JOHANNESBURG FRESH PRODUCE MARKET

(SOC) LTD /Trading as (JOBURG MARKET)

Company Registration No: 2000/023383/07

ANNUAL REPORT

2010/2011

August 2011

VERSION 2

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ABBREVIATIONS

ABEDP	Area Based Economic Development Plan
AG	Auditor General
BEE	Black Economic Empowerment
CAPEX	Capital Expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COJ	City of Johannesburg
EPWP	Extended Public Works Programme
EXCO	Executive Committee
GAAP	Generally Accepted Accounting Practices
GDS	Growth and Development Strategy
GRAP	Generally Recognised Accounting Practices
HACCP	Hazard Analysis and Critical Control Points
IACP	Internal Audit Coverage Plan
IDP	Integrated Development Plan
IPM	Institute of People Management
JM	Johannesburg Fresh Produce Market
JM	Joburg Market
JMTF	Joburg Market Tenants Forum
MANCO	Management Committee
MEs	Municipal Entity
MFMA	Municipal Finance Management Act
MMC	Member of the Mayoral Committee
MOF	Market of the Future
MSA	Municipal Systems Act
NEEA	National Energy Efficiency Agency
NGO	Non Governmental Organisation
NVC	New Venture Capital
OHASA	Occupational Health and Safety Act
OPCAR	Operation Clean Audit Report
OPEX	Operational Expenditure
PMA	Produce Marketing Association of America
PPECB	Perishable Produce Export Control Board
SEZ	Soweto Empowerment Zone
SETA	Sector Education Training Authority
SHU	Shareholder Unit
SADC	Southern African Development Community
WUWM	World Union of Wholesale Markets

1 PROFILE

1.1 Scope of Report

The Annual Report covers the company's governance, financial, social responsibility, and environmental, broader economic and overall sustainability performance for the period 1 July 2010 to 30 June 2011. The report also covers the future plans and value generating strategies that the company intends to embark on in the next few years.

This report is compiled in terms of Section 121 of the MFMA and Section 46 of the MSA. The Annual Financial Statements were prepared in accordance with South African Statements of GRAP with the prescribed South African Standard of GRAP, the Companies Act and the MFMA.

1.2 Profile

1.2.1 Company Profile

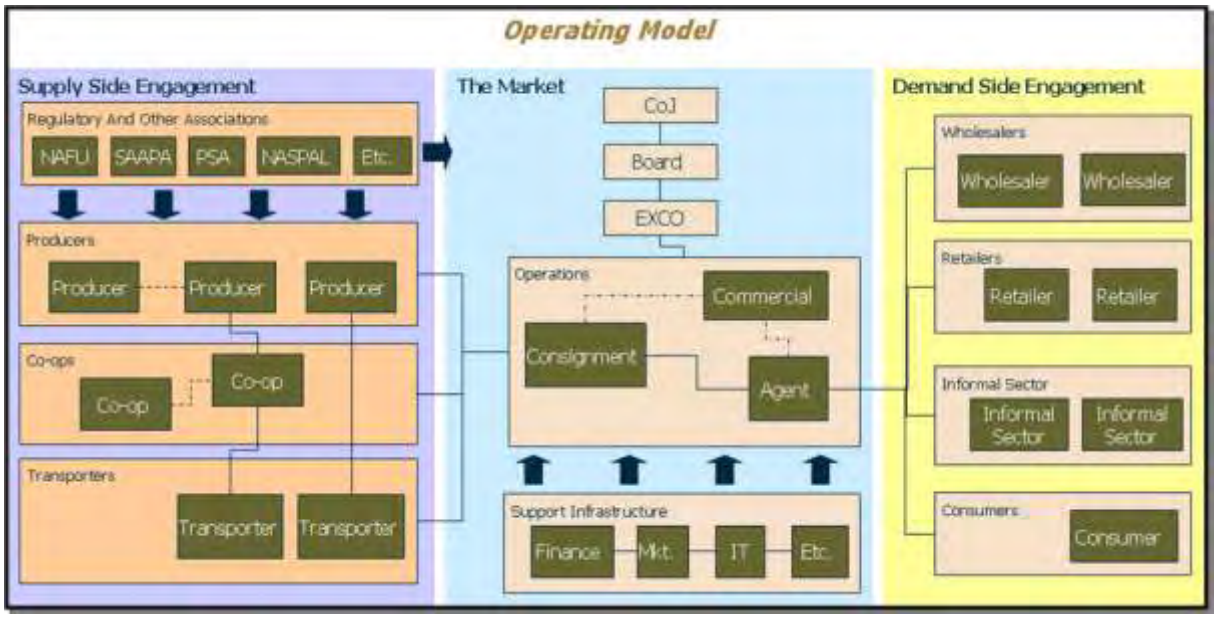
The company owes its origins to the establishment of the fresh produce market at the Market Square in central Johannesburg in 1887 where three thousand people congregated at this market to trade in fresh produce. As the city grew so did the trading of fresh produce. This prompted the building of a new facility in Newtown in 1913. The Market achieved an annual turnover of R1.5 million in 1913. The premises in Newtown became too small and by 1974 the market relocated to its current location in City Deep.

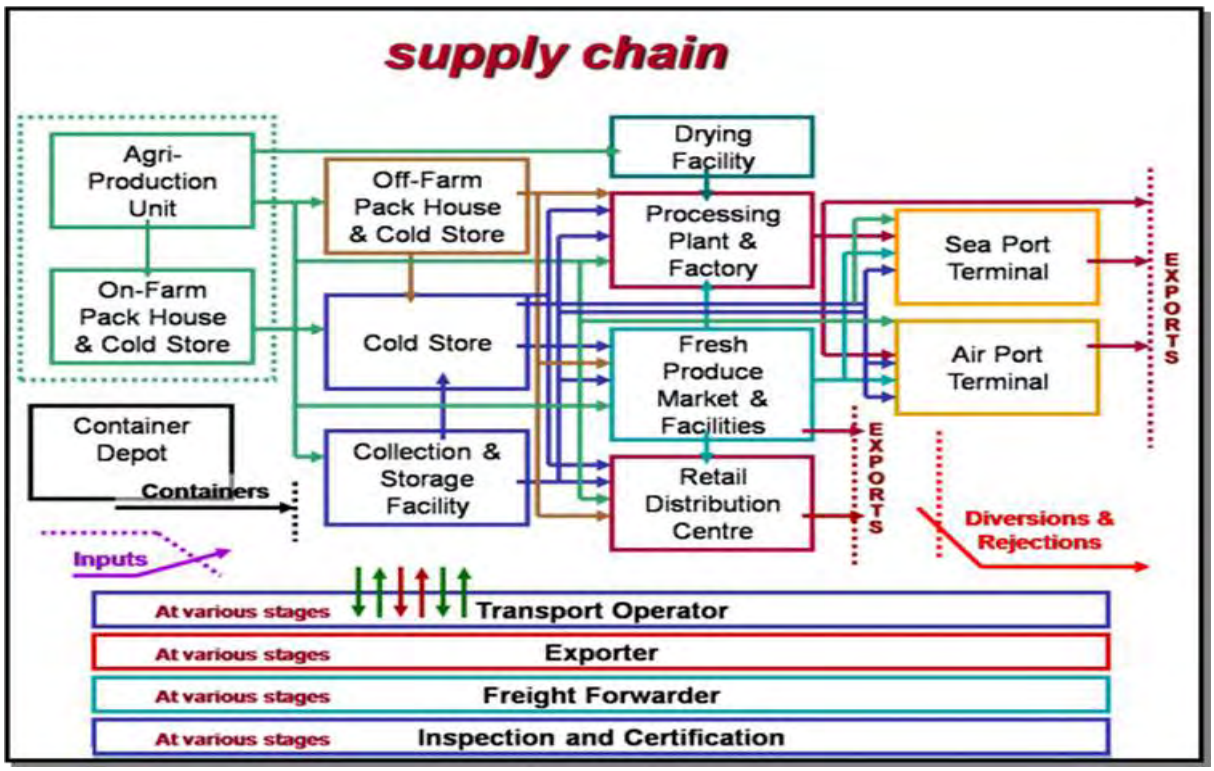
The company is a municipal entity and is 100% owned by the COJ. The Market is a commission based business where producers deliver their produce to market agents who in turn then sell the produce to buyers. The market's primary income is earned through a 5% non-negotiable commission on the selling of all fresh produce at the market.

The company recorded an annual turnover of approximately R3.6 billion and had a staff complement of 283 employees as at end of the financial year, 2010/11. In an international context, the company is the biggest fresh produce market in the world in terms of volume of fresh produce traded. The company is used as a price determiner for fresh produce in South Africa as it commands more than a third of the national market share in both volume and turnover and trades twice the volume of fresh produce of the second biggest market, namely the Tshwane Market.

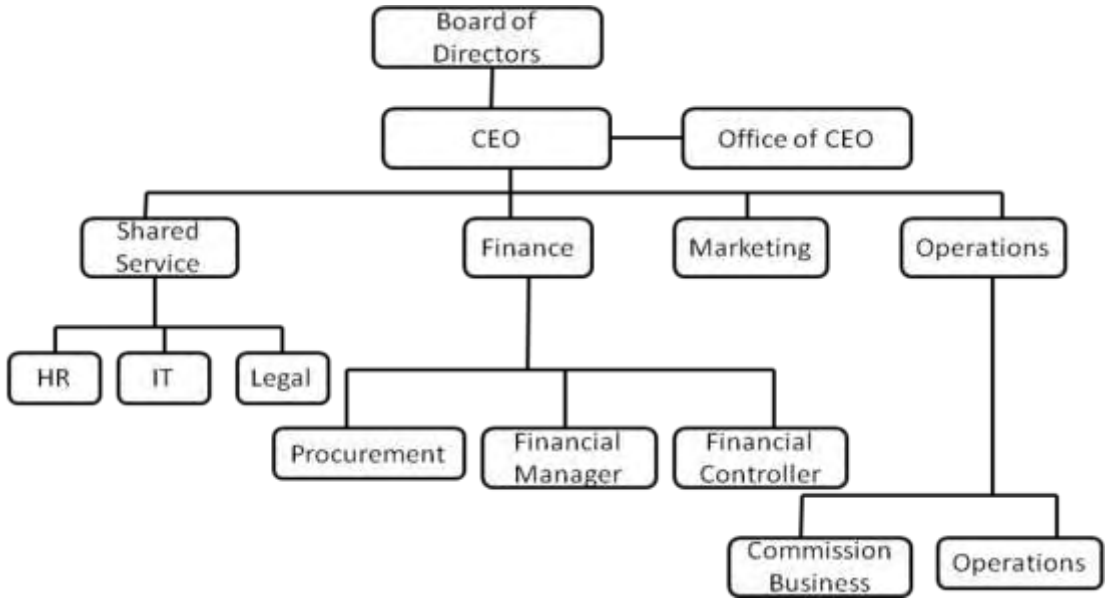
The Market Agents and tenants at the Market employ more than 6 000 employees in total. There are approximately 16 000 registered farmers on the Market's database and approximately 40 000 people visit the Market on a daily basis. Customers who buy fresh produce at the Market come from all over South Africa as well as SADC member countries, amongst others Botswana, Zambia, Namibia, Mozambique other countries.

The diagrams below provide a summary of the linkages between the various stakeholders in the fresh produce value chain:





Organogram*



*Interim arrangements: Due to a number of executive management vacancies the entity introduced measures to ensure suitable continuity in all functions. Temporary adjustments were conducted to reporting lines for this purpose

a) Office of the CEO

In addition to his responsibilities as accounting officer, the CEO specifically involves himself with the following functions:

- Strategic support and strategic planning;
- International relations;
- Internal audit; and
- Specific projects includes:
    - Security services;
    - Consignment control;
    - Risk management; and
    - Occupational Health and Safety.

Strategic support mainly focuses on commercial risks and mitigation. Commercial risk management includes the monitoring of the alternative market ventures and activities by stakeholders to circumvent the company. Major interventions include the redesign of Market Bylaws and the introduction of a new licensing system for Market Agents and their sales forces. Strategic planning includes the development of annual and three year business plans. The function is also responsible for longer term strategic planning and trend analysis based on developments in many spheres of the fresh produce industry. It provides input to an organization of regular strategic sessions.

The function of international relations is conducted by the CEO and a specialist. Special emphasis is placed on the development of trading in the SADC region and other viable trading opportunities with countries on the African continent and islands such as Mauritius. The company also holds membership with the WUWM and the PMA. Head offices of these institutions are located in the Netherlands and the United States of America, respectively. These organizations provide a platform to ensure regular information flow to its members and facilitate networking opportunities. Innovation and modernization information received at international conferences and expositions holds great value to the planning processes of the company.

From the SADC region, the company is continuing to experience a growing number of buyers. Distances and logistical challenges remain a major challenge and the company will be involved in researching technologies and methods to enable the tapping of this market opportunity.

The internal audit function also submits reports to the Audit and Risk Committee. As part of its ongoing campaign to ensure compliance, regular audits are conducted and reviews undertaken to support the company in its quest to adhere to legislative compliance. The function also supports the effort to comply with the principles of the King Codes on Good Corporate Governance. A fraud line is in place and an audit plan to evaluate the unique operations of the company was introduced.

The security function provides for perimeter security measures to tenants and comprehensive protection of the public, employees and assets of the company. The security section also focus on commercial crime as numerous syndicates operate nationally in crimes affecting both fresh produce stocks, as well as logistical equipment such as heavy duty trucks. A specialized training programme in the latter regard is to be developed by the envisaged company academy.

Consignment control and consignment audits that are conducted ensure that all produce entering the Market site is captured accurately to ensure that all income is recorded at the correct levels. It also aims to protect the interests of both producers and buyers. In the latter respect, the CEO performs the role of an independent “referee”. Powers to conduct this role is *inter alia* embedded in the Market Bylaws.

