. The CTICC continues to deliver a consistently solid return on investment and numerous sustainable benefits for the residents of the city and its visitors.

Its hosting of successful events gives life to our goal of establishing Cape Town as the events capital of the continent.

I look forward to watching these benefits multiply exponentially as the CTICC expands in the coming years.

ALDERMAN PATRICIA DE LILLE
EXECUTIVE MAYOR OF CAPE TOWN

"...the excellent services and the passion of its staff are at the heart of the centre's continued success."

FOREWORDS

MESSAGE FROM THE PREMIER OF THE WESTERN CAPE

The global economic crisis the world is currently still experiencing has many negative consequences for any city or region that relies heavily on tourism for a large portion of its income. The most significant of these is the possibility of a significant drop in tourist numbers.

Fortunately, for the Western Cape, the region's breath-taking natural beauty, cultural diversity and legendary hospitality have helped it retain its appeal as a domestic and international tourist destination over the past year.

This appeal has been enhanced by the presence of the CTICC in the region. As has consistently been the case in previous years, the CTICC's world-class facilities, services and experiences again ensured that it made a tangible contribution to raising the tourism profile and attractiveness of the Western Cape.

Importantly, the global business focus of CTICC means that it has the effect of smoothing out the effects of seasonality that previously caused fluctuations in the region's tourism income. By continuing to secure bookings in the period between August and November 2011 and March and June 2012, the centre made a tangible contribution to easing the financial challenges normally associated with these tourism 'shoulder' months.

This ability of the CTICC to deliver non-seasonal tourism inflows makes the centre an invaluable contributor to the Western Cape's vision of becoming a preferred year-round destination for local and global events and gatherings.

My congratulations go to every one of the CTICC employees, whose passion and dedication continue to build the success and stature of this vital Western Cape asset.

HELEN ZILLE
PREMIER OF THE WESTERN CAPE

"...the CTICC's world-class facilities, services and experiences again ensured that it made a tangible contribution to raising the tourism profile and attractiveness of the Western Cape."

MESSAGE FROM THE CHAIRPERSON

As the CTICC enters its tenth year of operation, the organisation has proved that it has the passion and ability to consistently deliver exceptional results, even in the face of challenging operating and economic environments.

The past year was once again characterised by such challenges, however, by staying committed to its core values, maintaining its focus on innovation, and remaining passionate about its vision to deliver unforgettable client and guest experiences, the CTICC overcame many obstacles.

In fact, the majority of these challenges were successfully transformed into opportunities and, as a result, the CTICC has emerged from the 2011/12 financial year as an even more robust, streamlined and efficient business with a refined focus on realising its long-term vision of being the best long-haul international convention centre in the world.

Given the exceptional achievements of the CTICC over the past year, I would like to commend the CEO, Rashid Toefy, his talented leadership team and all the valuable CTICC staff members for another excellent year. I would also like to thank my fellow board members and our shareholders for their commitment and support.

I have every confidence that the vision and passion of this exceptional team of professionals will continue to guide the CTICC to even greater levels of success as a valuable city asset for many years to come.

ANDREW BORAINE
CHAIRPERSON

> *"...the organisation has proved that it has the passion and ability to consistently deliver exceptional results..."*

INTRODUCTION BY THE CEO

Over the past year, the CTICC has once again proved that the confidence placed in it by its shareholders is well founded. Despite a particularly challenging economic backdrop and the lingering effects of the global economic crises, the CTICC enjoyed another excellent year and exceeded most of the targets set for it by the City of Cape Town.

More importantly the results achieved by the CTICC across its integrated economic, social and environmental sustainability focus areas have reinforced our long-held belief that financial profitability and a social conscience are not mutually exclusive.

Our strategic focus on applying innovation across our business to ensure consistently exceptional client and guest experiences continued to deliver real financial returns for the CTICC during the 2011/12 financial year. We also continued to increase the meaningful impact our business has on the socio-economic development of the communities in which we operate.

Not only did the CTICC achieve profits before tax of R11 million for the period, the benefits of its sustained commitment to all its stakeholders were also demonstrated through the R2.55 billion and R902 million it contributed to National Gross Domestic Product (GDP) and Western Cape Gross Geographical Product (GGP) respectively over the 12 months under review.

The CTICC was also able to overcome the challenges posed by the difficult economic conditions without sacrificing any aspect of its overall commitment to creating unforgettable client experiences. We have built on the solid service foundation that has been laid over the previous years, as is evident from the year-on-year increase in client satisfaction metrics across almost all facets of the business. Details of these client satisfaction scores are included in the business overview later in this report.

BUILDING A FUTURE-FIT ORGANISATION

In addition to our continued focus on delivering value to all stakeholders, the CTICC invested valuable time and effort into applying our innovation philosophy to future-fit the organisation. The 2011/12 financial year was a period of introspection, self-assessment and consolidation for the CTICC, undertaken with a clear view of ensuring that our business will continue to deliver consistent financial and service outperformance in the years to come.

Calling on our experiences and learnings of the past nine years, we applied our minds to finding innovative ways of streamlining our operations, gaining greater control of our costs, upskilling our staff, and maximising the contributions we make to the businesses of our valued clients.

As a result of this concerted focus on enhancing business, I am confident that the CTICC is now even better poised to continue realising its full potential as Africa's leading convention centre and as a key driver of economic growth in South Africa.

R2.55 billion

Contribution to National GDP

R902 million

Contribution to Western Cape GGP

"The CTICC was also able to overcome the challenges posed by the difficult economic conditions without sacrificing any aspect of its overall commitment to creating unforgettable client experiences."

EXPANDING OUR VISION AND OUR IMPACT

The proposed expansion of the CTICC remains key to its ability to further realise its immense potential. During the past year, we have made steady progress towards realising our vision of substantially expanding our capacity to meet growing local and international demand for world-class meetings, conferences and exhibitions.

The CTICC expansion project will effectively double the size of the centre and allow it to exponentially increase its economic, employment and social contributions to the region and country. For this reason, the project has the full backing and financial support of the City of Cape Town and the Provincial Government of the Western Cape.

During the past year, we succeeded in bringing together the vast majority of other stakeholders and relevant parties and creating a shared vision for the expansion of the CTICC. The core professional team was also finalised and all concept development and viability research was completed. We expect construction to commence in the next 12 months.

PUTTING PEOPLE FIRST

As a business with a core focus on delivering exceptional experiences to our clients, the success of the CTICC is built on the talented and passionate employees that make these experiences a reality.

For this reason, we again invested significantly into developing our people, and this focus on people development will be further enhanced in coming months.

The start of the new financial year will see the launch of our exciting new CTICC Experience Academy. This industry-leading initiative will enable the CTICC to continue building the immense talent that exists across the business and fully entrench our desired culture of continued learning and people development. While the primary focus of the academy is on training our own staff and managers, we hope that it will also be seen as a centre of excellence for hospitality and events training that will benefit the entire industry in South Africa.

I am reminded daily of just how entrenched the culture of excellence is at the CTICC, as I have the privilege of working with some of the most enthusiastic and committed employees, service and business partners. My sincere thanks go to each of these dedicated individuals and organisations for their tireless efforts to deliver exceptional experiences for CTICC's clients and their guests.

Thank you to the Convenco board and all the CTICC shareholders for their unfailing support and encouragement, without which the centre could not have achieved all that it has over the past year.

While the CTICC's position as an industry leader in all areas of sustainability is now established, it is not a reputation we take lightly. Our focus will remain on delivering excellent experiences through innovation and technology. We also look forward to further entrenching our global leadership position through the creative use of social media and will continue to build on our achievements in this space over the past year.

To stay updated on our progress in this regard, simply like our CTICC Facebook page or follow my regular updates on Twitter.

RASHID TOEFY
CHIEF EXECUTIVE OFFICER

@RASHID_TOEFY

BUSINESS OVERVIEW OF THE YEAR

PERFORMANCE AT A GLANCE

R11 mil
profit before tax

R2.55 mil
contribution to GDP

R902 mil
contribution to GGP

7 082
new jobs created

514
events hosted

81%
client satisfaction index

During the past year, the CTICC once again exceeded the expectations of its stakeholders. Through its proven commitment to offering clients and their guests truly exceptional experiences the centre continued to raise the global profile of Cape Town as a premier business events destination.

The fact that the CTICC was able to achieve this objective during a challenging economic period, while at the same time delivering significant benefits for all its stakeholders, demonstrates the value of the centre as a key driver of tourism and economic growth for South Africa.

While the CTICC's success is not measured solely against economic indicators, the organisation's financial performance during the 2011/2012 period defied the odds.

The CTICC succeeded in raising the revenue generated through its core business of venue rental to R65 million (2011: R63 million) and achieved a net profit before tax of R11 million. This is up 163% on the R4 million profit earned by the business in the 2010/11 financial year. While revenue dropped year-on-year, reflecting the tough economic climate, the centre managed to increase profits by focusing on effective cost management.

More importantly, during the past year, the CTICC continued to make a valuable contribution to both the national and regional economy. As a direct result of its operations, the CTICC added R2.55 billion to South Africa's overall Gross Domestic Product (GDP) and R902 million to the Gross Geographic Product of the Western Cape.

As a result of the centre's activities, more than 7 000 employment opportunities were created in the Western Cape and across South Africa.

Executive Management

BUILDING A HIGH-PERFORMANCE CULTURE

While the CTICC places the utmost priority on delivering a consistently stable financial performance, it recognises that this is not possible without a broader view of overall delivery across every facet of the business.

As such, the overall performance of the CTICC is measured against both financial and non-financial measures. These take the form of a clearly defined set of Key Performance Indicators (KPI's) that have been agreed between the CTICC and the City of Cape Town as its primary shareholder.

During the year under review, the centre delivered admirably against these performance indicators as demonstrated in the table below:

KEY PERFORMANCE INDEX

	Category	Measurement	2012 Target	2012 Actual	2011 Performance
1	Economic impact (spin-off)	Contribution to GDP calculated by independent research organisation *Strategic Economic Solutions*, compared to budgeted target	R2.7 billion	R2.55 billion	R2.68 billion
	International delegate days	Number of days attended by international delegates at international conferences compared to budgeted target	200 000	233 225	225 657
	Jobs created	Number of direct and indirect jobs created compared to budgeted target	7 000	7 082	7 870
	Events	Number of events hosted compared to budgeted target	500	514	501
2	Human capital development	Actual cost of training of permanent and temporary staff as a percentage of total salary cost compared to budgeted target	5%	6%	9%
3	Customer centricity and service excellence	Rating achieved in independent customer satisfaction survey (out of a hundred)	75%	81%	77%
4	Sustainability energy consumption	Actual savings on electricity consumption compared to budgeted target	5%	0%	7%
5	Procurement	Percentage procurement from BBBEE-compliant suppliers (in terms of BBBEE Act 53 of 2003) (minimum of 50%)	50%	73%	58%
6	Budget				
	Revenue	Actual revenue generated compared to budgeted target	98%	98%	106%
	Expenditure (cost control)	Actual direct and indirect expenditure compared to budgeted target	98%	94%	96%
	Capital expenditure budget	Percentage of projects (budgeted for) that have been commenced and/or completed compared to budgeted target	80%	92%	83%

With the exception of the GDP contribution and energy consumption reduction objectives, the CTICC's KPI targets have all been met and, in most instances exceeded. Delivery against its economic impact, international delegate days, job creation and client service targets has been especially pleasing given the current economic circumstances.

While reducing energy consumption remains a key CTICC focus area from a sustainability and management point of view, the de-commissioning of the Building Management System (BMS) to facilitate the installation of the new system had a direct impact on performance in this area. This was due to the fact that the CTICC was required to operate on a manual building management system for three months, which caused a spike in energy consumption during that period. The new BMS will see this loss compensated for in the next financial year.

The decline in overall delegate spend had a direct impact on the CTICC's ability to exceed its GDP and GGP contribution targets. Despite this, the centre has managed to maintain its economic contribution to the national and regional economy close to that of the previous year and is confident in its ability to bring these figures back in line with their long-term growth trend in the coming financial period.

These key performance indicators are far more than a set of targets. They define the strategic performance parameters for the entire organisation and represent the tangible benchmarks against which the organisation and its employees can assess their success in every area of the business. To ensure that these overarching KPIs inform the thoughts, actions and behaviours of every CTICC employee, they are cascaded through the entire organisation and inform individual performance assessments. In this way, every CTICC manager and staff member has a sense of ownership of the business and understands that they are ultimately responsible for its success.

As a key driver of sustainable performance, innovation remains central to the CTICC's strategic plans and operations and is a key focus for the achievement of most of the KPI components. Based on the understanding that no organisation can keep on doing business the same way and expect different results, the CTICC encourages its staff, service partners and even its clients to constantly apply their minds to reinventing the way they work.

In addition to raising the performance levels across the organisation, during 2011/12 this philosophy has helped to unify the vision of all CTICC stakeholders and created opportunities for the centre to cement synergies between its various business divisions for the ultimate benefit of clients and guests of the centre.

ANOTHER EVENTFUL YEAR

Despite the lingering effects of the global recession on the overall South African conference and exhibition industry, the CTICC continued to attract a significant number of national and international conferences, conventions, exhibitions and special events. During the year under review, the centre increased the total number of events it hosted as indicated in the diagram on the right.

BUSINESS OVERVIEW OF THE YEAR

The increase in overall events hosted is particularly significant when viewed in the context of the still challenging economic environment and the general pressure this has placed on event and delegate numbers globally.

While there was a slight decrease in international conferences from 40 to 38, there was a big increase in the number of large international congresses (with delegates in excess of 1 000) from 9 in 2011 to 15 in 2012. This is the highest number of large international congresses the CTICC has ever hosted.

The CTICC's ability to steadily grow the number of international conventions and congresses it hosts makes it a valuable contributor to raising the profile of the entire African continent as a leading international congress destination.

According to figures released by the International Congress and Convention Association (ICCA), Africa still has only a 3% share of the global association meetings market. South Africa enjoys close to 30% of this total African market having hosted 84 of the 302 international association meetings that took place on the continent over the past year.

The fact that 45% of these association meetings were hosted in Cape Town speaks volumes about the effectiveness of the CTICC, and all the other stakeholders in the city's business tourism industry, in promoting Cape Town as a highly desirable destination for association meetings.

This is confirmed by the achievements of the CTICC's Commercial and Business Development division over the past year. Through the division's determined efforts, this team has placed the CTICC's forward book in an exceptionally healthy position with no less than 27 successful international association event bids already secured this year.

Some of the prestigious conferences lined up for the next few years include:

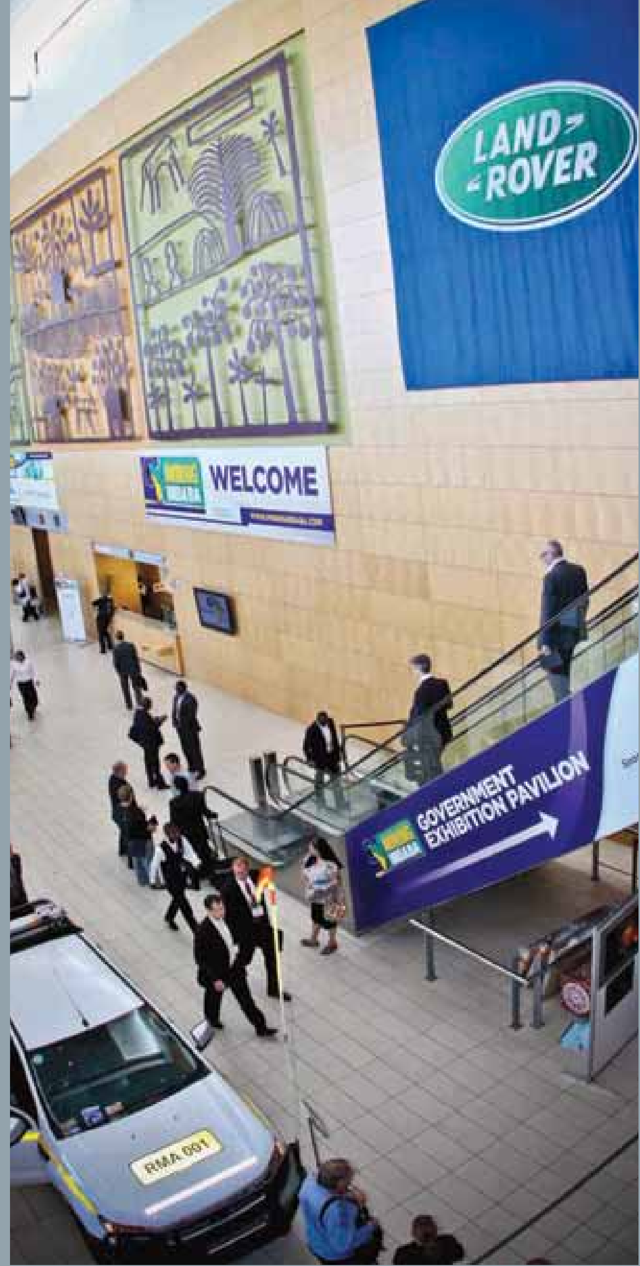
Convention	Date	Delegates
6th World Congress of Paediatric Cardiology and Cardiac Surgery 2013	2013	3 000
World Congress of Paediatric Infectious Diseases	2013	2 500
World Small Animal Veterinary Conference 2014	2014	4 000
World Congress on the International Federation of Aesthetic Dentistry	2015	1 500
World Veterinary Poultry Congress	2015	2 000
World Congress of Nephrology	2015	3 500
35th International Geological Congress	2016	10 000
The World Federation of Occupational Therapists	2018	2 500

EVENT HIGHLIGHTS JULY 2011 TO JUNE 2012

INTERNATIONAL CONFERENCES	ATT:
GARTNER SYMPOSIUM / ITXPO AFRICA 2011 AUGUST 2011	1 100
6TH SCIENCE CENTRE WORLD CONGRESS SEPTEMBER 2011	425
WINDABA 2011 SEPTEMBER 2011	870
INTERNATIONAL ASTRONAUTICAL CONGRESS (IAC) 2011 OCTOBER 2011	3 600
WORLD VETERINARY CONGRESS OCTOBER 2011	1 100
WORLD CONGRESS OF THE WORLD FEDERATION FOR MENTAL HEALTH 2011 OCTOBER 2011	2 370
CIMA INTERNATIONAL CONFERENCE 2011 OCTOBER 2011	425
IGPA ANNUAL INTERNATIONAL GENERICS CONFERENCE NOVEMBER 2011	420
CONGRESS OF THE WORLD FEDERATION OF INTERVENTIONAL AND THERAPEUTIC NEURORADIOLOGY (WFITN) NOVEMBER 2011	1 100
AFRICA COM 2011 NOVEMBER 2011	2 680
BEYOND SPORT SUMMIT AND AWARDS DECEMBER 2011	1 100
INVESTING IN AFRICA MINING INDABA 2012 FEBRUARY 2012	7 400
THE 15TH INTERNATIONAL DESIGN INDABA FEBRUARY 2012	2 000
UFI OPEN SEMINAR AND EXPO SUMMIT IN AFRICA MARCH 2012	147
LABEL SUMMIT SOUTH AFRICA MARCH 2012	250
INDIAN OCEAN NAVAL SYMPOSIUM 2012 APRIL 2012	2 750
WIND POWER 2012 MAY 2012	155
MOBILE HEALTH SUMMIT 2012 MAY 2012	1 350
ICT INDABA 2012 CONFERENCE AND EXHIBITION JUNE 2012	1 524

The CTICC is understandably proud of the part it has been able to play in the steady growth and evolution of these globally renowned Cape Town-based events. Not only are they making a significant contribution towards the CTICC's mission of raising the profile of Cape Town and the Western Cape as a premier global events destination, they are helping to transform and develop the meetings and business events landscape across the country.

