

## **Annexure A**

### **Durban Marine Theme Park (Pty) Ltd Trading as uShaka Marine World**

#### **ANNUAL REPORT FOR THE PERIOD 30 JUNE 2009**

- A. Executive summary including Performance Report
- B. Human Resource and Other Organisational Management
- C. Audit Committee Report and Auditor-General Report with Annual Financial Statements

# Durban Marine Theme Park (Pty) Ltd Trading as uShaka Marine World Annual Report

## A EXECUTIVE SUMMARY

### 1 INTRODUCTION AND OVERVIEW

Having recently celebrated its 5<sup>th</sup> birthday, Durban Marine Theme Park (Pty) Ltd trading as uShaka Marine World has attracted over 4.3 million paying visitors since opening its gates in 2004. An additional 15 million visitors have visited the Village Walk retail shopping centre, of which 1 million have been international tourists. Total paid footfall has stabilised at around the 730 000 level – which has bucked the international trend of declining footfall for the first seven years of a theme park's life – a wonderful 5<sup>th</sup> birthday present!

This R750 million flagship project was developed with the aim of regenerating the Point Precinct and has become a major tourist destination for both the national and international visitor alike. In the process it has created a number of jobs and has opened up new learning opportunities for schools through the uShaka Cares initiative and the operations of the Natal Portland Cement (NPC) Education Centre.

uShaka Marine World continues to deliver an unmatched holiday and adventure experience to all its visitors. The entertainment offering, both day and night, makes uShaka an integral part of the Durban beachfront experience.

uShaka Marine World is operated by a management company, High Footprint Management (Pty) Ltd (HFM), which has a 10 year management contract. HFM is a highly skilled and empowered theme park management company with international expertise and experience.

uShaka Marine World's vision is:

*"To create awareness of conservation, through fun, knowledge and adventure"*

Covering 16 hectares, uShaka Marine World is the largest marine theme park in Africa consisting of four components:

# **uShaka Marine World Annual Report**

- **Wet 'n Wild**  
This outstanding park consisting of water based slides and rides are a must for any aquatic enthusiast. Featuring heated water, exciting slides, the highest slide in Africa, a 450 metre Duzi Adventure River, as well as souvenir stores and restaurants, Wet 'n Wild is a must for any family wanting a fun day out in the sun.
- **Sea World**  
The jewel in the crown of uShaka Marine World, Sea World boasts not only the largest aquarium in the southern hemisphere, but also a 1200 seater dolphin stadium, a 450 seater seal stadium and the 'Phantom Ship' consisting of restaurants and bars. The "Wreck" aquarium is an underground aquarium featuring 5 themed shipwrecks and approximately 10 000 creatures.
- **Village Walk**  
This uniquely themed shopping centre covers 10 000m<sup>2</sup> and has 80 outlets ranging from fashion to food and beverage, including the unique Moyos.
- **uShaka Beach and Promenade**  
The park spills onto Durban's premier beach, with a range of activities offered, including surfing, sea kayaking, snorkelling, scuba diving and fishing charters. Beach sports are just as varied, from touch rugby to kite flying.

Employing approximately 620 staff (including the South Association for Marine and Biological Research), uShaka Marine World, being a re-capitalisation business model, is required to continually reinvest in new rides/attractions in order to maintain footfall. With this in mind, a range of new projects are currently underway, which will not only gear the park up for the soccer World Cup in 2010, but position it favourably for the years ahead by tapping into South Africa's ever expanding tourism sector.

Some of the larger projects are directed at entirely new experiences. One area receiving a significant portion of the funds is the kids area known as Rayz Kids World. A number of exciting new ideas are in the pipeline, including one of South Africa's largest jungle gyms. Additional focus is also being put into the evening entertainment offering and revamps of the food and beverage outlets commenced in the latter part of the financial year. The Phantom Ship, with its flagship restaurant – The Cargo Hold (with resident sharks) is re-inventing itself and remains one of Durban's most unique places to eat out.

# **uShaka Marine World Annual Report**

## **2     MARKETING uShaka**

The marketing strategy at uShaka has evolved from building brand awareness into call-to-action marketing, using a number of media channels all designed to increase footfall into the park. The communication channels and media spend is focused, with clear and simple messaging – extolling the virtues of an “unmatched family adventure”.

Driving value is an important part of the uShaka strategy in tough economic times. In this light, we have moved away from many large-scale park promotions to “value-adds”, with value periods at certain times of the year where guests take advantage of reduced prices. There are many direct marketing campaigns (at guest houses, conferences, hotels, sports games) to draw guests to the park via value offerings in off-peak seasons. uShaka introduced a “one park, one price” strategy during peak seasons in order for guests to take advantage of the entire park.

Digital marketing was a major focus during year, allowing uShaka’s database size to increase 10-fold, as well as offering a direct route to customers via direct marketing. Voted the “Coolest fun destination in KZN” by Generation Next Independent Surveys, uShaka formed partnerships with all the major role players (Durban Africa, Sun Coast Casino, Gateway Shopping Centre, Tourism KZN, Sharks Rugby, etc) to drive tourism to KZN via coordinated campaigns and co-promotions.

Entertainment at uShaka forms a major part of the guest experience at the park. All forms of entertainment could be seen most days of the year, with entertainment increased during peak periods. Many night-time events (live bands, Dolphins extravaganzas, after-dark aquariums tours etc) were held where families could come down and enjoy the park. The launch of the Upper Deck Supper Theatre was positively received by the public.

The Annual Pass, where guests purchase a pass for uShaka for the entire year, increased by 80%, showing that locals are coming down more often to a park that continues to delight and surprise guests by offering new attractions, varied entertainment and an experience the entire family can enjoy.

Sponsorship of the park focused on larger scale events and this saw a move away from the sponsorship of attractions. The Public Relations (PR) exposure in the park increased by 54% with over R10 million being generated directly via uShaka and total (PR) exposure for uShaka Marine World estimated at R43 million for the year.

# uShaka Marine World Annual Report

## 3 SOUTH AFRICAN ASSOCIATION FOR MARINE BIOLOGICAL RESEARCH

The South African Association for Marine Biological Research (SAAMBR) is an incorporated association not for gain (reg. No. 1951/000002/08), and is an independent contractor appointed to operate the uShaka Sea World component of uShaka Marine World. Despite being a separate legal entity, SAAMBR forms an integral part of uShaka Marine World via its responsibility for operating uShaka Sea World. This would not be possible without close cooperation and collaboration with the management company (HFM).

The birth of a dolphin is always a highlight, and in November Frodo gave birth to her seventh calf, a female named Khethiwe, meaning 'the chosen one'. During the review period, internationally acclaimed theatre producer Nicholas Ellenbogen was commissioned to produce a new dolphin presentation. Together with composer Dave Ornellas and the Mammal Curator, they created "Shaka's Tears", a unique show that skillfully blended the magic of the Sea World dolphins with a carefully crafted story, set to music specially composed for the show. The show was launched in March 2009, and features the use of replay slow motion and underwater footage of the dolphins. A total of 1035 shows, 147 'Meet a Dolphin' and 901 photo sessions were conducted with the dolphins during the year.

The seal team continued to present their entertaining pantomime with a group of twelve Cape Fur seals. The integration of a new female group from the Two Oceans Aquarium was a major focus during the year under review. A total of 739 shows and 391 photo sessions were conducted, before the seals were moved off exhibit so that the area could be revamped for the new show. The penguin (*Spheniscus demersus*) colony has had another excellent year of successful breeding, with the total number of birds having increased from 42 to 56. This represents an excellent effort on the part of the birds and the staff.

The aquarium currently holds a collection of 77 families of bony fish, comprising approximately 5200 individuals, and 7 families of sharks and rays. Six new exhibits were opened just prior to the December holiday season, including the mobile shark egg exhibit and the ray touch pool. Three dusky sharks were introduced into the Fierce Shark exhibit and have grown noticeably. This is a breakthrough for this species, as previous attempts have been unsuccessful. Also during the period, cultured cuttlefish were displayed for the first time at uShaka Sea World. After a year in the Open Ocean exhibit, the manta ray (*Manta birostris*) had grown to 210kg and was getting too large for the exhibit. After a great deal of planning, she was flown in July 2008 to the Georgia Aquarium in Atlanta, USA, the first trans-Atlantic manta ray relocation.

## **uShaka Marine World Annual Report**

The Dangerous Creatures exhibit remained popular with guests, and the addition of the Madagascan reptiles and amphibians helped to keep the exhibits exciting. The animals were part of a consignment that was confiscated en route to the Czech Republic, and have highlighted the international trade in threatened and endangered species. The exhibit will be moved out of Sea World into the uShaka Village walk to add another attraction to the complex.

Sea World is a training ground for many facilities, locally and abroad and, as such, the importance of ongoing staff training is recognised. Representation at international conferences remains an important activity, both in terms of training personnel and benchmarking uShaka Sea World against the best in the world. Staff presented a total of nine papers or posters at five national and international conferences, including the South African Marine Science Symposium (SAMSS), the International Aquarium Congress, the African Zoo and Aquarium Association (PAAZAB), KwaZulu-Natal Wildlife research symposium and Animal Keepers Association of Africa (AKAA).

The NPC Sea World Education Centre hosted a total of 133 059 learners at uShaka Sea World during the year under review, which represents an increase of 18% on the previous year. The period saw a slight drop in guidings, lessons and senior courses, but an increase in the junior and senior primary courses. A brochure on the new lessons and courses, and their links to the curriculum was distributed to teachers, and detailed booklets showing the direct links to learning areas and assessment standards were posted to the key senior curriculum staff of the KwaZulu-Natal Department of Education. An electronic Sea World Marine Careers booklet was developed to answer the plethora of requests for career information that are received.

During the year under review, 4 436 learners were sponsored to visit uShaka Sea World under the National Lotteries Board and NPC funded Outreach Programme. In the previous year 4 108 learners were catered for. The schools involved hail from the communities of Ndwedwe East, Umkomaas, uMbumbulu, uMkhambathini, Mid-Illovo, and iNchanga. The Outreach Team engaged with Education Ward managers, circuit inspectors and principals for these areas, forging relationships and building credibility. With funding from the NPC sponsorship, the visits to schools continued, and lessons for 13 595 learners were undertaken at 115 schools. A total of 582 teachers attended teachers' workshops during school terms, slightly less than the 688 of the previous year, with thirteen workshops conducted at the NPC Sea World Education Centre, and eight in community areas.

Through its Oceanographic Research Institute (ORI), SAAMBR showed its commitment to providing coastal and marine scientific information and decision support to the KwaZulu-Natal. A total of 33 projects were executed, 25 of these specifically devoted to KwaZulu-Natal, six in the wider region and two directed

## **uShaka Marine World Annual Report**

at a wider national level. The work in KZN involved 81 separate field trips amounting to 650 man-days in scientific survey and sampling. More than 100 scientific dives were undertaken to strengthen ORI's underwater survey capacity. Outputs included 36 publications, at least 15 aimed at sharing information with other institutions. Two Masters students qualified and several PhD and MSc students approaching finality.

A key focus area in research was the participation in regional programmes in the West Indian Ocean. The Transmap project, in which ORI collaborated with 12 foreign and local institutions in creating trans-boundary marine parks, was successfully completed. Similarly, the WIOFish database grew into a significant regional initiative providing detailed insight into some 185 different fisheries and providing a barometer of trends in their conservation status. And work continued with the South West Indian Ocean Fisheries Project (SWIOFP), with ORI representing South Africa in this ambitious nine-nation project. ORI continued to invest in its institutional capacity such as maintaining its excellent library and information systems, computing, microscopic, histological and genetic systems and underwater survey capacity. Support from KZN Province and international agencies such as the World Bank, European Union and United Nations Environment Programme is greatly appreciated.

The staff and volunteers of the NPC Sea World Education Centre were the proud recipients of the John Jerman Educationist Award for 2008 from the Wildlife and Environment Society of South Africa (WESSA). The award is an indication of the credibility the NPC Sea World Education Centre has in the field of environmental education.

SAAMBR's Executive Director, Dr. Mark Penning, was elected President of the World Association of Zoos and Aquaria (WAZA) at a meeting in St. Louis in the USA. WAZA is a global organization which unifies the principles and practices of over 1300 zoos and aquariums. It was founded in 1935 in Basle, Switzerland, and is the single unifying entity representative of the global zoo and aquarium community, working in partnership with the International Union for Conservation of Nature (IUCN), national governments and non-government organisations to ensure high standards of animal welfare and to achieve conservation both in zoos and in nature. In addition to the benefits derived from working closely with the best aquariums in the world, this provides a tremendous opportunity to promote uShaka Marine World and build its international profile.

# **uShaka Marine World Annual Report**

## **4 CONCLUSION**

uShaka Marine World continues to play a vital role in elevating Durban to a world class tourist destination. With the planned Point Precinct Development of hotels, retail and residential zones now back on track, uShaka is poised to take advantage of the next growth phase in the area – in particular the upgrade of the beach promenade and linking of the uShaka beach node to the other beachfront nodes.

Recent crime statistics reveal that this sector is still regarded as one of the safest areas in Durban and additional measures currently being implemented by the City and uShaka Marine World ahead of the 2010 Soccer World Cup should see both locals and tourists alike enjoy the park and surrounding areas to its full potential.

uShaka Marine World has always set out to entertain and delight the public – both young and old, international and local. With off-peak promotions, a wide range of food and beverage offerings, functions and events, entertainment, competitions, exhibitions and shows, uShaka Marine World continues to provide a unique and fun experience to all its guests. On its 5<sup>th</sup> birthday there is a lot to be proud of and with additional funds from external sources being allocated towards a recapitalisation strategy – it will remain as fresh and as enticing as ever. Refer to Organisational Scorecard attached.