The risk management function is performed strictly in accordance with the policies of the COJ and the corporate risk function of the SHU. A second phase project aimed at refining the risk portfolio in accordance with the risk standards adopted by COJ is in the process of being implemented.

In terms of legislation, the Market is regarded as a factory in the application of the OHASA. The unique relationship with tenants and Market Agents poses specific challenges. Both the annual COJ risk assessment and the yearly risk assessment by the insurers ensure objective evaluation of compliance to OHASA risk imperatives.

b) Operations

The functions performed by this department include the following:

- Commission business – regulation of trading;
- Cold storage and ripening;
- Maintenance; and
- Quality assurance.

Operations are the custodian of the services rendered to clients and for which an *ad valorem* Market due of 5% is collected on the gross value of each consignment sold. Operations ensures orderly trading practices and conducts the daily operations of the trading halls and services supporting trading as well as providing cold storage and ripening services from which usage income is derived.

In terms of the by-laws and policy directives utilised to manage the market, income is also derived from fees and fines such as floor storage charges if produce remains unsold for an extended period.

This function is also responsible for the maintenance of the facilities and equipment of the Market. Critical installations such as the cold stores and ripening chambers are sensitive to even mild deviations and require continuous availability of trained support staff. This function is further supported by a quality assurance inspection service ensuring product quality standards as well as food safety in protecting the interests of consumers. In particular random tests are conducted to ensure that no unduly high levels of agricultural chemical residues such as pesticides are present on produce.

c) Shared Services

This function provides the following services:

- Human resources;
- Wellness centre;
- Information technology – SPS trading system; and
- Company secretarial services.

Training and coaching employees in the fresh produce trading environment remains a challenge. It still remains difficult to replace staff as skills in the industry are scarce and as a consequence the division has embarked on a skills development plan. The latter includes the roll out of a purpose designed trading academy. This function also performs the remuneration of staff and maintenance of human resources records. It is further tasked with the function of labour relations and employee performance assessment administration.

The Wellness Centre supports staff in terms of its mandate and special focus is placed on supporting employees affected by HIV/Aids. Every aspect of fresh produce trading is managed through a purpose

designed real time electronic sales processing system generally known as the SPS system which produces trading results on a continuous basis and disseminates data which is made available to producers, buyers and other industry role players. It also serves as a payment system as the company is the sole collector of all monies generated through trading. The SPS system is also linked to a unique financial system. The JD Edwards system enables post trading administration of monies, as well as managing the financial accounting requirements of the company.

The company secretarial service supports the functions of the Board of Directors and report to the COJ. The application of the Market Bylaws and relevant agricultural legislation requires constant legal support by this function. The vetting and drafting of commercial contracts also forms part of its mandate.

d) Financial Services

The following portfolio of services is rendered by the above function:

- Financial management;
- Procurement;
- Property services;
- Asset control and insurance; and
- Cashiering services.

In addition to the collection of cash payments through its cashiering function, financial services is also responsible for the management of extended sales which implies a form of credit to accredited buyers. Legislation affects the operations of this function through a unique trust accounting system as provided for in terms of the Agricultural Fresh Produce Agents Act 12 of 1992.

Due to the nature and complexities of the trading environment a high level of prudency is required in the performance of this function. Property rental income is the second largest contributor to the income of the company. Supplementary income is derived from penalties and related fees such as cash handling fees. Clients operate diversified activities at the Market which require in general a high level of risk awareness and as a consequence regular risk and housekeeping assessments are conducted. The procurement function is focused at ensuring the delivery of quality services and utilization of targeted service providers in terms of the company's procurement policy.

e) Marketing and Communications

The department performs the following functions:

- Key account management;
- Stakeholder relations;
- Customer care;
- Marketing research;
- Promotions; and
- Corporate social investment.

This function is mainly conducted from a business-to-business perspective. Clients are dispersed across South Africa and the SADC region. In view of its international affiliations, the company is to constantly keep itself abreast of international tendencies in fresh produce marketing. The company is actively involved in the activities of the WUWM as well as PMA.

The department also plays a vital role in the Corporate Social Investment program of the company and administers the food bank system. Marketing and Communication activities include participation in exhibitions, media projects and Industry related conferences and seminars.

The department also conduct regular marketing research to measure performance of the company and its stakeholders housed in the Market premises.

1.2.2 Vision, Mission and Values

Vision

To be the preferred world class African fresh produce Market.

Mission

To build long-term sustainability and promote socio-economic transformation through the provision of world-class facilities and services to the fresh produce industry.

Mandate

The company is mandated to manage and operate the fresh produce market facility located in City Deep.

1.2.3 Strategic Objectives

The company's strategic objectives are aligned to the IDP and GDS as encompassed in the programme applicable to the current mayoral term which commenced on 1 July 2006. The company's strategic objectives are aligned to the IDP in the following areas and key achievements are indicated in each case:

Financial Management Programme[1]*:* The company limited credit risks by achieving its debtor days at 34,17 days. This was mainly achieved through enhanced contract management, the installation of supplementary services meters and the establishment of focused client forums.

The conceptualization of a treasury function to facilitate credit management was also completed and it is foreseen that implementation will commence during the 2011 - 2013 financial year.

Area Based Economic Development Programme (ABEDP): JM has succeeded in the quest to intervene in townships and underdeveloped areas. Projects and programmes were instituted in the Vhembe Municipality which enables BEE producers to supply BEE Market Agents operating on the JM and in turn would then be distributed to buyers operating in various townships. As part of the process, the company has also reviewed its programme at the SEZ and commenced with the training and development of young entrepreneurs to operate with structured support once the SEZ is fully rolled out.

BEE Support Programme: JM continues to facilitate the involvement of BEE entities throughout the value chain. In pursuance of the BEE support program, JM engaged with both National and the Provincial Department of Agriculture in sourcing supplementary support for BEE entrepreneurs. The following achievements were recorded:

- The NVC program was introduced in a compliant facility where packing of fresh produce hampers and fruit bouquets for clients are being undertaken; and
- A youth program known as "Young Aspiring Farmers" was introduced as part of the company's Youth Desk program.

In pursuance of the BEE support program, the company engaged with both National and the Provincial Departments of Agriculture, Forestry and Fishing in sourcing supplementary support for BEE entrepreneurs.

Skills Development Programme: JM is focusing on skills relevant to its specialized operating environment and as a consequence a suitable training academy was conceptualized following intensive evaluations. The company's EPWP program enabled participation in the food packing practices of its Food Bank and was able to exceed its target by also placing EPWP workers in

[1] This programme is primarily linked to the financial sustainability sector whilst other programmes are aligned to the Economic Development Sector..

permanent employment with Food Bank (SA), a NGO who collaborates with the company to provide produce to indigent communities.

Make and Buy Programme: JM the company has achieved the objectives of conceptualizing the technical designs of the proposed MOF development.

2 LEADERSHIP OVERVIEW

Councillor Sello Lemao
MMC: Economic Development
(June 2011)

2.1 Member of the Mayoral Committee Review

The 2010/11 financial year recorded some of the highest food price increases in the recorded history of food price inflation. This was against the backdrop of the company recording the highest turnover in history.

The impact of the global economic meltdown on the demand and supply of fresh produce in South Africa and internationally was alarming. Exports volumes declined with the agricultural sector remaining relatively under pressure in terms of fuel cost, high cost of fertilizers and logistical costs which had a direct impact on the level of production thus influencing the decision to plant produce.

The COJ views the company as a critical component in the fresh produce value chain. The company continues to play a distinct role as being a price maker and barometer by ensuring the pricing process remains transparent. This provides a better chance of eliminating any dishonest practice(s) in determining of the fresh produce prices to the benefit of the buyer. The company plays a further role in protecting the interest of the producers in ensuring that their produce fetches market prices and are insulated from the bargaining power of big retailers. To this end, the COJ is resolute in protecting and entrenching the current trading environment as it offers best protection to all those involved.

The company is a platform for the COJ to launch its plan to guarantee food security to the poorer households. To this COJ aims to further broaden a more definitive role for the company in the fight against hunger in the city

The COJ is currently considering initiatives aimed at positioning the company as the best market in the world. The initiatives include the erection of a state of the art modern facility that is aimed at improving food safety and quality, maintaining the cold chain and assimilating best technology. The net result of these initiatives is to benefit the end consumer by extending affordable prices and offering prices that are attractive to the producer to incentivize continued cultivation of fresh produce.

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Councillor Sello Lemao
MMC Economic Development
30 September 2011

2.2 Chairperson's Review

Mr Lennox Tshwete (49)
Chairperson (JM)
Med (Leeds); Exec MBA (UCT)

The conclusion of the 2010/11 financial year also earmarks he completion of the IDP period and the Mayoral term.

The entity would like to record its appreciation towards the outgoing Mayor: Cllr. Amos Masondo and the Mayoral Committee. The Board and management enjoyed professional and tireless support over the past 5 years from the Mayoral Committee.

Against the backdrop of such support the company was able to execute its remedial programmes and continue with the company on a growth path.

During 2006/07 the company recorded a net loss of R3.8m. However with the implementation of recovery programs the company immediately started to generate surplus. At the conclusion of the 2010/11 financial year the company recorded a surplus of R31.3 m, well above budgeted surplus.

The Board of Directors and management continued with intensive strategic planning and is ready and able to implement the Market of the Future (Premium Hall) project. The Mayoral Committee approved the project on 11 November 2010 and great strides were made towards making this project a reality. Currently the value engineering process is in progress and the Board with management has engaged with its stakeholders with regard to this venture.

Positive progress in the latter regard can be reported and the Board is confident that the new Market development will greatly assist in managing price volatility and achieve the effective repositioning of JM.

Innovation at JM remains a constant process in ensuring the relevance of the entity and its long term sustainability. Being a vital role-player in the fresh produce industry JM will continue to ensure that producers regard it a market of choice. Innovations will therefore be relevant and aimed at solving the challenges producers face in fresh produce marketing.

The JM remains a BEE enabling institution and will therefore continue to empower participants across the fresh produce value chain. During the past year the Mandela Market trading floor was extended to create much needed floor space at this vibrant facility.

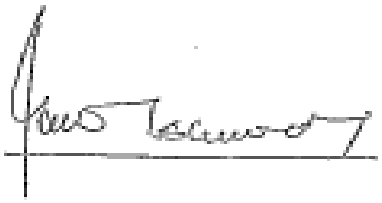
Intensified efforts to enhance BEE agents and BEE producers led to significant growth in the market share of especially BEE market agents when their market share at JM was elevated from a static 1 per cent to a share of nearly 2 percent. Against the backdrop of difficult local and international economic conditions the latter achievement is highly regarded.

The FoodBank and its operations remains a key intervention in assisting the poor. Over the past year the entity was able to assist many families in distress. During the 2011/12 financial year JM will continue with the development of a food security programme.

The entity is currently managing a number of matters pertaining to litigation. The Board is assisting management in dealing with the legal matters and its associated risks. Although the company saw the

departure of a number of senior staff members the necessary contingency arrangements enabled the entity to operate at efficient levels.

The Board wishes to convey its best wished to the former CEO and the former employees and at the same time express gratitude at the entire core of staff for the excellent performance displayed during the period under review.



Mr L Tshwete

Chairperson

30 September 2011

2.3 Board of Directors

Mr Lennox Tshwete (49)	Med (Leeds); MBA (UCT)
JM BOARD OF DIRECTORS – Chairperson and Non Executive Director	**OTHER DIRECTORSHIPS** – Amdocs South Africa Joint Enterprise – Eratis Technologies (Soc) LTD – Software Namibia
SKILLS, EXPERTISE AND EXPERIENCE Lennox Tswete has extensive experience in managing big national programmes aimed at improving the performance of government departments as well as monitoring and evaluating. He was also involved in the design and automation of Business Processes in State-Owned Enterprises and Government departments.	
Mr Sello Tsoku (deceased)	
JM BOARD OF DIRECTORS – Non Executive Director – Chairperson: Audit Committee	**OTHER DIRECTORSHIPS**
Ms Matsotso Vuso (38)	Chartered Accountant (CA) (SA) Bcompt Hons B.Com
JM BOARD OF DIRECTORS – Non Executive Director – Audit and Risk Committee	**OTHER DIRECTORSHIPS** – Corprenewal – Nyamezela Group Companies – Tribal Zone – Cargo Carriers – Goza Moores Rowland Empowerment Brokers – Protech Khuthele Holdings
SKILLS, EXPERTISE AND EXPERIENCE	