NATIONAL CONFERENCES	ATT:
CLICKS PHARMACEUTICAL CONFERENCE AUGUST 2011	1 300
GEOSYNTHESIS 2011 AUGUST 2011	1 375
MASTER BUILDERS SOUTH AFRICA CONFERENCE 2011 SEPTEMBER 2011	170
E-TOURISM AFRICA SUMMIT 2011 SEPTEMBER 2011	250
THE GREEN BUILDING COUNCIL OF SOUTH AFRICA CONVENTION AND EXHIBITION OCTOBER 2011	680
EMERGENCY MEDICINE IN THE DEVELOPING WORLD CONFERENCE NOVEMBER 2011	800
AEROMED AFRICA CONFERENCE AND EXHIBITION 2012 MARCH 2012	180
OIL & GAS AFRICA CONFERENCE 2012 MARCH 2012	260
2ND ICON CONFERENCE (ONCOLOGY CONGRESS) MARCH 2012	385
WATER INSTITUTE OF SOUTHERN AFRICA BIENNIAL CONFERENCE AND EXHIBITION (WISA) MAY 2012	1 300
MARKETING INDABA 2012 MAY 2012	220
BRICS ECONOMIC OUTLOOK IN SOUTH AFRICA JUNE 2012	110



INVESTING IN AFRICA MINING INDABA

Now in its 19th year, this flagship event of the African mining industry continues to grow from strength to strength. This event, which was first hosted at the CTICC in 2004 and started out with just 1 900 delegates, hit record numbers, when the 2012 Investing in Africa Mining Indaba attracted over 7 000 delegates. This is an increase of 17% or 1 000 delegates on the previous year. The convention generated close to 37 000 delegate days and contributed R106 million to the Cape Town economy.

BANQUETS	ATT:
VERITAS WINE AWARDS OCTOBER 2011	740
SARIE KOS EXTRAVAGANZA NOVEMBER 2011	620
1000 WOMEN UNITE MAY 2012	918

OTHER EVENTS	ATT:
SPORTS AND EVENTS TOURISM EXCHANGE CONFERENCE JULY 2011	150
CORPORATE GOVERNANCE SEMINAR WITH PROF. MERVYN KING SEPTEMBER 2011	150
WORLD OZONE DAY GOING GREEN EVENT SEPTEMBER 2011	100
15TH HIGHWAY AFRICA CONFERENCE SEPTEMBER 2011	880
CAPE TOWN TOURISM AGM OCTOBER 2011	460
INTERNATIONAL SYMPOSIUM ON DESIGN AND HEALTH OCTOBER 2011	100
ALLAN GRAY ROADSHOW OCTOBER 2011	286
THE ENVIROPAEDIA ECO-LOGIC AWARDS IN ASSOCIATION WITH SABC 3 NOVEMBER 2011	375
SABMILLER AFRICA MARKETING, SALES AND DISTRIBUTION CONFERENCE MAY 2012	590

EXHIBITIONS	ATT:
SABC EDUCATION BABA INDABA AUGUST 2011	42 038
CAPE HOMEMAKERS EXPO 2011 SEPTEMBER 2011	37 769
RMB WINEX 2011 SEPTEMBER 2011	4 000
LOOK AND FEEL GOOD EXPO 2011 SEPTEMBER 2011	13 000
CAPE TOWN INTERNATIONAL BOAT SHOW SEPTEMBER 2011	13 245
THE BABY EXPO MAMAMAGIC CAPE TOWN OCTOBER 2011	23 278
FNB WHISKY LIVE FESTIVAL NOVEMBER 2011	7 020
THE GREEN EXPO NOVEMBER 2011	6 389
DESIGN INDABA EXPO MARCH 2012	40 282
DECOREX CAPE TOWN 2012 APRIL 2012	40 486
GOOD FOOD AND WINE 2012 MAY 2012	57 107
CAPE TOWN BOOK FAIR JUNE 2012	8 515

TRADE FAIRS

TRADE FAIRS	ATT:
MAURITIUS TRADE EXHIBITION JULY 2011	610
INTERVITIS INTERFRUCTA AUGUST 2011	2 576
MARKEX 2011 AUGUST 2011	2 467
PROPAK CAPE 2011 OCTOBER 2011	5 727
13^{TH} INTERNATIONAL APPAREL, TEXTILE, FOOTWEAR & MACHINERY TRADE EXHIBITION NOVEMBER 2011	2 890
CAPE PREMIER YEARLING SALE 2012 JANUARY 2012	15 000
INDIA CLOTHING & TEXTILE TRADE SHOW FEBRUARY 2012	725
OIL & GAS AFRICA 2012 MARCH 2012	2 204
HOSTEX CAPE 2012 MAY 2012	5 012
SIGN AFRICA 2012 JUNE 2012	1 470
THAILAND TRADE SHOW JUNE 2012	5 244

THE CAPE TOWN INTERNATIONAL JAZZ FESTIVAL

The 13^{th} annual Cape Town International Jazz Festival 2012 was hailed a huge success attracting jazz and music lovers from all over South Africa and the world. This multi-staged event attracted over 34 000 music lovers to the two-day festival boasting over 40 artists. Affectionately referred to as Africa's Grandest Gathering, the Cape Town International Jazz Festival is the premier music event on the international music calendar attracting the who's who of South Africa's business and political elite. The festival has been a consistently sold out event since 2007.

As part of the event's empowerment and skills initiative, training workshops to develop musical and production skills are held at different venues across the city. Workshops are facilitated, attended and supported by musicians and industry professionals and are free to the public. These developmental and training workshops, which take place a week before the festival, create a platform for participants to learn from jazz and industry masters and is testament to the festival's commitment to developing not only the industry, but the community as well.

Discussions between the client and the CTICC are underway to expand the event and facilities for future festivals and the expansion will play a pivotal role in taking this event to the next level.

SPECIAL EVENTS

SPECIAL EVENTS	ATT:
THE TALLEST MAN ON EARTH FEBRUARY 2012	1 500
ABDULLAH IBRAHIM IN CONCERT FEBRUARY 2012	800
CAPE TOWN INTERNATIONAL JAZZ FESTIVAL MARCH 2012	40 000
2012 OLD MUTUAL TROPHY WINE SHOW JUNE 2012	680

SPECIAL EVENTS

SPECIAL EVENTS	ATT:
DANCERS DON'T CRY… THE TRUE STORY, BACK BY POPULAR DEMAND JULY 2011	2 600
PLANETSHAKERS CITY CHURCH JULY 2011	350
CAPE TOWN FASHION WEEK 2011 JULY 2011	7 218
GOOD HOPE FM LIFESTYLE EXPERIENCE JULY 2011	3 700
NEDBANK CAPE WINEMAKERS GUILD AUCTION SHOWCASE AUGUST 2011	500
MATIES KLEINSÊR 2011 AUGUST 2011	1 500
CROSSING OVER WITH JOHN EDWARD LIVE SEPTEMBER 2011	1 500
THE 33^{RD} LOERIE AWARDS SEPTEMBER 2011	1 500
JOHN CLEESE SA TOUR OCTOBER 2011	6 000
1^{ST} INTERNATIONAL BLIND SPORTS ASSOCIATION AFRICA JUDO CHAMPIONSHIPS AND THE 17^{TH} JUNIOR WORLD JUDO CHAMPIONSHIPS NOVEMBER 2011	2 500
WORLD AIDS DAY GALA CONCERT DECEMBER 2011	1 500
DEADMAU5 DECEMBER 2011	9 500
THE FRESHLYGROUND 10 YEAR BIRTHDAY LOVE NO HATE TOUR DECEMBER 2011	1 450
MCQP 2011 MAID IN CHINA DECEMBER 2011	10 000
BROTHER LOVE DECEMBER 2011	1 500
MINISTRY OF SOUND NEW YEAR'S EVE PARTY DECEMBER 2011	6 802

DESIGN INDABA

Design Indaba is a locally produced, global facing platform dedicated to promoting a better world through creativity. As such, Design Indaba has committed the past 18 years to a vision that rests on the premise that creativity will fuel an economic revolution in South Africa.

Multi-tiered in its approach, Design Indaba includes the renowned annual conference, a 100% South African design expo, a film festival and many other creative events and publications.

Annually, Design Indaba Conference facilitated the convergence of some 40 of the world's foremost designers, innovators, entrepreneurs and thought-leaders, talking and showing how creativity and innovation can be applied to rethink the world's social, economic and political challenges to an audience of more than 2 500 people.

In turn encouraging local creativity to go global, Design Indaba Expo has provided a commercial platform for South African designers to showcase local goods and services to the global market through influential international buyers since 2004.

Over three days in March 2012 Design Indaba Expo showcased the work of more than 360 exhibitors from across the country and hosted influential design buyers from every corner of the globe. During this time more than 40 000 visitors flocked to the CTICC to sample the finest in homegrown design and creativity.

By attracting the world's brightest talent, Design Indaba has become a respected institution on the creative landscape and one of the few multi-sectoral events that celebrates all the creative sectors.

More than beautiful designs and inspiring experiences, Design Indaba makes a significant economic contribution to both the provincial and national economy. In a study undertaken by UCT's Graduate School of Business, it was calculated that Design Indaba contributed some R101.5 million to the Western Cape's Gross Geographic Product in 2012 and a staggering R326.9 million to the country's Gross Domestic Product in the same year. Over a period of just four years Design Indaba added more than R1 billion to the economy.

BUSINESS OVERVIEW OF THE YEAR

MEASURING EXPERIENCE IMPROVEMENT

The vision of the CTICC to consistently deliver exceptional guest experiences can only be fully realised if those guests have the opportunity to provide their honest feedback on the experiences they have had at the centre. For this reason, accurate customer satisfaction measurement remains key to the business strategy. The CTICC continues to partner with an independent customer experience improvement specialist to gather and analyse guest feedback and use this intelligence to inform its business strategy.

The overall customer satisfaction index for the CTICC rose by 4% to 81% in the year under review. By global customer service standards, this is an excellent experience rating and is a result of consistent improvements across all core service areas of the organisation, and a focus on creating an "experience" at every touch point.

Cuisine and operations were the primary contributors to the overall improvement in client and guest experience levels, with the cuisine measure rising by a pleasing 8% from 78% in 2011 to 86% in 2012. This improvement in the food division has been a direct result of the concerted focus by chefs, managers and staff on raising quality and service levels and delivering unique and unforgettable cuisine offerings.

DRIVING DEMAND

The success of the CTICC, not only in the 2011/12 year, but also for the past nine years, has largely been a product of the organisation's proactive approach to securing new business and exploring previously untapped local and international markets.

International conferences and events remain a core focus of the CTICC and during the past year a number of global alliances were formed with the primary aim of raising the profile and appeal of the centre within the European and North American markets, which remain the key source markets for the centre.

During the period under review, the business expanded and built on this approach by actively exploring business opportunities in new regions and within different economic sectors. Through this approach, new micro-revenue streams are being unlocked that could become significant contributors to the centre's bottom line over time.

By way of enhancing the centre's ability to add value to its clients and visitors, the CTICC has extended the services offered by its Hotel and Travel Services division. By partnering more closely with Cape Town Tourism, the CTICC is now able to offer an array of value added concierge-style services including hotel and restaurant reservations and tour bookings – all of which add significantly to the quality of the overall experience offered by the CTICC.

A major part of the CTICC's growth and profitability strategy involves finding innovative ways of maximising yields during the calendar periods, which have traditionally been slow for the events and conferencing industry in this country. The promotion of the centre as an ideal venue for special events is key to this strategy and the CTICC is gradually succeeding in getting the centre recognised as a venue of choice for, in particular, concerts, large dance parties and comedy shows.

While short lead-time business remains a logistical challenge, the CTICC welcomes these events as valuable and potentially lucrative business opportunities. The ability of the CTICC to convert many of these quick turnaround events into repeat business, through exceptional service delivery, is also beneficial to the Western Cape tourism industry as a whole. The growth in this events segment should assist hotels and guest houses in the region to compensate, to some degree, for the shortfalls in room revenues experienced over the past two years.

PROMOTING PROFITABILITY

The CTICC has always sought to instil a commercial culture across every part of the organisation. During the 2011/12 period this philosophy has continued and there has been a particular focus on encouraging staff members in every division to play an active role in revenue generation and cost savings.

A benchmark study by the CTICC, revealed the potential to unlock sustainable value and cost savings by insourcing the provision and management of certain of the CTICC's certain key functions. A comprehensive evaluation of all outsourced functions followed and the resulting interventions, particularly in the area of centre maintenance, are projected to save the CTICC around R1 million per year in the future. In the coming year, the CTICC will extend this evaluation to all its insourced and outsourced services with a view to applying innovative ways of delivering greater efficiencies and cost savings, while further enhancing the quality of service and facilities. The centre also remains committed to enterprise development and will continue to seek ways of partnering with product and service providers in a way that helps them to establish and build their businesses.

ACHIEVING OPERATIONAL EXCELLENCE

The CTICC's Operations division, which includes Food and Beverage, contributed over R70 million to the centre's revenue inflows during the 2011/12 financial year. The consistent performance improvement of the division has been the direct result of its continued focus on effective cost management, the application of creativity and innovation in all areas, ongoing investment into people and process development, and securing sustainable alternative revenue streams.

The entire division remains focused on developing the abilities of its employees and transferring skills and knowledge through a formal process of on-the-job training and mentoring. In this way, the CTICC is deepening its talent pool and building a strong culture of service excellence to ensure that it continues to strengthen its reputation for excellent experiences.

The introduction of Event Service Managers in 2011, has proven highly successful. These dedicated managers partner with the CTICC clients from the inception to the completion of their events and are integrally involved in the planning and execution of these events. The intention behind offering this type of single point of contact for clients was to deliver consistent service excellence and add value to the organisation and execution of their events. These objectives have undoubtedly been achieved as evidenced by the results of the centre's customer experience surveys in which the Event Service Managers scored a customer satisfaction rating of 93% for the year under review.

BUSINESS OVERVIEW OF THE YEAR

During the year, much energy has gone into applying creativity within the banqueting and cuisine offerings of the CTICC in order to create additional sustainable revenue streams. Public catering services have been enhanced and expanded and the introduction of public catering mobile food units and live, interactive cooking stations has been well received. Innovative partnerships have also been formed with specialist food vendors aimed at expanding the variety of dining experiences available to visitors.

This innovation imperative was also extended to the centre's coffee shop, *Coffee on the Square*, through the introduction of an extensive range of deli options, a selection of special menus and an affordable Sunday lunch offering. These enhancements have raised the CTICC's public appeal and *Coffee on the Square* now attracts a regular dining clientele that is independent of any events or conferences being hosted at the centre.

To further build the CTICC brand as a provider of affordable and appealing dining experiences during the past year, the centre focused on raising awareness of its exclusive public catering service and also unveiled the first of its retail food offerings. The intention is to increase this range of 'on-the-go' eating experiences in line with growing demand, thereby not only profiling the quality of the CTICC's food and beverage but also creating another channel through which to raise overall CTICC brand awareness in the market.

TECHNOLOGY AS A GROWTH LEVER

The CTICC continues to invest in its operations and facilities as a means of maintaining the high standards that underpin its commitment to excellent client experiences. Nowhere is this more important than in the areas of technology and Information Technology (IT) infrastructure.