**uShaka MARINE WORLD**

**ORGANISATIONAL PERFORMANCE SCORECARD**

**FOR THE PERIOD ENDED**

**01st July 2008 to 30th June 2009**

MUNICIPAL ENTITY SCORECARDS 08/09

National Key Performance Area	Strategic Focus Area (Objective)	Key Performance Indicator	Baseline 0708	Annual Targets	Target Dates	3 year target- 2010/11	Means of Verification	Responsible Manager	Measures taken to improve performance	Quarterly target	Status as at end of quarter	Verified	Audit comment	Management Comment
LOCAL ECONOMIC DEVELOPMENT	<b>TECHNICAL SERVICES</b> To provide computer and software system redundancy by providing a standby emergency server	Build Business Continuity room to house standby server behind the Dolphinarium	Gas store improved	To construct the building that will house the standby server.	30-Jun-09	Once off target - capital projects will change annually subject to board approval	Physical structure	Dale Maxwell	N/A	Annual Target	Building 100% complete and all equipment setup in full operation	Y	Target achieved	Agreed
	To improve the existing and/or build a new "World-Class" Marine exhibit in order to increase repeat visitation in the Sea World area	Upgrade existing touch pools on surface Introduce new exhibit on surface	Dolphin Stadium Upgrade	To upgrade the existing touch pools and convert into a "Sling-Ray" touch pool exhibit.	30-Jun-09	Once off target - capital projects will change annually subject to board approval	Physical structure	Mark Penning	N/A	Annual Target	Sling - Ray touch pool exhibit is 100% complete	Y	Target achieved	Agreed
	<b>PROCUREMENT</b> To procure goods and services from historically disadvantaged businesses as per our preferential procurement targets	Actual procurement statistics	Achieved 76%	To procure 60% of all goods & services from historically disadvantaged businesses	30-Jun-09	To procure 60% of all goods & services from historically disadvantaged businesses	Monthly stats	Prakash van den Berg	N/A	60%	Achieved 67%	Y	Target achieved	Agreed
	<b>VILLAGE WALK</b> To maximise occupancy percentage of all lettable space	Actual occupancy of lettable space against available	Achieved 93.23%	To achieve 90% of occupancy of lettable space in the Village Walk	30-Jun-09	To achieve 90% of occupancy of lettable space in the Village Walk	Will be included in the quarterly financial report	Greg Jacobson	N/A	90%	97%	Y	Target achieved	Agreed
GOVERNANCE AND PUBLIC PARTICIPATION	<b>ENTERTAINMENT</b> To provide a "World-Class" entertainment to guests which is line with the theme of the park	Guests satisfaction and enjoyment to be measured by Guests Surveys	0.6% of footfall was surveyed	To survey 1% of our guest per annum	30-Jun-09	To survey 1% of our guest per annum	Survey reports	Grant Adams	N/A	To survey 1% of our guests per quarter	2164 guests surveyed (total \$366) = 1.14% of footfalls.	N	Target achieved	Agreed
	Unqualified audit report	Unqualified Audit Report	Achieved	Unqualified Audit Report	30-Oct-09	Unqualified Audit Report	Audit report	Prakash van den Berg	N/A	Annual Target	Can only be assessed at year end	N	Annual target will be reviewed at the end of the financial year.	Agreed
	Compliance with MFMA	Compliance with MFMA reporting requirements as per the MFMA entity chapter	Achieved	Compliance with MFMA reporting requirements as per the MFMA entity chapter	30-Oct-09	Compliance with MFMA reporting requirements as per the MFMA entity chapter	Audit report	Prakash van den Berg	N/A	Quarterly and monthly reports submitted timeously	Quarterly and monthly reports submitted timeously	Y	Target achieved	Agreed
TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT	<b>HUMAN RESOURCES</b> To ensure that the workforce reflects the demographics of the region at all employment levels	Compilation of effective Employment Equity plans and reports	All targets except handicapped	See Annexure A	30-Jun-09	See Annexure A	Audit report	Glenda Van Wyk	All efforts to source DG staff are being explored	Annual Target	See Annexure A - all targets except handicapped achieved.	Y	Target achieved except handicapped.	Agreed
	To retain critical technical skills, required for long-term sustainability of the park and minimise skills exodus	Retention of key technical personnel Development and implementation of an effective skill retention strategy	Retained 79%	To achieve 50% retention at senior and middle management levels	30-Jun-09	To achieve 50% retention at senior and middle management levels	Audit report	Glenda Van Wyk	N/A	Annual Target	See Annexure A - Retained 92%	Y	Target achieved	Agreed

National Key Performance Area	Strategic Focus Area (Objective)	Key Performance Indicator	Baseline 0708	Annual Targets	Target Dates	3 year target- 2010/11	Means of Verification	Responsible Manager	Measures taken to improve performance	Quarterly target of quarter	Status as at end of quarter	Verified	Audit comment	Management Comment	
FINANCIAL VIABILITY AND MANAGEMENT	<b>MARKETING Promotions</b> To compile and implement a comprehensive marketing and promotional strategy that will ensure the achievement of annual budgeted footfalls and revenues	Achievement of budgeted footfalls Achievement of budgeted revenues	Achieved 101% of budgeted footfalls and 97% of budgeted revenues	Achievement of budgeted footfalls Achievement of budgeted revenues	30-Jun-09	Achievement of budgeted footfalls Achievement of budgeted revenues	Financial report	Grant Adams	N/A	Achievement of budgeted footfalls Achievement of budgeted revenues for this quarter	Achieved 107% of budgeted footfalls and 102% of budgeted revenues	Y	Target achieved	Agreed	
	<b>Events</b> To introduce and implement "World-Class" events that will attract guests, especially after normal park operating hours	4 Night Dolphin events and 4 other events	Night dolphin shows done - Halloween, Dolphins by Starlight, Hip-hop event, Music of the 80's, Events - Secretaries Day, Mr and Miss uShaka, Concerts in WnW, Dolphin Dash.	Implementation of a minimum of 4 special night Dolphin shows. Implementation of a minimum of 4 other events within SW, WW and VW areas of the park	30-Jun-09	Implementation of a minimum of 4 special night Dolphin shows. Implementation of a minimum of 4 other events within SW, WW and VW areas of the park		Financial report	Grant Adams	<b>Note A</b>	Annual Target	2 night dolphin shows ("Halloween and Dolphins by Candlelight"), 5 events Mr & Miss uShaka, Dolphin Dash, Urban Rage Mountain Bike Challenge, ECR Big walk and Secretaries Day.	Y	50% of Annual Target achieved	Agreed - refer to note A
	<b>Sales</b> To compile and implement an effective corporate sales strategy that will ensure improvement of revenues generated by the value-add products within the park	6% Business growth in following areas: Bulk tickets sales and kids birthdays	Done Achieved 60% growth in birthday parties and bulk ticket sales.	To achieve 6 % growth from previous year in all areas targeted	30-Jun-09	To achieve 6 % growth from previous year in all areas targeted		Financial report	Grant Adams	N/A	Annual Target	Bulk ticket revenues declined by 2% whilst Birthdays achieved a growth of 8.7%.	Y	50% of Annual Target achieved	Agreed
	<b>REVENUES</b> To achieve budgeted revenues in the following areas that are key drivers of the business: Food & Beverage, Merchandising, and Rental Income	Achieved budgeted revenues for Food & Beverage, Merchandising, and Rental Income	Village Walk rentals achieved 106% Food and Beverage achieved 96% Merchandising achieved 90%	To achieve 100% of budgeted revenues for Food & Beverage, Merchandising, and Rental Income	30-Jun-09	To achieve 100% of budgeted revenues for Food & Beverage, Merchandising, and Rental Income		Financial report	Darryl Williams / Greg Jacobson	<b>Note B</b>	To achieve 100% of budgeted revenues for Food & Beverage, Merchandising, and Rental Income for this quarter	Village Walk rentals achieved 101% Food and Beverage achieved 83% Merchandising achieved 64%.	Y	With the exception of Village Walk, targets not achieved.	Agreed - refer to note B
	<b>COST OF SALES</b> To maintain and/or reduce cost of sales at budgeted levels in the following areas: Food, Beverage, and Merchandising	To achieve 40% Food cost To achieve 40% beverage cost. To achieve 53% merchandise cost of sales	To achieve 43% Food cost. To achieve 41% beverage cost. To achieve 55% merchandise cost of sales	To achieve 40% Food cost. To achieve 40% beverage cost. To achieve 53% merchandise cost of sales	30-Jun-09	To achieve 40% Food cost. To achieve 40% beverage cost. To achieve 53% merchandise cost of sales		Financial report	Darryl Williams	<b>Note C</b>	Actual costs against budgeted cost of sales as per quarterly budget	Achieved 44% food cost. Achieved 42% Beverage cost. Achieved 66% merchandising cost	Y	Target not achieved	Agreed - refer to note C
	<b>DEBTORS MANAGEMENT</b> To ensure that all debtors are collected timely	Actual debtors days against targeted debtors days	Unfortunately to a debtors vacancy 83% of the function debtors was within 30 days.	To ensure that all function debtors are collected within 30 days	30-Jun-09	To ensure that all function debtors are collected within 30 days		Financial report	Prakash van den Berg	<b>Note D</b>	To ensure that all function debtors are collected within 30 days	39% of the function debtors are within 30 days, excluding handed over debtors.	Y	Targets not achieved	Agreed - refer to note D

**NOTES**

A Due to the dependency of sponsorship for covering the costs of the night dolphin shows, it was not feasible to have the other 2 shows.

National Key Performance Area	Strategic Focus Area (Objective)	Key Performance Indicator	Baseline 0708	Annual Targets	Target Dates	3 year target- 2010/11	Means of Verification	Responsible Manager	Measures taken to improve performance	Quarterly target of quarter	Status as at end of quarter	Verified	Audit comment	Management Comment
B	Food and beverage revenue achieved 83% of budgeted revenue. Due to an unmanageable FPI (Food Price Index), and undetermined supplier increases as well as the economic pressures within the country, the F&B revenues were negatively affected as patrons refrained from purchasing.	Merchandising Revenue achieved 63% of budget. The average spend per person dropped over the year as a result of the recession. To increase revenues management has relocated the Ship Shop into a new position where all Aquarium guests will have to pass through the outlet to exit the facility. This should boost turnover. A new product review committee has been implemented to select better stock at better prices in order to try to improve sales. Management and Supervisory staff will be incentivised to increase sales.												
C	Merchandising Cost of sales achieved 66%. Two of the outlets (Ship Shop and W&W) lacked proper lock down facilities and stock control has been seriously compromised. In addition the quality and variety of the merchandise offering was seen as undesirable and high priced, so stock was marked down by 40% (i.e. Cost plus 10%) to try to reduce stockholding. This sale of goods was employed over nine months of the year.	Action Taken: Both the Ship Shop and W&W outlets have been relocated to formal lockable shops with CCTV, tag deflection, and after hours armed response facilities. Most of the redundant stock has been disposed of so the normal pricing philosophy (Cost plus 100%) may be employed again on a majority of the stock. Seven staff were dismissed during the latter half of the year as a result of poor stock management and control. A new Manager has been employed to start in August 2009.												
D	Permanent debtors clerk has been employed in May 2009. Procedures in place to ensure that all current debts are collected timeously. The total balance of Function debtors has decreased from R2,461,973 (31 March 2009) to R1,620,729 (30 June 2009), which shows a significant improvement.													

**Annexure A**  
**USM Proposed Workforce Profile**  
 Progressive Targets versus Actual for 08/09

Proposed Designated Group ("DG") Staff Profile												Proposed Non DG Staff Profile					
Staff Category	Total Staff	% Staff	Proposed Designated Group %			Total Designated Group Work Force			NonDesignated Group %			Non Designated Group					
			08/09	Actual	Var	Notes	08/09	Actual	Var	Notes	08/09	Actual	Var	Notes			
TM	7	1.4%	45%	29%	-16%	3	2	-1		55%	71%	16%	4	5	1		
SM	15	3.1%	55%	33%	-22%	8	5	-3		45%	67%	22%	7	10	3		
MM	36	7.3%	50%	92%	42%	18	33	15		50%	8%	-42%	18	3	-15		
T/P	13	2.7%	60%	85%	25%	8	11	3		40%	15%	-25%	5	2	-3		
SS	222	45.3%	65%	98%	33%	144	218	74		35%	2%	-33%	78	4	-74		
WF	197	40.2%	65%	99%	34%	128	195	67		35%	1%	-34%	69	2	-67		
<b>Total:</b>	<b>490</b>	<b>100.0%</b>				<b>310</b>	<b>464</b>	<b>154</b>	<b>0</b>				<b>180</b>	<b>26</b>	<b>-154</b>	<b>0</b>	

Proposed Female Staff												Proposed Male Staff					
Staff Category	Total Staff	% Staff	Proposed Female %			Proposed Female Staff			Proposed Male %			Proposed Male Staff					
			08/09	Actual	Var	Notes	08/09	Actual	Var	Notes	08/09	Actual	Var	Notes			
TM	7	1.4%	15%	14%	-1%	1	1	0		85%	86%	101%	6	6	0		
SM	15	3.1%	25%	13%	-12%	4	2	-2		75%	87%	112%	11	13	2		
MM	36	7.3%	20%	6%	-14%	7	2	-5		80%	94%	114%	29	34	5		
T/P	13	2.7%	50%	131%	81%	7	17	11		50%	-31%	19%	7	4	-11		
SS	222	45.3%	40%	46%	6%	89	103	14		60%	54%	94%	133	119	-14		
WF	197	40.2%	45%	50%	5%	89	99	10		55%	50%	95%	108	98	-10		
<b>Total:</b>	<b>490</b>	<b>100.0%</b>				<b>196</b>	<b>224</b>	<b>28</b>	<b>0</b>				<b>294</b>	<b>266</b>	<b>-28</b>	<b>0</b>	

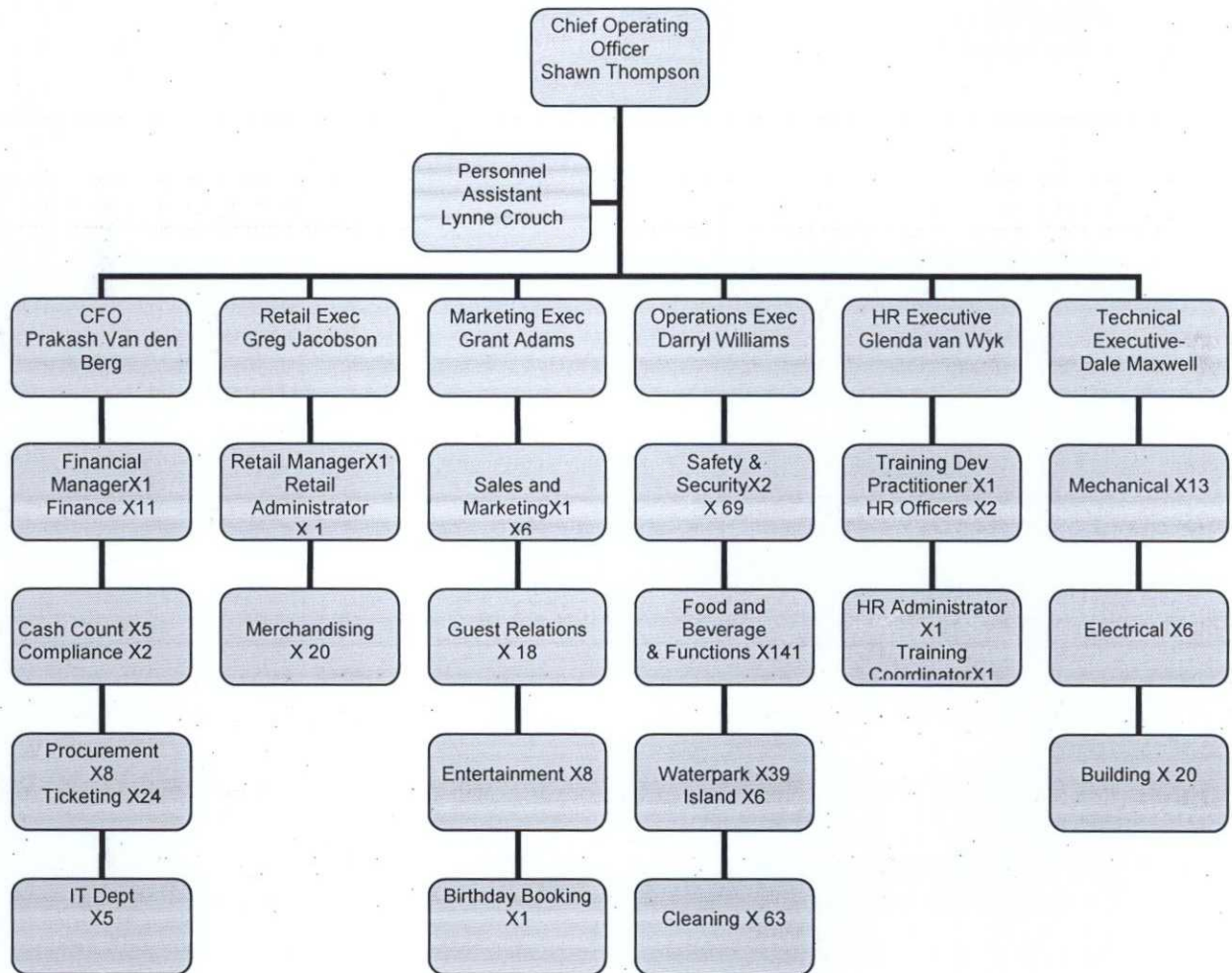
Proposed Handicapped Staff											
Staff Category	Total Staff	% Staff	Proposed Handicapped								
			08/09	Actual	Var	Notes					
TM	7	1.4%	0	0	0						
SM	15	3.1%	0	0	0						
MM	36	7.3%	0	0	0						
T/P	13	2.7%	0	0	0						
SS	222	45.3%	1	0	-1						
WF	197	40.2%	4	0	-4						
<b>Total:</b>	<b>490</b>	<b>100.0%</b>	<b>5</b>	<b>0</b>	<b>-5</b>	<b>0</b>					

Staff retention statistics				
Staff Category	Total HC	Termination Actual	retention	
TM	7	0	7	100%
SM	15	1	14	93%
MM	36	1	35	97%
T/P	13	1	12	92%
SS	222	27	195	88%
WF	197	10	187	95%
<b>Total:</b>	<b>490</b>	<b>40</b>	<b>450</b>	<b>92%</b>

# uShaka Marine World Annual Report

## **B HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT**

### **1. High Footprint Management (HFM) ORGANOGRAM**



**The total number of staff was 490 against a budget of 564 (excl SAAMBR).**

# uShaka Marine World Annual Report

## 2. HUMAN RESOURCES STRATEGY

The 2008/09 financial year brought many challenges on the Human Resources front.