She has extensive DFI experience gained through her association with the IDC and was involved in the evaluation of investment proposals for the tourism industry. She also fulfill the role as an Executive Director of Nyamezela Group Companies which is a multi-disciplinary company.	
Dr Simphiwe Ngqangweni (38)	PhD (Agricultural Economics) Masters Degree (Agricultural Economics) Bachelors Degree (Agricultural Economics)
JM BOARD OF DIRECTORS – Non Executive Director – Remuneration Committee – Service Delivery Committee	**OTHER DIRECTORSHIPS** – None
SKILLS, EXPERTISE AND EXPERIENCE He is currently Director: Agro-processing Support at the Department of Agriculture, Forestry and Fisheries. Prior to joining the Department of Agriculture, Forestry and Fisheries, he was a Senior Researcher at the National Agricultural Marketing Council where he led amongst other things, a program linking farmers to markets.	
Mr Matome Morokolo (46)	BSc (Agricultural Economics) BSc (Agricultural Economics Honours) MSc (Agricultural Economics)
JM BOARD OF DIRECTOR – Non Executive Director – Chairperson: Service Delivery Committee	**OTHER DIRECTORSHIPS**
SKILLS, EXPERTISE AND EXPERIENCE He is the Director: Marketing in the national Department of Agriculture, Forestry and Fisheries and provides strategic leadership in the design, implementation and monitoring of programs and projects aimed at ensuring market access for agriculture, forestry and	

fisheries products in both the domestic and international markets. He has vast experience on different aspects of the agro-industry ranging from marketing, trade, value chain analysis, fresh produce industry, finance and overall industry development issues.	
Mr Bethuel Netshiswinzhe (44)	BA (Social Work) Bachelor of Social Sciences (Honours) Masters Degree in Social Science (Social Policy, Planning and Administration) Currently busy with MBA (3rd Year)
JM BOARD OF DIRECTORS – Non Executive Director – Remuneration Committee	**OTHER DIRECTORSHIP** None
SKILLS, EXPERTISE AND EXPERIENCE He is a Divisional Executive at the Development Bank of Southern Africa where he is responsible for leading and managing the public sector investment operations of the Development Bank of Southern Africa in Gauteng, North West and Limpopo Provinces. He has a range of skills relating to operational management, human resources management, strategic planning, strategic marketing, corporate governance, development planning, project management, monitoring and evaluation and risk management. He is a development planning practitioner with strong background in development finance within public sector and specifically local government.	
Dr Moraka Makhura (47) **(Retired 17 March 2011)**	PhD (Agricultural Economics) MSc (Agricultural Economics, Economics and Applied Statistics) BCom Hons (Farm Business Management and Organizational Development and Behavior) BSc(Agricultural Economics, Economics, and Business Economics) Post Graduate Diploma in Municipal Governance Certificate in French
JM BOARD OF DIRECTORS – Non Executive Director – Service Delivery Committee	**OTHER DIRECTORSHIPS** - None

SKILLS, EXPERTISE AND EXPERIENCE He is currently the head of Economic Research at the Land and Agricultural Development Bank of South Africa where he provides leadership in economic research services. He has vast experience in organizational development and behavior, economic and statistical analysis, food security analysis, gender analysis, rural and economic development, local economic development, institutional analysis, policy formulation and mediation and dispute resolution.	
Mr Charles John Finlayson (31)	Diploma in Information Technology Microsoft Certified Professional 2003 Microsoft Certified System Engineer NT 4.0
JM BOARD OF DIRECTORS – Non Executive Director – Remuneration Committee	**OTHER DIRECTORSHIPS** – Ezliving Home Automation – Broadacres Extension 22 Homeowners Association
SKILLS, EXPERTISE AND EXPERIENCE He is currently a Director of EZLiving Home Automation. Responsibilities include managing the business from a technical point of view and ensuring that the business runs smoothly and is growing. Has extensive expertise in Information Technology, specialising in networks.	
Ms Nadira Singh (51)	BCom;Hons B Compt;CA (SA) CTA Certificate in Forensic Accounting and Fraud Examination (cum laude) CCSA CGAP
JM BOARD OF DIRECTOR – Non Executive Director – Acting Chairperson: Audit and Risk Committee	**OTHER DIRECTORSHIPS** – Singh Pather Incorporated – Metro Trading Company (Pty) Ltd

– Remuneration Committee	
SKILLS, EXPERTISE AND EXPERIENCE She is a consultant in the field of corporate governance, risk, assurance and forensics in both the public and private sector and has served on various Audit Committee's such as the Department of Provincial and Local Government, Johannesburg Tourism Company, Compensation Commission, the State Theatre and is currently the Chairperson to the Metro Trading Company Audit Committee, as well as a specialist member of the Services Appeal Board of Gauteng Provincial Government. She has held several senior executive positions in the finance field, has been a partner at an international audit firm and is the founding member of the audit firm Singh Pather Incorporated.	
Ms Rosalie Manning (49)	B.A (Wits) L.L.B (RAU) Certificate Manchester Business School: Senior Leadership Certificate: Manchester University
JM BOARD OF DIRECTORS – Non Executive Director – Chairperson: Remuneration Committee (Up to 17 March 2011)	**OTHER DIRECTORSHIPS** – All Joy Foods – Africa Heritage Trust – Africa Heritage Investment (Pty) Ltd – SJSM (Pty) Ltd – Work@ It C.C – NBCRFLI – Exemptions Body – Anglican Church of Southern Africa – Finance Board
SKILLS, EXPERTISE AND EXPERIENCE She is a consultant in the field of organizational strategy and development with specific emphasis on Human Development. She has served on the Boards of Johannesburg Water, Umgeni Water where she was the Chairperson and member of Remuneration Committee respectively. She served as an independent member for SAMSA's Remuneration Committee. She is the founder and managing member of Work @ It C.C.	
Mr Griffith Zabala (59) **(Joined 17 March 2011)**	B.A Social Work (University of North) Diploma in Social Development & Adult Education – Co-operatives Stream (Coady International Institute, St FX University – Canada) Certificate in the promotion of Small Medium & Micro Enterprise (Cranfield School of Management- Bedford, UK)

	Certificate in Labour Relations (Atlantic School of Labour – Canadian Labour Congress) Certificates in How to Diagnose & Manage Organisational Culture, Organisational Development & Strategic Management, Human Interaction – National Training Laboratories – USA) Organisational Governance & Board Management – Centre for Non-Surplus Boards now Board source – USA Mass Based Community Organisation (Industrial Areas Foundation – USA) Masters of Management in the Human Resources Area (Wits Business School)
JM BOARD OF DIRECTORS – Non Executive Director – Chairperson: Remuneration Committee (From 17 March 2011)	**OTHER DIRECTORSHIPS** – Intselele Investments, – Shanduka Adopt- A – School Foundation, – Institute for Community Management Services CC. – Johannesburg Performance Audit Committee, – Mbewu Investments Company(Dormant), – Kgoro Ya Gauta (PTY) Ltd.
SKILLS, EXPERTISE AND EXPERIENCE Griffith has experience in the community development, non-governmental, local government and public sector. He has skills and expertise in strategic and general management, human resources management, labour relations, organizational development and training, board leadership, management and training, facilitation, monitoring and evaluation, report writing, community organizing and development, counseling and consulting and fund raising.	

2.4 Chief Executive Officer's Review

Ms Patronella Telela
Acting Chief Executive Officer

During the past financial year, the Joburg Market continued to strive for service excellence within the fresh produce industry that is characterized by numerous inherent challenges ranging from adverse weather conditions leading to sporadic surpluses and shortages and thus affecting the quantity of fresh produce traded at the market; volatile fresh produce prices leading to unpredictable variation in revenue; intense competition from other players within the industry and the observed declining consumer buying power. Over time, the market managed to develop resilience to continuously deal with the above challenges so that their individual and collective impact is mitigated as is evidenced by the overall performance of the entity.

During the past financial year, the market was able to grow the volumes of fresh produce traded by 5 percent better than its competitors. The increase in volume was mainly attributable to the excellent climatic conditions that resulted in increased production as well as a stronger exchange rate that discouraged exports and forced producers and traders to sell locally. The business model of the market is premised on the notion that trade in fresh produce is a volume driven business and Joburg Market will persist to build a strong supplier base hence our consistent pledge to also attract black farmers and agents into our stable.

The market is also mindful of the fact that more than 80 percent of our revenue is derived from the commission business and we are therefore working tirelessly to diversify the revenue streams as a risk mitigation strategy. It is anticipated that the full implementation of the Market of the Future and Sweating of the Assets projects will provide the market with additional revenue streams in line with our desire to diversify revenue streams.

We are also conscious of the need to continuously upgrade our soft and hard infrastructure to support the fabric of our business and the planned implementation of the Market of the Future and Sweating of the Assets projects will provide a propulsion force towards the ideal situation.

In terms of financial performance the company achieved a surplus after tax of R 31, 5 million and with that, delivered R12.8 million more than the anticipated surplus. Revenue improved by 2.4 percent achieving gross income of R 233, 4 million. JM was also able to save R 2, 3 million on interest charges.

In support of the CoJ drive towards food security, the JM strategic function is carefully monitoring developments and is currently in the process of refining its food bank system. JM has therefore also joined forces with CoJ"s social programme which enabled the distribution of 9000 food hampers to indigent families.

JM saw the departure of a number of its expert staff members. Against the backdrop of such valuable expertise being lost, remaining managers and staff of JM enabled the entity to continue without disruption and contributed positively towards the excellent trading results recorded.

MS P/T Telela
Acting CEO
30 September 2011

2.5 Chief Financial Officer's Review

Ms Benvinda Rocha
Acting Chief Financial Officer

The company recorded a surplus before tax of R47.2 million (2010: R40.7 million) and a surplus after tax of R31.5 million (2010: R28.3 million) was recorded for the financial year ended 30 June 2011. This is an increase in surplus before tax of R6.5 million and surplus after tax of R3.2 million. Revenue for the financial year of R227.7 million (2010: R212.5 million) increased by 7.2% over the previous year. Other income for the year of R6.3 million (2010: R7.1 million) decreased by 11.2% over the previous financial year. Operating expenditure for the financial year of R169.3 million (2010: R158.2 million) increased by 7.0% over the previous financial year.

The finance costs for the financial year of R22.0 million (2010: R24.9 million) decreased by 11.6% over the previous year. The decrease is due mainly as a result of a decline in interest payable on the original shareholder loan and conduit loan that was fully paid by 30 June 2011. Also, included in finance costs is an amount R0.4 million relating to fair value adjustments of income and expenditure items in terms of circular 9.

The company's effective tax rate of 33.26% (2010: 30.43%) is higher than the current tax rate of 28% mainly due to disallowable charges relating to depreciation on buildings which is added back for tax purposes as this is not allowed as a tax deduction in terms of the Income Tax Act.

2.5.1 Revenue

Strong volume growth was recorded for the current financial year. Turnover for the year of R3.789 billion was recorded compared to the budget of R3.741 billion and the actual for the previous year of R3.594 billion. This is a growth of 1.3% on budget and 5.4% on previous year. The increase is mainly due to an increase in volumes. When compared to the previous year the price of produce per ton has decreased by 6.2%.

Volumes for the year have increased by 12.4% when compared to the previous year. Total tonnage recorded for the year amounted to 1 143 905 tons compared to 1 017 701 tons for the previous year. The average price per ton for the year decreased by 6.2% from R3 531/ton in the previous year to R3 312/ton in the current financial year.

The total revenue generated from commission business and other income increased by 5.4% when compared to the previous years and by 1.3% when compared to the budget. Total revenue from commission and other income for the year amounts to R233.9 million compared to the budget of R228.0 million and R219.6 million for the previous year. Almost 81.2% of revenue is generated from commission, 12.5% from rental income and recoveries, 3.4% from cold storage facilities and banana ripening activities, and the balance of 2.9% from other related sources.

As a result of the high turnover for the year commission income increased by 5.4% when compared to last year from R179.7 million to R189.5 million for the financial year. Rental income, water and electricity recoveries have increased by 20.6% from R24.1 million the previous year to R29.1 million in the current year. The increase is as a result of an annual 12% increase in rental leases and additional recoveries from water and electricity due to better management as a result of additional water and electricity meters to recover actual usage from the tenants.

2.5.2 Results of Operations

Operating expenditure for the year increased by 7.0% over the previous year from R158.2 million to R169.3 million. This percentage increase was as a result of:

- Employee related costs increased by 9.5% during the year; salary increases for the year were 8.48%. Employee related costs for the year totalled R77.3 million compared to R70.6 million for the previous financial year. CCMA cases of R2.5 million were settled in the current financial year.
- Bad debts increased by R1.3 million largely due to the increase in the doubtful debt provision.
- Repairs and maintenance costs for the year decreased by R0.4 million from R6.7 million in the previous year to R6.3 million in the current financial year. This is as a result of the backlog in maintenance related issues. A preventative maintenance plan has been put in place to ensure that the entity minimize unforeseen expenses.
- General expenses increased by 4.1% from R67.1 million in the previous financial year to R69.9 million in the current financial year.

The costs of all other expenses were kept in line with budget during the year as a result of strict cost controls and monthly monitoring of expenditure during the year. Included in operating expenditure is depreciation charge for the year of R13.2 million (2010: R12.4 million). The increase in depreciation charge is as a result of additions to capital expenditure.

2.5.3 Cash Flow

Cash generated from operating activities for the year amounted to R63.7 million compared to R33.7 million in the previous financial year. The increase is as a result of the decrease in supplier payments and a finance costs coupled with an increase in receipts.

Cash flows from investing activities declined from an out flow of R14.4 million to an outflow of R18.3 million. Capital expenditure for the year amounted to R16.7 million all being spent on property, plant and machinery. The proceeds generated from the sale of assets were R0.1 million.

Net cash flows from financing activities decreased from a net movement of R29.3 million to R45.4 million. The net movement on shareholders loans for the year amounted to R46.1 million. The company ended the financial year with a favourable bank and cash balance of R13.2 million.

2.5.4 Balance Sheet

Non-current assets have increased by R5.2 million during the financial year from R282.9 million to R288.1 million. The increase is as a result of net additions to property, plant and equipment and intangibles of R16.7 million less depreciation charges for the year of R13.1 million. The additions comprise mainly of improvements to buildings. The additions for the financial year are broken up in the following categories:

- Improvements to buildings R12.6 million
- Plant and Equipment R2.9 million
- Furniture and fittings R0.05 million
- Motor Vehicles R0.3 million
- Computer equipment R0.7 million
- Office equipment R0.1 million
- Finance Lease assets R Nil

The deferred tax asset balance for the financial year has increased by R0.6 million for the financial year from R2.9 million to R3.5 million. The increase is as a result of reversal in timing differences for the financial year.

Current assets increased by R25.9 million for the year from R67.2 million to R93.1 million. This decrease is due as a result of:

- Increase in loans to shareholders by R24.6 million. Included in these loans are capital expenditure claims of R10.3 million due from the shareholder already paid for by the company as well as a positive sweeping account of R44.5 million.
- Increase in trade debtors by R1.2 million. The net debtor's days outstanding has slightly increased at 34.17 days compared to 32 from the prior year.
- Cash and cash equivalents have remained at 13.2 million.