The installation of a new central server during the 2011/12 year has expanded the centre's storage capacity and enabled enhanced data protection and disaster recovery processes.

The past year also saw the ongoing upgrade of the CTICC's Building Management System (BMS) at a total investment of around R2 million. The most obvious result of this upgrade has been a significant improvement in the stability of the BMS system and the fact that it now offers a solid platform on which to initiate new projects and processes to further enhance the features and functionality of the entire CTICC building. This world-class system also allows staff and management to maximise the CTICC's operations and enhance synergies between divisions, and their overall responsiveness to client needs.

The CTICC recognises the importance of excellence in IT as an enabler of continued global events and conferencing success. To build on the centre's technological achievements in recent years, a dedicated Information Communication Technology (ICT) Manager will be appointed in the coming financial year. This specialist will be mandated to further advance the CTICC's technology infrastructure and enhance the experience it offers clients and guests through advanced integrated technology services.

Over the past year, the CTICC has focused on extending the reach of the experiences it offers its guests, through greater usage of online technology and social media. The approach has proven successful and the centre now engages extensively with steadily growing online viral communities.

In the coming year, the CTICC will apply its innovation approach to grow its social media presence and harness these vital online platforms to further raise the profile of the organisation, as well as Cape Town and the Western Cape.

MANAGING AND LEVERAGING RISK

As an internationally renowned global best practice business, the CTICC places a priority on effective risk management across every area of the business.

Over the past 12 months, this risk management imperative has been intensified to the point that the organisation's comprehensive Risk Management Action Plan, the Auditor General reports, and the insights of the internal auditors have all been integrated into the development of the centre's business plan for the next five years.

The rationale behind this is the understanding that risk management is about far more than avoidance. It requires the proactive identification, analysis and understanding of all factors and situations that may impact – negatively or positively – on the ability of the CTICC to achieve its strategic and business objectives.

INSPIRED TO KEEP ON EXCELLING

Over the past nine years, the success of the CTICC has constantly been reaffirmed through the continued recognition it has received from various national and international industry bodies.

The 2011/12 financial year was no exception and the centre was privileged to add a number of international accolades and awards to its already full 'trophy cabinet'.

The centre also performed well in a number of national awards, reaching finalist status in the Mail and Guardian Greening the Future Award, the Imvelo Awards for Responsible Tourism and the National Business Awards.

While the CTICC has never aspired to winning awards merely for the sake of recognition, these, and the many other industry and guest commendations it has garnered over the years, affirm that the organisation is succeeding in its vision to be a global events and conferencing pioneer and leader.

One of the CTICC's primary objectives is to set the standards for excellence in its industry. As such, the awards and recognition it receives serve to spur on the organisation and staff to achieve greater levels of innovation and service excellence for the benefit of its clients, guests and its stakeholders.

AWARDS & RECOGNITION

WINNER

MEETINGS PROFESSIONALS INTERNATIONAL (MPI) RECOGNISING INDUSTRY SUCCESS AND EXCELLENCE (RISE) AWARD.

MPI has 23 000 members and its global RISE awards programme is open to any organisation that has demonstrated exceptional leadership. The CTICC's award for Best Organisational Achievement recognises the transformational impact it has achieved and the leadership exhibited to advance organisational strategy, drive business results and create change.

GOLD WINNER

INTERNATIONAL MEETINGS AND EVENTS EXHIBITION (IMEX) / GREEN MEETINGS INDUSTRY COUNCIL (GMIC) GREEN SUPPLIER AWARD.

The Green Supplier Award recognises environmental excellence and innovation within the meetings industry. It represents the highest accolade for environmental responsibility amongst meeting suppliers.

FINALIST

THE GLOBAL ASSOCIATION OF THE EXHIBITION INDUSTRY (UFI) SUSTAINABILITY DEVELOPMENT AWARD.

The UFI Sustainability Development Award recognises the broad and innovative approaches to sustainable development by participants in the international exhibitions industry.

ECONOMIC CONTRIBUTION OF THE CTICC

SUMMARY OF ECONOMIC CONTRIBUTION

	2011/12	2010/11	2009/10	Cumulative
Contribution to national Gross Domestic Product	R2.55 billion	R2.68 billion	R2.3 billion	R19.4 billion
Contribution to Western Cape Gross Geographic Product	R902 million	R945 million	R835.7 million	R6.8 billion
Direct jobs created and maintained	3 103	3 422	3 076	-
Indirect jobs created and maintained	3 979	4 448	4 004	-
Visitor days (excl. induced tourism)	1 130 191	1 243 910	1 119 852	-
Foreign exchange earnings	R532.8 million	R615 million	R531.7 million	R3.9 billion

MACROECONOMIC CONTRIBUTION OF THE CTICC

During the 2011/2012 financial period, the CTICC continued to contribute notably to the growth of the South African economy. Through its business activities, the centre contributed R2.55 billion to South African Gross Domestic Product (GDP) and R902 million to the Gross Geographic Product (GGP) of the Western Cape.

This brings the CTICC's cumulative economic contribution to national GDP since its establishment to R19.4 billion and its total contribution to Western Cape GGP to R6.8 billion.

CONTRIBUTION TO GROSS DOMESTIC PRODUCT - SOUTH AFRICA

Rand million, nominal prices	Known					Projected
Financial Year	FY2008	FY2009	FY2010	FY2011	FY2012	FY2017
CTICC capital expenditure	44.4	18.5	23.2	50.1	14.4	39.4
CTICC operational expenditure	52.3	53.9	60.5	59.3	56.6	97.6
Host/Organiser expenditure	48.9	62.1	74.6	65.8	61.4	123.7
Exhibitor expenditure	172.2	223.4	234.8	204.4	174.5	271.6
Delegate expenditure	1 195.4	1 308.3	1 274.4	1 475.2	1 413.9	2 758.8
Induced tourism	1 156.3	636.4	641.7	822.6	824.6	1 547.8
Total contribution	2 669.5	2 302.6	2 309.2	2 677.5	2 545.4	4 838.9
Cumulative contribution	9 526.9	11 829.5	14 138.6	16 816.1	19 361.5	40 169.3
Real contribution - 2012 prices	3 395.2	2 650.9	2 529.1	2 819.7	2 545.4	3 702.4

CONTRIBUTION TO GROSS GEOGRAPHIC PRODUCT - WESTERN CAPE

Rand million, nominal prices	Known					Projected
Financial Year	FY2008	FY2009	FY2010	FY2011	FY2012	FY2017
CTICC capital expenditure	14.2	4.7	6.2	14.9	3.6	10.2
CTICC operational expenditure	33.1	32.8	36.9	39.2	40.0	60.6
Host/Organiser expenditure	12.6	14.6	16.1	13.9	12.5	19.2
Exhibitor expenditure	58.5	75.9	79.7	69.4	59.3	92.3
Delegate expenditure	445.4	484.4	471.9	547.0	525.1	1 010.2
Induced tourism	308.3	215.5	224.8	260.4	261.6	496.7
Total contribution	872.1	828.0	835.7	944.8	902.1	1 689.2
Cumulative contribution	3 249.0	4 077.0	4 912.7	5 857.6	6 759.7	14 051.3

VISITOR DAYS

Visitor, delegate and tourist days make up a significant part of the total value of the CTICC's regional and national economic contribution.

During the 2011/12 financial year, a total of 1 130 191 tourism days were generated by all events hosted at the CTICC. This represents a decrease of 9% on the previous year and is largely the result of the general drop in the number of exhibitions and trade fairs hosted during the period.

This is not cause for concern, however, and is a direct consequence of the challenging economic circumstances of the past year. The CTICC is confident, based on the advanced bookings it has secured and projections for the next few years, that an increase in exhibitions, trade fairs and special events in 2013 and beyond, will restore the previously upward trend of its induced tourism contribution figures.

Commercial & Business Development

ECONOMIC CONTRIBUTION OF THE CTICC

JOB CREATION

The CTICC has made a valuable contribution to the creation of employment opportunities in the Western Cape. During the 2011/12 financial year, the number of direct jobs created by the activities of the CTICC was 3 103. This is slight decrease on the 3 422 of 2011, but is still higher than the 3 076 of 2010. This figure is expected to return to its rising trend in the coming years, with the total number of people directly employed due to the CTICC, projected to reach 4 528 by 2017.

The CTICC also remains a key contributor to indirect job creation, with the total number of indirect jobs generated during the year under review being 3 979. This is a slight drop from the 4 448 of 2011, but despite this, the number of indirect jobs created by the CTICC is projected to rise to over 5 800 by 2017.

CONTRIBUTION TO PROVINCIAL DIRECT JOBS - WESTERN CAPE

	Known					Projected
Financial Year	FY2008	FY2009	FY2010	FY2011	FY2012	FY2017
CTICC capital expenditure	56	31	36	65	21	43
CTICC operational expenditure	48	55	52	70	57	66
Host/Organiser expenditure	32	37	42	36	32	49
Exhibitor expenditure	112	131	138	112	90	106
Delegate expenditure	2 139	2 127	1 956	2 189	1 996	2 946
Induced tourism	1 358	860	854	951	907	1 319
Total direct jobs	3 744	3 242	3 076	3 422	3 103	4 528

CONTRIBUTION TO NATIONAL INDIRECT JOBS - SOUTH AFRICA

	Known					Projected
Financial Year	FY2008	FY2009	FY2010	FY2011	FY2012	FY2017
CTICC capital expenditure	79	32	41	83	23	49
CTICC operational expenditure	98	92	98	91	82	107
Host/Organiser expenditure	97	112	129	109	96	149
Exhibitor expenditure	296	348	348	291	236	281
Delegate expenditure	2 503	2 470	2 319	2 557	2 288	3 427
Induced tourism	2 235	1 114	1 069	1 317	1 254	1 802
Total contribution	5 308	4 168	4 004	4 448	3 979	5 815

OTHER ECONOMIC CONTRIBUTIONS

Foreign exchange – In addition to attracting visitors to South Africa and helping to create jobs, the CTICC also makes an important annual contribution to the country's foreign exchange earnings. In 2011/2012 the CTICC was a net generator of R532.8 million in foreign exchange earnings, bringing the cumulative forex contribution of the centre to over R3.9 billion.

Tax revenue – An estimated R239 million in tax revenue was generated by the CTICC in the 2011/12 financial year. This brings the cumulative contribution to tax revenue to approximately R2.4 billion. It estimated that, by 2017, over R4.3 billion in taxes will have been paid.

Indirect household income - Over the period under review, the CTICC contributed R1.29 billion to indirect household income, bringing the total contribution by the centre to R9.8 billion.

IN CONCLUSION

The economic contribution figures of the past financial year demonstrate that, irrespective of the economic backdrop against which it is required to operate, the CTICC remains a key economic contributor to Cape Town, the Western Cape and South Africa as a whole.

This is encouraging as it demonstrates that the CTICC's ability to make such an economic contribution is not exclusively dependent on short-term financial results or the overall business environment.

The positive figures also add significant credence to the centre's expansion plans. It confirms the results and projections of the feasibility studies concerning the CTICC's potential to markedly increase its economic contributions as a result of its increased capacity.

3 101
provincial direct jobs created

UP
a projected rise in indirect job creation to 5 800 by 2017

R532.8 mil
generated foreign exchange earnings

R239 mil
estimated tax revenue generated

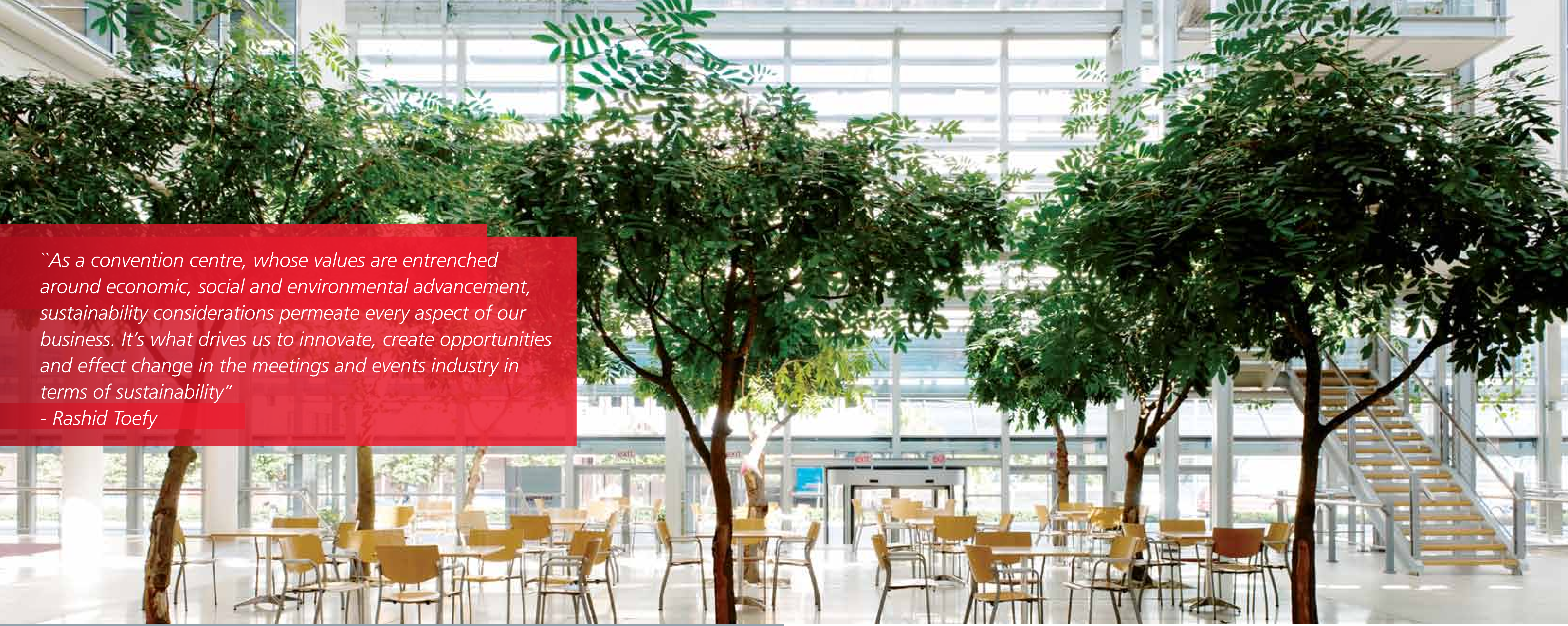
R9.8 bil
indirect household income

ABOUT THIS ECONOMIC IMPACT STUDY

Prior to the development of the CTICC, Convenco commissioned the UCT Graduate School of Business to conduct a study to determine the economic impact of the convention centre. This annual study commenced in 2000 and has been undertaken every year since. The information on the economic contribution of the CTICC in this report is based on the tenth annual economic impact study as conducted by the independent research organisation, Strategic Economic Solutions.

"As a convention centre, whose values are entrenched around economic, social and environmental advancement, sustainability considerations permeate every aspect of our business. It's what drives us to innovate, create opportunities and effect change in the meetings and events industry in terms of sustainability"

- Rashid Toefy



DELIVERING RESULTS THROUGH INTEGRATED SUSTAINABILITY

A sustainability culture and mindset remains one of the most important drivers of the CTICC's performance and success. Over the past year, the centre continued to work towards the realisation of its vision to become the leader in sustainability in the global events and conferencing industry. The organisation recognises that it will only achieve this objective if it manages to fully integrate the principles of economic, social and environmental sustainability into every facet of its strategy and operations.

The following pages offer a summary of the CTICC's efforts, challenges and successes around integrated sustainability during the 2011/12 financial year. Full details are contained in the organisation's second annual Sustainability Report, which is available at www.cticc.co.za

During the year under review, the CTICC again achieved its three ISO certifications as follows:

- ISO 9001 – Quality Management and Assurance
- ISO 14001 – Environmental Management
- OHSAS 18001 – Occupational Health and Safety

Since the centre became the first in Africa to obtain these three management system certifications, they have served as a guarantee to clients and guests of the world-class levels of service, safety and environmental commitment they can expect to experience when dealing with, or visiting, the CTICC.

During the past year, the CTICC submitted its first dedicated Sustainability Report to the United Nations Global Compact (UNGC) for acceptance and verification. The report was also submitted to the Global Reporting Initiative (GRI), which undertook a full evaluation of the document and confirmed that it fulfils the requirements for a GRI Level C status. This makes the CTICC the first convention centre in the world to have had its sustainable initiatives aligned to the GRI framework. GRI is a global network-based organisation that produces a comprehensive international sustainability reporting framework for leading organisations.

ENVIRONMENTAL SUSTAINABILITY PERFORMANCE

The CTICC follows a multi-pronged approach to environmental sustainability. The centre's efforts in this regard are aimed at reducing any negative impact that its operations may have on the environment, while at the same time actively helping to conserve the planet and preserve it for future generations.

To achieve these mandates, the centre's environmental sustainability efforts are guided and governed by a comprehensive Environmental Management Policy, which ensures that a sustainability mindset permeates every aspect of the business, impacting positively on the attitudes and actions of staff, clients, suppliers and all other stakeholders.

NURTURE OUR WORLD

Nurture Our World (NOW) is a successful CTICC initiative designed as the practical extension of the centre's ongoing commitment to sustainability. In addition to informing and guiding the CTICC's practical sustainability efforts, NOW includes a variety of interventions and programmes that have the primary purpose of extending the centre's environmental and social influence and creating opportunities for staff and suppliers to become actively involved in facilitating sustainability.