After a critical analysis of the human resources function, nine HR pillars were selected with the ultimate goal of becoming a high performance company and to participate in the "best company to work for" survey within 3 years. This process will give uShaka a benchmarking opportunity against both industry and size category peers.

The rolling out of all nine pillars commenced towards the latter part of the financial year and will continue into the coming year. They are:

- **Leadership**
- **Values and Culture**
- **Communication**
- **Training and Development**
- **Succession Planning**
- **Performance Management**
- **Rewards and Recognition**
- **Change Management**
- **Retention**

### 2.1 Leadership/ Values and Culture

In addressing the leadership challenges, executives, senior managers and supervisors were engaged in a leadership programme. This gave birth to repositioning the values of uShaka to ensure that they remain relevant, inspiring and concise.

- **Vision:** To create awareness of conservation through fun, knowledge and adventure
- **Purpose:** Providing a fun, memorable experience for our guest
- **Values:**
  - **Consistent High Standards**
    - Be punctual
    - Always achieve or exceed standards
    - Always meet deadlines
  - **Accountable for Actions and Decisions**
    - Work within budget
    - Show self discipline

# uShaka Marine World Annual Report

- Attempt to solve problems
- **Passionate about Service Delivery**
  - Be passionate about uShaka Marine World
  - Exceed guests expectations
  - Have a fun attitude.

## 2.2 Communication

- Divisional meetings have been streamlined and two new platforms introduced to facilitate closer collaboration between HFM and SAAMBR, namely the Joint Strategic Forum and the Joint Operational Forum.
- A Quarterly HR Focus group has been implemented to give staff an opportunity to engage with management.
- Periodic updates from the Chief Operating Officer are sent out to all staff.
- The intranet is under revamp for better utilization.
- The Sharcs Programme is also utilized to communicate new information and general themes.

## 2.3 Training and Development

All employees completed a training needs analysis questionnaire and the training implementation plan for 2008/09 submitted to Services Seta. The foundation of the training initiative will rest on Service excellence. Technical Skills training for various departments have been included in the training plan.

## 2.4 Succession Planning

A new approach is being implemented at the recruitment stage to try and ensure that the right person is brought on board for the job. Each Executive was tasked to identify the top two people in each job for succession and these individuals were included in the management development programme.

## 2.5 Performance Management

In line with our principles of consistent high standards, taking responsibility for actions and decisions and being passionate about service delivery, all staff will attend a Performance Management Sensitization Programme. The implementation of this pillar will ensure that uShaka is on track to become a high performance company.

## 2.6 Rewards and Recognition

The Sharcs programme for management and entry level staff is to continue. This programme entails a monthly winner from each department



# **uShaka Marine World Annual Report**

for service excellence. This leads up to a quarterly winner and ultimately, employee of the year for service excellence.

An Incentive Bonus scheme linked to Performance was implemented for key revenue generating staff for the 2008/9 financial year.

## **2.7 Change Management**

In our quest to become a high performance company, changes across the organization in terms of people, technology and processes are necessary.

The process is being strategically driven by the Chief Operating Officer and operational assistance given by the Human Resources Department. As a launch tool, the name "lithuba" was adopted, meaning opportunity. The opportunities revolve around three key areas:

- Infrastructure (upgrading the park)
- People (alignment to the values and training initiatives)
- Closer cooperation with SAAMBR (operationally and around conservation).

## **2.8 Retention**

Delivery on the nine Human Resources Pillars will ensure optimal staff retention. Furthermore, turnover bands per level and per division have been agreed as part of the KPI's for the executive team.

## **3 EMPLOYMENT EQUITY**

The challenge for uShaka is to achieve equity in the Top and Senior Management levels. Specific positions have been identified to employ only Black candidates. At the entry level, more coloured and white candidates need to be employed. Refer to last page of the Organisational Performance Scorecard for current employment equity status.

## **4 BENEFITS**

### **4.1 Medical Aid**

Staff may choose to join either Discovery Health or Momentum medical aids. uShaka contributes 50% of the contribution up to a maximum of R900.00 pm.

### **4.2 Provident Fund**

Staff may choose to join the provident fund. uShaka will contribute 10% of the amount, and staff contributes 6% towards the provident fund.

### **4.3 Staff Complementary Tickets**

Each staff member receives three complementary tickets every month, valid for three months, which may be given to friends and family.



# **uShaka Marine World Annual Report**

## **4.4 EAP**

uShaka's philosophy is that the well-being of our staff is as important as their performance at work. In implementing this philosophy, uShaka is launching an Employee Assistance Programme which aims to give employees access to resources.

## **5 RISKS**

### **5.1 HIV/ Aids**

uShaka is aware that many of our staff are infected or affected by the HIV/ Aids epidemic sweeping through KwaZulu-Natal. Access to Voluntary Counseling and Testing, as well as the support of our Employee Assistance Programme is available to all staff that are affected by HIV and Aids.

## **6 UNIONISATION**

During February 2009, a Recognition Agreement was signed with United Association of South Africa (UASA) the union, representing the majority of staff. Monthly meetings are held with shop stewards and union officials to discuss workplace matters.

**REPORT OF THE AUDIT AND RISK COMMITTEE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

The Audit and Risk Committee (herein called "*the Committee*") reports that it has complied with its responsibilities arising from section 166(2) (b) of the Municipal Finance Management Act no 56 of 2003 (MFMA). The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as contained in its charter, and carried out its functions in compliance with the terms of reference as approved by Council.

The members of the Committee are all independent and have the required qualifications, skills and knowledge, including legal, business management, risk management, accounting and financial management. During the current financial year, the contract of the three previous members of the Audit and Risk committee expired on the 31<sup>st</sup> December 2008; and the seven (7) new members who were appointed in January 2009 are listed hereunder. One of the new members resigned subsequent to year-end.

**1. Committee Membership and Attendance of meetings**

The Committee should have a minimum of six (6) meetings during a financial year as per its approved terms of reference. There were seven (7) meetings held during the current financial year, which included special meetings.

<b>Names of Members</b>		<b>Number of Meetings attended</b>
Total number of Meetings during the financial year		7
Advocate Vusi Khuzwayo (Chairperson)	Contract expired 31/12/08	4
Sbusiso Luthuli CA (SA)	Contract expired 31/12/08	4
Ms Fathima Ussuph	Re-appointed 30/01/09	4
Rohit Desai CA (SA)	Appointed 30/01/09	3
Peter Christianson CA (SA)	Appointed 30/01/09	3
Bongiwe Sithole	Appointed 30/01/09	2
Sipho Nzuzza	Appointed 30/01/09	3
Lihle Ndlovu	Appointed 30/01/09	3
Nhlanhla Gasa	Appointed 30/01/09 Resigned 11/2009	3

## **2. Audit and Risk Committee Responsibilities on Audit Matters**

The Audit and Risk Committee fiduciary duties cover the eThekweni Municipality and the municipal owned entities, namely, the Durban Marine Theme Park (Pty) Ltd, trading as uShaka Marine World and the Chief Albert Luthuli International Convention Centre (ICC).

The Committee advises the Board, Accounting Officer and Council on matters relating to internal financial control and internal audits, risk management, accounting policies, adequacy, reliability and accuracy of financial reporting and information, performance management and evaluation, effective governance, compliance with the Municipal Finance Management Act (MFMA) and any other applicable legislation or other issues referred to it.

Various recommendations, as per Section 121 (3)(j) of the Municipal Finance Management Act No. 56 of 2003 have been made during the financial year, including those which have been recorded in the minutes of the Audit and Risk Committee. The following functions were carried out by the Audit and Risk Committee, as prescribed by the Municipal Finance Management Act, in its meetings for the year ended 30<sup>th</sup> June 2009.

### **2.1 Evaluation of Financial Statements**

The Audit and Risk Committee has reviewed:

- and discussed with the Auditor-General and the Accounting Officer, both the un-audited and audited annual financial statements to be included in the annual report for the year ending 30 June 2009;
- the Auditor-General's management reports on the regularity audit and the audit of performance information of the uShaka Marine World; and management's responses thereto;
- accounting policies and procedures;
- material or significant adjustments resulting from the audit;
- major variances from prior year;
- the Auditor-General's draft audit report on the annual financial statements for the year ending and significant findings;
- the going concern principle.

## **2.2 Evaluation of the effectiveness of Internal Audit and internal control systems**

### **Internal Audit Unit**

The Internal Audit Unit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective, in line with the provisions of the MFMA, and the requirements per the Code of Corporate Governance. This is achieved by means of continuous risk assessments, as well as the identification of corrective actions and suggested enhancements to the controls and processes in respect of key risk areas identified. The Internal Audit function uses a risk based audit approach to ensure that audit effort is focused on key risks that could impact on the achievement of strategic objectives.

### **Internal control Systems**

The system of internal control is designed to provide cost effective assurance that assets are safeguarded, liabilities and working capital are efficiently managed, and there is compliance with applicable legislation. The system of internal control was not entirely effective for the year under review, as compliance with prescribed policies and procedures was lacking in certain instances. The weaknesses in internal controls that were identified during the year under review were reported to management and corrective action agreed to. Internal Audit has conducted follow-up audits to ensure that action plans were implemented.

Significant control weaknesses have been reported by the Auditor-General under emphasis of matter and in the management letter. The Committee has requested management to ensure that detailed action plans are put in place to address the reported weaknesses. The effect of these instances has been included in the annual financial statements and the report of the Accounting Officer.

### **Fraud and Irregular activities**

The Investigations Units and the Internal Audit Unit both conduct reviews into possible or alleged irregular and/or fraudulent activities, and report to the Accounting Officer and the Committee. Management is required to take appropriate action once reported matters are investigated. There were no fraudulent activities reported by the entity in the current financial year.

### **2.3 Performance Management and Information**

The Committee reviewed the quarterly organizational scorecards and the quarterly internal audit reports on performance and performance information. The results of the audit of the municipality's performance management system were also reviewed by the Committee. Based on the reviews of the quarterly performance reports together with the performance management system certain areas of non-compliance requiring improvement were noted. These matters are included in the municipality's Internal Audit and Performance management report on the organizational performance scorecard. The Committee has however noted that systems and procedures in place require enhancement, to monitor both organisational and individual performance.

### **2.4 Enterprise Risk Management**


The Municipality is in the process of implementing an enterprise risk management system, a requirement in terms of the MFMA. This is in line with risk management best practices. Matters of risk management and the risk profile of the municipality are dealt with by the Committee in a separate report on Enterprise Risk Management. The Committee reviewed the Risk Management Policy and Framework, for approval by Council.

Strategic risk assessments, using a standardized risk assessment methodology, were held and the top key risks identified, measured and prioritized. As a result, the uShaka Marine World has identified top strategic risks at organizational and department levels. The Chief Executive Officer and Chief Operations Officer have ensured that risk mitigation strategies are in place and will monitor implementation of these action plans in respect of the top strategic risks. The management of the various departments are also the risk owners, and they are responsible for the continuous identification and mitigation of risks. Risk management software to support the implementation of risk management systems, and maintain the risk registers and risk profile, has been acquired.

### 3 Report of the Auditor-General

The Committee has reviewed the issue of the going concern of the Durban Marine Theme Park (Pty) Ltd (uShaka Marine World) and its continued operational losses. The Accounting Officer has on the advice of the Committee obtained a resolution of Council's commitment to ensuring the future financial viability of the Durban Marine Theme Park and more specifically to meet any funding shortfalls that may compromise its ability to continue trading as a "going concern".

However, the Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements, that in all material respects, they comply with the relevant provisions of the MFMA and the South African Statements of Generally Recognised Accounting Practice. The Committee is therefore of the opinion that the audited annual financial statements be accepted and be read together with the report of the Auditor-General.



.....  
Siphon Nzuza  
Chairperson  
Audit and Risk Committee

Date: 21 January 2010

**DURBAN MARINE THEME PARK (PTY) LTD**

**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 30 June 2009**



DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2009

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 26, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Durban Marine Theme Park (Pty) Ltd.



Mr GJ Whiteford  
Accounting Officer

3 November 2009

## INDEX

	<b>Page</b>
Audit Report	26
Report of Directors'	31
Statement of Financial Position	34
Statement of Financial Performance	35
Statement of Changes in Net Assets	36
Cash Flow Statement	37
Accounting Policies	38
Notes to the Annual Financial Statements	42
Appendix A (Unaudited) : Analysis of Property, Plant and Equipment	53
Appendix B (Unaudited) : Actual versus Budget (Revenue and Expenditure)	57
Appendix C (Unaudited) : Actual versus Budget (Acquisition of Property, Plant and Equipment)	61

**REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL  
LEGISLATURE AND ETHEKWINI COUNCIL ON THE FINANCIAL STATEMENTS AND  
PERFORMANCE INFORMATION OF THE DURBAN MARINE THEME PARK (PTY) LTD FOR  
THE YEAR ENDED 30 JUNE 2009**

**REPORT ON THE FINANCIAL STATEMENTS**

**Introduction**

1. I have audited the financial statements of the Durban Marine Theme Park (Pty) Ltd which comprise the statement of financial position as at 30 June 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 31 to 52 of Chapter 10, Annexure A.

**The accounting officer's 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 basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Companies Act of South Africa, 2008 (Act No. 71 of 2008) 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.