Non-current liabilities decreased by R12.4 million for the financial year from R179.3 million to R166.9 million. The decrease is due to:

- Decrease in loans from shareholders of R12.2 million. The decrease is due to conversion of short term loans to long term loans of R13.4 million. Increase in capital expenditure funding for the financial year off set by the repayments of loans that were due in the current financial year.
- Increase in finance lease obligations of R0.5 million during the financial year. The increase is as a result of finance lease repayments during the year and the additions of new equipment. The leases related to vehicles, photo copiers, computers and gym equipment.
- Decrease in Retirement benefit obligations by R0.8 million during the financial year.

Current liabilities have increased by R12.0 million for the financial year from R94.4 million to R106.4 million. The increase is due to:

- A decrease in loans from shareholders of R9.4 million. The decrease is as a result of converting prior year's capital expenditure long term loan to short term loans payable in the next financial year.
- Increase in finance lease obligations by R0.7 million. This amount relates to finance lease obligations payable in the next financial year.
- Increase in trade and other payables by R16.6 million for the year. The major increase related to trade and other payables by R8.1 million due to:

    - High sales were recorded as a result of trading closing on Thursday 30 June 2010, which resulted in the Market Agents payables increasing by R3.9 million, since it was a high turnover trading day. The buyer's deposits also increased by R 2.5 million for the same reason.
    - Retentions on capital projects declined by R0.9 million.
    - Trading sundry creditors decreased by R4.2 million due to a decline in purchase order accruals at year end.
    - Sundry creditors increased by R12.5 million largely as a result of capital expenditure accruals at year end and other supplier accruals.

- Decrease in provisions for the year by R0.4 million. The provision relates to performance bonus.
- Increase in the current tax payable by R6.1million. This is the tax calculated as payable for the 2011 financial year.

The net liquidity of the company has improved significantly during the year by R13.9 million. At the end of the previous financial year the net current liabilities of the company exceeded its current assets by

R27.2 million. For the current year the net current liabilities has decreased to R13.3 million, this is as a result of converting the short term loans into a long term loan as the funds were previously utilised to acquire fixed assets as well as the management of working capital. All of the R13.3 million relates to loan repayments due in the new financial year. Sufficient cash will be generated monthly during the year to service and repay the amounts due.

Of concern is that the company is currently highly geared with debt of 72% (2010: 78%) and equity of 28% (2010: 22%). This results in a huge interest burden and pressure on cash flows in terms of repayments of the loans. The company has improved its interest cover to 4.1 times. This has significantly improved compared to last year's interest cover of 3.1 times. The ideal benchmark is a minimum interest cover of at least two times earnings.

2.5.5 Capital Projects

The total approved capital budget for the year amounted to R18 million. Actual capital expenditure incurred for the financial year ended 30 June 2011 amounted to R16.7 million. This is R1.3 million below budget.

The major projects undertaken in the current financial year were:

- Road rehabilitation R1.9 million
- Market of the future R1.9 million
- IT Systems R1.9 million
- New entrance R2.3 million
- Mandela Market R1.4 million
- Plant and Equipment R3.4 million
- Other Projects R3.9 million

Included below is the detail approved capital expenditure budget as well as actual expenditure incurred during the year.

Joburg Market Capital Expenditure as at 30 June 2011

Actual versus budget (Acquisition of Property, Plant and Equipment)

Joburg Market Project	JFPM Original Budget R'000	JFPM Revised Budget R'000	JFPM Actual Spend 2009 R'000
Budget 2010/11			
New Entrance	-	2,235	2,297
Road Rehabilitation at the Johannesburg Fresh Produ	-	1,600	1,888
Premium Hall	-	1,860	1,874
Replacing Main Building Lifts	-	1,000	833
Upgrade Hall 1 &2 to HACCP stands	-	1,000	120
Market Signage	-	600	523
Commercialisation of SPS	300	-	-
IT Support Systems Upgrade	2,200	2,700	1,908
IT AD & Exchange Upgrade	-	-	389
Provision for Bulk Services (Virgin Land)	9,000	-	-
Provision for New Transformers	3,000	-	-
Parking bays for employees	-	700	579
Mandela Market roof structure and drainage	-	1,500	1,403
Computer Equipment	-	100	648
Furniture & Fittings	-	428	168
Land & Buildings	2,700	500	425
Motor Vehicles	-	204	204
Plant & Equipment	800	3,413	3,453
Office Equipment	-	160	55
Total	**18,000**	**18,000**	**16,768**

2.5.6 Four Year Statistical Review

	Units	2011	2010	2009	2008
Key financial figures					
Total assets	Rm	381,168	350,181	352,121	315,095
Total equity	Rm	107,981	76,478	48,139	26,320
Total equity and liabilities	Rm	381,168	350,181	352,121	315,095
Bank balance	Rm	13,222	13,170	23,126	13,795
Capital expenditure	Rm	16,768	18,658	30,804	47,870
External Funding Loans	Rm				
MIG	Rm				
Revenue	Rm	227,693	212,499	193,231	167,034
Grant and Subsidies	Rm				
Direct cost (If applicable)	Rm				
Employee costs	Rm	77,329	70,628	59,101	53,300
Discounting	Rm				
Finance income	Rm	5,188	4,161	3,640	3,455
Finance costs	Rm	-21,996	-24,901	-27,136	-25,735
Surplus before tax	Rm	47,202	40,732	34,579	20,082
Income tax expense-current	Rm	15,699	12,393	12,760	7,118
Income tax expense –deferred	Rm	-544	-302	547	1,232
Surplus for the year	Rm	31,503	28,339	21,818	12,964
Cash generated from operations	Rm	56,919	60,333	85,640	57,610
Net cash from operating activities	Rm	63,728	33,703	52,661	32,200
Net cash used in investing activities	Rm	-18,320	-14,396	-33,450	-52,852
Net cash from/(used in) financing activities	Rm	-45,356	-29,263	-9,880	15,526
Financial ratios					
Liquidity	%	88%	71%	69%	65%
Solvency	%	72%	78%	86%	92%
Total operating expenditure/revenue	%	74%	74%	73%	77%
Interest coverage	Ratio	4.12	3.10	2.47	1.90

2.5.7 Management Executives

Patronella Tsakane Telela
Acting Chief Executive Officer
Age: 45

Executive Development Programme (UNISA-SBL)
Programme in Economics and Public Finance Certificate (UNISA)
Associate in Management Programme (UCT)
Consultancy Services for Small Medium Enterprises. (JICA-Japan)
Diplomas (3) in Health Related Disciplines
Project Management (PMBOK)

She has been seconded to the JM from the Department of Economic Development in the City of Joburg.

Before coming to the Joburg Market, she was holding the position of Director: Finance, Admin Services and MoE Oversight for the 4 sector entities (Joburg Property Company, Metro Trading Company, Joburg Tourism Company and the Joburg Market). She has been responsible for monitoring the service delivery performance of these four entities and the budgeting, financial reporting procurement, asset management and administrative support functions of the Department of Economic Development. She joined the City in 2006 as a Project Consultant, and later became the Skills Enterprise Development Programme Manager where she started a number of key projects among others the skills strategy, recognition of prior learning and the ex-military veteran's strategy. She was appointed as a Director in 2008.

She has extensive experience in both the local government, national government, NGO and the business sector. She established a Small Business and Tender Advice Centre in the Port Shepstone Municipality in KZN. Was an entrepreneur that managed a large company in manufacturing in KZN and owning a business in retail. She joined the National Department of Labour for 3 years as a Deputy Director: Research, Policy and Planning within the Labour Market Policy Programme. She chaired the SETA forum and co-ordinated commissioned research financed by international organisations and several publications, has also written articles that have been published. She also held a Project Management position at the Zenex Foundation. Ms Telela has continued to grow and improve personally and professionally to reach the top.

It's evident that she has assumed important executive positions and have grown into leadership appointments within the City and other organizations where she was chosen to invest her experience and expertise. We applaud her decision and strong desire to agree to take her dedication and skill to the next level at the JM. She remains focused on the "big picture" and to lead the CoJ and the JM toward its socio-economic goals. Her desire to stay at the top of her game is clear as she consistently offers a fresh perspective and creative approach to projects. She also approaches her projects by calculating risks and making solid determinations.

KGOSIENTSO RAMOKGOPA [Former CEO]
Age: 36
BSc (Civil Engineering), MBL, MPA.
Chief Executive Officer
(Resigned 12 August 2010)

He was responsible for managing the largest fresh produce market in the world. He is a trained civil engineer and possesses extensive experience in local government.

Prior to joining the company, he successfully led the Metropolitan Trading Company as the Chief Executive Officer. He succeeded in putting it on a sound financial footing and conceptualizing and driving a durable strategy for growth. He worked closely with informal traders and taxi associations, who are representatives of the taxi industry, to forge greater co-operation.

He possesses extensive knowledge of corporate governance and organisational restructuring derived from his involvement in several projects, including the establishment of the Johannesburg Roads Agency, organisational design of the Ekurhuleni and Johannesburg Transport Authorities and the compilation of the COJ's Integrated Transport Plan.

JAN GIDEON MOCKE
Age: 53
BSc Engineering (Electronic), MBL
Acting Chief Executive Officer

He was responsible for managing MOF project. However since the departure of Kgosientso Ramokgopa in August 2010, Jan Mocke held the reigns of the Market. His portfolio includes planning, budgeting and project management of the MOF including overseeing the building of warehouse facilities and new state-of-the-art technology to increase the quality of produce sold and the service delivered to the stakeholders of the company.

Before joining the company, he spent more than 15 years at Sapekoe Tea Estates in Tzaneen and held the position of General Manager. He also worked for the Industrial Development Corporation.

BENVINDA ROCHA
Age: 42
BCom, SAICA (AGA)
Acting Chief Financial Officer

Acting Chief Financial Officer

Benvinda holds a B.Comm qualification and is a member of the South African Institute of Chartered Accountants (SAICA).

Her entire career to date is being devoted to accounting. She has vast experience in financial accounting and joined the Joburg Market in 2006 as a financial accountant. She brought a wealth of experience in the accounting field to the company, having worked in both private and public sectors.

Currently, Benvinda is the acting Chief Financial Officer (CFO) and is responsible for the reporting, budgeting, procurement, property and cashier divisions.

Her philosophy is to do things right the first time as this saved her a lot of time in her accounting career.

3 PERFORMANCE REVIEW

The Joburg Market being a municipal entity of the City of Johannesburg ("CoJ"), has aligned its performance measurement approach with that of the CoJ's IDP and GDS strategic objectives. Although the Service Delivery Agreement ("SDA") in force between the City of Johannesburg and JM is still subject to renewal, the entity endeavoured through the implementation of a matrix to maximally align its activities to the imperatives contained in the SDA. At present a draft new SDA is being considered by the shareholder for implementation.

All performance areas and indicators are regularly reviewed by JM management and quarterly reports are submitted to the CoJ as required by the MFMA. The company has developed multiyear KPI predictions and included same in the company scorecard.

3.1 Highlights and Achievements

At the conclusion of the current IDP the company is able to report consistent growth in both its business activities as well as awards received as employer of choice.

In terms of income growth the entity exceeded its annual objectives during the execution of its remedial programmes. During the 2006/07 period the entity recorded a loss of R 3.8M and during 2009/10 the next surplus level was established at R26M. Finally at the conclusion of the 2010/11 financial year, a net surplus of R31.3M was recorded.

Market share of JM at the commencement of the IDP period was 33% and at the conclusion of 2009/10 grew to 36.8%.

In addition to the establishment of a further BEE Market Agency, the entity was able to improve the performance of such agents significantly from the 2009/10 level of nearly a full 2% at the conclusion of the 2010/11 financial year

A total number of 5 BEE Agents are currently being established on JM. The entity is also in the process of considering the establishment of a 6th BEE Agent according to a new model to enable sustainability of this targeted group of BEE agents.

The two accreditation standards governing cold stores and ripening operations was successfully retained during the period under review.

The final phase of the Vhembe pack house was successfully achieved and signed off by the parties involved.

The development of the Market of the Future (Premium Hall) was approved by the Mayoral Committee. The entity is now focussing on the financing model and the value engineering programme to ensure the validity of designs and operational objectives.

Services to buyers and informal market entrepreneurs were further enhanced through the extension of trading floor space at the Mandela Market facility situated on JM site.

Further progress was also made in creating compliant food handling areas in the foodbank. The objective in this regard is to overcome periods of low donation levels and secondly to prepare for new foodbank support strategies to be implemented.

Further progress was also made on the development of potential supplementary income streams through property development on vacant land. A development schedule has been finalized in this regard.

In terms of Green Economy objectives the re-evaluation of conversion of discarded produce to electricity was undertaken. In conjunction with the IDC, the project initiator is currently evaluating conversion of such produce to fuel as a more sustainable option.

JM received the following awards since the commencement of the IDP period under review:

Award	**Date**
Best Exhibition Stand	Oct '06
BOSS of the Year 2008	Oct '08
South Africa's BEST Employer™ for 2009/10 - Ranked 9	Aug '09
World Union of Wholesale Market (WUWM)Best Picture Award	Sep '09
CEO of the Year 2009	Nov '09
HR Director of the Year 2009	Nov '09
World Union of Wholesale Market (WUWM)Best Picture Award	Sep '09
South Africa's BEST Employer™ for 2009/10 - Ranked #1	Aug '10
South Africa's BEST Employer™ for 2009/10 - Ranked #4	Aug '10

Unfortunately the entity also saw the departure of a number of its executive staff members. The company has activated the necessary support systems to ensure the smooth functioning of all critical operations in abeyance of the filling of the vacant positions.

3.2 Performance Assessment in terms of Section 46 of the MFMA

The performance results for JM for the reporting period of 2009/10 and 2010/11 are tabled below:
(in instances where year-end evaluations identified, incorrect reporting of KPI results in a particular quarter causing a result being skewed, such rectifications are disclosed in the tables below).