During the year under review, the CTICC appointed a new NOW management team, comprising representatives of all the centre's business divisions. This team has assumed overall responsibility for creating and spearheading initiatives that will help to build the CTICC's sustainability leadership position.

CARBON FOOTPRINT REDUCTION

Electricity usage remains the primary contributor to the CTICC's overall carbon footprint. For this reason, the centre is focused on finding ways of reducing its energy consumption. The upgrading of the CTICC's Building Management System (BMS) has enabled the centre to closely and accurately monitor its power consumption to identify when load shedding may be required.

The CTICC is also investigating options to replace large quantities of its fluorescent tubes and down-lighters with more energy efficient alternatives. These lights currently contribute approximately 15% to total electricity consumption.

Additional environmental sustainability initiatives that were undertaken by the CTICC in the past financial year include:

- the installation of energy efficient geysers, which will deliver a projected energy saving of 5 208 kWh per month
- the re-commissioning of central air-conditioning controls to ensure greater reliability, efficiency, and reduction of power consumption
- the installation of waste separation bins in the CTICC Gallery and surrounding areas
- the finalisation of waste separation at source capabilities and the introduction of clear signage with instructions to assist users to correctly separate their waste
- extensive repairs to the centre's irrigation system to prevent water losses and wastage
- the design and creation of a CTICC sustainability certificate to be awarded to clients, who recycle 80% or more of their waste

MINIMISING WASTE

The CTICC operates an effective recycling system that has served to significantly reduce the amount of waste generated by the centre that goes to landfill. In the 2011/12 year, ongoing investigation into ways to further reduce this waste to landfill revealed that the centre still sends approximately 14 tonnes of wet waste to landfill per month. The centre is now investigating a number of options to compost more of this wet waste or separate it further, so that more of it can be directed towards agricultural use.

SOCIAL SUSTAINABILITY PERFORMANCE

The CTICC remains committed to the development of people. This is reflected in its continued external focus on contributing tangibly to socio-economic development and its internal commitment to developing its own people by giving them every opportunity to advance their careers, contribute to the success of the organisation, and have a positive impact on society.

5 208
kHW **SAVED**
per month

NO LEAKS
extensive repairs to the centre's irrigation system to prevent water losses and wastage

80%
CTICC sustainability certificate awarded to clients who recycle 80% or more of their waste

CONTRIBUTING TO SOCIAL DEVELOPMENT

The CTICC recognises and embraces the responsibility it has to make a sustainable positive contribution to society by supporting and uplifting communities in Cape Town and the Western Cape. This support extends beyond financial investment and includes providing opportunities for staff, clients and guests to involve themselves in worthy causes through volunteerism.

After an extensive process of investigation and stakeholder consultation, the CTICC has taken a decision to narrow its community involvement focus by selecting four community upliftment partners, through which the centre will channel its social support in the coming year. This will enable the centre to maximise the benefits each of its community partners enjoys and allow for more effective volunteerism efforts amongst employees and clients.

The following organisations will be supported by the CTICC as part of its Corporate Social Responsibility programme:

The Haven Night Shelter

This welfare organisation provides temporary shelter, physical care, social welfare and family re-unification services to adult homeless people across Cape Town.

The Foundation for Alcohol Related Research (FARR)

FARR focuses on helping and supporting individuals and communities affected by alcohol abuse. It also runs numerous programmes aimed at raising awareness of the negative effects of alcoholism on families and communities.

Abalimi Bezekhaya

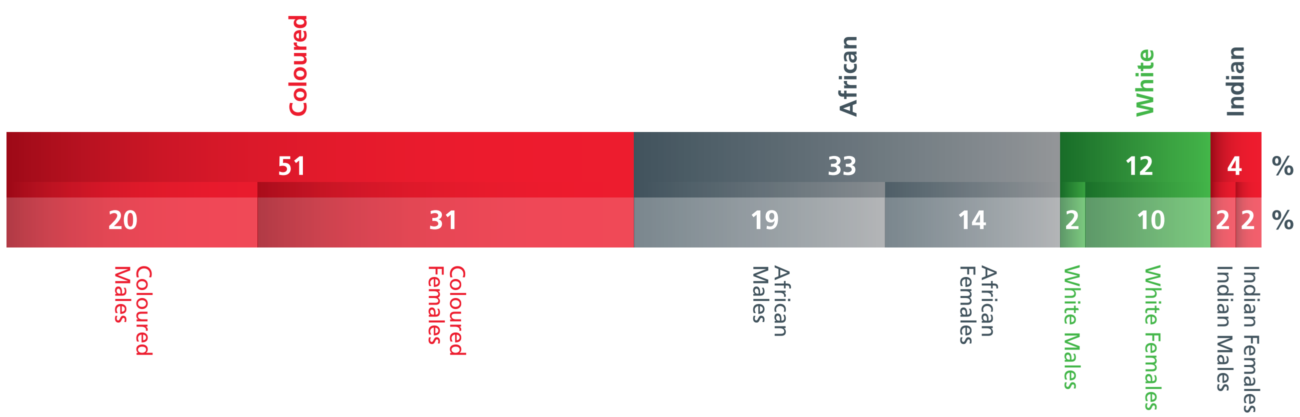
This non-profit development organisation helps township residents to grow their own organic vegetables, both to feed their families and to sell in order to provide a regular income.

Mitchell's Plain School of Skills

This initiative offers community-based skills development programmes to equip previously disadvantaged individuals with the skills and knowledge they need to be employable in the catering and service industries.

For details of the CTICC's integrated sustainability approach, view the 2012 Sustainability Report at www.cticc.co.za

EMPLOYEE DEMOGRAPHICS | 128 Employees



EMPOWERING OUR PEOPLE

The CTICC has 128 permanent employees. This core team of talented, committed and passionate staff members are central to every achievement the centre makes and is the primary component in its continued success.

The organisation believes in the value of a comprehensive remuneration and reward approach and applies this approach via its rewards and recognition philosophy. Built around the provision of both monetary and non-monetary returns to employees, the total reward philosophy is closely aligned with the CTICC's business vision, values, and strategy.

As such, this philosophy informs the organisation's human capital strategy to ensure that it realises the identified objectives of:

- creating a performance-driven culture
- achieving value-based leadership across the business
- attracting and retaining talent
- creating an enabling reward proposition for staff

To this end, the CTICC's formal rewards programme is built on the three pillars of:

Performance management – Performance-based reward and incentivisation is an important driver of individual and business achievement.

Recognition - Awards are given to acknowledge the exceptional contributions of individuals and teams. Some of these include the Employee of the Month and Employee of the Year awards, long service awards, service excellence awards and the CEO Award for exemplary contribution to the organisation. Given the importance placed by the CTICC on value-based leadership, awards are specifically presented for passion, integrity, innovation and excellence.

Training and career development - Training and development opportunities are linked to individual performance management outcomes and to the future aspirations of employees.

The practical application of innovative thinking is further encouraged through an ongoing innovation campaign that requires all employees to submit ideas for innovation in all areas of the business.

Operations

DELIVERING RESULTS THROUGH INTEGRATED SUSTAINABILITY

A FOCUS ON TRAINING AND DEVELOPMENT

Integral to entrenching a high-performance culture over the past year has been the CTICC's continued significant investment in the training and education of its employees.

Over 6% of total personnel costs of the centre went towards staff training for the period under review, with much of the focus being on building the CTICC's learning and innovation culture across the organisation.

The CTICC's annual training target is to ensure that at least 25% of employees in every division undergo training every year. This was exceeded during the 2011/12 financial year and the results of this commitment are making themselves felt across the business – both through more able and equipped staff and through raised levels of employee motivation and loyalty.

At the end of the 2011/12 period the CTICC finalised the conceptualisation and design for the new Experience Academy. This progressive internal learning initiative will become fully operational in the new financial year and deliver a range of innovative and effective learning programmes aimed at raising the levels of excellence across the organisation. Through the Experience Academy offerings, the CTICC will be able to continually advance the skillset of its staff, thereby maintaining its leadership position as a world-class service organisation.

In addition to being the primary training hub for existing CTICC employees, the vision for the Experience Academy is that it will add to the CTICC's established appeal as an employer of choice and further strengthen the centre's ability to deepening the hospitality and events talent pool across the Western Cape and further afield.

At the end of 2011, seven members of the CTICC management team obtained their postgraduate degrees in Events Management from the University of Cape Town's Graduate School of Business. For these managers, this represented the culmination of two years of hard work and commitment. The insight they gained from the degree course will enable them to make an even stronger contribution to the organisation's success in the coming years.

Other staff training interventions included:

- the close to 50 staff members that were afforded the opportunity to undergo various studies, short courses and workshop-based training across a broad spectrum of topics such as Event Management and BTech Hospitality. These courses were funded by the centre
- the continuation of the CTICC's successful internship programme, which saw eight six-month learnerships offered to students from the Durban University of Technology, five one-year internships to students in the Western Cape, and one international internship to a student from Stenden University in Amsterdam

In addition to the various formal training initiatives, the CTICC continues to give its employees and managers the opportunity to gain local and international events, hospitality and catering exposure.

During the year under review, numerous managers and senior staff members attended local and international conferences or visited prominent convention centres in cities as far afield as Las Vegas, Leipzig, Valencia, Barcelona, Melbourne, Vancouver and Amsterdam.

Finance & Human Resources

This type of exposure to global best practice is invaluable as it allows the organisation to accurately benchmark its own levels of service and experience delivery, and apply the knowledge and experience gained by key staff to constantly improve the experiences offered to clients and guests of the CTICC.

COMMITTED TO TRANSFORMATION

The CTICC continues to embrace and encourage diversity across the organisation. At the end of June 2012, the organisation had 128 permanent staff members and seven temporary or intern employees. 88% of all these staff members come from historically disadvantaged groups, while 57% of CTICC employees are female.

ENTERPRISE DEVELOPMENT

As part of its enterprise development commitment, the CTICC places a priority on supporting the development of companies owned by individuals from previously disadvantaged backgrounds.

The CTICC recognises that small and medium enterprises have a key role to play in the socio-economic development of the entire country. As such, the centre makes every effort to partner with local suppliers for the procurement of the goods and services it requires.

In the year under review, more than 73% of the CTICC's total procurement spend was with BEE suppliers (2010/11: 58%), and 37% of the total tenders awarded by the centre went to suppliers who could demonstrate a 50% or higher black ownership.

The CTICC remains committed to assisting with the establishment and development of women-owned enterprises for the supply of relevant goods and services. 24% of all supplier tenders were therefore granted to companies that demonstrated 30% or more female ownership, showing once again the centre's commitment to the economic transformation of the South African business landscape.

THE EXPANSION IMPERATIVE

The plans for the expansion of the CTICC continue to move steadily forward. During the past financial year, the CTICC completed the process of appointing all the members of its professional design and development team. The preliminary concept design has also been completed and agreed to by all relevant stakeholders.

The initial phase of the expansion project has progressed systematically and consciously ensuring a cautious and diligent approach through every step of the development, that will ensure that the expanded facility meets the expectations of all stakeholders, the most important of which are the citizens of Cape Town.

Once completed, the expansion will significantly elevate the CTICC's ability to position Cape Town and the Western Cape as a premier national and international meetings and events destination.

Independent feasibility studies undertaken with regard to the expansion and associated development of a convention precinct on the Cape Town foreshore predict that the expanded facility is expected to cumulatively contribute R5 billion to Gross Domestic Product (GDP) and around R1.8 billion to Gross Geographical Product (GGP) by 2018.

Given Cape Town's recognition as World Design Capital 2014, it is fitting that the city boasts a truly iconic convention centre that uses cutting-edge design and technology. The value of this design excellence is fully unlocked by its ability to link global tourism leadership with sustainable socio-economic upliftment. The CTICC expansion design team, which comprises three expert local architecture firms, has demonstrated a clear understanding of this vital role played by the CTICC within the social and environmental fabric of the Mother City. Through their professional design, the expanded CTICC will be even more successful in its combined vision of transforming meetings and events into unforgettable experiences, raising Cape Town's profile as a leading global meetings and events destination, and uplifting and empowering the people of the region and country.

Once completed, the expansion will not only increase the CTICC's capacity by almost 100%, but as a result of its intelligent design, the centre will be able to maximise the space it has available by hosting multiple simultaneous events and exhibitions.

The expansion will be undertaken in line with the CTICC's established commitment to integrated sustainability through effective economic, social and environmental advancement. The ultimate aim is to design and build a world-leading green building.

The expansion project places a priority on utilising local skills and expertise in order to stimulate growth and development and encourage knowledge and skills transfer in the Western Cape building and construction sector.

City of Cape Town and the Provincial Government of the Western Cape funding has been sourced and committed, and final approvals of land acquisitions and tenders are nearing completion. Construction is expected to begin in March 2013 and expected date for completion is end of 2015.

The development will not only expand the CTICC facilities, but will also create a new development node linking it with Artscape and the Civic Centre, making it more accessible to the city's Integrated Rapid Transport (IRT) system.

The CTICC expansion will not only promote significant growth in the number of national and international conferences and exhibitions hosted in Cape Town, it will also play a pivotal role in driving skills development in the region and contribute massively to local job creation – both during the initial construction phase and thereafter as a result of sustainable jobs to support the rise in induced tourism.

The worldwide economic crisis has resulted in a fundamental shift in the global economic landscape. The way people interact and companies do business has changed. This is not a temporary situation, or a short-lived trend, it is a reality according to which all organisations must adapt the way they work.

As a company that builds its success on facilitating and enhancing the business and social interactions of others, the CTICC is acutely aware of the impact that this global economic paradigm shift can have on its future success. For this reason, the centre's focus on innovation as a core business component and strategic differentiator will remain as important in the years to come as it has been until now.

During the next financial year, the CTICC will strive to apply innovative thinking to maximise the effectiveness of its people, processes and operations.

A particular focus will be on developing the immense depth of talent that exists within the CTICC. The centre recognises that its people, are ultimately what make or break any event for its clients. As such, during the coming year, staff training, educating and mentoring will remain a top priority. This will go hand in hand with a greater focus on appropriate recognition and reward structures to encourage CTICC staff to exceed their personal boundaries, when it comes to delivery and service.

In keeping with the increasing importance of technology as a core element of any successful conference or event, the CTICC will be investing in improving its IT infrastructure across the organisation. The vision is to develop and offer the full array of digital platforms on which clients can transform the events they host at the CTICC into experiences – not just for those who physically attend, but for virtual delegates across the world.

From a budgetary perspective, the CTICC has set itself challenging targets for the coming year with the deliberate intention of continuing to inspire its staff to even greater levels of performance, success and sustainability.

By building on the achievements of the past nine years and harnessing the full potential of its innovation philosophy, the CTICC will continue to position itself as a leading performer in the global events and conferencing industry, and as a sustainable convention centre that successfully balances financial achievement with a clear commitment to contributing to social and environmental sustainability.

GOVERNANCE COMMITMENT

In line with the best practice principles set out in the King Report on Corporate Governance for South Africa 2009 (King III), the Convenco board places strong emphasis on maintaining high standards of financial management, accounting and reporting to ensure that the CTICC's affairs are managed in an ethical, transparent and responsible manner, while also taking into consideration appropriate risk parameters.

BOARD STRUCTURE AND RESPONSIBILITIES

The company is governed by an experienced and stable board of directors, which directs, governs and is in effective control of its business. The board is responsible for determining the strategic direction of the company through the establishment of business objectives and policies. The company has a unitary board structure, which currently comprises 12 non-executive directors and two executive directors, being the Chief Executive Officer and Chief Operating Officer. There are currently four vacancies on the board. The roles of Chairperson and Chief Executive Officer are separate. A board meeting is held at least once per quarter to review the company's performance against set targets. These meetings are scheduled well in advance and board members are provided with all relevant information to enable them to make informed decisions. A record is kept of each director's attendance at board meetings. The directors may seek professional advice on matters concerning the affairs of the company.

CHANGES TO THE BOARD IN 2011/12

The Provincial Government of the Western Cape replaced Dr Platzky and Mr Roberts with Messrs GM Fisher and SW Fourie as Convenco board members. As a shareholder, it is entitled to do this in terms of the company's Shareholders Agreement and MOI. Mr TM Pasiwe retired at the company's AGM, held on 18 October 2011 and Mr S Montsi resigned as a director on 22 November 2012.

BOARD COMMITTEES

The Convenco board committees operate in accordance with the terms of reference defined in their respective charters. Regular reports on the committees' activities are provided to the board. The members of the committees are listed on page 43.

Audit and Risk Committee

The Audit and Risk Committee reviews the adequacy and effectiveness of the financial reporting processes, accounting practices, management information systems, the system of internal controls, the management of financial, investment and operational risks, the internal and external audit processes, and compliance with laws and regulations.

The committee makes submissions to the board regarding accounting policies, financial control, records and reporting. As the company does not have a separate risk committee, the Audit and Risk Committee also oversees the risk management process and monitors the implementation of the CTICC's risk management plan, which is reviewed by the board quarterly and approved annually. The committee meets at least quarterly. Both the internal and external auditors have access to the committee and are invited to attend committee meetings.

Remuneration Committee

The Remuneration Committee comprised four directors and met four times during the period under review for the purpose of reviewing annual salary increases, bonus incentives and the company's remuneration strategy.

Nominations Committee

The Nominations Committee consists of three non-executive directors and is tasked with overseeing and making recommendations to the board to ensure that:

- the board has the appropriate composition to execute its duties effectively
- directors are appointed through a formal and transparent process
- ongoing induction, training, development and evaluation of directors takes place
- formal succession plans for the board, Chief Executive Officer and senior management positions are in place

Expansion Committee

The Expansion Committee has been mandated by the board to oversee all aspects of the CTICC's planned expansion. The committee comprises the chairperson of the board, two non-executive directors and the Chief Executive Officer. It meets bi-monthly or more frequently if necessary.