**The Auditor-General's responsibility**

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 126(3) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. 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.
5. 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.

6. Paragraph 11 *et seq.* of the Standard of Generally Recognised Accounting Practice, GRAP 1 *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the Durban Marine Theme Park (Pty) Ltd in this respect will be limited to reporting on non-compliance with this disclosure requirement.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

8. In my opinion the financial statements present fairly, in all material respects, the financial position of the Durban Marine Theme Park (Pty) Ltd as at 30 June 2009 and its financial performance and its cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements and in the manner required by the MFMA and the Companies Act of South Africa.

### **Emphasis of matters**

Without qualifying my opinion, I draw attention to the following matters:

#### **Basis of accounting**

9. The municipal entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in note 1.1 to the financial statements.

#### **Going concern**

10. The Durban Marine Theme Park (Pty) Ltd reported a net loss of R44,5 million for the year ended 30 June 2009 resulting in an accumulated deficit of R377,5 million. As disclosed in note 3.1 to the financial statements the eThekweni Municipality's Council has passed a resolution confirming its commitment to ensuring the future financial viability and more specifically to meet any funding shortfalls that may compromise the entity's ability to continue trading as a going concern.

#### **Irregular expenditure**

11. As disclosed in note 32 to the financial statements irregular expenditure to the amount of R1,4 million was incurred, as a proper tender process had not been followed.

#### **Other matters**

Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

#### **Unaudited supplementary schedules**

12. The municipal entity provided supplementary information in Appendix B to the financial statements on whether resources were obtained and used in accordance with the legally adopted budget, in accordance with GRAP 1 *Presentation of Financial Statements*. The supplementary budget information and other supplementary information set out on pages 53

to 62 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

**Governance framework**

13. The governance principles that impact the auditor’s opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below:

**Key governance responsibilities**

14. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
<b>Clear trail of supporting documentation that is easily available and provided in a timely manner</b>			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	<input type="checkbox"/>	
<b>Quality of financial statements and related management information</b>			
2.	The financial statements were not subject to any material amendments resulting from the audit.		<input type="checkbox"/>
3.	The annual report was submitted for consideration prior to the tabling of the auditor’s report.	<input type="checkbox"/>	
<b>Timeliness of financial statements and management information</b>			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines as set out in section 126 of the MFMA.	<input type="checkbox"/>	
<b>Availability of key officials during audit</b>			
5.	Key officials were available throughout the audit process.	<input type="checkbox"/>	
<b>Development and compliance with risk management, effective internal control and governance practices</b>			
6.	Audit committee	<input type="checkbox"/>	
	<ul style="list-style-type: none"> <li>• The municipal entity had an audit committee in operation throughout the financial year.</li> <li>• The audit committee operates in accordance with approved, written terms of reference.</li> <li>• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.</li> </ul>	<input type="checkbox"/>	
7.	Internal audit		
	<ul style="list-style-type: none"> <li>• The municipal entity had an internal audit function in operation throughout the financial year.</li> <li>• The internal audit function operates in terms of an approved internal audit plan.</li> <li>• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.</li> </ul>	<input type="checkbox"/>	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	<input type="checkbox"/>	
9.	There are no significant deficiencies in the design and implementation of internal	<input type="checkbox"/>	

No.	Matter	Y	N
	control in respect of compliance with applicable laws and regulations.		
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	<input type="checkbox"/>	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in section 95(c)(i) of the MFMA.	<input type="checkbox"/>	
12.	Delegations of responsibility are in place, as set out in section 106 of the MFMA.	<input type="checkbox"/>	
<b>Follow-up of audit findings</b>			
13.	The prior year audit findings have been substantially addressed.		<input type="checkbox"/>
14.	SCOPA/Oversight resolutions have been substantially implemented.	<input type="checkbox"/>	
<b>Issues relating to the reporting of performance information</b>			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	<input type="checkbox"/>	
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	<input type="checkbox"/>	
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Durban Marine Theme Park (Pty) Ltd against its mandate, predetermined objectives, outputs, indicators and targets as prescribed in section 87 of the MFMA.	<input type="checkbox"/>	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	<input type="checkbox"/>	

15. Although the entity has an efficient and effective governance framework over financial reporting, shortcomings were noted in the effectiveness of internal controls relating to pertinent information not being available, ongoing monitoring and supervision as well as control activities not always adequate. These shortcomings contributed to the correcting adjustments to amounts and disclosure that were identified in the financial statements submitted for audit.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Report on performance information

16. I have reviewed the performance information as set out in Section A, pages 8 to 12.

### The accounting officer's responsibility for the performance information

17. In terms of section 121(4)(d) of the MFMA, the annual report of a municipal entity must include an assessment by the entity's accounting officer of the entity's performance against any measurable performance objectives, set in terms of the service delivery agreement or other agreement between the entity and its parent municipality.

### The Auditor-General's responsibility

18. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.

19. In terms of the foregoing my engagement included performing procedures of a review nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

20. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review.

## APPRECIATION

21. The assistance rendered by the staff of the Durban Marine Theme Park (Pty) Ltd during the audit is sincerely appreciated.

*Auditor-General*

Pietermaritzburg  
03 November 2009



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## REPORT OF DIRECTORS' FOR THE YEAR ENDED 30 JUNE 2009

### 1. Statement of Director's Responsibility

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement.

The directors are also responsible for the company's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review, with the exception of the matter as set out in note 31 of these financial statements.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future, especially in light of the conversion of shareholder loan to equity.

### 2. Nature of business

The company is defined as a Municipal Entity as it is controlled by the eThekweni Municipality. As part of an urban regeneration project for the Point Precinct in Durban, the company has developed a large marine theme park situated on the beachfront in the Point Precinct.

This marine theme park which trades as uShaka Marine World is the sole operation of the company and commenced operations on 30 April 2004. uShaka Marine World comprises four main components, being:

- an Oceanarium, known as SeaWorld;
- a Waterpark, known as Wet 'n Wild;
- a Retail Shopping Mall known as Village Walk;
- and linkages to the beachfront.

### 3. Management

The company has entered into a ten year contract with High Footprint Management (Pty) Ltd (name changed during the year under review from uShaka Management (Pty) Ltd), expiring on 31 March 2013 in terms of which High Footprint Management (Pty) Ltd are responsible for the management and operations of uShaka Marine World. In terms of this contract, all staff who work at uShaka Marine World, with the exception of those employed by The South African Association for Marine Biological Research (SAAMBR) are employed by High Footprint Management (Pty) Ltd but the entire cost of such staff is borne by the company.

The company has also entered into a long term agreement with SAAMBR, in terms of which SAAMBR are responsible for the operations of SeaWorld. Until 30 June 2007 the company reimbursed SAAMBR for all costs incurred by it in the performance of those obligations, including the costs of staff employed for that purpose. Effective 1 July 2007 the funding arrangements between the company and SAAMBR changed and notwithstanding contractual obligations the company does not fund SAAMBR expenses for the time being.



#### 4. Financial results of the company

The financial statements from pages 34 to 52 set out fully the financial position and results of operations and cash flows of the company for the period ended 30 June 2009. Pages 53 to 62 do not form part of the audited financials however are included as additional information.

No dividends have been declared during the period.

#### 5. Share capital

The authorised share capital of the company is 10,000 shares of R1,00 each.

The issued share capital increased by 5,109 shares via allotment of shares to Ethekeweni Municipality on 23 June 2009 at a premium of R97,088 per share, totalling R496,000,000.

At 30 June 2009 the company had issued 9,055 shares for a total value of R840,994,927.

#### 6. Directors and secretary

- The directors of the company are:

G J Whiteford	(appointed 14 March 2003 as director)
	(appointed 20 June 2008 as Accounting officer)
H C Rudham	(appointed 16 November 2004)
J T Russell	(appointed 8 April 2005)
B J Mtembu	(appointed 8 April 2005)
T V Norman	(appointed 8 April 2005)
S Pillay	(appointed 8 April 2005)
S Zulu	(appointed 8 April 2005)
J H de Villiers Botha	(appointed 3 December 2001)
R E Rees	(appointed 14 August 2009)
M L Mashaba	(resigned 14 August 2009)

- Alternate directors:

B D Rebeck	(appointed 23 April 2002)
A W McCree	(resigned)
J M T Ndlovu	(resigned)

- The secretary of the company is DLD de Marigny, whose details are:

Business address	Postal address
Ground Floor - The Marine Building 22 Dorothy Nyembe Durban	PO Box 5478 Durban 4000

- The company's registration number is - 2001/020025/07

- Non Voting Municipal Representatives

O Mlaba (Mayor)  
M Sutcliffe (Municipal Manager)

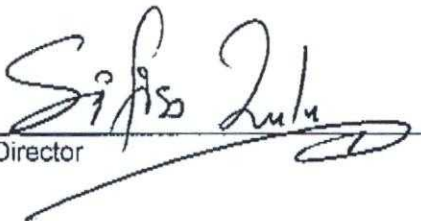
**7. Interest of directors and officers in share capital and contracts**

H.C. Rudham is a director of Mbatha Walters & Simpson, which are appointed as sub-consultant to Boogertman & Partners.


**8. Controlling shareholder**

The controlling shareholder is eThekweni Municipality which owns 9,054 of the 9,055 issued shares (99,99%).

The financial statements set out on pages 11 to 29 were approved by the board of directors on and are signed on their behalf by:

  
Director

Date: 3 November 2009

  
Director

Date: 3 November 2009

**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009**

	Note	2009	2008 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>463,454,840</b>	<b>11,969,366</b>
Share Capital	2	9,055	3,946
Share Premium	2	840,985,872	344,990,982
Accumulated Deficit		(377,540,087)	(333,025,562)
<b>Non-current liabilities</b>		<b>93,166,766</b>	<b>567,460,569</b>
Shareholders loan	3	1,759,088	481,788,247
Debentures	4	86,592,922	80,092,922
Long Term Liabilities	5	4,814,756	5,579,400
<b>Current liabilities</b>		<b>20,671,390</b>	<b>16,727,155</b>
Current Portion of Long Term Liabilities	5	764,644	3,627,825
Short term loan	6	799,966	718,554
Tenant Rental Deposits	7	1,390,609	1,307,975
Trade and other payables	8	16,047,208	9,167,403
Provisions	9	1,622,382	1,508,338
VAT	10	46,581	397,061
<b>Total Net Assets and Liabilities</b>		<b><u>577,292,996</u></b>	<b><u>596,157,091</u></b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>529,246,680</b>	<b>557,638,512</b>
Property, plant and equipment	11	477,820,598	500,002,974
Intangible Assets	12	297,152	182,763
Investments – Property	13	48,857,847	52,712,031
Deferred income	14	2,271,083	4,740,744
<b>Current assets</b>		<b>48,046,316</b>	<b>38,518,579</b>
Receivables and prepayments	17	6,854,443	8,740,935
Inventory	18	2,941,539	4,188,777
Cash and Cash Equivalents	15	37,569,131	25,061,533
Clearing accounts	16	681,203	527,333
<b>Total Assets</b>		<b><u>577,292,996</u></b>	<b><u>596,157,091</u></b>

**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 R	2008 R
<b>REVENUE</b>			
Ticketing Revenue		51,791,003	47,395,169
Food and Beverage Revenue		28,456,759	29,620,882
Merchandising Revenue		3,686,334	4,953,236
Functions Revenue		6,858,859	7,192,629
Village Walk Rental Revenue		17,141,909	19,848,620
Sponsorship Revenue		2,780,128	2,777,356
Other Income	19	3,345,312	2,879,787
Gains on disposal of property, plant and equipment		194	5,263
Parking Revenue		1,474,572	1,698,023
Interest received		1,543,875	918,971
<b>Total Revenue</b>		<b><u>117,078,944</u></b>	<b><u>117,289,936</u></b>
<b>Cost of sales</b>		<b><u>18,682,241</u></b>	<b><u>19,214,299</u></b>
<b>Gross Operating Profit</b>		<b><u>98,396,703</u></b>	<b><u>98,075,637</u></b>
<b>EXPENDITURE</b>			
Employee costs re-imbursed	20	41,783,744	37,668,644
Bad debts		2,122,266	974,126
Depreciation		32,823,088	37,592,404
Repairs and maintenance		7,349,794	5,085,706
Contracted services		1,334,476	1,333,746
Marketing		5,540,864	8,955,417
Loss on disposal of property, plant and equipment	24	615,892	-
Other operating expenses	21	43,856,343	34,946,547
Pre-opening costs	22	-	332,721
Finance Costs	23	7,484,761	34,155,477
<b>Total Expenditure</b>		<b><u>142,911,228</u></b>	<b><u>161,044,788</u></b>
<b>DEFICIT FOR THE YEAR</b>	24	<b><u>(44,514,525)</u></b>	<b><u>(62,969,151)</u></b>
<b>Refer to Appendix B for the comparison with the approved budget</b>			

**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009**

NOTE	<u>2</u>	<u>2</u>		
	<u>Share Capital</u>	<u>Share Premium</u>	<u>Accumulated Surplus/ (Deficit)</u>	<u>Total</u>
	R	R	R	R
<b>2008</b>				
<i>Ordinary Shares</i>				
Balance at 1 July 2007	512	9,999,897		10,000,409
Ordinary Shares Issued during the year	3434			3434
Share Premium		334,991,085		334,991,085
<b>Restated balance</b>	<b>3,946</b>	<b>344,990,982</b>		<b>344,994,928</b>
<i>Accumulated Loss</i>				
Balance at 1 July 2007			(269,516,363)	(269,516,363)
Prior year error correction			(540,048)	(540,048)
<b>Restated balance</b>			<b>(270,056,411)</b>	<b>(270,056,411)</b>
Surplus/(deficit) for the year			(62,969,151)	(62,969,151)
<b>Balance at 30 June 2008</b>	<b>3,946</b>	<b>344,990,982</b>	<b>(333,025,562)</b>	<b>11,969,366</b>
<b>2009</b>				
<i>Ordinary Shares</i>				
Balance at 1 July 2008	3,946	344,990,982		344,994,928
Ordinary Shares Issued during the year	5,109			5,109
Share Premium		495,994,890		495,994,890
<b>Restated balance</b>	<b>9,055</b>	<b>840,985,872</b>		<b>840,994,927</b>
Balance at 1 July 2008			(333,025,562)	(33,025,562)
Surplus/(deficit) for the year			(44,514,525)	(44,514,525)
<b>Balance at 30 June 2009</b>	<b>9,055</b>	<b>840,985,872</b>	<b>(377,540,087)</b>	<b>463,454,840</b>

**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 R	2008 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		115,192,452	122,439,499
Cash paid to suppliers and employees		106,536,672	118,046,600
Cash generated from operations		8,655,784	4,392,899
Finance costs		(984,761)	(32,193,876)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	25	<b>7,671,023</b>	<b>(27,800,977)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(7,526,792)	(12,949,111)
Proceeds on disposal of property, plant and equipment		10,175	5,263
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(7,516,617)</b>	<b>(12,943,848)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loans paid		(485,334,660)	(291,592,637)
Proceeds from Issue of shares		496,000,000	334,994,519
Proceeds from borrowing		1,759,088	5,455,013
Increase in tenant deposits		88,660	13,388
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>12,507,062</b>	<b>48,870,283</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>12,661,468</b>	<b>8,125,458</b>
Cash and cash equivalents at the beginning of the year		<b>25,588,866</b>	<b>17,463,408</b>
Cash and cash equivalents at the end of the year	14	<b>38,250,334</b>	<b>25,588,866</b>

**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009**

**1 Accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below and are consistent with those of the previous year.

**1.1 Basis of Preparation**

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the effective Standards of Generally Recognized Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

<b>Standard of GRAP</b>	<b>Replaced Statement of IAS</b>
GRAP 1: Presentation of financial statements	IAS1: Presentation of financial statements
GRAP 2: Cash flow statements	IAS7: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors	IAS8: Accounting policies, changes in accounting estimates and errors

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP has resulted in the following changes in the presentation of the financial statements:

a) Terminology differences:

<b>Standard of GRAP</b>	<b>Replaced Statement of GAAP</b>
Statement of financial performance	Income Statement
Statement of financial position	Balance sheet
Statement of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus / deficit	Profit / loss
Accumulated surplus / deficit	Retained earnings
Contributions from owners	Share capital
Distribution to owners	Dividends

b) The cash flow statement can only be prepared in accordance with the direct method.

c) Specific information has been presented separately on the statement of financial position such as:

- Receivables from non-exchange transactions, including taxes and transfers;
- Taxes and transfers payable;
- Trade and other payables from non-exchange transactions;

d) Amount and nature of any restrictions on cash balances is required.