3.2.1 Effective Financial Management: 2010/11

KPA Number & Corresponding KPA		Key Performance Indicators		Target Performance (Annual)	Actual Performance (Annual)	Reason for variance and remedial action
1.	Effective Financial Management	1.1	% Variance of Net Income against approved budget	0	0 (Exceeded 56.1%)	The entity achieved the target index and exceeded its budgeted income by 56.1%
1.	Effective Financial Management	1.2	% of capital budget spent	100	* 93.2	* The objective was under achieved by 6.8%. Complex tenders attracts bidders with lower BEE points
1.	Effective Financial Management	1.3	Fully SA GAAP (and GRAP) compliant register of assets	100	100	The entity achieved the target
1.	Effective Financial Management	1.4	Reconciliation of inter-company balance with the COJ	100	100	The entity achieved the target
1.	Effective Financial Management	1.5	Reconciliation of intra company balances with other MOE's	100	100	The entity achieved the target
1.	Effective Financial Management	1.6	% of clean audit report attained	100	100	The entity achieved the target
1.	Effective Financial Management	1.7	Maintain debtor days outstanding	30	34.17	Tenant clients are affected by the current economic climate. Constant liaison with clients are conducted to ensure effective collection of debtor accounts

3.2.2 Effective Financial Management 2009/10 – Prior Year - (Section 46 of the MFMA)

KPA Number & Corresponding KPA		Key Performance Indicators		Target Performance (Annual)	Actual Performance (Annual)	Reason for variance and remedial action
1.	Effective Financial Management	1.1	% Variance of Net Income against approved budget	0	0	The entity achieved the target
1.	Effective Financial Management	1.2	% of capital budget spent	100	99	The company was able to award all tenders under its CAPEX budget
1.	Effective Financial Management	1.3	Fully SA GAAP compliant register of assets	100	100	The entity achieved the target
1.	Effective Financial Management	1.4	Reconciliation of inter- company balance with the COJ	100	100	The entity achieved the target
1.	Effective Financial Management	1.5	Reconciliation of intra company balances with other MOE's	100	100	The entity achieved the target
1.	Effective Financial Management	1.6	% of clean audit report attained	100	100	The entity achieved the target
1.	Effective Financial Management	1.7	Maintain debtor days outstanding	30	32	Tenant clients were lesser affected by the current climate than during 2010/11. Constant liaison with clients were conducted to ensure effective collection of debtor accounts

3.2.3 Business Expansion: 2010/11

KPA Number & Corresponding KPA		Key Performance Indicators		Target Performance (Annual)	Actual Performance (Annual)	Reason for variance and remedial action
2.	Business Expansion	2.1	% Increase in market share of fresh produce sold by fresh produce markets	36	36.8	The entity achieved the target
		2.2.1	Introduce BEE Project	1	6	The entity exceeded the target mainly due to intensified efforts to communicate closer with BEE producers in the production areas
2.	Business Expansion	2.2.2	Introduce new BEE Market Agent	1	1	This target was carried forward from the previous financial year. The entity introduced methods to ensure sustainability of such agencies by linking them with formal agents in support programs. The positive results in this regard is also evident in the growth registered under KPI no 2.2.3
2.	Business Expansion	2.2.3	Increase % market share of existing BEE Agents (In monetary turnover R/c)	1	1.74 (Actual) 6.9 (Originally reported by Quarterly Reports)	The linkage of BEE agents improved the linkage with other producers and enhance the administration of BEE agents to achieve the improved results Disclosure: During quarter 1-4 the company secretary services erroneously reported the item based on mass instead of R/c.

KPA Number & Corresponding KPA		Key Performance Indicators		Target Performance (Annual)	Actual Performance (Annual)	Reason for variance and remedial action
2.	Business Expansion	2.3	% Increase in Share of Produce Received from emerging producers (Metric tonnes)	2	0.32 (Actual) 1.73 (Originally reported by Quarterly Reports)	Reasons for non-achievement: Not all BEE producers are marketing their produce in their own names. As a consequence intermediaries are conducting transportation and sales on behalf of such producers and the SPS trading system cannot identify such producers. Actions to mitigate Visits to BEE producers to educate them regarding the usage of the JM's SPS system Technologies are being explored to enable wireless GSM systems between such BEE producers and the JM. [See KPI: the assimilation of technologies in business processes of JM] Disclosure: The company secretary captured an incorrect line of data pertaining to this KPI. The correct result is 0.32 and not 1.73.
2.	Business Expansion	2.4	Establish distribution centres in the previously disadvantaged areas	1	1	This initiative is a multiyear project and final certification of completion concludes the last responsibilities of JM as far as it relates to the establishment phase of the project.
2.	Business Expansion	2.5	Development of an implementation schedule for property development	1	1	The entity achieved the target.

2.	Business Expansion	2.6	% Construction of premium hall	80	0	Reasons for non-achievement: The approval process at the CoJ was delayed and the first step approval for a funding model was only achieved in November 2010. As a consequence the financing phase and value engineering process was delayed. Actions to mitigate: Intensive focus on finance model and value engineering implementation.
2.	Business Expansion	2.7	Assimilation of technology in the business processes of the JM	2	2	The entity achieved the target
2.	Business Expansion	2.8	Increased revenue from non-commission Income streams	2	2	The entity achieved the target
2.	Business Expansion	2.9	Introduce service Protocols with stakeholders	2	2 (Actual) 1 (original)	The entity achieved the target Disclosure: The entity however erroneously reported the non-achievement of the target during Quarter 2

3.2.4 Business Expansion 2009/10 – Prior Year - (Section 46 of the MFMA)

KPA Number & Corresponding KPA		Key Performance Indicators		Target Performance (Annual)	Actual Performance (Annual)	Reason for variance and remedial action
2.	Business Expansion	2.1	% Increase in market share of fresh produce sold by fresh produce markets	35.5	37.29	The entity exceeded the target mainly because of its capacity to achieve stable and better prices on key commodity groups
		2.2.1	Introduce BEE	1	2	The entity exceeded

KPA Number & Corresponding KPA		Key Performance Indicators		Target Performance (Annual)	Actual Performance (Annual)	Reason for variance and remedial action
			Project			the target mainly due to the efforts in getting to BEE producers and the Ratombo Agricultural Services group in the production areas
2.	Business Expansion	2.2.2	Introduce new BEE Market Agent	1	0	This target was carried forward to the new financial year. All formalities needed to achieved the full establishment was reached at a stage where it could not be included in the 2009/10 reporting period
2.	Business Expansion	2.2.3	Increase % market share of existing BEE Agents New KPI – This KPI was not applicable in 2009/10	0	0	N/A
2.	Business Expansion	2.3	% Increase in Share of Produce Received from emerging producers	1	1.16	Visits to BEE producers to educate them regarding the usage of the JM's SPS system has resulted in the achievement of the target. Efforts to foster a trust relationship between BEE farmers and BEE Agents is also producing positive feedback
2.	Business Expansion	2.4	Establish distribution centres in the previously disadvantaged areas	1	0	This initiative is a multiyear project. Dependencies such as detailed appointments of staff by the Vhembe District Municipality delayed the achievement of the target
2.	Business Expansion	2.5	Development of a business plan for property	1	0	The entity did not achieve the target. The business case and

KPA Number & Corresponding KPA		Key Performance Indicators		Target Performance (Annual)	Actual Performance (Annual)	Reason for variance and remedial action
			development The 2011 objective to this project relates to the next phase to be implemented being the development of an implementation schedule for property development			implementation plan will be approached as a combined project
2.	Business Expansion	2.6	(1) Development of a operations and logistics plan for the premium hall (2) % Construction of premium hal The 2010/11 target was adjusted to 1 target: % Construction of premium hall the 2009/10 target can form part of the processes towards implementation of the premium hall development	1	0	Reasons for non-achievement: The company could not finalize the plan due to the difficulty to obtain stakeholder participation in specification development and the identification of a ideal logistics supplier provider capacity framework Actions to mitigate: Intensive focus on stakeholder communication with the aid of the Board Further engagements with CoJ functionaries to expedite approval formalities
2.	Business Expansion	2.7	Assimilation of technology in the business processes of the JM	2	2	The entity achieved the target

KPA Number & Corresponding KPA		Key Performance Indicators		Target Performance (Annual)	Actual Performance (Annual)	Reason for variance and remedial action
2.	Business Expansion	2.8	Increased revenue from non-commission Income streams (%) The company adjusted the formula for reporting to Number of income streams during 2010/11	0.5	17.74	The entity achieved the target
2.	Business Expansion	2.9	Introduce service Protocols with stakeholders	2	2	The entity achieved the target

3.2.5 Marketing Image and Positioning & Corporate Social Investment: 2010/11

KPA Number & Corresponding KPA		Key Performance Indicators		Target Performance (Annual)	Actual Performance (Annual)	Reason for variance and remedial action
3.	Marketing Image and positioning	3.1	Stakeholder Satisfaction Index (Level of client satisfaction)	90	0	Reasons for non-achievement: Remodelling of the research base was required for the index due to substantial changes in actions of competitors i.e. the NASREC market development. Actions to mitigate: Fresh workshops arranged to determine research needs Will it be carrier over to a next quarter or a new year?: Yes – tender under new scope to be awarded within first quarter of 2011
4	Corporate Social Investment	4.1	Increase number of fresh produce donations by the food bank to NGOs	400	1454	Due to the distribution of smaller parcels the number of donations could be significantly increased. The reduction was planned according to the reduced number tonnages received but also the donations of dry

KPA Number & Corresponding KPA		Key Performance Indicators		Target Performance (Annual)	Actual Performance (Annual)	Reason for variance and remedial action
						goods received from FoodbankSA – non fresh produce contributions
4.	Corporate Social Investment	4.2	4.2 - Increase tonnage of fresh produce donated to the Food Bank	1300	655	Reasons for non-achievement: Due to the financial climate producers also decreased donations to the food bank. As a consequence in many cases producers would rather accept a reduced prize than donating produce reaching the end of its lifespan Actions to mitigate: Direct contact with producers to enhance the donation of produce Closer co-operation with other tenants on the site to attract more donations

3.2.6 Marketing Image and positioning & Corporate Social Investment 2009/10 – Prior Year (Section 46 of the MFMA)

KPA Number & Corresponding KPA		Key Performance Indicators		Target Performance (Annual)	Actual Performance (Annual)	Reason for variance and remedial action
3.	Marketing Image and positioning	3.1	Stakeholder Satisfaction Index (Level of client satisfaction)	85	80	Reasons for non-achievement: The entity had to contend with perceptions of safety and security. The Index design also indicated a need for a new approach
4	Corporate Social Investment	4.1	Increase number of tonnages of fresh produce donations by the food The entity adjusted the KPI formula for 2010/11 mainly due the impact of dry goods provided by FoodbankSA and anticipated changes in the Food Bank strategy for the new IDP period.	1000	3344	Due to increased volumes donated to the FoodBank the entity was able to serve beneficiaries with increased volumes

KPA Number & Corresponding KPA		Key Performance Indicators		Target Performance (Annual)	Actual Performance (Annual)	Reason for variance and remedial action
			Consequently the 2010/11 KPI was adjusted to: Increase number of fresh produce donations by the food bank to NGOs			
4.	Corporate Social Investment	4.2	Increase tonnage of fresh produce donated to the Food Bank	720	2512	Reasons for achievement: The entity received more donations mainly due to a number of oversupply cycles in certain commodities. The ratio between prices and decisions to discard products was favourable towards the tendency to donate

3.2.7 Good Targeted Procurement Practises: 2010/11

KPA Number & Corresponding KPA		Key Performance Indicators		Target Performance (Annual)	Actual Performance (Annual)	Reason for variance and remedial action
5.	Good targeted procurement practices	5.1	Procurement spent on BEE and SME as a percentage of total procurement	75	74 (Actual) 75 (Original)	The entity achieved the target with 1%due to strong focus on its targeted procurement practises. The performance contributed to a shortage of staff and the economic climate. Q1 was adjusted by 1% following identification of a calculation discrepancy. Q4 was adjusted by 1% as a result of the former discovery. The department is being restructured.
5.	Good targeted procurement practices	5.2	Procurement spent on BEE and SME as a percentage of CAPEX	82	42.00 (Actual) 44.75 (Original)	Reasons for non-achievement: Disclosure: The complexity of CAPEX projects causes companies with lower BEE scorecards to obtain such contracts. Actions to mitigate: Plans to extend the SCM database and drafting of

KPA Number & Corresponding KPA		Key Performance Indicators		Target Performance (Annual)	Actual Performance (Annual)	Reason for variance and remedial action
						new SCM policy Typing error in Q4 indicated as result of 82 instead of 42

3.2.8 Good Targeted Procurement Practises 2009/10 – Prior Year - (Section 46 of the MFMA)

KPA Number & Corresponding KPA		Key Performance Indicators		Target Performance (Annual)	Actual Performance (Annual)	Reason for variance and remedial action
5.	Good targeted procurement practices	5.1	Procurement spent on BEE and SME as a percentage of total procurement	75	76	The entity exceeded the target due to strong focus on its targeted procurement practises
5.	Good targeted procurement practices	5.2	Procurement spent on BEE and SME as a percentage of CAPEX	90	84	Reasons for non-achievement: The complexity of CAPEX projects causes companies with lower BEE scorecards to obtain such contracts.

3.2.9 Human Resource Development 2010/11

KPA Number & Corresponding KPA		Key Performance Indicators		Target Performance (Annual)	Actual Performance (Annual)	Reason for variance and remedial action
6.	Human resources development	6.1	% of Total salary expense for Staff Training	1	1.48 (Revised) 1.08 (Original)	The entity achieved the target. Disclosure: Due to a formula error in the quarterly reporting a actual of 1.08 was originally reported in the 4th quarter.
6.	Human resources development	6.2	% Implementation of the 5 year Employment Equity Plan	100	0	Reasons for non-achievement: Due to a high turnover in HR staff the processes relevant to this KPI could not be concluded.