Social and Ethics Committee

The Social and Ethics Committee comprises two non-executive directors and the Chief Executive Officer. The committee fulfils a role previously fulfilled by the Audit and Risk Committee and the board as a whole. It monitors the company's activities, having regard to relevant legislation, other legal requirements and/or prevailing codes of best practice, with regard to matters relating to:

- social and economic development
- good corporate citizenship
- the environment
- health and public safety, including the impact of the company's activities, products or services
- consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws and labour and employment

The committee also draws all other matters within its mandate to the attention of the board as and when necessary and report, through one of its members, to the shareholders at the company's annual general meeting on the matters within its mandate.

It is also tasked with monitoring the ethical conduct of the company, its executives and senior officials.

COMPANY SECRETARY

The company secretary ensures that, in accordance with pertinent laws, the proceedings and affairs of the directorate and where appropriate, members of the company, are properly administered. The directors have access to the secretary and can seek the advice of the secretary on board and governance matters. The company secretary also acts as secretary to all committees of the board.

INTERNAL CONTROL

The directors are responsible for ensuring that the company has internal control systems in place aimed at providing reasonable assurances regarding the safeguarding of assets and the prevention of their unauthorised use or disposal. They are also responsible for ensuring the maintenance of proper accounting records and the reliability of financial and operational information utilised in the business. For the period under review, nothing has come to the attention of the directors or external auditors to indicate any material breakdown in the functioning of controls, procedures or systems.

RISK MANAGEMENT

The board is responsible for the governance of risk in the organisation (including information technology governance) and is committed to complying with the risk management requirements set out in King III. To this end, a risk identification and management process is in place. The CTICC management is responsible for the implementation of the risk management plan and for providing assurance to the board in this regard. The severity of risks is measured, and appropriate risk mitigating interventions are prioritised accordingly.

SUSTAINABILITY

The board is committed to the sustainability of the organisation and has put in place the relevant procedures to enable the company to meet its commitments to its various stakeholders in an ethical, socially responsible, and environmentally friendly manner. The board has reaffirmed its commitment to procurement from black-owned, economically empowered companies wherever possible, and to the development of intellectual and human capital within the company with a particular focus on historically disadvantaged individuals.

for the year ended 30 June 2012

DIRECTORS

AM Boraine
Chairman
Non-executive
Appointed: 17/10/2006

R Toefy
CEO
Executive
Appointed: 01/03/2008

GM Fisher
Non-executive
Appointed: 22/11/2011

SA Fisher (Dr)
Non-executive
Appointed: 09/02/2007

SW Fourie
Non-executive
Appointed: 22/11/2011

MA Gierdien
Non-executive
Appointed: 17/10/2007

S Montsi
Non-executive
Appointed: 16/10/2007
Resigned: 22/11/ 2011

TM Pasiwe
Non-executive
Appointed: 05/07/1999
Retired by rotation: 18/10/2011

JK Pather
COO
Executive
Appointed: 26/08/2011

LF Platzky (Dr)
Non-executive
Appointed: 01/08/2005
Resigned: 13/10/2011

BN Roberts
Non-executive
Appointed: 16/09/2007
Resigned: 13/10/2008

AC Seymour (CA(SA))
Non-executive
Appointed: 10/02/2009

DC Skeate
Non-executive
Appointed: 05/07/1999

HJ Taljaard
Non-executive
Appointed: 05/07/1999

BOARD COMMITTEES

Audit and Risk Committee
AC Seymour (CA(SA)) (Chairman)
SA Fisher (Dr)
SW Fourie
DC Skeate

Remuneration Committee
HJ Taljaard (Chairman)
AM Boraine
AC Seymour (CA(SA))

Nominations Committee
AM Boraine (Chairman)
SW Fourie
AC Seymour (CA(SA))

CTICC Expansion Committee
AM Boraine (Chairman)
GM Fisher
SA Fisher
DC Skeate

Social and Ethics Committee
HJ Taljaard (Chairman)
MA Gierdien
R Toefy

Administration
Company Registration Number
1999/007837/07

Registered Office
Convention Square
1 Lower Long Street
Cape Town 8001

PO Box 8120
Roggebaai 8012

Company Secretary
MM Thirion
Appointed: 1 August 2006
PO Box 8120
Roggebaai 8012

Auditors
Office of the Auditor-General
of South Africa
Private Bag X1
Chempet 7442

Principal Bankers
ABSA Bank Ltd a member of the
Barclays Group
PO Box 7735
Johannesburg 2000

Attorneys
DLA Cliffe Dekker Hofmeyr
a member of the DLA Piper Group
PO Box 695
Cape Town 8000

DIRECTORATE AND ADMINISTRATION

for the year ended 30 June 2012

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

Name of Director	Board	Audit Committee	Remuneration Committee	Nominations Comittee	Ethics Committee	Expansion Committee
	6 meetings	5 meetings	4 meetings	2 meetings	1 meeting	4 meetings
AM Boraine	6	(1)	3	2		4
GM Fisher	3					1
SA Fisher (Dr)	4	2				3
SW Fourie	4	1				(1)
MA Gierdien	4				1	
S Montsi	2		2			
TM Pasiwe	0	2				
JK Pather	6	(5)	(4)			(1)
LF Platzky (Dr)	1			1		(1)
BN Roberts	1					1
AC Seymour	6	5	1	2		(1)
DC Skeate	5	2				
HJ Taljaard	6		4		1	(1)
R Toefy	6	(5)	(4)	(2)	1	4

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2012

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

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Page

Approval of the Annual Financial Statements

The financial statements which appear on pages 46 - 84 were approved by the board of directors on 31 August 2012 and are signed on their behalf by:

Director
31 August 2012

Director
31 August 2012

Director
31 August 2012

The directors have pleasure in presenting their report for the year ended 30 June 2012.

1. General review

The company's business and operations and the results thereof are clearly reflected in the attached financial statements.

2. Statements of responsibility

The directors have responsibility for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the financial statements of the Cape Town International Convention Centre Company SOC Limited. The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations of such statements issued by the Accounting Practices Board. The financial statements are based on appropriate accounting policies, consistently applied.

The directors are also responsible for the company's systems of internal financial control. These control procedures are designed to provide reasonable, but not absolute, assurance about the reliability of the financial statements, that assets are safeguarded and to prevent and detect losses. The directors are not aware of any significant breakdown in the functioning of these measures, procedures and systems during the year under review.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future, based on forecasts and available cash and finance resources.

The financial statements have been audited by the Auditor-General of South Africa, who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, board of directors and committees of the board. The directors are of the opinion that all representations made to the independent auditors during the audit are valid and appropriate.

3. Dividends

No dividends were declared or recommended during the year.

4. Share capital

There were no changes in the authorised and issued share capital of the company during the period under review.

5. Events subsequent to year end

Negotiations on the potential expansion of the convention centre have taken place after year end.

REPORT OF THE DIRECTORS

for the year ended 30 June 2012

6. Directors

The directors of the company during the year under review and at the date of this report were:

R Toefy (CEO)	
AM Boraine (Chairman)	
DC Skeate	
SA Fisher(Dr)	
SW Fourie	- appointed on 22 November 2011
MA Gierdien	
JK Pather	- appointed on 26 September 2011
AC Seymour	
HJ Taljaard	
GM Fisher	- appointed on 22 November 2011
BN Roberts	- replaced by shareholder i.t.o. MOI on 13 October 2011
TM Pasiwe	- retired by rotation at AGM on 18 October 2011
LF Platzky(Dr)	- replaced by shareholder i.t.o. MOI on 13 October 2011
S Montsi	- resigned on 22 November 2011

7. Auditors

The Auditor-General of South Africa was reappointed as auditor in terms of the Municipal Finance Mangement Act, 2003 (Act No. 56 of 2003) (MFMA).

8. Holding company

The company is controlled by the City of Cape Town, which owns 50.2% of the company's shares.
The remaining shares are held by the Provincial Government of the Western Cape (25.1%)and SunWest International (Pty) Ltd (24.7%).

9. Subsidiary

The company has only one subsidiary, the Cape Town International Convention Centre Operating Company SOC Limited (OPCO). OPCO is in the process of being deregistered. Consolidated financial statements have not been prepared as OPCO is dormant and is not considered material.

COMPANY SECRETARY'S CERTIFICATE

for the year ended 30 June 2012

In terms of section 88(2)(e) of the Companies Act, 71 of 2008 ('the Act'), I certify that the company has lodged with the Companies and Intellectual Property Commission, all returns and notices as required by the Act in respect of the financial year ended 30 June 2012, and that all such returns and notices are true, correct and up to date.

MM Thirion
Company Secretary
31 August 2012

REPORT OF THE AUDIT COMMITTEE

for the year ended 30 June 2012

The committee submits its report as required by section 94 of the Companies Act, 71 of 2008.

Audit Committee responsibility

The committee has adopted and operates in terms of formal terms of reference, which have been approved by the board and which are regularly reviewed. It fulfils its responsibilities in terms of the Municipal Finance Management Act, 56 of 2003 (MFMA), the Companies Act, 71 of 2008 and its terms of reference. The committee has an independent role with accountability to both the board and the shareholders. It does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management. The committee acts in an advisory and oversight capacity and makes objective and independent recommendations to the board of directors; it does not relieve management of its responsibilities but makes objective and independent recommendations.

Composition of the committee

The committee currently comprises four non-executive directors with appropriate qualifications and experience, nominated by the board and appointed by the Council of the City of Cape Town. A quorum for meetings is a majority of the members present.

Name of committee member	**Qualifications**
AC Seymour (Chairman)	B.Com (Acc.); Hons B. Compt; CA (SA)
SA Fisher (Dr)	M.B,CH.B.; M. Med
S Fourie (appointed 22 November 2011)	B.Com (Econ); Hons, M. Bus. Admin.
DC Skeate	BSc.
Temba Pasiwe (retired by rotation on 18 October 2011)	B.Com

Attendance at meetings

Committee meetings are attended by the Chief Executive Officer, Chief Operating Officer, General Manager: Finance and representatives of the internal and external auditors.

Refer to page 44 for the number of meetings held and attendance at meetings of the committee.

Key functions and responsibilities of the committee

The legal responsibilities of the Audit Committee are set out in the Companies Act, 71 of 2008, and the Municipal Finance Management Act, 56 of 2003.

The Audit Committee

- makes submissions to the board of directors, and advises the board, the accounting officer and the management of the company on matters relating to internal financial control and internal audits; risk management; accounting policies; the adequacy, reliability and accuracy of financial reporting and information; performance management and evaluation; effective governance, compliance with the MFMA and other applicable legislation and any other issues referred to it by the board

- ensures that the combined assurance received is appropriate to address all the significant risks facing the company; and monitors the relationship between the external assurance providers and the company

- has oversight and reviews the expertise, resources and experience of the company's finance function

- oversees the internal audit function which reports directly to the Audit Committee, reviews and approves the internal audit plan, and monitors the effectiveness of the internal audit function in terms of its scope, progress with execution of the internal audit plan, coverage and independence
- expresses a view on the effectiveness of the internal control environment by monitoring internal controls for effectiveness
- assists the board in ensuring that the company has implemented an effective policy and action plan for risk management
- oversees financial reporting risks; internal financial controls; fraud risks as they relate to financial reporting; and information technology risks as they relate to financial reporting
- oversees the external audit process and in this regard the committee approves the terms of engagement and remuneration for the external audit engagement, reviews the effectiveness of the external audit process
- performs such additional oversight functions as may be determined by the board from time to time

Discharge of responsibilities

The committee is satisfied that it has, during the past financial year, met its responsibilities as stipulated in its terms of reference and that it has complied with all its legal, regulatory and other responsibilities. The committee has a detailed work plan which is formally adopted to support its effective functioning during the period.

Internal control

The committee has, during the period under review:

- reviewed the expertise, resources and experience of the company's finance function and made appropriate recommendations to strengthen it. These were approved by the board and implemented.
- reviewed the quarterly and annual financial results, statements and reporting for proper and complete disclosure of timely, reliable and consistent information
- evaluated on an ongoing basis the appropriateness, adequacy and efficiency of accounting policies and procedures, compliance with Standards of Generally Recognised Accounting Practice (GRAP) and overall accounting standards as well as any changes thereto
- discussed and resolved any significant or unusual accounting issues
- reviewed and monitored the effectiveness, efficiency and the management as well as reporting of tax related matters
- reviewed the effectiveness of the company's system of internal financial controls including receiving assurance from management, internal audit and external audit
- reviewed the company's policies and procedures for preventing and detecting fraud
- reviewed the significant issues raised by the internal and external auditors
- exercised oversight in respect of the enterprise risk management function, which remains management's responsibility

The committee has extensively reviewed quarterly financial and performance reporting together with findings from the Auditor General and internal audit. These findings have been discussed with management. Based on the processes and assurances obtained, the committee believes that the significant internal financial controls are generally effective.

External audit

The Audit Committee is satisfied that the auditor was independent of the company.

Annual financial statements and conclusion

The committee has reviewed the year-end financial statements and integrated annual report and recommended approval thereof to the board. The financial statements are prepared in accordance with the basis of accounting determined by the National Treasury as set out in accounting policy note 1 and in a manner required by the MFMA.The committee has reviewed the external auditors' management letter and management's response thereto. The committee acknowledges the matters of significance raised in the Auditor General's report. The committee recommended the annual financial statements to board for approval.

The board has subsequently approved the integrated report, which will be open for discussion at the upcoming annual general meeting.

The committee is confident of the combined assurance approach with the continued support of the board, shareholders and key stakeholders in the new financial year.

AC Seymour CA(SA)
Audit Committee Chairman
31 August 2012

REPORT OF THE REMUNERATION COMMITTEE

for the year ended 30 June 2012

Statement from the Chairman of the Remuneration Committee.

Composition of the committee

The committee currently comprises three non-executive directors of the company and the Director: Shareholding Management of the City of Cape Town is invited to attend all committee meetings. The executive directors and certain members of management attend meetings by invitation. The committee met four times during the period under review. Details of attendance at meetings are provided on page 44 of this report.

The role of the committee

The committee has adopted and operates in terms of formal terms of reference, which have been approved by the board and which are regularly reviewed. The committee has an independent oversight and advisory role. A formal work plan has been adopted.

Key functions and responsibilities of the committee

The committee:

- assists the board in ensuring that the company remunerates its directors and executives fairly and responsibly and that the disclosure of remuneration is accurate, complete and transparent and in accordance with the laws and regulations applicable to the company
- monitors the administration of remuneration at all levels in the company
- oversees the establishment of a remuneration strategy which promotes the achievement of the company's strategic objectives and encourage individual performance
- evaluates the performance of the Chief Executive Officer in determining his remuneration
- advises the board on the remuneration of non-executive directors
- exercises oversight of matters related to human resources

Remuneration strategy and policy

Convenco's remuneration strategy is aimed at attracting, motivating and retaining competent and talented leaders and staff in order to ensure that its business remains sustainable.

A performance-based incentive scheme has been introduced and it has been rolled out to all levels of the organisation. Key performance indicators are identified and agreed between each staff member and his/her immediate superior and his/her performance is measured against these agreed indicators. A reward and recognition programme has also been implemented.

Remuneration packages are reviewed annually, and are benchmarked to similar positions in the meetings industry to ensure that they are fair and competitive.

REPORT OF THE REMUNERATION COMMITTEE

for the year ended 30 June 2012

Directors' remuneration

The company's strategy for the remuneration of non-executive directors is aimed at ensuring that levels of remuneration are sufficient to attract, retain and motivate suitably skilled and experience non-executive directors, recognising the responsibilities borne by directors and ensuring that they are remunerated fairly and responsibly within the constraints of the Municipal Finance Management Act, 56 of 2003 and the company's Memorandum of Incorporation.

The Company's Directors' Remuneration Policy was approved by the shareholders at the previous Annual General Meeting of the company, held on 18 October 2011.

Refer to page 74 for details of the directors' remuneration for the period under review.

Challenges going forward

The fact that the upper limits of the remuneration packages of the CEO and senior executives reporting to the CEO are determined by the company's parent municipality according to its grading of the relevant positions, was identified as a major risk during the recent risk assessment of the company. The board has taken cognisance of the risk of not retaining scarce skills and talent and has commissioned an independent study into executive remuneration in the industry.

HJ Taljaard
Remuneration Committee Chairman
31 August 2012

REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL OF THE CITY OF CAPE TOWN ON THE CAPE TOWN INTERNATIONAL CONVENTION CENTRE SOC LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Cape Town International Convention Centre SOC Limited set out on pages 58 to 84, which comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officers' responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) (Companies Act of South Africa), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

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

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

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

REPORT FROM THE AUDITOR-GENERAL

for the year ended 30 June 2012

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Cape Town International Convention Centre SOC Limited as at 30 June 2012, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP, and the requirements of the MFMA and the Companies Act of South Africa.

Emphasis of matter

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

Irregular expenditure

8. As disclosed in note 18 to the financial statements, irregular expenditure amounting to R2 709 957 was incurred, as a result of non-compliance with supply chain management regulations.

Additional matters

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

Unaudited supplementary schedules

10. I draw attention to the fact that the supplementary information set out on pages 85 and 86 does not form part of the financial statements and is presented as additional information. I have not audited this information and accordingly do not express an opinion on it.