**1.2 Presentation Currency**

These annual financial statements are presented in South African Rand and rounded to the nearest Rand.

**1.3 Going Concern Assumption**

These annual financial statements have been prepared on a going concern basis.

**1.4 Property, Plant and Equipment**

Property, plant and equipment comprises: - land and buildings; furniture, fittings and equipment; plant and machinery and vehicles and are included at historical cost. Cost includes all costs that are directly attributable to bringing the assets to working condition for their intended use.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period required to prepare and complete the asset for its intended use. Other borrowing costs are expensed.

Repairs and maintenance are expensed as and when incurred.

**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009(continued)**

All assets, other than land, are depreciated on a straight line basis over their estimated useful lives and the rates range between:

*	Buildings and Building Structures	10-40 years
*	Furniture and Fittings and Equipment	3-10 years
*	Plant and Machinery	10 years
*	Motor vehicles	5 years

Useful life and residual value is reviewed annually and the prospective depreciation is adjusted accordingly.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in income or expenditure.

Land is not depreciated as it is deemed to have an indefinite life.

#### **1.5 Intangible Assets**

Intangible assets that meet the recognition criteria are stated in the statement of financial position at amortised cost, being the initial cost price less any amortisation and impairment.

Amortisation is charged so as to write off the cost of intangible assets over their estimated useful lives, using the straight-line method as follows:

- Computer software	2 years
---------------------	---------

The useful lives of intangible assets are reassessed at the end of each financial year.

#### **1.6 Leased assets**

Leases of property, plant and equipment where the company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payment.

Leases of assets under which all the risks and benefits of ownership are effectively 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 year of the lease. When an operating lease is terminated before the lease year has expired, any payment required to be made to the lessor by ways of penalty is recognised as an expense in the year in which termination takes place.

#### **1.7 Financial Instruments**

##### **Recognition**

Financial assets and financial liabilities are recognized on the company's statement of financial position when the company becomes a party to the contractual provision of the instrument.

Financial instruments carried on the statement of financial position include a loan, prepayments and advances, non-exchange transfers receivable, trade and other receivables from exchange transactions, cash and cash equivalents, non-exchange transfers payable, trade and other payables from exchange transactions and VAT payable. Where relevant, the particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

##### **Measurement**

Financial instruments are initially measured at fair value plus any transaction costs directly attributable to the acquisition or issue of financial asset / liability. Subsequent to initial recognition, these instruments are measured as set out below.

##### **Financial assets**

The company's financial assets are cash and bank balances trade and other receivables.

##### **Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalent comprise cash on hand, deposits held with banks, and bank overdrafts.

##### **Trade receivables**

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

##### **Financial liabilities**

The company's financial liabilities are trade creditors which are stated at fair value and the policy is to pay within 30 days.

##### **Derecognition**

A financial asset or a portion thereof is derecognised when the company realises that the contractual rights to the benefits specified in the contract expire; the company surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in net assets is included in net surplus or deficit for the period.



**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED  
ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009(continued)**

**Fair value considerations**

The fair values at which financial instruments are carried at the reporting date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that could be realised in the normal course of business. The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair value due to the short-term trading cycle of these items.

**1.8 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The entity's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

**Deferred income tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used to determine deferred income tax. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

**1.9 Revenue recognition**

Revenue comprises rental income, entrance and parking fees, sales of merchandise, food and beverage, sponsorship income, eventing income and interest net of Value Added Tax and discounts.

Rental income is recognised on the straight-line basis over the lease term and accordingly deferred income is raised.

Entrance and parking fees and sales of merchandise, food and beverage are recognised immediately upon receipt.

Interest, sponsorship and eventing income is recognised as it accrues (taking into account in respect of interest income, the effective yield on the asset) unless collectability is in doubt.

**1.10 Provisions**

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

**1.11 Inventories**

Inventories are valued at the lower of cost or net realizable value. Provision is made for slow moving goods and obsolete materials are written off. Cost is determined at invoice cost on a weighted average basis.

**1.12 Foreign currency transactions**

Transactions in foreign currencies are converted to South African Rand at the rate of exchange ruling at the date of the transaction.

**1.13 Retirement Obligations**

The company reimburses High Footprint Management (Pty) Ltd for the cost of the Provident Fund maintained by it for staff who work at uShaka Marine World. All such staff are obliged to be members of the Provident Fund which is governed by the Pension Funds Act of 1956. Contributions are based on a percentage of the payroll and charged to the income statement in the year to which they relate.

**1.14 Investment Property**

Investment property is the uShaka Village Walk Shopping Mall and comprises: - Building and Structures, Furniture, fittings and equipment.

Investment property is valued at cost less accumulated depreciation. Cost includes all costs that are directly attributable to bringing the assets to working condition for their intended use.

Where items of investment property have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Interest costs on borrowings to finance the construction of investment property are capitalised during the period required to prepare and complete the asset for its intended use. Other borrowing costs are expensed.

All assets within investment property are depreciated on a straight line basis over their estimated useful lives and the rates range between:

*	Buildings and Building Structures	10-40 years
*	Furniture and Fittings and Equipment	3-10 years

**1.15 Unauthorized Expenditure**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (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.

**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009(continued)**

**1.16 Irregular Expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (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.

**1.17 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.

**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	R	R
<b>2. SHARE CAPITAL</b>		
Authorised		
Ordinary Shares		
10,000 ordinary shares of R1 each	<u>10,000</u>	<u>10,000</u>
Issued		
Ordinary Shares		
9055 Ordinary Shares of R1 each	<u>9,055</u>	<u>3,946</u>
<b>SHARE PREMIUM</b>	<u>840,985,872</u>	<u>344,990,982</u>
1,937 Shares issued at premium of R97,086		
1,600 Shares issued at premium of R98,083		
5,109 Shares issued at premium of R97,083		

**3. SHAREHOLDERS LOAN**

This loan was interest free and had no fixed terms of repayment. The shareholder had subordinated its claim against the company in favour of other creditors as at 30 June 2008. On 23 June 2009 the shareholders loan as at that date was capitalised to share capital (refer note 2).

**1,759,088      481,788,247**

**3.1 ETHEKWINI MUNICIPALITY – GOING CONCERN**

A resolution by the eThekweni Council was passed on 3 December 2009 (Item 13 of the fourth report of the executive committee) confirming the following:

Extract from council minutes: "That taking cognisance of the International Convention Centre operating at a break-even level, excluding depreciation and finance charges, the Council confirms its commitment to ensuring the future financial viability of the International Convention Centre and the Durban Marine Theme Park and more specifically to meet any funding shortfalls that may compromise their ability to continue trading as a "going concern."

**4. DEBENTURES**

Debentures issued

- capital  
 - interest

50,000,000      50,000,000  
 36,592,922      30,092,922  
86,592,922      80,092,922

The unsecured convertible debenture bears interest at a non-compounding rate of 13% per annum. The accrued interest is payable at the end of the twelfth year of the issued debenture. The debenture is convertible at the option of the holder into ordinary shares of the company at anytime during 12 years from date of issue. Should the holder not exercise the option to convert, the debenture is redeemable at the option of either the issuer or the bearer after the 12 years from date of issue. On redemption the debenture capital is repayable in three equal annual tranches during 2017, 2018 and 2019.

**5. LONG TERM LIABILITIES**

EXTERNAL LOANS – 2009	Balance at 30/06/08	Interest during the year	(Payments) / Advances during the Year	Balance at 30/06/09	Less Current Portion	Disclosure of Long Term Portion
	R	R	R	R	R	R
<b>LONG-TERM LOANS</b>						
Standard Bank	1,197,653	100,201	(1,297,854)	-	-	-
DBSA Phantom Ship	1,810,060	149,708	(1,959,768)	-	-	-
DBSA Village Walk	6,199,512	642,468	(1,262,580)	5,579,400	764,644	4,814,756
<b>Total long-term loans</b>	<u>9,207,225</u>	<u>892,377</u>	<u>(4,520,202)</u>	<u>5,579,400</u>	<u>764,644</u>	<u>4,814,756</u>
<b>TOTAL EXTERNAL LOANS</b>						

**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

**5. LONG TERM LIABILITIES (Continued)**

<b>EXTERNAL LOANS – 2008</b>	<b>Balance at 30/06/07</b>	<b>Interest during the Year</b>	<b>(Payments) / Advances during the Year</b>	<b>Balance at 30/06/08</b>	<b>Less Current Portion</b>	<b>Disclosure of Long Term Portion</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>LONG-TERM LOANS</b>						
Standard Bank	2,161,940	225,277	(1,189,564)	1,197,653	1,197,653	-
CITI Bank	109,463,636	3,496,100	(112,959,736)	-	-	-
DBSA Loan	32,352,941	1,717,443	(34,070,384)	-	-	-
DBSA Phantom Ship	3,436,590	-	(1,626,530)	1,810,060	1,810,060	-
DBSA Village Walk	5,871,029	628,971	(300,488)	6,199,512	620,112	<b>5,579,400</b>
eThekweni Municipality Loan	146,959,966	11,100,959	(158,060,925)	-	-	-
<b>Total long-term loans</b>	<b>300,246,102</b>	<b>17,168,750</b>	<b>(308,207,626)</b>	<b>9,207,225</b>	<b>3,627,825</b>	<b>5,579,400</b>
<b>TOTAL EXTERNAL LOANS</b>						

The Standard Bank loan bears interest at 9.52% and was repayable in 60 monthly instalments. The loan was secured by the assets with a book value of R674,668. The loan was settled in full in June 2009.

The DBSA Phantom Ship loan bears interest at 10.9% and was repayable in 10 semi annual instalments. The loan was secured by assets with a book value of R5,007,206 (2008 : R R5,658,264) as detailed in note 11, 12 and 13 respectively. The loan was settled in full in June 2009.

The DBSA Village Walk is an unsecured loan which bears interest at 8.5% and is repayable in 18 quarterly instalments.

<b>6. SHORT TERM LOANS</b>		
Premium Finance Solutions	<u>799,966</u>	<u>718,554</u>
This loan bears interest at 6.5% and will be repaid in full in October 2009.		
<b>7. TENANT RENTAL DEPOSITS</b>		
Tenant Rental Deposits	<u>1,390,609</u>	<u>1,307,975</u>
<b>8. TRADE AND OTHER PAYABLES</b>		
Trade creditors	11,240,093	8,572,229
Other creditors	<u>4,807,115</u>	<u>595,174</u>
	<b><u>16,047,208</u></b>	<b><u>9,167,403</u></b>
<b>9. PROVISIONS</b>		
<i>Leave pay (Leave pay is owed to employees)</i>		
- Opening balance	1,508,338	1,169,089
- Income Statement movement	<u>79,547</u>	<u>339,249</u>
- Closing Balance	<u>1,587,885</u>	<u>1,508,338</u>
<i>Other provisions – WCA</i>		
- Opening balance	-	32,437
- Income Statement movement	<u>34,497</u>	<u>(32,437)</u>
- Closing Balance	<u>34,497</u>	<u>-</u>
<b>Total Provisions</b>	<b><u>1,622,382</u></b>	<b><u>1,508,338</u></b>
<b>10. VAT</b>		
VAT Payable	46,581	397,061
VAT is payable on the accrual basis. VAT inputs receivables and VAT outputs payables are shown in the balance sheet. All VAT returns have been submitted by the due date throughout the year.		
	<u>46,581</u>	<u>397,061</u>

DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

11. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	<u>Capital Work in Progress</u>	<u>Land and Buildings</u>	<u>Motor Vehicle</u>	<u>Furn, Fittings &amp; Equip</u>	<u>Plant &amp; Machinery</u>	<u>Phantom Ship</u>	<u>Total</u>
	R	R	R	R	R	R	R
<b>Carrying values at 1 July 2008</b>							
Cost	189,312	482,105,378	1,243,439	71,709,905	72,191,076	7,880,027	635,319,137
Accumulated depreciation	-	(55,558,263)	(996,774)	(47,423,258)	(29,092,570)	(2,221,763)	(135,292,629)
Opening carrying amount	189,312	426,547,115	246,665	24,263,111	43,098,506	5,658,264	500,002,973
Additions / Transfers	30,740	2,729,046	-	4,492,531	23,500	-	7,275,816
Acquisitions	-	-	-	-	-	-	-
Net borrowing costs capitalized	-	-	-	-	-	-	-
Capital under Construction	-	-	-	-	-	-	-
Depreciation	-	(13,525,522)	(81,321)	(7,549,471)	(7,219,114)	(458,529)	(28,883,957)
Carrying value of disposals	-	-	(406)	(441,668)	-	(192,529)	(634,603)
Cost	-	-	(5,263)	(1,964,265)	-	(423,887)	(2,393,415)
Accumulated depreciation	-	-	4,857	1,522,597	-	231,358	1,758,812
Impairment losses	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-
<b>Carrying values at 30 June 2009</b>	<b>220,052</b>	<b>415,750,638</b>	<b>164,938</b>	<b>20,774,863</b>	<b>35,902,892</b>	<b>5,007,206</b>	<b>477,820,598</b>
Cost	220,052	484,834,424	1,238,176	74,238,170	72,214,576	7,456,140	640,201,538
Accumulated depreciation	-	(69,083,785)	(1,073,238)	(53,463,308)	(36,311,684)	(2,448,934)	(162,380,940)