KPA Number & Corresponding KPA		Key Performance Indicators		Target Performance (Annual)	Actual Performance (Annual)	Reason for variance and remedial action
						Actions to mitigate: New EE plan drafting team will be actioned upon the arrival of a new shared services executive and a new HR manager
6.	Human resources development	6.3	% Implementation of succession planning framework for senior management level	35	35	The entity achieved the target
6.	Human resources development	6.4	No. of Jobs created for EPWP	44	95 (revised) (248 original)	The target was exceeded due to the additional assistance received from CoJ to create additional EPWP jobs. The cumulative figure was originally reported as 248. The correct number is 95. The error occurred with a faulty formula in the reporting system.
6.	Human resources development	6.5	Finalise concept design of training academy	1	1	The entity achieved the target
6.	HIV/Aids	6.6	Implementation of HIV/Aids programmes	8	8	The entity achieved the target

3.2.10 Human Resource Development 2009/10 – Prior Year - (Section 46 of the MFMA)

KPA Number & Corresponding KPA		Key Performance Indicators		Target Performance (Annual)	Actual Performance (Annual)	Reason for variance and remedial action
6.	Human resources development	6.1	% of Total salary expense for Staff Training	1	2.99	The entity exceeded the target
6.	Human resources development	6.2	% Implementation of the 5 year Employment Equity Plan	85	87.84	The entity achieved the target
6.	Human resources development	6.3	% Implementation of succession planning framework for senior management level	30	30	The entity achieved the target
6.	Human resources development	6.4	Introduce a training academy The 2010/11 target was to finalise concept design of training academy	1	1	The entity achieved the target. Reporting on this KPI was erroneously omitted from the 2009/10 annual report
6.	Human resources development	6.5	No. of Jobs created for EPWP	28	147	The target was exceeded by the company
6.	HIV/Aids	6.6	Implementation of HIV/Aids programmes	8	8	The entity achieved the target

3.3 MARKETING PERFORMANCE REVIEW

3.3.1 Executive Summary

The Marketing and Communications Department engages in activities aimed at promoting the Joburg Market as a world-class African Market. These includes image and brand building exercise, sponsorships, promotions, media and communications, stakeholder relations, and Corporate Social Investments – all aimed at helping the organisation to attain growth, increase share of market, improving service delivery, improve reputation and strengthening relations with stakeholders.

With regard image building, the past financial year saw the Joburg Market complete the project of wrapping the Main Building and branding of the main entrances and the new exit. Now spotting aesthetically appealing infrastructure and positioning messages, the branding exercise is part of Market of the Future refurbishment programme.

The past financial year saw the Joburg Market seize the opportunity to be the main sponsor of Letaba Show 2010 which took place at Tzaneen Show Ground in Limpopo from 4-7 August 2010 and featured a workshop attended by both commercial and emerging farmers from Tzaneen and the surrounding area. The Market also continued its support for the annual Hluhluwe Pineapple Marketing and Export Day for 2010. The sponsorship of farmer events and seminars help strengthen relations with farmers as well as open direct line of communications.

The period under review saw the Joburg Market partnering with the SA Stone Fruit Producers Association (SASPA) to launch the annual “Plum Power” Informal Trader Education Campaign. The objective was to establish awareness amongst South African consumers on plums, and to educate informal and formal traders about post-harvest handling of plums, as well as make them aware of the trading opportunities plums has offer. With South Africa having experienced flooding recently, which resulted in oversupply of potatoes in local fresh markets and saw prices dropping, the Joburg Market embarked on a successful marketing campaign to drive the sales of potato by targeting informal traders. The promotion was organised in conjunction with Potato SA and was part of national efforts to increase demand for potatoes though offering of incentives to the informal traders in the form of cash prizes and instant give-aways.

In terms of sponsorship, the past financial year saw the Market forming partnership with the City of Joburg in sponsoring various sporting activities which includes the 2010 Soweto Marathon and Momentum 94.7 Cycle Challenge to promote healthy eating. The sponsorships resulted in the Joburg Market brand getting exposed to over 50 000 participants and fans who also took time to taste the company’s fresh fruits offering.

In terms of up-skilling farmers, the period under review also saw the Joburg Market forming partnership with the Perishable Products Export Control Board (PPCEB) to embark on a programme to up-skill emerging farmers. The programme is part of greater efforts to create access for the emerging farmers to bigger markets. The first of these events saw farmers in Mafikeng, North West Province and in Waterberg, Limpopo Province benefiting from the information sharing sessions.

With regard media, the period under review saw the Joburg Market receiving exposure from across the media spectrum including TV, Print and Online. The major highlight was the Joburg Market feature on the Africa Market Place programme broadcast globally on CNN and reached over 260 million viewers worldwide and was also featured on CNN.com. The period under review also saw the average number of visitors to the Joburg Market website increasing by over 3 800 or 47% when comparing first and last quarters of the past financial year.

Owing to the various marketing efforts, the past financial year saw a total of 7 907 new accounts opened with the value of purchases by new buyers in excess of R70,8 million.

On the International Business front, the Joburg Market facilitated various orders with the value of cross border trade totaling R2 217 000, from May 2008 to date. It must be noted that this turnover was achieved with minimal marketing efforts, providing a clearest sign yet of the potential growth that cross border trade offers.

The Joburg Market has also been approached by the Sultanate of Oman to facilitate and lead the establishment of a Consortium comprising of companies from South Africa that will supply, market, manage and operate a Distribution Centre in Sohar Free Zone, Oman for wholesale marketing/distribution of fresh fruit and vegetables for the Gulf Region including neighbouring countries. A Memorandum of Understanding (MoU) has already been signed between the Joburg Market, Sohar Freezone, and other parties which paved way for the formation of a Consortium to conduct a Feasibility Study towards the market potential for South African produce in the region.

Joburg Market also conducted guided tour of the facilities for various visitors interested in exploring possibilities of mutual business interest. Market tours are an essential marketing tool and provide an excellent lead for business opportunities.

3.3.1.1 Stakeholder Performance

3.3.2.2.1 Buyer performance

Table 2. Buyer growth (number of buyers)

Buyers	Fin year '2009/10	Fin year '2010/11	Growth
Platinum buyers (Turnover of R10 mil and above)	56	57	2%
Gold buyers (Turnover of R5 mil - R10 mil)	62	72	16%
Silver buyers (Turnover of R1 mil - R5 mil)	366	396	8%
Bronze buyers (Turnover below R1 million)	19 652	20 554	5%
Total	**20 136**	**21 079**	**31%**

Table 3. Buyer growth (value of purchases)

Description	Fin year '2009/10	Fin year '2010/11	Growth	Percentage
Platinum buyers (Turnover of R10 mil and above)	1 545 759 294	1 592 893 636	47 134 342	3%
Gold buyers (Turnover of R5 mil - R10 mil)	426 635 389	510 974 236	84 338 847	20%
Silver buyers (Turnover of R1 mil - R5 mil)	808 735 546	841 044 711	32 309 165	4%
Bronze buyers (Turnover below R1 million)	812 176 050	843 631 956	31 455 907	4%
Total	**3 593 306 279**	**3 788 544 539**	**195 238 261**	**5%**

Table 4. Producer growth (quantity)

Description	Fin year '2009/10	Fin year '2010/11	Growth
Large size producers (Turnover of R10 mil and above)	45	54	20%
Medium size producers (Turnover of R5 mil - R10 mil)	128	109	-15%
Small size producers (Turnover of R1 mil - R5 mil)	529	604	14%
Emerging producers (Turnover below R1 million)	4 437	4 714	6%
Total	5 139	5 481	7%

3.3.2.2.2 Producer performance

Table 5. Producer growth (turnover)

Producers	Fin year '2009/10	Fin year '2010/11	Growth
Large size producers (Turnover of R10 mil and above)	941 741 505	1 123 136 681	19%
Medium size producers (Turnover of R5 mil - R10 mil)	904 341 544	768 534 577	-15%
Small size producers (Turnover of R1 mil - R5 mil)	1 209 734 031	1 377 376 689	14%
Emerging producers (Turnover below R1 million)	480 031 262	519 736 881	8%
Total	**3 535 848 343**	**3 788 784 829**	**7%**

3.3.1.2 PROMOTIONS

3.3.2.3.1 Trade Fair

The 2010 Africa Big Seven/SATEX was successfully held at Gallagher Estate, Midrand from 25-27 July 2010 with Joburg Market occupying 30 square meters floor space. The Fair attracted business delegation from countries such as Zambia, Namibia, Malawi, Congo, Tanzania, Nigeria, China and Botswana. Joburg Market used the opportunity to meet with importers of fresh produce and expose them to the Online Trading System. With Market tours an essential marketing tool that provides an excellent lead for business, the Market used the opportunity offered by the trade fair to invite some of the clients for a guided tour of the facilities. The tour took place on 26-27 July 2010 and was attended by delegates from China, Nigeria, Zambia and Namibia.

Picture 1 and 2. Joburg Market stand at Africa Big Seven/SATEX

3.3.2.3.2 Agriculture and Retail seminar

The Agriculture and Retail seminar was held in Polokwane, Limpopo Province on 19-20 July 2010 and was targeted at emerging farmers and local entrepreneurs. The Joburg Market participated in a mini expo and gave address to the delegates on the process of supplying big Markets, requirements and criteria, including available empowerment programmes for up and coming farmers.

3.3.2.3.3 Plum Power promotions

During the latter part of the year the Joburg Market partnering with the SA Stone Fruit Producers Association (SASPA) to launch a “Plum Power” Informal Trader Education Campaign to coincide with the 2011 plum season. The campaign is part of the bid to position plums in the South African market as a summer fruit that is refreshing to eat, versatile and healthy. The campaign is in its fifth year now, and the objective was to establish awareness amongst South African consumers on plums, and to educate informal and formal traders on post-harvest handling of plums, as well as make them aware of the trading opportunities plums has to offer.

Thus from January – February 2011, traders had the opportunity to learn more about plums on the Joburg Market from friendly and well-trained food advisors who shared information at selected market agents on the market floor. Traders also received packs of brochures for distribution to their customers, containing nutritional information on plums and recipes.

The highlight of the campaign was a competition to select the best display of plums and other fruit at informal traders' stalls. For this reason, visits were made to informal trader stalls in selected townships during the campaign. To enter the competition, informal traders had to send a photographs of their stalls. Winners were selected based on the following criteria: General display of the plums, variety of plums available, quality of the plums, neatness and cleanliness of the stall and protection of the fruit against the sun. Winners also had to be in possession of a registered Joburg Market Buyer's Card. The first prize winner walked away with R3000 worth of Joburg Market vouchers. The second prize was R2000 and R1000 for the third prize.

The plum campaign helped stimulate plum sales, as several informal traders were made aware of better ways of handling and merchandising the fruit. Already, some informal traders have started to apply some of the tips obtained from the plum handling guide that were handed out during the educational campaign.

Picture 3: Best Plum Trader - Plum Power Promotion

3.3.2.3.4 Potato Power Challenge: Driving record setting potato sales at Joburg Market

Owing to the floods that the country experienced in the past 3 months which resulted in the Market trading floor getting flooded with potatoes and price dropping, the company embarked on a marketing campaign to drive potato sales. Aptly titled "Potato power campaign", the promotion was targeted at the informal traders (hawkers).

The campaign was organised in conjunction with Potato SA and was part of national efforts to increase demand for potatoes over the short term. The campaign was constructed to maximize purchases by offering incentives to the hawkers in the form of cash prizes and instant prize give-always according to the quantity purchase by customers.

The campaign started on 1 June and ran until 8 July 2011. For six (6) weeks, the campaign saw the Market give-way cash prizes of R500 per week to lucky buyers who purchased 10–50 bags (10kg), R1000 per week to lucky buyers who purchased 51-100 bags and a top prize of R2500 cash per week to buyers who bought 100 bags (10kg) and above. To enter, hawkers had to buy potatoes and deposit their slip/s into an entry box at the Potato Power Gazebo**.**

Promoters were hired to man the gazebo on a daily basis and assist informal traders with entries and give-always as well as coordinate weekly cash prizes**.** The campaign was a resounding success as evidenced by the tables below

.

Picture 4 and 5: Potato Power Challenge Frenzy

POTATO POWER CHALLENGE STATISTICS

	Week 1	Week 2	Week 3	Week 4	Total	Average
Total amount of potatoes sold (bags/kg) during the campaign	697 437	535 002	648 916	694 167	**2 575 522**	**643 881**
Average sales price per week	17 482 356	16 395 580	17 384 915	16 824 480	**68 087 331**	**17 021 833**
						-
Total amount of potatoes sold in comparison to previous YEAR the same period (2010)	612 367	577 360	472 814	512 271	**2 174 812**	**543 703**
Average sales price per week	14 160 467	14 251 740	13 639 487	15 937 445	**57 989 139**	**14 497 285**
						-
Total amount of potatoes sold in comparison to the MONTH PRIOR to the campaign	598 517	592 559	533 395	657 421	**2 381 892**	**595 473**
Average sales price per week	16 492 560	15 049 929	12 903 721	15 749 125	**60 195 335**	**15 048 834**
Increase in turnover from last year as a %	23%	15%	27%	6%		
Increase in turnover from last month as a %	6%	9%	35%	7%		

3.3.2.3.5 Rand Show

The Joburg Market was one of the exhibitors in this year's Rand Show, held in Nasrec Precinct from the 22nd April – 2nd May 2011. This year's expo was bigger, more exciting and very interactive. The Joburg Market stand was displayed under the City of Joburg umbrella that won the gold award.

Joburg Market occupied a 20 square meter colourful stand where visitors came to taste the best variety of fruits that the Market has to offer. The Joburg Market mascots (apple, banana, carrots, pepper, potato, strawberry) were also present to entertain and attract visitors to the stand.