Other reports required by the Companies Act

11. As part of my audit of the financial statements for the year ended 30 June 2012, I have read the report of the directors, the company secretary's certificate, the report of the audit committee and the report of the remuneration committee and for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports I have not identified material inconsistencies between the reports and the audited financial statements. I have not audited the reports and accordingly do not express an opinion on them.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 12 to 27 of the annual report.

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

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

15. The material finding is as follows:

Reliability of economic spin-off and jobs created, in the annual performance report

Accuracy

16. The National Treasury *Framework for managing programme performance information* requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. I was unable to obtain all the information and explanations I considered necessary to satisfy myself as to the accuracy of the actual reported performance relevant to 50% (two out of four) of the selected objectives. This was due to the entity's records not permitting the application of alternative audit procedures.

Compliance with laws and regulations

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

Human resource management and compensation

18. The total cost of employment of two senior officials exceeded the upper limit applicable for the period, as communicated by the parent municipality which constitutes non-compliance with section 89(a) of the MFMA.

Internal control

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

REPORT FROM THE AUDITOR-GENERAL continued

for the year ended 30 June 2012

Leadership

20. The board of directors accepted the risk of non-compliance with section 89(a) of the MFMA and deviated in order to secure two key management positions.

Financial and performance reporting

21. Management did not implement adequate controls to ensure that information relating to events is recorded in a timely and consistent manner and that the information is supported by objective evidence.

OTHER REPORTS

Investigations

22. Two fraud investigations initiated by management relating to the misappropriation of funds which arose in the prior year are in progress. Charges have been laid by management and the matters have been handed over to the state for prosecution.

Auditor-General

Auditor-General of South Africa
Cape Town
12 September 2012

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

STATEMENT OF FINANCIAL POSITION

as at 30 June 2012

	NOTES	2012 R	2011 R
ASSETS			
Non-current assets		**176 273 310**	180 416 732
Property, plant and equipment	2	**176 273 210**	180 416 632
Investment in subsidiary	3	**100**	100
Current assets		**140 832 694**	145 092 653
Inventories	5	**1 377 427**	1 384 850
Trade and other receivables	6	**6 522 435**	9 283 260
Cash and cash equivalents	13.3	**132 932 832**	134 424 543
Total Assets		**317 106 004**	325 509 385
NET ASSETS AND LIABILITIES			
Net assets		**272 846 259**	266 171 000
Contribution from owners	7	**565 639 701**	565 639 701
Accumulated deficit		**(292 793 442)**	(299 468 701)
Non-current liabilities			
Deferred taxation	4	**6 915 462**	8 317 610
Current liabilities		**37 344 283**	51 020 775
Client deposits		**16 496 904**	11 202 798
Trade and other payables	8	**16 366 508**	36 811 995
Provisions	9	**3 067 709**	2 467 728
Receiver of Revenue		**1 413 162**	538 254
Total net assets and liabilities		**317 106 004**	325 509 385

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2012

	NOTES	2012 R	2011 R
Revenue		**137 300 643**	143 297 502
Cost of Sales		**(17 085 144)**	(19 590 390)
Gross profit		**120 215 499**	123 707 112
Other operating income		**11 544 977**	11 865 355
Finance Income	11	**7 465 873**	7 660 146
Other		**4 079 104**	4 205 209
Operating Expenses		**(120 926 086)**	(131 412 263)
Operating profit	10	**10 834 390**	4 160 204
Finance costs	11	**(45 532)**	(61 176)
Profit before taxation		**10 788 858**	4 099 028
Taxation	12	**(4 113 599)**	(6 425 618)
Net profit/(loss) for the year		**6 675 259**	(2 326 590)

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 30 June 2012

	ISSUED CAPITAL R	SHARE PREMIUM R	CONTRIBUTIONS FROM OWNERS R	ACCUMULATED DEFICIT R	TOTAL R
Balance at 1 July 2010	566	565 639 135	565 639 701	(297 142 111)	268 497 590
Loss for the year	-	-	-	(2 326 590)	(2 326 590)
Balance at 30 June 2011	**566**	**565 639 135**	**565 639 701**	**(299 468 701)**	**266 171 000**
Profit for the year	-	-	-	6 675 259	6 675 259
Balance at 30 June 2012	**566**	**565 639 135**	**565 639 701**	**(292 793 442)**	**272 846 259**

CASH FLOW STATEMENT

for the year ended 30 June 2012

	NOTES	2012 R	2011 R
Cash flow from operating activities		**8 459 255**	37 616 930
Cash receipts from customers		**149 434 677**	144 073 630
Cash paid to suppliers and employees		**(136 289 052)**	(96 394 515)
Cash generated from operations	13.1	**13 145 625**	47 679 115
Finance costs	11	**(45 532)**	(61 176)
Taxation paid	13.2	**(4 640 838)**	(10 001 009)
Cash flow from investing activities		**(9 950 966)**	(27 346 769)
Acquisition of property, plant and equipment		**(17 416 839)**	(35 332 081)
Proceeds on disposal of property, plant and equipment		-	325 166
Finance income	11	**7 465 873**	7 660 146
Cash flow from financing activities			
Loans repaid		-	-
Decrease in share capital		-	-
(Decrease)/Increase in cash and cash equivalents		**(1 491 711)**	10 270 161
Cash and cash equivalents at beginning of the year	13.3	**134 424 543**	124 154 382
Cash and cash equivalents at end of the year	**13.3**	**132 932 832**	134 424 543

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

1. Accounting Policies

1.1 Basis of preparation

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including interpretations guidelines and directives issued by the Accounting Standards Board in accordance with the Public Finance Management Act (Act 1 of 1999).

The cash flow statement has been prepared in accordance with the direct method. The amount and nature of any restrictions on the cash balance are disclosed.

GRAP Standards issued but not yet effective

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the entity:

GRAP 21 Impairment of non-cash generating assets	This standard becomes effective for years beginning on or after 1 April 2012 and will only be formally adopted on this date. It determines the requirements and provides additional guidance on how to impair non-cash generating assets, being assets that are not held to generate any sort of commercial benefits. In particular, it provides guidance on how to determine an asset's recoverable service amount in the absence of any future cash flows.
GRAP 23 Revenue from non-exchange transactions (taxes and transfers)	This standard becomes effective for years beginning on or after 1 April 2012 and will only be formally adopted on this date. It determines the requirements for revenue from non-exchange transactions. In particular, it requires the entity to recognise revenue from grants received, to the extent that there are no further conditions attached to the grant that give rise to an obligation to repay.
GRAP 24 Presentation of budget information in financial statements	This standard becomes effective for years beginning on or after 1 April 2012 and will only be formally adopted on this date. It determines the specific requirements and provides additional guidance on how to present a comparison between budgeted and actual amounts in the financial statements, as required by GRAP 1. This is expected to add significantly to the level of disclosures currently being provided in terms of the interim guidance on minimum budget information from the Accountant General's Office.
GRAP 25 Employee benefits	This standard prescribes similar requirements to those in terms of IAS 19, which has been applied in developing the current accounting policy. Since there are no post-employment benefits, no significant impact on the financial statement of the entity is expected. The standard does not yet have an effective date.
GRAP 26 Impairment of cash generating assets	This standard becomes effective for years beginning on or after 1 April 2012 and will only be formally adopted on this date. It determines the requirements and provides additional guidance on how to impair cash generating assets, being assets that are expected to generate a commercial benefit.
GRAP 104 Financial instruments	This standard becomes effective for years beginning on or after 1 April 2012 and will only be formally adopted on this date. This standard will introduce some relatively significant changes when compared to IAS 39, especially in the way financial assets are classified and treated. The principles of GRAP 104 have already been incorporated in developing accounting policy of the entity for the current year.

1. Accounting policies continued

Standards not applicable to the entity include:

GRAP 18	Segment reporting (Not required by the Accounting Standards Board)
GRAP 103	Heritage assets (The entity does not hold any heritage assets)

The accounting Standards Board Directive 8, paragraph 30, allows for the entity to selectively apply the principles established in a standard of GRAP that has been issued, but is not yet in effect, in developing an appropriate accounting policy dealing with a particular transaction or event before applying paragraph 12 of GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors.

The entity applied the principles established in the following standards of GRAP that have been issued but have not yet been in effect, in developing appropriate accounting policies dealing with the following transactions, but has not early adopted these standards:

GRAP 21	Impairment of non-cash generating assets
GRAP 23	Revenue from non-exchange transactions (taxes and transfers)
GRAP 24	Presentation of budget information in financial statements
GRAP 25	Employee benefits
GRAP 26	Impairment of cash generating assets
GRAP 104	Financial instruments

The significant accounting policies are set out below, and are consistent with those applied in the previous financial year.

In the process of applying the accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which has the most significant effect on the amounts recognised in the financial statements.

Impairment of trade receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation where appropriate. The estimation of residual values of assets is also based on management's judgment whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

Provisions and contingent liabilities

Management's judgement is required when recognising and measuring provisions, and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actual valuations.

1.2 Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs 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.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

2012	%
Fixtures and equipment	8.33 - 33.33
Motor vehicles	16.67 - 25.00
Furniture and fittings	6.67 - 20.00
Kitchen and catering equipment	11.11 - 50.00
Office equipment	10.00 - 50.00
Computer equipment	16.67 - 50.00
Computer software	33.33 - 50.00
Escalators and elevators	5.56 - 10.00
Carpets and laminated flooring	12.50 - 16.67
Curtains and blinds	10.00 - 20.00
Signage	8.33 - 33.33
Audiovisual equipment	7.69 - 16.67
Fences and gates	6.67 - 20.00
Cold rooms	5.88 - 16.67
Air-conditioning equipment	5.56 - 50.00
Sprinkler system	16.67 - 20.00
Auditorium seating	8.33 - 16.67
Building management system	5.88 - 33.33
Building	2.5 - 16.67

The assets' estimated useful lives and residual value are reviewed on an annual basis.

Repairs and maintenance are generally charged to expenses during the financial period in which they are incurred. However, major renovations are capitalised and included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in operating profit.

Where the carrying value of an asset exceeds the calculated recoverable amount, the asset is immediately written down.

1. Accounting policies continued

1.3 Impairment of assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

1.4 Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

1.5 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on the weighted average method and includes transport and handling costs. The weighted average cost is determined using a weighted average cost for the month based on the most recent month's purchases. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

1.6 Current tax

Taxation on the profit or loss for the year comprises current and deferred taxation. Taxation is recognised in profit or loss except to the extent that it relates to items recognised in equity, in which case it is recognised in equity.

1.6.1 Current taxation

Current taxation comprises tax payable calculated on the basis of the estimated taxable income for the year, using the tax rates enacted at the reporting date, and any adjustment of tax payable for previous years.

1.6.2 Deferred taxation

Deferred taxation is provided using the comprehensive liability method based on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

Deferred taxation is charged to profit or loss except to the extent that it relates to a transaction that is recognised in equity, in which case it is recognised in equity, or a business combination that is an acquisition, in which case it is recognised as an adjustment to goodwill. The effect on deferred taxation of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited to equity.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the tax benefit will be realised.

1.7 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made.

1.8 Revenue recognition

Revenue comprises the invoiced value of sales of goods and services net of value added tax, rebates and all discounts. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer. Revenue arising from the rendering of services is recognised when the event takes place.

Commission income is recognised for the rendering of services as an agent in accordance with the contract of hire agreements.

1.9 Financial instruments

The company classifies financial assets into the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. They are included in current assets for maturities greater than 12 months after the reporting date. These are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the statement of financial position.

1.9.1 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

1.9.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued.

1. Accounting policies continued

1.9.3 Trade payables
Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

1.9.3.1 Financial risk factors
The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk) credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

i) Interest rate risk
The company's income and operating cash flows are substantially independent of changes in market interest rates.

ii) Credit risk
Concentrations of credit risk with respect to trade receivables are limited due to the company's large number of customers, who are both internationally and nationally dispersed.

The company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The company has policies that limit the amount of credit exposure to any one financial institution, and cash transactions are limited to creditworthy institutions.

iii) 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.

iv) Capital risk management
The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

1.9.3.2 Fair value estimation
In assessing the fair value of financial instruments, the company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the company for similar financial instruments.

1.10 Translation of foreign currencies

Transactions
Foreign currency transactions are recorded on initial recognition in Rands, by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the transaction.

At each reporting date:
(a) foreign currency monetary items are reported using the closing rate, and
(b) non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting an enterprise's monetary items at rates different from those at which they are initially recorded during the period, or reported in previous financial statements, are recognised as income or expenses in the period in which they arise.

1.11 Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

The accruals for employee entitlements to salaries, performance bonus and annual leave represent the amounts which the entity has a present obligation to pay as a result of employees' services provided at the reporting date. The provisions have been calculated at discounted amounts based on current salary levels at the reporting date.

1.12 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for; expenditure that is not in terms of the conditions of an allocation received from another sphere of government; muncipality or organ of state; and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.13 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Municipal Systems Act, 2000 (Act No. 32 of 2000), and the Public Office Bearers Act, 1998 (Act No. 20 of 1998), or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.14 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Comparative information

Comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results, as set out in the affected notes to the financial statements. Budgeted amounts have been included in the annual financial statements for the current financial year only.

1.16 Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

1.16.1 Asset useful lives and residual values
Plant and equipment is depreciated over its useful life taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed annually and vary depending on a number of factors. In reassessing the assets' useful lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal value.

1. Accounting policies continued

1.17 Investment

Investments in subsidiary companies are stated at cost, less impairment losses.

1.17.1 Finance income

Finance income comprises interest income. Interest income is recognised in profit or loss on a time proportion basis, taking account of the principal outstanding and the effective interest rate over the period maturity, when it is probable that such income will accrue to the entity.

1.17.2 Finance costs

Finance costs are recognised as an expense in the period in which they are incurred.

1.18 Commission income

When the entity acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the entity.

2. Property, plant and equipment

	COST R	ACCUMULATED DEPRECIATION & IMPAIRMENT R	CARRYING VALUE R	COST R	ACCUMULATED DEPRECIATION & IMPAIRMENT R	CARRYING VALUE R
			2012			2011
Escalators	**3 417 720**	**1 197 339**	**2 220 381**	3 417 720	919 067	2 498 653
Elevators	**9 967 151**	**6 378 977**	**3 588 174**	9 967 151	5 670 201	4 296 950
Carpets/laminated flooring	**6 886 025**	**5 206 180**	**1 679 845**	6 799 612	4 671 112	2 128 500
Curtains/blinds	**2 742 081**	**1 868 237**	**873 844**	2 742 081	1 554 071	1 188 010
Signage	**5 226 899**	**3 312 733**	**1 914 166**	5 172 815	2 804 614	2 368 201
Audiovisual	**12 209 842**	**9 903 749**	**2 306 093**	12 160 136	8 766 409	3 393 727
Fences and gates	**1 322 010**	**656 099**	**665 911**	1 094 650	521 275	573 375
Cold rooms	**2 702 046**	**1 560 253**	**1 141 793**	2 572 402	1 385 234	1 187 168
Air-conditioning system	**33 434 269**	**16 419 561**	**17 014 708**	33 209 052	14 495 000	18 714 052
Sprinkler system	**4 891 993**	**4 729 423**	**162 570**	4 861 226	4 689 430	171 796
Auditorium seating	**5 167 452**	**3 798 858**	**1 368 594**	5 053 452	3 374 820	1 678 632
Building management system	**30 191 372**	**23 819 113**	**6 372 259**	29 920 550	21 435 253	8 485 297
Building	**444 477 810**	**344 717 763**	**99 760 047**	442 900 220	339 170 469	103 729 751
Plant and equipment	**8 002 321**	**6 307 313**	**1 695 008**	7 361 808	5 535 528	1 826 280
Motor vehicles	**1 244 215**	**1 058 589**	**185 626**	1 129 453	1 018 218	111 235
Furniture and fittings	**13 695 107**	**10 139 069**	**3 556 038**	12 705 862	8 609 541	4 096 321
Kitchen and catering	**18 911 240**	**14 157 968**	**4 753 272**	17 049 951	12 443 226	4 606 725
Office equipment	**4 717 997**	**3 154 527**	**1 563 470**	4 187 775	2 500 209	1 687 566
Computer equipment	**13 075 736**	**9 639 923**	**3 435 813**	11 094 217	7 546 423	3 547 794
Computer software	**3 117 218**	**2 376 240**	**740 978**	2 327 574	1 821 881	505 693
Assets in progress*	**37 365 964**	**16 091 344**	**21 274 620**	29 712 250	16 091 344	13 620 906
	662 766 468	**486 493 258**	**176 273 210**	645 439 957	465 023 325	180 416 632

*Assets in progress relate to the capitalised costs incurred on the expansion of the convention centre.