30 June 2008							
Reconciliation of Carrying Value	<u>Capital Work in Progress</u>	<u>Land and Buildings</u>	<u>Motor Vehicle</u>	<u>Furn, Fittings &amp; Equip</u>	<u>Plant &amp; Machinery</u>	<u>Phantom Ship</u>	<u>Total</u>
	R	R	R	R	R	R	R
<b>Carrying values At 1 July 2007</b>							
Cost	184,902	476,802,840	1,093,764	64,550,409	72,191,076	7,880,027	622,703,018
Accumulated depreciation	-	(42,064,623)	(814,130)	(35,809,734)	(21,873,462)	(1,730,278)	(102,292,227)
Opening carrying amount	184,902	434,738,217	279,634	28,740,675	50,317,614	6,149,749	520,410,791
Additions / Transfers	4,410	5,302,538	149,675	7,191,084	-	-	12,647,707
Acquisitions	-	-	-	-	-	-	-
Net borrowing costs capitalized	-	-	-	-	-	-	-
Capital under Construction	-	-	-	-	-	-	-
Depreciation	-	(13,493,640)	(182,645)	(11,668,648)	(7,219,108)	(491,485)	(33,055,526)
Carrying value of disposals	-	-	-	-	-	-	-
Cost	-	-	-	(31,588)	-	-	(31,588)
Accumulated depreciation	-	-	-	31,588	-	-	31,588
Impairment losses	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-
<b>Carrying values At 30 June 2008</b>	<b>189,312</b>	<b>426,547,116</b>	<b>246,664</b>	<b>24,263,111</b>	<b>43,098,506</b>	<b>5,658,264</b>	<b>500,002,974</b>
Cost	189,312	482,105,378	1,243,439	71,709,905	72,191,076	7,880,027	635,319,137
Accumulated depreciation	-	(55,558,263)	(996,775)	(47,446,794)	(29,092,570)	(2,221,763)	(135,316,163)

**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>12. INTANGIBLE ASSETS (COMPUTER SOFTWARE)</b>		
Opening carrying amount	182,763	129,147
Additions/Transfers	249,337	189,615
Depreciation charge	(134,948)	(135,999)
Closing carrying amount	<u>297,152</u>	<u>182,763</u>
Cost	2,698,680	2,449,349
Accumulated depreciation	(2,401,528)	(2,266,586)
Closing carrying amount	<u>297,152</u>	<u>182,763</u>
<b>13. INVESTMENTS – PROPERTY</b>		
Opening carrying amount	52,712,031	56,983,659
Additions/Transfers	-	111,789
Depreciation charge	(3,854,184)	(4,383,417)
Closing carrying amount	<u>48,857,847</u>	<u>52,712,031</u>
Cost	70,939,592	70,939,592
Accumulated depreciation	(22,081,745)	(18,227,561)
Closing carrying amount	<u>48,857,847</u>	<u>52,712,031</u>

Investment Property comprises the Village Walk retail shopping mall from which rental income is derived. The original cost of this property including land was approximately R69,000,000. The directors fair value thereof is R113,000,000 based on a valuation method of net rental return, capitalised at a fair market rate of return of 12%.

<b>14. DEFERRED INCOME</b>		
Rental Adjustment	<u>2,271,083</u>	<u>4,740,744</u>
<b>15. CASH AND CASH EQUIVALENTS</b>		
<i>Durban Marine Theme Park (Pty) Ltd has the following bank accounts: -</i>		
<b><u>Current Account (Primary Bank Account)</u></b>		
<i>Citibank - Johannesburg Branch: Account Number 0500337036</i>		
Cash book balance at beginning of year	25,051,829	12,454,358
Cash book balance at end of year	<u>-</u>	<u>25,051,829</u>
Bank statement balance at beginning of year	24,512,829	12,454,358
Bank statement balance at end of year	<u>-</u>	<u>24,512,829</u>
<b><u>Retail Bank Account</u></b>		
<i>Citibank - Johannesburg Branch: Account Number 0500337052</i>		
Cash book balance at beginning of year	364	70,273
Cash book balance at end of year	<u>-</u>	<u>364</u>
Bank statement balance at beginning of year	364	70,273
Bank statement balance at end of year	<u>-</u>	<u>364</u>

**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
15. CASH AND CASH EQUIVALENTS (Continued)	R	R
<b><u>Schools Bank Account</u></b>		
<i>Citibank - Johannesburg Branch: Account Number 0500337125</i>		
Cash book balance at beginning of year	9,258	8,489
Cash book balance at end of year	<u>-</u>	<u>9,258</u>
Bank statement balance at beginning of year	9,258	8,489
Bank statement balance at end of year	<u>-</u>	<u>9,258</u>
<b><u>Debt Service Bank Account</u></b>		
<i>Citibank - Johannesburg Branch: Account Number 0500337044</i>		
Cash book balance at beginning of year	-	3,788,330
Cash book balance at end of year <b>[Account Closed]</b>	<u>-</u>	<u>-</u>
Bank statement balance at beginning of year	-	3,788,330
Bank statement balance at end of year <b>[Account Closed]</b>	<u>-</u>	<u>-</u>
<b><u>Overdraft Bank Account</u></b>		
<i>Std Bank - Durban Branch: Account Number 050033026</i>		
Cash book balance at beginning of year	82	2,038
Cash book balance at end of year	<u>-</u>	<u>82</u>
Bank statement balance at beginning of year	82	2,038
Bank statement balance at end of year	<u>-</u>	<u>82</u>
<b><u>Current Bank Account</u></b>		
<i>FNB - Durban Branch: Account Number 62205707732</i>		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>37,434,025</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>37,434,025</u>	<u>-</u>
<b><u>Retail Bank Account</u></b>		
<i>FNB Bank - Durban Branch: Account Number 62205752282</i>		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>129,431</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>129,431</u>	<u>-</u>
<b><u>Schools Bank Account</u></b>		
<i>FNB Bank - Durban Branch: Account Number 62205757068</i>		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>5,425</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>5,425</u>	<u>-</u>

**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
<b>15. CASH AND CASH EQUIVALENTS (Continued)</b>	<b>R</b>	<b>R</b>
<b>Overdraft Bank Account</b>		
<i>FNB Bank – Durban Branch: Account Number 62205737309</i>		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	<u>255</u>	<u>-</u>
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	<u>255</u>	<u>-</u>
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :		
<b>Total cash and cash equivalents at the end of the year</b>	<b><u>37,569,131</u></b>	<b><u>25,061,533</u></b>
<b>16. Clearing Accounts</b>		
Cash, credit card and cheque clearing accounts	681,203	527,333
<b>Total Clearing accounts at the end of the year</b>	<b><u>38,250,334</u></b>	<b><u>25,588,866</u></b>
<b>17. RECEIVABLES &amp; PREPAYMENTS</b>		
<b>Trade Debtors</b>	<b>5,141,164</b>	<b>6,934,616</b>
Current (0 – 30 days)	2,666,480	2,363,963
31 - 60 Days	77,673	790,835
61 - 90 Days	48,102	155,186
91 - 120 Days	2,348,909	3,624,632
<b>Provision for Doubtful Debts</b>	<b>(659,099)</b>	<b>(1,413,032)</b>
- Opening balance	(1,413,032)	(2,058,439)
- Income Statement movement	753,123	645,407
<b>Sundry Debtors</b>	<b>4,166</b>	<b>1,904,781</b>
Current (0 – 30 days)	4,166	1,836,215
31 - 60 Days	-	-
61 - 90 Days	-	-
91 – 120 Days (Hand over debtors)	-	68,566
<b>Prepayments :- will be released into the income statement over the following periods</b>	<b>991,191</b>	<b>855,961</b>
Current (0 – 30 days)	169,291	135,110
31 - 60 Days	160,379	135,110
61 - 90 Days	160,379	135,110
91 – 120 Days	501,140	450,631
<b>eThekwini Municipality</b>		
Current	<u>1,377,021</u>	<u>458,609</u>
<b>Total Other Debtors</b>	<b><u>6,854,443</u></b>	<b><u>8,740,935</u></b>
<b>18. INVENTORY</b>		
Closing stock of product		
Food and Beverage	1,083,609	1,111,478
Merchandise	825,520	2,347,159
Consumables Stores – at cost (Includes Wristbands, Stationery, Packaging)	1,032,410	730,140
<b>Total Inventory</b>	<b><u>2,941,539</u></b>	<b><u>4,188,777</u></b>



**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	R	R
<b>19. OTHER INCOME</b>		
Ticketing Related Revenues	361,052	117,666
Tattoo Sales	243,610	276,158
Birthday Parties	621,459	571,551
Guest Relations (Bambino and Shop Mobility)	288,855	313,281
Rarepix (Photographic opportunities)	1,140,161	1,272,186
Helicopter Rides	-	47,167
Seawater Permits	6,000	877
Umbrella Hire	186,368	156,886
SETA Revenue	402,191	-
Ocean Safari boat rides	-	10,385
Lounger Hire	95,616	113,630
	<u>3,345,312</u>	<u>2,879,787</u>
<b>20. EMPLOYEE COSTS RE-IMBURSED</b>		
<i>High Footprint Management (Pty) Ltd</i>		
Number of persons employed at year end: Full time	490	542
Salaries, Wages, Travel allowances and Bonuses	34,200,367	31,188,156
Contributions to UIF, Provident fund, Medical aid and Workmen's Compensation	5,064,067	4,529,173
Leave Pay	413,325	357,212
Overtime payments	1,942,902	1,542,481
	<u>41,620,661</u>	<u>37,617,022</u>
Directors Fees		
Chairman fees paid – S Zulu	24,000	24,000
Directors fees paid - J H de Villiers Botha	12,000	9,750
Directors expenses paid - J H de Villiers Botha	-	17,872
Directors fees paid – G J Whiteford	123,333	-
Directors fees paid – T V Norman	3,000	-
Directors fees paid – B J Mtembu	750	-
	<u>163,083</u>	<u>51,622</u>
<b>TOTAL EMPLOYEE COSTS</b>	<u>41,783,744</u>	<u>37,668,644</u>
<i>South African Association For Marine Biological Research</i>		
Number of persons employed at year end: Full time	128	157
<b>21. OTHER OPERATING EXPENSES</b>		
<i>Included in the Other Operating Expenses are :-</i>		
Water and Electricity	12,583,080	10,693,102
Management Fees	4,784,036	3,609,397
Staff Related Costs	2,745,409	2,693,755
Promotions and Entertainments	3,414,897	3,422,426
Bank Charges	1,209,862	1,200,256
Security	1,672,118	1,157,148
Insurance	1,862,869	1,583,570
Consumables	1,290,886	1,556,792
Other	1,812,580	1,721,383
Cleaning costs	1,087,887	1,200,253
Ticketing Costs	669,303	923,802
Legal Fees and Licences	927,598	846,809
Durban Point Waterfront Levy	4,965,110	689,400
Telephone and Fax	672,253	745,506

**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009	2008
	R	R
<b>21. OTHER OPERATING EXPENSES (Cont)</b>		
Service Contracts	522,992	885,699
Printing and Stationery	603,051	460,584
Functions equipment Hire	1,899,425	786,300
Doubtful Debts Provision	(753,123)	(645,408)
Equipment Replacement Costs	780,862	505,377
Free Parking	11,967	68,583
Travel and Accommodation	239,853	390,060
Operating Leases	225,765	129,119
Audit Fees	559,543	322,634
	<b>43,856,343</b>	<b>34,946,547</b>

**22. PRE-OPENING COSTS**

Pre-opening costs are costs incurred prior to the commencement of trading of uShaka Marine World on 30 April 2004 and costs relating to the project development of uShaka Marine World. The debit in the prior year relates to the write off of the irrecoverable VAT debtor.

-	<b>332,721</b>
---	----------------

**23. FINANCE COSTS**

Citibank	-	13,508,085
DBSA	149,708	2,321,624
Standard Bank	100,201	225,277
Glenrand	92,384	89,881
Overdraft interest	-	602
DBSA debenture	6,500,000	6,500,000
Ethekweni Municipality	-	11,100,328
DBSA Village Walk	642,468	409,681
	<b>7,484,761</b>	<b>34,155,477</b>

**24. DEFICIT FOR THE YEAR**

The following items have been charged in arriving at a deficit for the year:

Auditors' remuneration		
<i>Income Statement charge</i>	559,543	322,634
<i>Profit on disposal of assets</i>	194	5,263
<i>Loss on disposal of assets</i>	(615,892)	-

**25. OPERATING LEASES**

*Total of future minimum lease payments under non-cancellable leases*

**25.1 Lessee**

Not later than one year	-	158,475
Later than one year and not later than five years	-	-

The operating leases relate to photocopiers used for office administration. The lease agreements were entered into on various dates and were operational for varying periods, the last expired on 31 May 2009. For the purposes of calculating the lease commitments, options to renew the leases on expiry have been ignored. The rental escalation percentage varied from lease to lease, the average being about 10%.

**25.2 Lessor**

Not later than one year	16,575,797	14,197,944
Later than one year and not later than five years	41,868,562	36,686,325

The operating leases relate to rental contracts derived from uShaka Village Walk. The lease agreements were entered into on various dates and will be operational for varying periods, the last expiring on 28 February 2017. For the purposes of calculating the lease commitments, options to renew the leases on expiry have been ignored. The rental escalation percentage varies from lease to lease, the average being about 10%.



**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	2009 R	2008 R
<b>26. CASH FLOW INFORMATION</b>		
<b><i>Cash flow from operating activities</i></b>		
Operating loss	(44,514,525)	(62,969,151)
Adjustment for non-cash items		
Depreciation	32,823,088	37,592,404
Deferred income adjustment	2,469,661	(1,370,112)
Loss on foreign transactions		5,965
Add back finance costs	7,484,761	34,155,477
Provisions	114,044	339,249
Profit on disposal	(194)	(5,263)
Loss on disposal	615,892	-
Changes in working capital		
Decrease / (Increase) in Inventories	1,247,237	(1,141,851)
Decrease / (Increase) in receivables	1,994,153	(2,368,354)
Increase in trade and other payables	5,436,905	154,535
<b>Cash generated from operations</b>	<b><u>7,671,022</u></b>	<b><u>4,392,899</u></b>

**27. TAX**

No provision has been made for tax as an assessed loss of R300,357,418 (2008: R263,665,073) is available for set off against future taxable income. No deferred tax asset has been raised since there is no expectation of realisation.

**28. COMPARISON WITH THE BUDGET**

The comparison of the Durban Marine Theme Park (Pty) Ltd actual financial performance with that budgeted is set out in Appendix B

**29. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**29.1 Audit fees**

Income Statement Charge	559,543	322,634
Amount paid	<u>(559,543)</u>	<u>(322,634)</u>
<b>Balance unpaid (included in creditors)</b>	<b><u>-</u></b>	<b><u>-</u></b>

**29.2 PAYE and UIF**

Opening balance	278,501	225,932
Current year payroll deductions	4,048,402	3,710,289
Amount paid - current year	(3,756,296)	(3,431,787)
Amount paid - previous years	<u>(278,501)</u>	<u>(225,932)</u>
<b>Balance unpaid (included in creditors)</b>	<b><u>292,106</u></b>	<b><u>278,501</u></b>

The balance represents PAYE and UIF deducted from the June 2009 payroll. These amounts were paid during July 2009.

	2009	2008
	R	R
<b>29.3 Provident and Medical Aid Deductions</b>		
Opening balance	435,162	258,882
Current year payroll deductions	5,588,245	4,944,463
Amount paid - current year	(5,109,106)	(4,509,301)
Amount paid - previous years	(435,162)	(258,882)
<b>Balance unpaid (included in creditors)</b>	<b>479,139</b>	<b>435,162</b>

The balance represents provident and medical aid contributions deducted from employees in the June 2009 payroll as well as Company's contributions to provident and medical aid funds. These amounts were paid during July 2009.