The Rand Show's new strategy which sees it moving away from late-night entertainment to focus rather on attracting quality visitors who want to do business with quality exhibitors was precisely the kind of action needed to promote entrepreneurship. Overall, the show was an excellent platform for creating business leads for the Market and face-to-face interaction with stakeholders.

Picture 5 and 6: Joburg Market participation at the Rand Show

3.3.2.4 SPONSORSHIPS

3.3.2.4.1Hluhluwe Pineapple Marketing and Export Day 2010

The Hluhluwe Marketing Day took place on Saturday 18 September 2010 in Hluhluwe, Kwazulu Natal. The conference was well attended by more than 20 pineapple commercial farmers. The Joburg Market's participation in this year's event was a little different in that Certificates were issued to farmers who trade through the Market. The certificates were a gesture of appreciation by the Market for continued loyalty. Overall, 18 certificates were awarded to 18 farmers who were very impressed and expressed appreciation for the recognition.

As was the case with last year's event, the Joburg Market made presentation about current and future planned activities. This was well received by farmers who welcomed especially the launch of the Online Ordering Shop and the concept of holding promotions in conjunction with Grower Bodies as happened with the Potato Wina More held recently at the Market targeted at informal traders. In view of stagnant growth in the volumes of pineapples sold in the last financial year, the Hluhluwe farmers requested the Joburg Market to develop a similar type campaign for pineapples detailing the cost implications.

Picture 6 and 7: Awarding of Certificate of Loyalty to Pineapple farmers at Hluhluwe Pineapple Marketing and Export Day 2010

3.3.2.4.2Letaba Show 2010

The Joburg Market participated in the Letaba Show which took place in Tzaneen Show Grounds in Limpopo from 4-7 August 2010. As the platinum sponsor, the Market was given a platform to make a

presentation on current and future activities at the Market. The show featured a workshop which was attended by both commercial and emerging farmers from Tzaneen and the surrounding area. The forum gave a platform for young, new and emerging farmers to interact with established farmers and ask questions that can assist them become stronger players in the agri sector.

A competition was also held for the emerging farmers to enter their top 5 best fruits and best 5 vegetables and win cash prizes. In this competition, farmers were encouraged to bring their best or biggest produce (e.g. potato, tomato, onion, pawpaw) to the Joburg Market expo stand to compete with produce from other farmers. The winner in each category walked home with a cash prize of a thousand rand.

Picture 8 and 9: The Joburg Market Sponsorship of Letaba Show

3.3.2.4.3South African Avocados Growers Association

The Joburg Market once again sponsored the South African Avocados Growers Association's (SAAGA's) annual research symposium that took place on the 17 February 2011 at the Tzaneen Conference Centre outside Tzaneen, in Limpopo. The symposium is a premier event attended by commercial and emerging farmers from across the country. It also drew support from researchers, exporters, pack house managers and other industry service providers. Over 200 delegates attended this year's event. The symposium, offered an ideal opportunity to interact with famers and to showcase the Joburg Market support to the avocado industry.

3.3.2.4.4Partnership with COJ

Owing to a limited marketing budget, the Joburg Market has negotiated to partner with the City of Joburg in high profile public events, to promote healthy eating as part of ongoing efforts to increase consumption and thus sales of fresh fruit and vegetables. The recently held Soweto Marathon and Momentum 94.7 Cycle Challenge Experience are the first two events in which the partnership came into fruition.

3.3.2.4.5Soweto Marathon

The Joburg Market joined the City of Joburg in sponsoring the 2010 Soweto Marathon held on 07 November 2010. The marathon featured a standard 42.2km race, a 20km Walk, a 10km race and a 5km Fun Run. The Joburg Market sponsorship was in the form of fruits which were given to participants at the Joburg Market branded Fruit Zone to help them gain energy and concentration. The fruit sponsorship is part of ongoing efforts to increase consumption of fresh produce amongst the public. Overall, the marathon was a huge success and exposed the Joburg Market brand to more than 60 000 participants and fans.

Picture 10: Joburg Market Fruit Zone at the Soweto Marathon

3.3.2.4.6Momentum 94.7 Cycle Challenge Experience

The Momentum 94.7 Cycle Challenge is the second biggest timed cycling event in the world. The event is divided into three races taking place over two successive weekends, these being the Children's Cycle Challenge, the Mountain Challenge and main Momentum 94.7 Cycle Challenge.

The Children's Cycle Challenge officially kick started the events and saw over 2000 youngsters test their endurance on Saturday 13 November 2010 at Waterfall Country Estate in Kyalami. The Market sponsorship of the Children's Cycle Challenge with fruit packs all-encompassing of banana, apple and naartjies to help them maintain stamina and increase their awareness of healthy eating and was well received by the kids and parents. The Joburg Market mascots (banana, strawberry, carrots, orange, green and red pepper, green and red apple, pineapples) were present to hand out the fruit packs to the children and provided a light-hearted entertainment.

The Mountain Bike and Cycling Challenge took place on Saturday 20 November and Sunday 21 November 2010 respectively. The Joburg Market was allocated space at various water points to set up fruit zones and provide healthy fruit snack to the cyclist. All the Joburg Market fruit zones including the finishing point were branded with various marketing materials in order to maximize brand exposure. In fact, one of the Joburg Market fruit zones on the main route became the main focus for media interviews and resulted in the Joburg Market brand getting exposure to viewers on the Supersport channel which broadcasted the marathon live.

Overall, the Joburg Market brand was exposed to over 40 000 people. This includes 2 000 cyclists who took part in the Children's Cycle Challenge on Saturday 13 November 2010, more than 4000 and approximately 26 000 cyclists who participated in the Mountain Bike Challenge and the Momentum 94.7 Cycle Challenge respectively.

Picture 11 and 12: Joburg Market Fruit Zone at the 94.7 Cycle Challenge

3.3.2.4.7Region D Fun Walk

The Joburg Market proudly sponsored Fun Walk/Open Day organised by the City of Joburg Region D to promote a healthy lifestyle. The event was held at Dobsonville stadium on the 20 February 2011 and attracted over 2000 participants. The Joburg Market's promotional materials i.e. inflated arch, tent, floating balloon, branding of the start and finishing point, were the major highlight for the event. The Joburg Market mascots (banana, strawberry, carrots, orange, green and red pepper, green and red apple, pineapples) were also present to hand out fruits and provided a light-hearted entertainment to the participants. The fruit sponsorship was part of Joburg Market ongoing efforts to increase consumption of fresh produce amongst the public. Overall, the marathon was a huge success and exposed the Joburg Market brand to more than 10 000 people including spectators.

Picture 13: Joburg Stand at the Dobsonville Fun Walk/Open Day

3.3.2.4.8CoJ Stakeholder Summit

The Joburg Market accepted an invitation from the Office of the Speaker of the City of Joburg to exhibit produce and respond to queries relating to food safety and food security during the Stakeholder Summit held at the Gallagher Estate on 26 March 2011. The Joburg Market branding dominated the venue with all excellent work achieved during the past 10-years exposed to over 6 000 delegates that attended the event. The delegates included the Executive Mayor, all the members of the Mayoral Committee, Speaker Council, Council Chief Whip, City Manager, Secretary to Council, Members of the EMT, CEO's and MD's of City of Joburg owned entities.

3.3.2.4.9Fun Walk

The 9th of April 2011 saw the Joburg Market joining hands with the City of Joburg Region F in sponsoring a Fun Walk held in Dobsonville, Soweto. The Joburg Market branding adorned the venue and was exposed to over 5000 walkers and spectators who attended the event. The Joburg Market participation in the event was part of efforts to promote healthy eating and thus sales of fresh fruit and vegetables. Accordingly, the Market gave away fruits to participants to get them started on the way to healthy eating. As it has become a norm, the Joburg Market mascots (banana, strawberry, carrots, orange, green and red pepper, green and red apple, pineapples) were also present to hand out the fruits and provide a light-hearted entertainment to the participants.

3.3.2.4.10 Chronic Fatigue and Stress Management Day

The 12th of May 2011 was world Chronic Fatigue and Immune Dysfunction Syndrome Day. In celebration of the event, Joburg Market joined hands with sister company, PikiTup to celebrate an awareness day held on the 31st May 2011 at PIKITUP Head Offices in Braamfontein. The Joburg Market participation was aimed at drumming home the importance of eating regular dose of fruit and vegetables in managing and preventing stress related conditions and fatigue. The event was attended by over 350 employees of PikiTup who received fruit packs bought from the JM.

3.3.2..4.11 PMA's first Fresh Connection

The Joburg Market was one of the major sponsors of the Produce Marketing Association (PMA) which took place in Somerset West, Cape Town on 12 April 2011. The JM's own Chief Operations Officer (COO), Patrick Mphahlele, was one of panel members on a topic to discuss "local markets". Following on the event, PMA invited the Joburg Market to serve on the PMA Country Council. JM is also exploring the opportunity to partner with PMA Foundation for Industry Talent when they embark on projects to encourage young people to enter the horticultural industry.

Picture 14: Joburg Market COO, Patrick Mphahlele participating as one of the panel members at PMA Conference.

3.3.2.5 MEDIA AND COMMUNICATIONS

3.3.2.5.1Online Newsletter

During the period under review four issues of the recently launched Glance newsletter were mailed to registered subscribers who currently number about 400. The newsletter gives glimpse to the latest information on events, product and services available at Joburg Market, along with hints, tips, specials and more.

3.3.2.5.2TV

The Joburg Market Quality Assurance Manager, Craig Pillay was interviewed on AgriTV on 17 August 2010 talking about the Market's food safety programme and the imminent launch of Joburg Market Quality mark. On 14 September 2010, the Joburg Market Senior Manager for Marketing & Communications, Thomas Mawasha, was also interviewed on AgriTV talking about the recent launch of Online Trading System aimed at helping the Market to expand its geographical reach and to compete effectively on the global platform. AgriTV is a popular agriculture programme that broadcast weekdays between 05h30 and 06h00 on SABC 2 channel.

The Joburg Market was also featured in the Africa Market Place programme being broadcasted on Fridays on CNN on 04 March 2011. The programme featured an interview with Thomas Mawasha, and some JM buyers with the focus being on the trading of apples across Africa using Joburg Market as sourcing point. The program is aired globally on CNN to 260 million viewers worldwide and is also featured on CNN.com. Thus the Joburg Market brand was exposed to millions of viewers across the globe and this went a long way to build brand equity.

3.3.2.5.3Magazines

The Joburg Market's "Open to All" campaign continued to run in various print titles including Sawubona, Chips, Afropolitan, Jozi Beat, Africa Fruit, Joburg Style, Hi-Flyer, Farmers Weekly and Fruit and Vegetable magazines. Amongst the topics covered includes healthy eating, the Online Trading System and the company's global leadership position.

3.3.2.5.4Staff Newsletter

In order to improve internal communication with staff, the company launched a monthly staff newsletter in March 2011. Aptly titled, "Fresh Insight", the newsletter is filled with relevant articles such as regular updates on the MOF, profiling of departments, up-coming events, introducing new staff and competitions to win prizes. The newsletter is in essence a mouthpiece to provide staff with timely, continuous, accurate and relevant information about developments at the Market in an irreverent way.

3.3.2.5.5Radio

The ***"Open to All"*** campaign continued on KAYA FM were the Joburg Market has managed to negotiate for better broadcasting rates. KAYA FM was chosen as the station reflects the lives of the upscale ages of 25+ listeners, living in Gauteng who are the main target market for the campaign. KAYA listeners have buying power and form part of the top earning income bracket. The current KAYA FM listenership stands at 621 000 per average day and 1, 535 000 per day on the remaining seven days with coverage that included Greater Johannesburg Metropolitan area, Northern Boundary: Pretoria boundary, Eastern Boundary: Springs, Southern Boundary: Vanderbijlpark and Western Boundary: Carletonville.

The Market managed to negotiate for 30 x adverts per month for a period of 12-months' worth approximately R234 000, VAT exclusive. The actual amount for the advertising deal would have been R645 000. Thus the Market achieved a cost saving of about R411 000. The main benefit for the ***"Open to All"*** campaign is that the Joburg Market is able to reach out to household buyer segments that would not have considered using it to source produce. The campaign also goes a long way to build the Joburg Market brand equity whilst increasing brand awareness.

3.3.2.6 IMAGE/REPUTATION BUILDING

As part of its commitment to provide world-class facilities and build a positive image of the Joburg Market brand, the organisation has completed the project of wrapping the Main Building and the branding of the main entrances and new exit. Now spotting aesthetically appealing graphic and positioning messages, the refurbishment exercise is aimed at breathing new lease of life into the ageing infrastructure. In order not to disturb daily trade during the refurbishment process, construction was divided into two months and was completed by end June 2011.

3.3.2.7 JOBURG MARKET WEBSITE

Month	Visitors	Average
Quarter 1	24 737	8 245
Quarter 2	30 911	10 303
Quarter 3	41 598	13 866
Quarter 4	36 262	12 087

- The site attracted an average of 8 000 visitors in the 1st quarter of the past financial year. The average number of visitors had grown to 12 000 by the last quarter of the financial year.
- The above represents an increase of over 3 800 visitors or 47%.
- In terms of search, Google remains the top search engine used to access the Joburg Market site with daily prices remaining the lead reason for visiting the site.

3.3.2.8 NEW BUYER ACCOUNTS

Table 7. New buyer accounts and value of purchases as a result of the various marketing efforts

Quarter	Number of new accounts	Value of purchases by new customers
Quarter 1	2 121	R17 325 520
Quarter 2	1 849	R42 717 969
Quarter 3	2 287	R5 437 405
Quarter 4	1 650	R5 361 258
Total	**7 907**	**R70 842 152**

- During the past financial year a total of 7 907 new accounts were opened.
- The value of purchases from these accounts exceeded R70, 8 million.