The carrying amounts of property, plant and equipment can be reconciled as follows:

2012	CARRYING VALUE AT BEGINNING OF YEAR R	RECLASSIFICATION R	ADDITIONS R	DISPOSALS R	DEPRECIATION & IMPAIRMENT R	CARRYING VALUE AT YEAR END R
Escalators	**2 498 653**	**-**	**-**	**-**	**278 272**	**2 220 381**
Elevators	**4 296 950**	**-**	**-**	**-**	**708 776**	**3 588 174**
Carpets/laminated flooring	**2 128 500**	**-**	**86 413**	**-**	**535 068**	**1 679 845**
Curtains/blinds	**1 188 010**	**-**	**-**	**-**	**314 166**	**873 844**
Signage	**2 368 201**	**-**	**54 084**	**-**	**508 119**	**1 914 166**
Audiovisual	**3 393 727**	**-**	**90 000**	**13 948**	**1 163 686**	**2 306 093**
Fences and gates	**573 375**	**-**	**227 360**	**-**	**134 824**	**665 911**
Cold rooms	**1 187 168**	**-**	**147 097**	**9 375**	**183 097**	**1 141 793**
Air-conditioning system	**18 714 052**	**-**	**225 218**	**-**	**1 924 562**	**17 014 708**
Sprinkler system	**171 796**	**-**	**30 766**	**-**	**39 992**	**162 570**
Auditorium seating	**1 678 632**	**-**	**114 001**	**-**	**424 039**	**1 368 594**
Building management system	**8 485 297**	**-**	**303 402**	**269**	**2 416 171**	**6 372 259**
Building	**103 729 751**	**-**	**1 577 590**	**-**	**5 547 294**	**99 760 047**
Plant and equipment	**1 826 280**	**-**	**640 513**	**-**	**771 785**	**1 695 008**
Motor vehicles	**111 235**	**-**	**114 762**	**-**	**40 371**	**185 626**
Furniture and fittings	**4 096 321**	**-**	**989 245**	**-**	**1 529 528**	**3 556 038**
Kitchen and catering	**4 606 725**	**-**	**1 861 289**	**-**	**1 714 742**	**4 753 272**
Office equipment	**1 687 566**	**-**	**530 222**	**-**	**654 318**	**1 563 470**
Computer equipment	**3 547 794**	**-**	**1 981 519**	**-**	**2 093 500**	**3 435 813**
Computer software	**505 693**	**-**	**789 644**	**-**	**554 359**	**740 978**
Assets in progress*	**13 620 906**	**-**	**7 653 714**	**-**	**-**	**21 274 620**
	180 416 632	**-**	**17 416 839**	**23 592**	**21 536 669**	**176 273 210**

2011	CARRYING VALUE AT BEGINNING OF YEAR R	RECLASSIFICATION R	ADDITIONS R	DISPOSALS R	DEPRECIATION & IMPAIRMENT R	CARRYING VALUE AT YEAR END R
Escalators	2 776 924	-	-	-	278 271	2 498 653
Elevators	5 005 725	-	-	-	708 775	4 296 950
Carpets/laminated flooring	1 546 037	24 692	1 513 990	41 667	914 552	2 128 500
Curtains/blinds	22 351	219 897	1 221 862	-	276 100	1 188 010
Signage	925 087	682 885	1 303 785	-	543 556	2 368 201
Audiovisual	4 427 703	477	148 992	-	1 183 445	3 393 727
Fences and gates	592 536	15 716	95 388	-	130 265	573 375
Cold rooms	1 360 323	-	-	-	173 155	1 187 168
Air-conditioning system	20 270 606	-	404 158	99 237	1 861 475	18 714 052
Sprinkler system	166 980	-	39 570	-	34 754	171 796
Auditorium seating	2 102 670	9 727	-	-	433 765	1 678 632
Building management system	6 434 424	15 282	4 358 767	-	2 323 176	8 485 297
Building	102 126 234	560 345	5 819 526	13 293	4 763 061	103 729 751
Plant and equipment	2 560 716	(912 903)	858 455	3 534	676 454	1 826 280
Motor vehicles	312 239	-	-	173 811	27 193	111 235
Furniture and fittings	4 653 000	(52 515)	1 046 045	-	1 550 209	4 096 321
Kitchen and catering	5 223 911	(478 706)	2 033 825	27 487	2 144 818	4 606 725
Office equipment	1 710 507	(280 625)	688 161	7 967	422 510	1 687 566
Computer equipment	2 921 433	195 728	2 286 409	96 057	1 759 719	3 547 794
Computer software	649 170	-	302 655	-	446 132	505 693
Assets in progress*	16 501 757	-	13 210 493	-	16 091 344	13 620 906
	182 290 333	-	35 332 081	463 053	36 742 729	180 416 632

2. Property, plant and equipment continued

Cost (fully depreciated property, plant and equipment)

	2012 R	2011 R
Audiovisual	**2 084 615**	358 652
Auditorium seating	**70 106**	70 106
Building	**398 227**	381 932
Building management system	**14 461 647**	8 519 840
Carpets	**3 650 591**	34 003
Curtains/blinds	**1 434 619**	587 053
Fences and gates	**42 110**	24 830
Signage	**1 107 824**	1 083 194
Sprinkler system	**4 626 326**	4 626 326
Air-conditioning	**10 348**	-
Vehicles	**934 684**	934 684
Computer software	**2 024 919**	1 221 496
Computer equipment	**6 372 551**	3 474 269
Office equipment	**1 186 863**	1 168 743
Furniture and fittings	**7 474 272**	352 769
Artwork	**1 321 095**	1 321 095
Plant and equipment	**832 180**	451 447
Kitchen and catering	**9 898 821**	8 439 860
	57 931 798	33 050 299

Impairment consideration

In line with our accounting policy for property, plant and equipment and GRAP for the impairment of assets, non-current assets were assessed during the period for possible indicators of impairment.

During the review, management has confirmed the following:

Building

(a) The main purpose of establishing the centre was to generate spin-off returns for the region.
(b) Due to the restrictions imposed on the use of the facility and site, no active market exists within which the value of the centre can be determined through an arm's length transaction between a willing buyer and a willing seller, and as such the value in use of the centre has been used to determine whether the building's carrying value may not be recoverable.
(c) Since inception, all initial targets for the region (spin-offs) and the operation of the convention centre have consistently been exceeded and are forecast to maintain this level of performance for the foreseeable future.
(d) Despite this, the value in use of the centre can only be attributed to the present value of the future cash flows generated within the centre itself, and excludes any value which it generates for other entities or business sectors.
(e) No value could be attached to the centre at the end of its useful life due to its disposal being highly unlikely with no reliable basis for measuring the disposal value.
(f) A discount rate of 8.75% (2011:11%) was used which was calculated using the risk free rate of the R207 of 8.0% adjusted by 0.75% for uncertainty regarding timing and extent of certain of the cash flows.

Based on the calculation of value in use, a value almost equal to the current carrying value of R99 760 047 was established for the building at date of calculation, which has resulted in a nil reversal of impairment.

Assets with a cost of R16 091 334 were impaired in the prior year as the recoverable amount was less than carrying value. This was mainly due to the fact that the initial Customs House expansion project was assessed as unlikely to continue and most of the cost incurred was irrecoverable and could not be used on the new expansion project.

NOTES TO THE FINANCIAL STATEMENTS continued
for the year ended 30 June 2012

3. Investment in subsidiary

The company has an investment in the following company:

	2012 R	2011 R
Unlisted		
Cape Town International Convention Centre Operating Company SOC Ltd (OPCO)	**100**	100

The agency agreement between Cape Town International Convention Centre Company SOC Ltd (Convenco) and Cape Town International Convention Centre Operating Company SOC Ltd (OPCO) terminated on 30 June 2010. OPCO does not reflect any trading activities in its financial results and will be deregistered.

4. Deferred taxation

Deferred income taxes are calculated on all temporary differences under the balance sheet liability method using a tax rate of 28%.

The deferred tax liability is made up as follows:

	2012 R	2011 R
At beginning of year	**8 317 610**	9 240 059
Temporary differences	**(1 402 148)**	(922 449)
At end of year	**6 915 462**	8 317 610

The balance comprises:

	2012 R	2011 R
Capital allowance (non-deductible temporary differences)	**6 915 462**	8 317 610
	6 915 462	8 317 610

5. Inventories

	2012 R	2011 R
Food	**694 147**	699 264
Beverage	**419 189**	539 033
Consumables	**239 112**	128 650
Chemicals	**24 979**	17 903
	1 377 427	1 384 850

6. Trade and other receivables

	2012 R	2011 R
Trade receivables	**4 436 700**	6 072 556
Less: provision for impairment of trade receivables	**(2 152 192)**	(602 782)
Trade receivables - net	**2 284 508**	5 469 774
Prepayments	**1 776 009**	903 766
Receiver of Revenue: VAT	**186 847**	-
Other receivables	**2 275 071**	2 909 720
	6 522 435	9 283 260
Trade receivables ageing		
Current (0 - 30 days)	**1 289 250**	2 149 973
31 - 60 days	**207 906**	(42 958)
61 - 90 days	**316 463**	(32 154)
91 - 120 days	**27 877**	604 118
+ 120 days	**2 595 204**	3 393 577
	4 436 700	6 072 556
Trade receivables past and impaired	**2 152 192**	602 782
Trade receivables due	**2 284 508**	5 469 774

The carrying amount of trade and other receivables approximates their fair value due to their short-term maturity.
Trade receivables in 120 days are not impaired as there is no history of default from these clients.
The carrying value of these trade receivables is denominated in the following currency: South African Rand.

	2012 R	2011 R
Provision for impairment of trade receivables		
Opening balance	**602 782**	3 561 688
Additional provision	**2 152 192**	602 782
Unused amounts reversed	**(602 782)**	(3 561 688)
Closing balance	**2 152 192**	602 782

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The company does not hold any collateral as security.

7. Contribution from owners

	2012 R	2011 R
Authorised		
300 ordinary shares of R1 each	**300**	300
56 000 A ordinary of 1c each	**560**	560
14 000 B ordinary shares of 1c each	**140**	140

Issued and fully paid ordinary shares	number of shares	Share Capital	Share Premium
Opening balance	56 599	**566**	565 639 135
A ordinary shares	42 599	**426**	425 999 574
B ordinary shares	14 000	**140**	139 639 561
Movements	-	**-**	-
Closing balance	56 599	**566**	565 639 135
A ordinary shares	42 599	**426**	425 999 574
B ordinary shares	14 000	**140**	139 639 561

8. Trade and other payables

	2012 R	2011 R
Trade payables	**10 356 150**	18 506 968
Accruals	**5 626 453**	17 568 789
Receiver of Revenue: VAT	**-**	449 450
Sundry payables	**383 905**	286 788
	16 366 508	36 811 995

The carrying amount of trade and other payables approximates their fair value due to short-term maturity.

The carrying value of these trade payables is denominated in the following currency: South African Rand	**9 571 539**	18 506 968

9. Provisions

	2012 R	2011 R
Performance bonus provision		
Opening balance	**2 467 728**	2 319 813
Additional provisions	**3 067 709**	2 467 728
Prior year provision utilised	**(2 467 728)**	(2 319 813)
Closing balance	**3 067 709**	2 467 728

Performance bonuses accrue to staff on an annual basis based on the achievement of predetermined performance.
The provision is an estimate of the amount due to staff in the service of the company at reporting date.

10. Operating profit

Operating profit is stated after:

	2012 R	2011 R
Income		
(Loss)/Profit on foreign exchange	**(7 286)**	32 186
Rental income		
Vexicure (Pty) Ltd t/a Westin	**2 277 880**	2 148 450
Expenditure		
Auditors' remuneration - audit fee	**794 357**	637 503
Bad debts	**1 598 719**	299 062
Director's remuneration		
Non-executive director's remuneration	**144 040**	236 589
CEO		
Basic salary	**1 321 584**	1 167 024
Bonus	**179 563**	147 203
Key management remuneration		
COO		
Basic salary	**1 292 874**	1 197 696
Bonus	**175 662**	159 692
Operations		
Basic salary	**930 198**	823 704
Bonus	**131 066**	109 181
Commercial		
Basic salary	**885 024**	801 882
Bonus	**124 701**	109 181
Finance		
Basic salary	**966 492**	904 236
Bonus	**156 330**	145 082
Human resources		
Basic salary	**106 066**	595 452
Bonus	**-**	80 866

The upper limits of salary levels applicable for the period, as determined by the parent municipality in terms of section 89(a) of the MFMA, has been exceeded for two senior officials. The board has taken the decision to exceed the upper limits for retention purposes and has taken the necessary steps to remedy the situation in consultation with the parent municipality.

	2012 R	2011 R
Depreciation (property, plant and equipment)	**21 536 669**	20 651 385
Impairment (property, plant and equipment)	**-**	16 091 344
Management fees - Amsterdam RAI (refer to note 16)	**1 043 371**	972 994
Repairs and maintenance on property, plant and equipment	**6 641 858**	7 621 363
Revenue		
Commissions	**10 121 623**	11 473 651
Parking	**7 448 235**	8 058 787
Sales	**119 730 785**	123 765 064
	137 300 643	143 297 502

11. Finance income and costs

	2012 R	2011 R
Finance income (cash and cash equivalents)	**7 465 873**	7 660 146
Finance cost (finance costs - financial institution)	**(45 532)**	(61 176)
Net finance income	**7 420 341**	7 598 970

12. Taxation

	2012 R	2011 R
South African normal taxation		
Current year	**5 801 464**	7 348 067
Overprovision prior year	**(285 717)**	-
Deferred taxation (refer note 4)	**(1 402 148)**	(922 449)
Taxation	**4 113 599**	6 425 618
Profit before taxation	**10 788 858**	4 099 028
Tax calculated at 28%	**3 020 880**	1 147 728
Overprovision prior year	**(285 717)**	-
Deferred tax asset recognised	**(1 402 148)**	(922 449)
Expenses not deductible for tax purposes	**2 780 584**	6 200 340
	4 113 599	6 425 618

13. Notes to the cash flow statement

13.1 Cash generated from operations

	2012 R	2011 R
Profit before taxation	**10 788 858**	4 099 028
Adjustment for:		
Depreciation	**21 536 669**	20 651 385
Impairment	**-**	16 091 344
Finance income	**(7 465 873)**	(7 660 146)
Asset write off	**23 592**	169 076
Finance costs	**45 532**	61 176
Profit on disposal of property, plant and equipment	**-**	(31 189)
Increase in provision for bonuses	**599 981**	147 915
Increase in provision for impairment of trade receivables	**1 549 410**	(2 958 906)
	27 078 169	30 569 683
Movements in working capital		
Decrease inventories	**7 423**	1 093 827
Decrease in receivables	**1 211 415**	1 759 973
(Decrease)/Increase in payables	**(15 151 382)**	14 255 632
	13 145 625	47 679 115

13. Notes to the cash flow statement continued

13.2 Taxation paid

	2012 R	2011 R
Balance at beginning of the year	**538 254**	3 191 196
Taxation charged to income statement	**5 515 746**	7 348 067
Balance at end of the year	**(1 413 162)**	(538 254)
	4 640 838	10 001 009

13.3 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balance with banks.

	2012 R	2011 R
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Current accounts	**6 521 772**	13 479 026
Call and investment accounts	**126 335 901**	120 857 570
Petty cash	**5 500**	5 500
Cash float	**63 000**	64 800
Cash on hand	**6 659**	17 647
Cash and cash equivalents	**132 932 832**	134 424 543

The following bank and investment accounts were held by the entity:

	2012 R	2011 R
Nedbank Current Account (Acc Number: 1232043850)	**873 670**	5 957 860
Nedbank Call Account (Acc Number: 03/7881544007/46)	**4 563 692**	3 551 155
Nedbank Investment Account (Acc Number: 03/7881544007/79)	**12 114 316**	11 462 915
ABSA Bank Current (Acc Number: 4072900553)	**2 152 900**	4 271 501
ABSA Bank - Hotel Serv - Current (Acc Number: 4072900228)	**1 355 011**	424 819
ABSA Bank - Exh Serv - Current (Acc Number: 4072900731)	**325 072**	1 098 109
Bank Treasury (Acc Number: 4073731246)	**54 788**	52 214
ABSA Bank Treasury (Acc Number: 4073733701)	**1 760 331**	1 674 523
Absa Bank - Call Deposit (Acc Number: 4074708347)	**2 513 438**	9 764 093
Absa Bank - Fixed Deposit (Acc Number: 20603714)	**5 131 260**	11 000 744
Stanlib - Bank (Acc Number: 551436367)	**17 743 107**	5 336 872
Standard Bank Investment Account (Acc Number: 448976)	**19 279 996**	18 237 722
Standard Bank Investment Account (Acc Number: 450791)	**16 493 256**	15 604 883
Absa Bank- Investment New 2 (Acc Number: 2034378)	**18 636 103**	17 637 329
Absa Bank- Investment New 1 (Acc Number: 2020771)	**16 751 207**	15 853 974
Nedbank - Three-Month Deposit (Acc Number: 03/7232511442/77)	**13 109 526**	12 407 884

14. Expenses by nature

	2012 R	2011 R
Depreciation	**21 536 669**	20 651 385
Employee related costs (note 17)	**32 137 110**	30 640 127
Changes in inventories	**(7 423)**	(1 093 827)
Raw materials and consumables used	**17 077 721**	18 496 563
Advertising cost	**3 153 799**	3 154 419
Other expenses	**64 158 886**	79 215 162
Total cost of sales and operating expenses	**138 056 762**	151 063 829

15. Related parties

	2012 R	2011 R
City of Cape Town		

The City of Cape Town is the controlling shareholder of Convenco. The City of Cape Town has leased the land, on which the convention centre is built, to the company for a period of 99 years at a cost of R100 per annum.

In terms of an agreement dated April 2001, Convenco has sub-leased a portion of land to Vexicure (Pty) Ltd t/a Westin for an initial period of 30 years extendable by 50 years. The hotel erected on this site reverts to the City of Cape Town should the lease not be renewed.

In terms of an agreement dated September 2005, Convenco has sub-leased a portion of land to Spearhead Property Holdings Limited for an initial period of 50 years extendable by 20 years. The office tower (Convention Towers) erected on this site reverts to the City of Cape Town should the lease not be renewed.