### 30. RELATED PARTIES

The following related party transactions have occurred for the period under review

#### 30.1 Expenses Paid to :-

##### 30.1.1 eThekwini Municipality (Controlling Shareholder) (99.9% Shareholding)

Electricity	9,641,753	7,585,279
Water	2,941,327	3,107,822

##### 30.1.2 Development Bank of Southern Africa (Minority Shareholder) (0.2% Shareholding)

Interest on Loans	792,176	2,321,624
-------------------	---------	-----------

##### 30.1.3 High Footprint Management (Pty) Ltd (Management Company)

Management Fees	4,784,036	3,609,102
Employee Related Costs	41,620,661	37,617,022

##### 30.1.4 Three Cities Management Ltd (Shareholder of Management Company) (40% Shareholding)

Travel and Accommodation Costs	47,990	2,000
--------------------------------	--------	-------

##### 30.1.5 Isundu Leisure (Pty) Ltd (Shareholder of Management Company) (40% Shareholding)

- -

##### 30.1.6 Profun Management Inc (Shareholder of Management Company) (20% Shareholding)

- -

##### 30.1.7 South African Association For Marine Biological Research (Responsible for the operations of Sea World)

- -

##### 30.1.8 Internal Audit of eThekwini Municipality (Responsible for Internal Audit)

- -

#### 30.2 Revenue received from related party :-

eThekwini Municipality	6,101,419	-
------------------------	-----------	---

#### 30.3 Interest Capitalised On Loan from Shareholder :-

eThekwini Municipality	-	11,100,328
Development Bank of Southern Africa (Refer : Note 4)	36,592,922	30,092,922

#### 30.4 Included in Long Term Liabilities are the following amounts owing to:

Shareholders loan from eThekwini Municipality (Refer Note 3)	1,759,088	481,788,247
- DBSA Village Walk	5,579,400	6,199,512
- DBSA Phantom Ship	-	1,810,060
DBSA Debenture (Refer Note 4)	50,000,000	50,000,000

#### 30.5 Included in Accounts Payable are the following amounts due to :-

eThekwini Municipality	1,394,691	1,120,811
High Footprint Management (Pty) Ltd	963,515	780,363
South African Association For Marine Biological Research	146,064	70,789

**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**

	<b>2009</b>	<b>2008</b>
	<b>R</b>	<b>R</b>
<b>30.6 Included in Accounts Receivable is an amount due by :-</b>		
eThekweni Municipality	1,554,543	458,609
South African Association For Marine Biological Research	89,333	238,908

**31. RISK EXPOSURES**

The company is at risk in the following areas:

- (i) *Credit Risk*, which is defined as the risk that one party to a financial instrument will fail to honour its obligation, thus causing the other party to incur a financial loss.
- (ii) *Interest Rate Risk*, which is defined as the risk that the fair value or future cash flow associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of credit risk and interest rate risk consist mainly of long term debtors, consumer's debtors, other debtor's cash and cash equivalents.

The company limits its exposures by only dealing with well established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the company's rental policy.

Consumer debtors comprise of a large number of tenants, dispersed across different sectors of retail. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, it is endeavored to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "hand over for collection", whichever procedure is applicable in terms of the company's Doubtful debt policy.

Long term Receivables and Other Debtors are individually evaluated annually at balance sheet date for impairment or discounting.

The maximum credit and interest risk exposure in respect of the relevant financial instrument is as follows :

Trade Debtors	5,863,252	6,934,616
Other Debtors (Including Prepayments)	991,191	1,806,319
Cash and Cash Equivalents	38,250,334	25,588,866

**32. IRREGULAR EXPENDITURE**

Misappropriation of funds by employees arising out of fraudulent transactions relating to the Ticketing and Cash Office systems. Criminal charges are being pursued against those employees and an insurance claim was lodged in terms of the company's fidelity insurance cover.

An amount of R810 268 was received from insurers and the balance of R996,484 was written off in the current year. Should criminal proceedings be successful, any amounts recovered will be treated as bad debts recovered.

Payments were made to Superior Events during the year totaling R1,361,238 for beach parties held on behalf of eThekweni Municipality. Very short notice given by Ethekeeni precluded the normal tender process to be followed. It is the view of management that the handling of Ethekeeni Events was the only isolated departure from the normal procurement process. This was done as the company did not want to forego revenue opportunity, and because of the relationship with the shareholder.

1,361,238

**APPENDIX A (UNAUDITED)**

**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009**

	Cost/Revaluation				Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Current Year	Disposals		Closing Balance
<b>Land and Buildings</b>										
Airconditioning	15,100				15,100	3,028	3,020		6,048	9,052
Land	27,614,030				27,614,030					27,614,030
Buildings	404,414,743	2,656,572			407,071,315	43,225,845	10,631,197		53,857,042	353,214,274
Buildings –Equipment	1,075,642				1,075,642	446,886	108,001		554,887	520,755
Pier Project	189,312	30,740			220,052					220,052
Doors and Gate	2,515,430				2,515,430	2,096,191	419,238		2,515,429	15,784,727
Piping	21,282,778				21,282,778	4,433,912	1,064,139		5,498,051	14,288,530
Piers	16,251,234	72,474			16,323,707	1,628,892	406,286		2,035,178	4,319,270
Slides	8,336,421				8,936,421	3,723,509	893,642		4,617,151	415,970,690
	<b>482,294,690</b>	<b>2,761,377</b>	<b>-</b>	<b>1,591</b>	<b>485,054,476</b>	<b>55,558,263</b>	<b>13,525,522</b>		<b>69,083,785</b>	
<b>Plant &amp; Machinery</b>										
Chiller Plant	6,009,852	23,500			6,033,352	1,830,248	600,985		2,431,240	3,602,112
Generators	496,519				496,519	173,782	49,652		223,434	273,085
Plant & Machinery	63,671,217				63,671,217	26,518,750	6,367,122		32,885,872	30,785,345
Turnstiles	216,346				216,346	84,908	21,635		106,544	109,802
Slides	460,050				460,050	78,735	46,005		124,740	335,310
Wet n Wild Heating	1,337,092				1,337,092	406,146	133,709		539,856	797,236
	<b>72,191,076</b>	<b>23,500</b>	<b>-</b>	<b>-</b>	<b>72,214,576</b>	<b>29,092,570</b>	<b>7,219,114</b>		<b>36,311,684</b>	<b>35,902,892</b>
<b>Phantom Ship</b>										
Buildings	5,301,925				5,301,925	549,154	132,548		681,702	4,620,223
Computer Hardware	14,511				14,511	14,511			14,511	45,699
Equipment	329,441				329,441	228,824	54,918		283,742	92,452
Furniture and Fittings	306,624				182,968	124,475	17,564		90,515	47,668
Furniture	463,537				167,360	286,909	9,803		119,692	201,164
Doors and Gate	9,759				9,759	7,807	1,952		9,759	5,007,206
Shop fitting	1,454,229				1,450,176	1,010,083	241,744		1,249,012	
	<b>7,880,027</b>	<b>-</b>	<b>-</b>	<b>423,887</b>	<b>7,456,140</b>	<b>2,221,763</b>	<b>458,529</b>		<b>2,448,934</b>	
<b>Motor Vehicles</b>										
Motor Vehicles	1,243,439				1,235,176	996,775	81,321		1,073,238	164,937
	<b>563,609,231</b>	<b>2,783,286</b>	<b>-</b>	<b>429,150</b>	<b>565,963,367</b>	<b>87,869,371</b>	<b>21,284,486</b>		<b>108,917,642</b>	<b>457,045,725</b>
<b>Total carried forward</b>										

**APPENDIX A (UNAUDITED)**  
**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009**

	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Current Year	Disposals	Closing Balance	
<b>Total brought forward</b>	<b>563,609,231</b>	<b>2,783,286</b>	<b>-</b>	<b>429,160</b>	<b>565,963,367</b>	<b>87,869,371</b>	<b>21,284,486</b>	<b>-</b>	<b>108,917,642</b>	<b>457,045,725</b>
<b>Furniture, Fitting &amp; Equipment</b>										
Air-conditioning	22,456,714				22,456,714	22,422,932	8,499		22,431,430	24,284
CCTV Cameras	1,102,768	54,840		244,593	913,015	874,630	185,784	244,593	815,821	97,194
Computer Hardware Equipment	6,220,439	1,674,859		168,236	7,727,062	4,684,757	800,574	168,236	5,317,095	2,409,967
Furniture & Fitting	19,599,250	1,867,348		931,384	20,535,213	6,944,385	3,163,297	931,384	9,176,271	11,358,942
Furniture	684,323	159,703		111,798	732,228	204,271	121,012	64,590	260,639	471,589
Doors & Gates	4,535,378	113,872		442,310	4,206,941	999,718	459,497	58,025	1,401,190	2,805,751
Generators	170,296	-			170,296	54,007	34,059		88,066	82,230
Signage	4,312	-			4,312	104	431		535	3,777
Shop fitting	2,082,127	113,481		54,626	2,140,981	1,637,684	343,196	50,204	1,930,676	210,305
Telephone Equipment	13,064,308	100,500		47	13,164,761	8,588,986	2,178,503		10,767,489	2,397,272
Theming	1,025,891	-		11,318	1,025,891	792,066	173,204		965,270	60,621
Slides	256,554	-			245,236	61,145	25,655	5,565	81,236	164,001
Turnstile Equipment	153,350	-			153,350	28,238	15,335		43,573	109,777
Wet n Wild Heating	275,437	407,975			683,412	98,673	27,662		126,335	557,077
Xpanda Cage	7,995				7,995	58	799		857	7,137
	71,764				71,764	44,861	11,963		56,824	14,940
<b>Total ( Property, plant &amp; Equipment)</b>	<b>71,709,905</b>	<b>4,492,577</b>	<b>-</b>	<b>1,964,312</b>	<b>74,238,170</b>	<b>47,423,285</b>	<b>7,549,471</b>	<b>1,522,597</b>	<b>53,463,308</b>	<b>20,774,863</b>
<b>Total ( Intangible Assets)</b>										
Computer Software	635,319,136	7,162,918	-	2,395,054	640,087,001	135,292,629	28,833,957	1,758,812	162,380,950	477,820,598
<b>Total (Investments Property)</b>										
Computer Software	2,449,349	249,341			2,698,690	2,266,586	134,947		2,401,533	297,152
<b>Investments Property</b>										
Airconditioning Building	452,150				452,150	428,458	23,692		452,150	-
Lifts	55,050,759				55,050,759	5,698,571	1,376,269		7,074,840	47,975,919
Shopfitting	1,417,056				1,417,056	490,065	117,616		607,681	809,375
Thatching	106,970				106,970	16,586	17,832		34,417	72,552
	13,912,657				13,912,657	11,593,881	2,318,776		13,912,657	-
<b>TOTAL</b>	<b>70,939,592</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,939,592</b>	<b>18,227,561</b>	<b>3,864,184</b>	<b>-</b>	<b>22,081,745</b>	<b>48,857,847</b>
<b>TOTAL</b>	<b>708,519,118</b>	<b>7,917,214</b>	<b>-</b>	<b>2,900,009</b>	<b>713,725,280</b>	<b>154,039,374</b>	<b>32,823,088</b>	<b>-</b>	<b>186,862,462</b>	<b>526,975,597</b>

APPENDIX A (UNAUDITED)

DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost/Revaluation				Accumulated Depreciation				Carrying Value	
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Current Year	Disposals		Closing Balance
<b>Land and Buildings</b>										
Airconditioning	15,100	-	-	-	15,100	8	3,020	-	3,028	12,072
Land	27,614,030	-	-	-	27,614,030	-	-	-	-	27,614,030
Buildings	399,741,705	4,668,058	-	-	404,409,763	32,704,306	10,521,539	-	43,225,845	361,183,918
Buildings -Equipment	1,075,642	-	-	-	1,075,642	338,885	108,001	-	446,886	628,756
Pier Project	184,902	-	4,410	-	189,312	-	-	-	-	189,312
Doors and Gate	2,515,430	-	-	-	2,515,430	1,593,105	503,086	-	2,096,191	419,238
Piping	21,282,778	-	-	-	21,282,778	3,369,773	1,064,139	-	4,433,912	16,848,866
Piers	15,621,734	634,480	-	-	16,256,214	1,228,678	400,213	-	1,628,892	14,627,322
Slides	8,936,421	-	-	-	8,936,421	2,829,867	893,642	-	3,723,509	5,212,912
	<b>476,987,742</b>	<b>5,302,538</b>	<b>4,410</b>	<b>-</b>	<b>482,294,690</b>	<b>42,064,623</b>	<b>13,493,640</b>	<b>-</b>	<b>55,558,263</b>	<b>426,736,428</b>
<b>Plant &amp; Machinery</b>										
Chiller Plant	6,009,852	-	-	-	6,009,852	1,229,263	600,985	-	1,830,248	4,179,604
Generators	496,519	-	-	-	496,519	124,130	49,652	-	173,782	322,737
Plant & Machinery	63,671,217	-	-	-	63,671,217	20,151,628	6,367,122	-	26,518,750	37,152,467
Turnstiles	216,346	-	-	-	216,346	63,274	21,634	-	84,908	131,438
Slides	460,050	-	-	-	460,050	32,730	46,005	-	78,735	381,315
Wet n Wild Heating	1,337,092	-	-	-	1,337,092	272,437	133,709	-	406,146	930,945
	<b>72,191,076</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,191,076</b>	<b>21,873,462</b>	<b>7,219,108</b>	<b>-</b>	<b>29,092,570</b>	<b>43,098,506</b>
<b>Phantom Ship</b>										
Buildings	5,301,925	-	-	-	5,301,925	416,606	132,548	-	549,154	4,752,772
Computer Hardware	14,511	-	-	-	14,511	14,511	-	-	14,511	-
Equipment	329,441	-	-	-	329,441	173,906	54,918	-	228,824	100,617
Furniture and Fittings	306,624	-	-	-	306,624	94,545	29,930	-	124,475	182,149
Furniture	463,537	-	-	-	463,537	257,191	29,717	-	286,909	176,629
Doors and Gate	9,759	-	-	-	9,759	5,855	1,952	-	7,807	1,952
Shop fitting	1,454,229	-	-	-	1,454,229	767,663	242,420	-	1,010,083	444,146
	<b>7,880,027</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,880,027</b>	<b>1,730,278</b>	<b>491,485</b>	<b>-</b>	<b>2,221,763</b>	<b>5,658,264</b>
<b>Motor Vehicles</b>										
Motor Vehicles	1,093,764	149,675	-	-	1,243,439	814,130	182,645	-	996,775	246,664
	<b>1,093,764</b>	<b>149,675</b>	<b>-</b>	<b>-</b>	<b>1,243,439</b>	<b>814,130</b>	<b>182,645</b>	<b>-</b>	<b>996,775</b>	<b>246,664</b>
<b>Total carried forward</b>	<b>558,152,608</b>	<b>5,452,213</b>	<b>4,410</b>	<b>-</b>	<b>563,609,231</b>	<b>66,482,493</b>	<b>21,386,878</b>	<b>-</b>	<b>87,869,396</b>	<b>475,739,862</b>



APPENDIX A (UNAUDITED)

DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost						Accumulated Depreciation			Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Current Year	Disposals	Closing Balance	
<b>Total brought forward</b>	<b>588,152,608</b>	<b>5,452,213</b>	<b>4,410</b>	-	<b>563,609,231</b>	<b>66,482,493</b>	<b>21,386,878</b>	-	<b>87,869,396</b>	<b>475,739,862</b>
<b>Furniture, Fitting &amp; Equipment</b>										
Air-conditioning	22,455,714	-	-	-	22,455,714	17,768,483	4,677,993	-	22,446,476	9,238
CCTV Cameras	1,075,268	27,500	-	-	1,102,768	658,874	215,748	-	874,622	228,146
Computer Hardware Equipment	4,776,184	1,475,843	-	(31,588)	6,220,439	4,008,066	708,279	(31,588)	4,684,757	1,535,682
Furniture & Fitting Furniture	15,044,466	4,554,784	-	-	19,599,250	4,253,669	2,690,689	-	6,944,358	12,654,892
Doors & Gates	483,955	200,367	-	-	684,323	153,195	51,023	-	204,217	480,105
Generators	3,781,016	754,362	-	-	4,535,378	548,810	450,908	-	999,718	3,535,660
Signage	167,604	2,692	-	-	170,296	20,133	33,874	-	54,007	116,289
Shop fitting	-	4,312	-	-	4,312	0	104	-	104	4,208
Telephone Equipment	2,020,398	61,729	-	-	2,082,127	1,236,591	401,093	-	1,637,684	444,442
Theming	13,022,023	42,285	-	-	13,064,308	6,411,886	2,177,100	-	8,588,986	4,475,322
Slides	972,121	53,770	-	-	1,025,891	598,250	193,816	-	792,066	233,825
Turnstile Equipment	251,109	5,445	-	-	256,554	35,546	25,600	-	61,145	195,409
Wet n Wild Heating	153,350	-	-	-	153,350	12,903	15,335	-	28,238	125,112
Xpanda Cage	275,437	-	-	-	275,437	71,125	27,549	-	98,673	176,764
	7,995	-	-	-	7,995	0	58	-	58	7,937
	71,764	-	-	-	71,764	32,898	11,963	-	44,861	26,903
<b>Total ( Property, plant &amp; Equipment)</b>	<b>64,550,409</b>	<b>7,191,084</b>	<b>-</b>	<b>(31,588)</b>	<b>71,709,905</b>	<b>35,809,734</b>	<b>11,668,648</b>	<b>(31,588)</b>	<b>47,446,794</b>	<b>24,263,111</b>
<b>Total ( Intangible Assets)</b>	<b>622,703,017</b>	<b>12,643,297</b>	<b>4,410</b>	<b>(31,588)</b>	<b>635,319,136</b>	<b>102,292,227</b>	<b>33,055,526</b>	<b>(31,588)</b>	<b>135,316,163</b>	<b>500,002,974</b>
<b>Total (Investments Property)</b>	<b>2,259,735</b>	<b>189,615</b>	<b>-</b>	<b>-</b>	<b>2,449,349</b>	<b>2,130,587</b>	<b>135,999</b>	<b>-</b>	<b>2,266,586</b>	<b>182,763</b>
<b>Total (Investments Property)</b>	<b>70,827,803</b>	<b>111,789</b>	<b>-</b>	<b>-</b>	<b>70,939,592</b>	<b>13,844,144</b>	<b>4,383,144</b>	<b>-</b>	<b>18,227,561</b>	<b>52,712,031</b>

**APPENDIX B (UNAUDITED)  
DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2009**

<b>REVENUE</b>	<b>2009 Actual (R)</b>	<b>2009 Budget (R)</b>	<b>2009 Variance (R)</b>	<b>2009 Variance (%)</b>	<b>Significant Variances greater than 10% versus Budget</b>
Ticketing Revenue	51,791,003	48,211,109	3,579,849	7%	
Food and Beverage Revenue	28,456,759	34,326,978	(5,870,219)	-17%	Note 1
Merchandising Revenue	3,686,334	5,738,365	(2,052,031)	-36%	Note 2
Functions Revenue	6,858,859	6,733,037	125,822	2%	
Village Walk Rental Revenue	17,141,909	19,231,378	(2,089,469)	-11%	Note 3
Sponsorship Revenue	2,780,128	4,029,115	(1,248,987)	-31%	Note 4
Other Income	3,345,312	4,714,095	(1,368,783)	-29%	
Gains on disposal of property, plant and equipment	194	-	194	-	
Parking Revenue	1,474,572	1,680,544	(208,972)	-12%	Note 5
Interest Received	1,543,875	-	1,543,875	-	
<b>Total Revenue</b>	<b>117,078,944</b>	<b>124,664,621</b>	<b>(7,585,677)</b>	<b>-6%</b>	
<b>Cost of sales</b>	<b>18,682,241</b>	<b>21,429,503</b>	<b>(2,747,262)</b>	<b>-13%</b>	<b>Note 6</b>
<b>Gross Operating Profit</b>	<b>98,396,703</b>	<b>103,235,118</b>	<b>(4,838,415)</b>	<b>-5%</b>	
<b>EXPENDITURE</b>					
Employee related costs	41,783,744	42,449,051	(675,307)	-2%	
Bad debts	2,122,266	-	2,122,266	-	Note 7
Depreciation	32,823,088	32,904,000	(80,912)	-	
Repairs and maintenance	7,349,794	6,011,776	1,338,018	22%	
Contracted services	1,334,476	1,450,894	(116,418)	-8%	
Marketing	5,540,864	5,901,052	(360,188)	-6%	
Loss on disposal of property, plant and equipment	615,892	-	615,892	-	
Other operating expenses	43,856,343	39,088,255	4,768,088	12%	
Finance Costs	7,484,761	7,243,099	241,662	3%	
<b>Total Expenditure</b>	<b>142,911,228</b>	<b>135,048,127</b>	<b>7,863,107</b>	<b>6%</b>	
<b>NET DEFICIT FOR THE YEAR</b>	<b>(44,514,525)</b>	<b>(31,813,009)</b>	<b>12,701,516</b>	<b>40%</b>	

**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED**  
**NOTES TO: - APPENDIX B - ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) [Significant Variances greater than 10% versus Budget]**

1. Food and Beverage Revenue performed under budget due to an unmanageable FPI (Food Price Index) and undetermined supplier increases.
2. Merchandising Revenue performed under budget due to the average spend per person dropping over the year as a result of the recession.
3. Village Walk rental revenue includes the adjustment for straight lining of rentals as per IFRS requirement, resulting in a debit adjustment of R2,469,661 to rental revenue. Village walk achieved 101% of budgeted revenues when this adjustment is excluded.
4. Sponsorship revenue fell short of budget due to current economic climate. The R400k for the aquarium, and coke world cup sponsorship of R850k was not secured
5. Parking revenue traded below budget, as parking price increases were not factored due to customer price sensitivity.
6. Cost of Sales are directly related to revenue.
7. Bad debts consist of irrecoverable rental and sponsorship income written off at year end as per legal advice received. Amounts not recovered from insurers as result of last year's fraudulent activities was written off at year end.

**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2008**

<b>REVENUE</b>	<b>2008 Actual (R)</b>	<b>2008 Budget (R)</b>	<b>2008 Variance (R)</b>	<b>2008 Variance (%)</b>	<b>Significant Variances greater than 10% versus Budget</b>
Ticketing Revenue	47,395,169	47,982,898	(587,730)	(1)%	
Food and Beverage Revenue	29,620,882	30,989,004	(1,368,122)	(4)%	
Merchandising Revenue	4,953,236	5,498,995	(545,759)	(10)%	
Functions Revenue	7,192,629	6,199,810	992,819	16%	
Village Walk Rental Revenue	19,848,620	17,387,998	2,460,622	14%	
Sponsorship Revenue	2,777,356	3,998,748	(1,221,392)	(31)%	<b>Note 1</b>
Other Income	2,879,787	2,610,970	268,817	10%	
Gains on disposal of property, plant and equipment	5,263	-	5,263	-	
Parking Revenue	1,698,023	1,446,610	251,413	17%	
Interest Received	918,971	-	918,971	-	
<b>Total Revenue</b>	<b>117,289,936</b>	<b>116,115,033</b>	<b>1,174,904</b>	<b>1%</b>	
<b>Cost of sales</b>	<b>19,214,299</b>	<b>19,872,523</b>	<b>(658,224)</b>	<b>(3)%</b>	
<b>Gross Operating Profit</b>	<b>98,075,637</b>	<b>96,242,510</b>	<b>1,833,127</b>	<b>-</b>	
<b>EXPENDITURE</b>					
Employee related costs	37,668,644	38,262,707	(474,153)	(1)%	
Bad debts	974,126	300,000	674,126	225%	<b>Note 2</b>
Depreciation	37,592,404	36,038,171	1,554,233	4%	
Repairs and maintenance	5,085,706	5,039,526	75,736	2%	
Contracted services	1,333,746	1,422,695	(68,689)	(5)%	
Marketing	8,955,417	5,540,681	3,745,799	68%	<b>Note 3</b>
Other operating expenses	34,946,547	32,646,668	2,299,879	7%	
Pre-opening costs	332,721	-	332,721	-	
Finance Costs	34,155,477	42,466,969	(8,311,492)	(20)%	<b>Note 4</b>
<b>Total Expenditure</b>	<b>161,044,788</b>	<b>161,717,417</b>	<b>1,269,831</b>	<b>1%</b>	
<b>NET DEFICIT FOR THE YEAR</b>	<b>(62,969,151)</b>	<b>(65,474,907)</b>	<b>3,102,959</b>	<b>-</b>	

**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED**

**NOTES TO: - APPENDIX B - ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) [Significant Variances greater than 10% versus Budget]**

1. Sponsorship revenue achieved 69% of cash budget excluding sponsorship raised for events held, these revenues are raised under events income. However sponsorship of 91% was achieved against the cash and value budget.
2. Bad debt written off in this financial year consisted of three irrecoverable tenant debtors with the largest amount per tenant being R763 818
3. In order to achieve the budgeted revenues, increasing marketing spend was necessary. Radio and print media costs increased by greater than 22% from last year.
4. Due to early settlement of the loans, savings against budget was achieved.

**APPENDIX C (UNAUDITED)**  
**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2009**

	2009 Actual		2009 Under Construction		2009 Total Additions		2009 Budget		2009 Variance		2009 Variance greater than 5% versus Budget	
	R	R	R	R	R	R	R	R	R	%	Explanation of Significant Variances	
<b>Park Assets</b>												
Marketing and guest relations	-	-	-	-	-	330,000	330,000	330,000		100%	Note 1	
Finance	-	-	-	-	-	41,188	41,188	41,188		100%	Note 1	
Technical systems	-	-	-	-	-	742,800	742,800	742,800		100%	Note 1	
Wet & wild – Terrace Banks	65,850	-	-	-	65,850	180,000	114,150	60,000	60,000	63%	Note 1	
Merchandising	-	-	-	-	-	60,000	60,000	60,000		100%	Note 1	
Safety & Parking	-	-	-	-	-	329,000	329,000	329,000		100%	Note 1	
Waste & Cleaning	-	-	-	-	-	149,800	149,800	149,800		100%	Note 1	
Oil free breathing air compressor	37,148	-	-	-	37,148	1,320,000	1,282,852	1,282,852		97%		
Food & Beverage	226,658	-	-	-	226,658	490,000	263,342	263,342		54%		
<b>Sub Total</b>	<b>329,656</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>329,656</b>	<b>3,642,788</b>	<b>3,313,132</b>	<b>3,313,132</b>		<b>91%</b>		
<b>SAAMBR</b>												
Mammal and Bird	-	-	-	-	-	20,000	20,000	20,000		100%	Note 1	
Aquarium artefacts including collections	171,006	-	-	-	171,006	391,000	219,994	219,994		56%		
IT	161,628	-	-	-	161,628	222,000	60,372	60,372		6%		
Technical	20,778	-	-	-	20,778	70,000	49,222	49,222		53%		
NPC – Exhibits and Capex	213,615	-	-	-	213,615	165,000	-48,615	-48,615		-20%		
<b>Sub Total</b>	<b>567,027</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>567,027</b>	<b>868,000</b>	<b>300,973</b>	<b>300,973</b>		<b>35%</b>		
<b>TOTAL</b>	<b>898,683</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>898,683</b>	<b>4,510,788</b>	<b>3,614,105</b>	<b>3,614,105</b>		<b>80%</b>		

Assets funded by eThekweni Municipality are not included in the above schedule as these amounts were not budgeted for in Durban Marine Theme Park (Pty) Ltd.

Assets funded by the additional equity are not included in the above schedule as these relate to specific projects as approved by the board from time to time.

**NOTES:**

1. Due to re-budgeting only essential assets were purchased and the available capex funds were used to fund the income statement shortfall.

**APPENDIX C (UNAUDITED)**  
**DURBAN MARINE THEME PARK (PROPRIETARY) LIMITED: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2008**

	2008 Actual	2008 Under Construction	2008 Total Additions	2008 Budget	2008 Variance	2008 Variance	Explanation of Significant Variances greater than 5% versus Budget
<b>Park Assets</b>							
Cleaning equipment and other	176,733	-	176,733	181,300	4,567	3%	
F&B tables, chairs and freezers	356,611	-	356,611	349,406	(7,205)	(2%)	
Furniture and Procurement	70,005	-	70,005	79,200	9,195	12%	Note 1
Bambinos and signage	132,250	-	132,250	133,000	750	1%	
Island activities	7,995	-	7,995	18,000	10,005	56%	Note 1
IT Capex	1,633,486	-	1,633,486	1,686,074	52,588	3%	
NPC – Exhibits and Capex	46,190	-	46,190	44,500	(1,690)	(4%)	
Safety cameras, furniture and portable radios	153,870	-	153,870	174,220	20,350	12%	Note 1
Merchandising	22,000	-	22,000	-	-	-	
<b>Sub total</b>	<b>2,599,140</b>	<b>-</b>	<b>2,599,140</b>	<b>2,687,700</b>	<b>88,560</b>	<b>3%</b>	
<b>SAAMBR</b>							
Aquarium Artefacts including Collections	37,732	-	37,732	119,900	82,168	69%	Note 1
IT Hardware	54,607	-	54,607	62,200	7,593	12%	Note 1
IT Infrastructure	51,415	-	51,415	77,800	26,385	34%	Note 1
Mammal and Bird	86,468	-	86,468	84,100	(2,368)	-3%	
Sundry	15,785	-	15,785	16,000	215	1%	
<b>Sub total</b>	<b>246,007</b>	<b>-</b>	<b>246,007</b>	<b>360,000</b>	<b>113,993</b>	<b>32%</b>	
<b>TOTAL</b>	<b>2,845,147</b>	<b>-</b>	<b>-</b>	<b>3,047,700</b>	<b>202,553</b>	<b>7%</b>	

Assets funded by eThekweni Municipality are not included in the above schedule as these amounts were not budgeted for in Durban Marine Theme Park (Pty) Ltd.

Assets funded by the additional equity are not included in the above schedule as these relate to specific projects as approved by the board from time to time.

Assets funded by DBSA Loan are not included in the above schedule as these amounts relate to tenant installation.

**NOTES:**

1. Due to re-budgeting only essential assets were purchased and the available capex funds were used to fund the income statement shortfall.