	2012 R	2011 R
Related party transactions		
Rates and taxes	**5 456 958**	5 569 502
Electricity	**8 942 167**	7 225 910
Water	**866 719**	847 587
Lease P1 Parking (including refuse, sewerage, rates and water)	**2 471 688**	2 354 124
Key management remuneration	**5 502 238**	5 489 994
Related party balances		
Amounts owing to City of Cape Town	**1 313 885**	2 765 631

16. Management contract

RAI Amsterdam currently provides the services of international management support and marketing support services. The contract terminates on 30 June 2012.

	2012 R	2011 R
Fixed management fees	**1 043 371**	972 994
	1 043 371	972 994

17. Employee-related costs

	2012 R	2011 R
Salaries and wages	**24 458 652**	23 777 152
Contributions for UIF, WCA, medical aid, etc	**1 920 058**	1 548 410
Provident fund	**2 055 979**	1 764 364
Overtime	**206 816**	483 928
Performance bonus	**2 651 165**	1 879 405
Other: staff transport and health and safety costs	**844 440**	1 186 868
Total employee-related costs	**32 137 110**	30 640 127

18. Irregular and fruitless and wasteful expenditure

18.1 Fruitless and wasteful expenditure

	2012 R	2011 R
Opening balance	**555 109**	-
Fruitless and wasteful expenditure for the year	**-**	730 688
Amount recovered	**(266 748)**	(175 579)
Closing balance to be recovered	**288 361**	555 109

Further arrangements for recovery to be expected.

Incident	**Disciplinary steps/criminal proceedings/resolution**		
Theft of cash and	Matter was reported to South African Police		
Misappropriation of funds	Service and is still under investigation	**-**	321 708
	Recovered from employee	**-**	(175 579)
Fraudulent supplier payment	Matter was reported to South African Police		
	Service and is still under investigation	**-**	408 980
	Recovered from insurance	**(266 748)**	-
		(266 748)	555 109

18.2 Irregular expenditure

	2012 R	2011 R
Opening balance	**-**	1 390 020
Irregular expenditure - supply chain regulations	**2 709 957**	9 961 975
Irregular expenditure certified as irrecoverable by the board of directors	**(2 709 957)**	(11 351 995)
Closing balance	**-**	-

Subsequent to year end, the board of directors has ratified the write off of the irregular expenditure.

Incident **Disciplinary steps/criminal proceedings/resolution**		
Irregular expenditure in a few instances occurred due to the nature and industry of our business which did not allow us to adhere to the supply chain regulations	**2 709 957**	9 961 975
Irregular expenditure certified as irrecoverable by the board of directors	**(2 709 957)**	(9 961 975)
	-	-

19. Operating leases

2012	**1yr**	**2-5yrs**	**5yrs+**
Future minimum lease payments (ZAR)	**2 208 989**	**9 960 088**	**486 713 765**
2011			
Future minimum lease payments (ZAR)	2 367 334	9 384 683	489 498 135

Future minimum lease payments for the operating leases relates to the following leases:
1. City of Cape Town - 99 year lease of land, remaining term 88 years 5 months.
2. City of Cape Town - 50 year lease of P1 parking garage, remaining term 39 years 3 months.
3. Spearhead Property Holdings (Pty) Ltd - 3 year lease of office space, remaining term 4 months.

20. Statement of comparison of budget and actual amounts - audited

The budget is approved on an accrual basis by nature classification. The approved budget covers the fiscal period from 01 July 2011 to 30 June 2012. Both the budget and the accounting figures are prepared on the same basis.

20.1 Revenue and expenditure for the year ended 30 June 2012

	2012 ACTUAL R	2012 BUDGET R
Revenue	**137 300 643**	**142 058 066**
Other income	**3 036 051**	**3 002 925**
Less direct costs:	**(29 205 273)**	**(29 189 756)**
Cost of sales	**(16 988 158)**	(17 685 453)
Direct personnel	**(9 345 875)**	(8 178 738)
Parking costs	**(2 471 688)**	(2 605 565)
Equipment hire	**(399 552)**	(720 000)
Add: Finance income*	**7 465 873**	**5 499 996**
Less: Indirect expenditure*	**(107 808 436)**	**(119 024 214)**
Personnel costs	**(32 926 140)**	(34 399 721)
Operations general	**(1 620 283)**	(1 731 250)
Utility services	**(15 505 733)**	(17 072 215)
Maintenance	**(6 307 765)**	(7 914 912)
Building costs	**(9 718 543)**	(10 232 400)
Office costs	**(3 770 617)**	(3 885 237)
Computer expenses	**(5 027 870)**	(4 529 996)
Advisors	**(2 170 811)**	(2 715 450)
Travel and entertainment	**(1 605 312)**	(2 100 336)
Marketing and corporate communications	**(2 927 516)**	(5 316 692)
Catering materials	**(2 003 555)**	(2 335 197)
Bad debts	**(1 598 719)**	(256 000)
Management fees (note 16)	**(1 043 371)**	(1 500 000)
Depreciation	**(21 536 669)**	(25 034 808)
Finance costs	**(45 532)**	-
Net profit for the period*	**10 788 858**	**2 347 017**

***Explanation of variances between budget and actual for categories greater than 5%**
Finance income - This is due to a steady interest rate earned from favourable cash balances.
Indirect expenditure - Substantial savings on indirect expenses was achieved through strict budgetory control.
Net profit for the period - Increased other and finance income and significant cost savings contributed to the improved performance.

20.2 Capital Expenditure for the year ended 30 June 2012

CATEGORY	2012 ACTUAL	2012 BUDGET
Building enhancements	3 431 526	8 270 000
IT and electronic infrastructure	3 399 612	10 715 736
Kitchen enhancements	873 695	1 029 105
Catering furniture and equipment	1 967 962	5 039 000
Other Capex items	7 653 714	12 009 466
Total capital expenditure	**17 326 509**	**37 063 307**

92% of the capital expenditure projects were complete and in progress as at year end. The variance relates mainly to savings on completed projects and projects in progress as at year end.

21. Financial instruments

21.1 Risk management

Foreign exchange risk
The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Euro and GB pound. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Market risk
The company's activities expose it primarily to risks of fluctuations in interest rates.

Interest rate risk
The company's interest rate profile consists of fixed and floating rate bank balances which expose the company to fair value interest rate risk and cash flow interest risk.

Interest rate sensitivity risk
The sensitivity analysis below has been determined based on the financial instruments' exposure to interest rates at reporting date.

A sensitivity analysis shows reasonable expected change in the interest rate, either an increase or decrease in the interest rate percentage. The equal but opposite 1% adjustment to the interest rate would result in an equal but opposite effect on net surplus and therefore has not been disclosed separately.

	2012	2011
Cash and cash eqivalents	**132 932 832**	134 424 543
Increase/Decrease in interest rates	**1%**	1%
Net surplus (post-tax)	**957 116**	967 857

Foreign currency risk management
Management accepts the risk as a result of changes in the rate of exchange and therefore has not hedged foreign currency risk.

The only foreign currency risk that the entity is exposed to is the management fee due to RAI outstanding at year end which is included in trade and other payables.

The company is exposed to the currency mentioned below in the table. The table details the company's sensitivity to the below-mentioned percentage strengthening and weakening in the functional currency against the relevant foreign currencies. This percentage is the sensitivity rate and represents management's assessment of the reasonable possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding Euro-denominated management fees at year end of 2012: R300 915 comprising of 29 750 Euros. (2011: R299 919 comprising of 29 750 Euros).

	2012	2011
Percentage weakening/strengthening in functional currency	**5%**	5%
Effect on surplus (post-tax)	**10 833**	10 797

Credit risk management
Credit risk refers to the risk that the counterparty will default on its contractual obligation resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy parties.

Financial assets, which potentially subject the entity to credit risk, consist principally of cash and cash equivalents and trade and other receivables.

The company's cash and cash equivalents are placed with high credit quality financial institutions.

Credit risk with respect to trade receivables is limited due to the credit approval processes.

Credit quality of trade receivables
The following represents the credit quality of the trade receivables:

	2012	2011
Key accounts customers	**1 241 541**	4 983 127
Other accounts customers	**1 042 967**	486 647
High risk customers	**2 152 192**	602 782
	4 436 700	6 072 556

The company believes that no further impairment is necessary on trade receivables as reflected in note 6.

Liquidity risk
Liquidity risk is the risk that the company will not be able to meet its financial obligations as they become due. The company ensures that adequate funds are available to meet its expected and unexpected financial commitments.

The following table provides details of the company's remaining contractual liability for its financial liabilities.

	LESS THAN 1 MONTH R	BETWEEN 1 AND 3 MONTHS R
2012		
Client deposits	**16 496 904**	**-**
Trade and other payables	**9 760 858**	**6 605 650**
	26 257 762	**6 605 650**
2011		
Client deposits	11 202 798	-
Trade and other payables	14 197 385	22 614 610
	25 400 183	22 614 610

Capital risk management
The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables, as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, shown in the statement of financial position, plus net debt.

The gearing ratios at 30 June 2012 and at 30 June 2011 were as follows:

	2012 R	2011 R
Trade and other payables	16 366 508	36 811 995
Less: cash and cash equivalents	**(132 932 832)**	(134 424 543)
Net cash	116 566 324	97 612 548
Total equity	156 279 935	168 558 452
Total capital	**272 846 259**	266 171 000
Gearing ratio	43%	37%

Financial instruments by category
The accounting policies for financial instruments have been applied below:

2012

Assets as per financial position	LOANS AND RECEIVABLES R
Trade and other receivables	**4 559 579**
Cash and cash equivalents	**132 932 832**

Liabilities per financial position	OTHER FINANCIAL LIABILITIES R
Trade and other payables	**16 366 508**
Client deposits	**16 496 904**

2011

Assets as per financial position	LOANS AND RECEIVABLES R
Trade and other receivables	8 379 494
Cash and cash equivalents	134 424 543

Liabilities per financial position	OTHER FINANCIAL LIABILITIES R
Trade and other payables	36 811 995
Client deposits	11 202 798

22. Supply chain management regulations

Deviations
In terms of section 36 of the Municipal Supply Chain Management Regulations and the CTICC Supply Chain Management Policy, the CEO may ratify any minor breaches of the procurement process.

2012
Total deviations for the year amounted to R9 439 779

Listed below are material deviations:

Incident	R
Minor breaches	**9 439 779**
	9 439 779

2011
Total deviations for the year amounted to R10 681 532

Listed below are material deviations:

Incident	R
Minor breaches	10 681 532
	10 681 532

According to section 45 of the Municipality Supply Chain Management Policy; disclosure needs to be given of awards to close family members of persons in the service of the state:

Tender CTICC2 003/2011: Appointment of sustainability consultant was awarded to Arup (Pty) Ltd. One of their company directors, managers, principle shareholders or stakeholder, (Lungi Sisulu) children, is in the service of the state. The amount of the award was for R2 560 000.

DETAILED INCOME STATEMENT

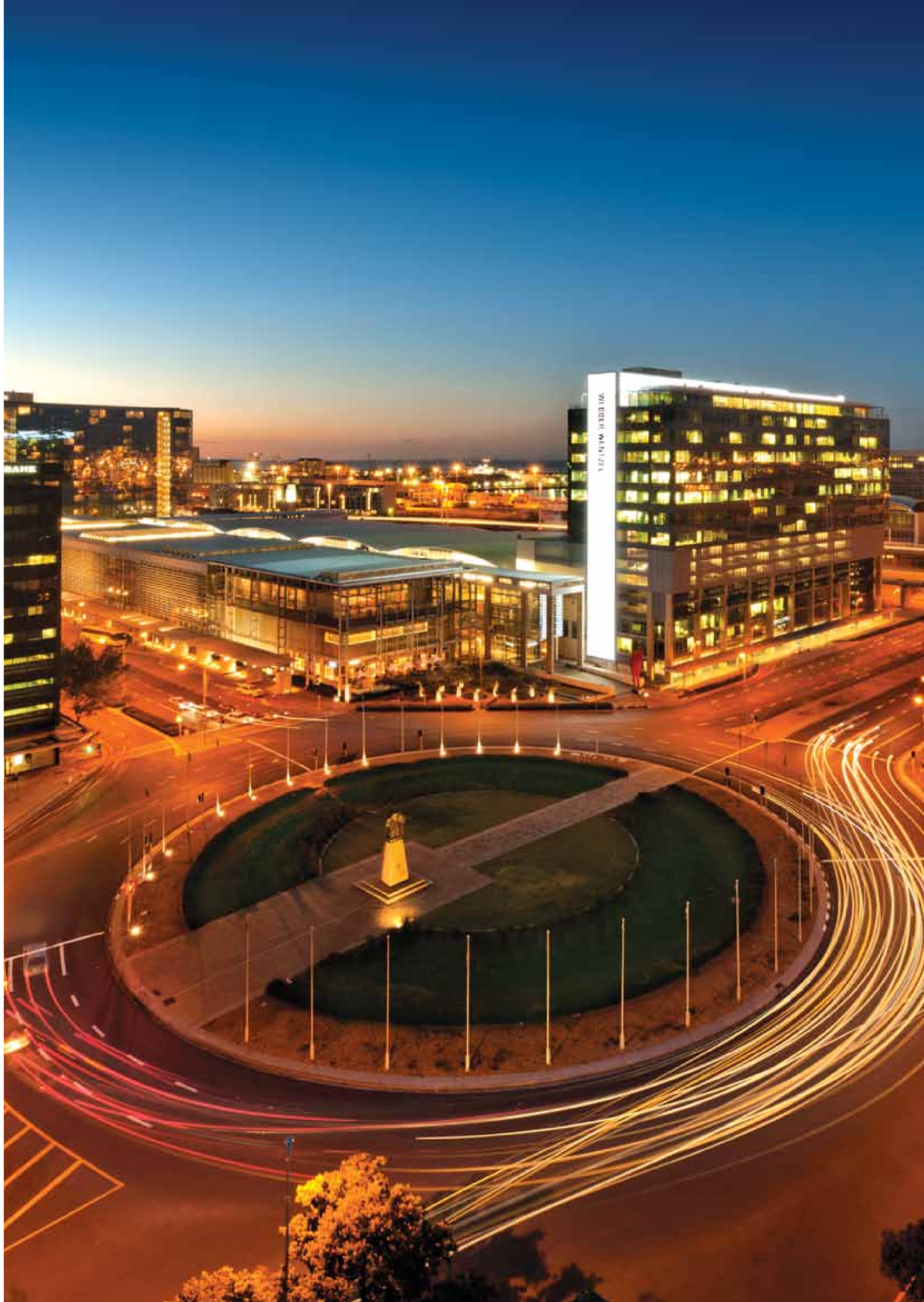
for the year ended 30 June 2012

	2012 R	2011 R
Gross revenue	**137 300 643**	143 297 502
Commissions	**10 121 623**	11 473 651
Parking	**7 448 235**	8 058 787
Sales	**119 730 785**	123 765 064
Cost of sales	**(17 085 144)**	(19 590 390)
Opening stock	**1 384 850**	2 478 677
Purchases	**17 077 721**	18 496 563
Closing stock	**(1 377 427)**	(1 384 850)
Gross profit	**120 215 499**	123 707 112
Other income	**11 544 977**	11 865 355
Finance income	**7 465 873**	7 660 146
Profit on sale of property, plant and equipment	**-**	31 189
Profit on foreign exchange	**-**	32 186
Proceeds received from insurance	**299 295**	4 747
Sundry income	**3 779 809**	4 137 087
Total income	**131 760 476**	135 572 467
Expenditure (refer to page 86)	**(120 971 618)**	(131 473 439)
Profit for the period before taxation	**10 788 858**	4 099 028

DETAILED INCOME STATEMENT continued

for the year ended 30 June 2012

	2012 R	2011 R
Expenditure		
Asset write off	**23 592**	169 076
Advertising	**3 153 799**	3 154 419
Auditors' remuneration	**794 357**	637 503
Bad debts (including the movement for provision on impairment of trade receivables)	**1 598 719**	299 062
Bank charges	**495 801**	548 414
Catering materials	**2 403 107**	2 787 689
Cleaning	**4 224 847**	4 864 631
Computer expenses	**5 027 870**	3 358 337
Contract labour	**9 586 880**	8 539 383
Consulting fees	**1 619 176**	2 329 722
Depreciation	**21 536 669**	20 651 385
Directors' remuneration	**144 040**	236 589
Electricity and water	**10 071 432**	8 073 497
Entertainment	**174 016**	173 941
General expenses	**33 902**	50 354
Hire of equipment	**518 128**	325 305
Impairment	**-**	16 091 344
Insurance	**1 258 321**	1 015 323
Finance costs	**45 532**	61 176
Legal expenses	**543 572**	346 686
Loss on foreign exchange	**7 286**	-
Motor vehicle expenses	**39 150**	39 245
Management fees	**1 043 371**	972 994
Operational costs	**1 236 622**	1 440 086
Postage	**4 093**	2 990
Printing and stationery	**252 560**	296 191
Rates and refuse	**5 456 958**	5 569 502
Rent	**415 032**	393 704
Rental for parking	**2 471 688**	2 354 124
Repairs and maintenance	**6 641 858**	7 621 363
Employee related costs (note 17)	**32 137 110**	30 640 127
Security	**4 633 423**	4 171 646
Staff welfare	**418 865**	364 392
Subscriptions	**336 833**	166 026
Telephone and fax	**867 809**	1 029 146
Training	**415 086**	1 512 184
Travel - local	**213 234**	180 312
Travel - overseas	**1 126 880**	1 005 570
Total expenditure	**120 971 618**	131 473 439



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