3.3.2.9 STAKEHOLDER RELATIONS

3.3.2.9.1Emerging farmer awareness

The Joburg Market has embarked on a programme to up-skill emerging farmers about agribusiness operation. The programme is part of greater efforts to create access for the emerging farmers to bigger markets. The programme is run in conjunction with the Perishable Products Export Control Board (PPCEB), an assignee of the National Department of Agriculture established to act as an independent service provider of quality certification for producers and exporters of perishable food products from South Africa. The first of these events took place on 5 May 2011 in Mafikeng, North West Province and attracted over 150 vegetables farmers. This was soon followed by another one held on 14 May in Waterberg (Mookgopong), Limpopo Province which targeted citrus farmers and saw over 100 producers turning up to learn how to gain access to bigger markets.

Picture17: Waterberg Emerging Farmers Information Day

3.3.2.10 INTERNATIONAL BUSINESS

3.3.2.10.1 Export

During the months of October and November 2010 two orders for fruits to the value of R100 584 and R115 000 were respectively received from a client in Lusaka, Zambia. On both occasions, the client was impressed with the quality of produce and services received, but could not buy more due to product unavailability owing to seasonality.

During the last quarter of the year one order was processed to the value of R164 000 for a client in Lusaka, Zambia. Samples were also prepared and sent to a client in the Seychelles.

3.3.2.10.2 Export to Sweden Seminar

The Joburg Market sent a delegation consisting of an Export Officer and one BEE Market Agent to a seminar held in Tzaneen on 22 November 2010 aimed at promoting exports of fresh fruit to Sweden. The seminar provided those in attendance with a better understanding of Sweden as a potential export market, including its requirements. Amongst the issues discussed were existing programmes aimed at creating better access for emerging fruit farmers to the Swedish market, and understanding requirements for produce packaging and transportation.

3.3.2.10.3 Oman Venture

The Joburg Market has been approached by the Sultanate of Oman to facilitate and lead the establishment of a consortium comprising of companies from South Africa that will supply, market, manage and operate a Distribution Centre in Sohar Free Zone, Oman for wholesale marketing/distribution of fresh fruit and vegetables for the Gulf Region including neighbouring African countries.

With Joburg Market being restricted by legislation from engaging in cross border trade, it has been recommended that the company rather facilitate the formation of a Consortium of BEE companies for the pursuance of the opportunity in Oman.

The Joburg Market will benefit from the venture by entering into an exclusive arrangement with the Consortium to source the bulk of their provisions from the Joburg Market for export into the Gulf Region. In turn, it is expected that the Market will give the Consortium its full support. A Memorandum of Understanding (MoU) has since been signed between the Joburg Market, Sohar Freezone, Horizon Country Wide Logistics Limited and GWK Limited.

Oman and the Gulf region holds potential for the export of fresh produce. The region is key to the Joburg Market realizing its objective of increasing global reach (creating worldwide presence) in order to increase revenue and surplus.

3.3.2.11 STAKEHOLDER RELATIONS

3.3.2.11.1 Stakeholder Visits

During the period under review, the Joburg Market visited several commercial and emerging producers to strengthen relations. Amongst the farmers visited includes commercial and emerging producers of cash crops, citrus and deciduous fruits in Tzaneen, Limpopo.

The month of August saw the Joburg Market teaming up with the Department of Agriculture in Tzaneen to host emerging farmer information days. The first information day took place in Bolobedu while the second one took place in Letsitele, about 30 km outside of Tzaneen. Both events were well attended by fruit and vegetables farmers eager to meet and listen to the Market. Most of the farmers who attended the events are currently supplying the Joburg Market and were interested in knowing about the Market programmes that can help them become stronger players in the agri sector.

The Market also hosted group of emerging farmers from Tzaneen who came for a guided tour of the facility on 23 September 2010. The primary purpose of the tour was to give the farmers a first-hand experience on how the Market operates and help them develop/strengthen relationships with Market Agents. Some of the farmers who are already sending produce to the market were delighted to see their product already sold while others became exposed to the reality of not sending quality produce to the Market. Overall, the tour was hailed as a success with farmers who had had negative attitude prior the tour singing a different tune post the visit. The next step forward is to monitor the farmers to see if the volumes they send to the Market are increasing in order to intensify the efforts.

3.3.2.11.2 Letaba Agri Farmer of the year 2010

The Joburg Market was the main prize sponsor for the 2010 Agri Letaba Farmer of the Year event which took place in Tzaneen Show Ground on 10 November 2010. The event was attended by local farmers, executives from Letaba Agri and the Tzaneen Mayor. The overall value of sponsorship was R25 000 and resulted in the Joburg Marketing having the sole right to brand the venue for the event including having logo printed prominently on the programmes, and engraved on the trophies handed over to the farmers. The Joburg Market sponsorship of the event was lauded as one good example of a company that shows caring and appreciation of loyal support from the farmers.

3.3.2.11.3 Subtrop Marketing Symposium

The Joburg Market was once again the sponsor of the Subtrop Marketing Symposium held in Tzaneen on 11 November 2010. The event was attended by growers and industry related companies and associations. As was the case with previous Subtrop events, the Joburg Market received an opportunity to brand the venue.

3.3.2.11.4 Vhembe Agri Information Day

The Joburg Market was the sponsor of a Agriculture Information Day held in Makhado on the 3-5 November 2010 to address the issues pertaining to the Marketing of products from the emerging famers. Organised by the Vhembe District Municipality, the event was well attended by more than 300 farmers from across Vhembe, with the bulk of the farmers in attendance already supplying the Joburg Market. The Joburg Market sponsored the farmers with 300 branded t-shirts. The Market also used the opportunity to make a presentation about the Potato Growing project currently being discussed with the Vhembe District Municipality for funding.

3.3.2.11.5 Postharvest Workshop

The loss of horticultural produce during harvesting or during the postharvest supply chain is a major problem encountered especially in the African countries that rely solely on agriculture as the mainstay of their economy. It is for this reason that the Joburg Market took a decision to sponsor the Postharvest Workshop organised by the Department of Crop Sciences at the Tshwane University of Technology. The workshop was held from 6-7 December 2010 and focused on postharvest technology of fresh produce and the transfer of technology to young aspiring farmers. More than 200 farmers attended the workshop which was addressed by researchers and professors from different institutions. The delegates were pleased to have the Joburg Market in attendance and were impressed with the level of interaction with the Market representatives. The delegates also expressed gratitude for the promotional pack given away made up of caps, calendars and t-shirts.

3.3.2.12 MARKET TOURS

Joburg Market conducted extensive educational tours for visitors and tour groups with prior arrangements. The market tour programme includes an explanation on the Market operations, business opportunities and the role that Markets play as ideal price setting mechanism for fresh produce. Market tours are an essential marketing tool and provide an excellent lead for business opportunities. In the past financial year, the Market received various delegations interested in exploring possibilities of mutual business interest.

Delegations received in past financial year include the following:

a. SA's Council for Scientific and Industrial Research (CSIR) on the 13th July 2010 to discuss the opportunity of Joburg Market in formalizing Masonja businesses.
b. Potential Importers from Zambia, Kitwe visited Joburg Market on the 15th July 2010 to discuss opportunities for exporting fruit to Zambia
c. Farmers from Namibia who visited the Market on the 27th July 2010 to explore opportunities of trading through the Market. The farmers are currently producing oranges, chilies, green beans and green peppers.
d. Mixed delegations from Nigeria, China, Namibia and Zambia who visited the Market on the 26 and 27 July 2010 for a guided tour as part of the Africa Big 7 exhibition.
e. Emerging farmers from Tzaneen who visited the Market on Thursday 23rd September 2010.
f. Delegation of two people from France who visited the Market on the 28th September 2010 to discuss the opportunities of importing fresh fruit and fresh vegetables to France.
g. Delegation from Sudan visited the Joburg Market on 22nd October 2010 to view and gain understanding of the Market Operation.
h. Ministerial delegation form Cameroon paid a visit to Joburg Market on 27th October 2010 to discuss business opportunities between the two countries.
i. A Chinese delegation toured the Market on 17th November 2010 to learn how the Joburg Market business operates.
j. Fruit importers from Cameroon on the 20th January 2011 to explore possible importing of fruit from Joburg Market.
k. High delegation from Federal Capital Territory Abuja in Nigeria on 24th January 2011 to discuss business opportunities between the two countries.
l. Delegation from Oman on 26th January 2011 to discuss possibility of replicating the Joburg Market business model at the Port of Sohar.
m. Delegation from Namibia on 16th February 2011 for tour of the Market and to discuss business opportunities between the two countries.
n. Trade and Investment promotion delegation from Polokwane on the 04th March 2011.
o. Learners studying Economics from Kiriyatswane Secondary School in Secunda on the 18th March 2011.
p. Market tour by 49 commercial farmers from Brazil on the 22nd March 2011 to learn more about the Joburg Market and the product from South African Farmers and how the two countries can cross sell to one another.

q. A delegation led by High Commissioner of the Republic of Mozambique who visited the Joburg Market on the 30th March 2011 as part of a programme to develop a stock market for food in Mozambique in order to promote sustainable development and best practice for fair trade and regulation of prices of fresh produce.

r. Fresh produce importer from Zimbabwe who toured the Market on the 10th May 2011.

s. Inward mission from Malaysia visited the Market facility on 18th May 2011.

t. Chef students visited the Market on the 24th May 2011.

u. A delegation from Swaziland Agricultural Development Enterprise toured the Market on the 21st June 2011.

v. A delegation from Hand-in-Hand (HiH) visited the Market on the 27th June 2011. HiH is the organisation that works with communities across South Africa on Socio-Economic Development initiatives.

Picture 18 and 19: High level delegation from Abuja Federal Capital Territory Administration visit to Joburg Market

3.3.3 Operations Performance Review

The overall performance of all the products was fairly good in the fourth quarter, turnover increase by 7.72%, mass increased by 10.38% and price shows a slight decrease of -2.40%, compared to the corresponding previous period. The decline is mainly due to the performance of potatoes and onions as a result of high volumes received. However potato and onion`s volumes started to stabilize as from April 2011, hence turnover increased by 9.34%. The overall performance of the Known Value Items (KVI`s) namely potatoes, onions tomatoes, bananas and apples was good and constituted 55.19% of turnover.

In terms of the financial year performance, turnover and mass increased by 5.42% and 12.40% respectively. Price decreased by -6.21% due to the demand and supply ratio as volumes increase basically across the product range especially potatoes, onions and bananas. The top 5 product contributed 56.03% of turnover and 60.41% in mass. The Potato, Fruit and Vegetable Hall's market share in terms of turnover were 32.77%, 32.77% and 34.47% respectively.

In terms of actual vs. budget for the financial year, turnover is up by 1.27%, mass up by 5.30% and price underperformed by 2.62%.

The overall performance of market agents, especially the BEE market agents was exceptionally good, reflecting positive growth in both turnover and mass. Be it as it may JM established a forum to review the business models used by the BEE Agencies and the aim is to identify problematic areas in the support models and come up with practical solutions to increase their market share.

Relevant to the QA division, the general quality of products received was good with minimum rejection of products that were offered for sale. The lab accreditation process is in its final stages and the application for accreditation has been submitted to SANAS.

3.4 Trading Halls

3.4.1 Revenue forecasting

By utilizing long term trend analysis for this financial year, the turnover was projected at R3.61 billion. The first quarter's performance was good, outperforming budget by 23.90%, therefore the budget was revised to R3.7 billion for the 2010/2011 financial year.

3.4.2 Turnover

Period	Turnover(R`m)			Mass (,000)			Price/kg		
	2009/10	2010/11	%	2009/10	2010/11	%	2009/10	2010/11	%
1st Quarter	919	1 016	10.50	255	266	4.20	3.60	3.82	6.05
2nd Quarter	982	948	-3.49	265	335	26.53	3.70	2.82	-23.73
3rd Quarter	811	875	7.95	244	263	7.73	3.32	3.32	0.20
4th Quarter	880	948	7.72	252	278	10.38	3.49	3.41	-2.40
Fin Year	**3 593**	**3 788**	**5.42**	**1 017**	**1 143**	**12.40**	**3.53**	**3.31**	**-6.21**

As illustrated in the table above, the fourth quarter reflect a positive growth of 7.72% in turnover, mass increased by 10.38% and price decreased by -2.40%. The turnover performance in the fourth quarter is mainly due to the performance of products in the Potato Hall. The Potato Hall reflected for the first time in this financial year a positive growth of 9.34%. The increase in mass can be attributed to the performance of potatoes 18.29%, onion 35.20.

The overall performance of the Known Value Items (KVI`s) namely tomatoes, bananas and apples was good and constituted 55.19% of turnover. However potatoes and onions prices were under pressure due to the high volumes received in the last quarter

Budget vs. Actual (2010/11)

Period	Turnover(R`m)			Mass (,000)			Price/kg		
	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%
1st Quarter	820	1 016	23.90	284	266	-6.34	2.89	3.82	32.18
2nd Quarter	944	948	0.42	288	335	25.88	3.28	3.26	-0.61
3rd Quarter	908	875	-3.58	250	263	5.38	3.63	3.32	-8.47
4th Quarter	946	948	0.15	278	278	.11	3.40	3.40	0.03
Fin Year	**3 741**	**3 788**	**1.27**	**1 100**	**1 143**	**5.30**	**3.40**	**3.31**	**- 2.62**

In terms of the financial year performance, turnover and mass outperformed budget, while prices fell short by -2.62 on budget, due to the increase in mass.

The graph below indicates the actual results in R/c, value traded, Mass traded and Prices achieved.

Price: Budget vs. Actual

The overall performances of prices against budget for the financial year are depicted in the graph above. The first quarter outperformed budget, but dropped significantly in the second and third quarter due to the performance of potato and onion where prices which recorded prices as low as R1.99/kg. The average prices of tomatoes, apples and bananas outperformed budget.

3.5 Performance of Top Five Products

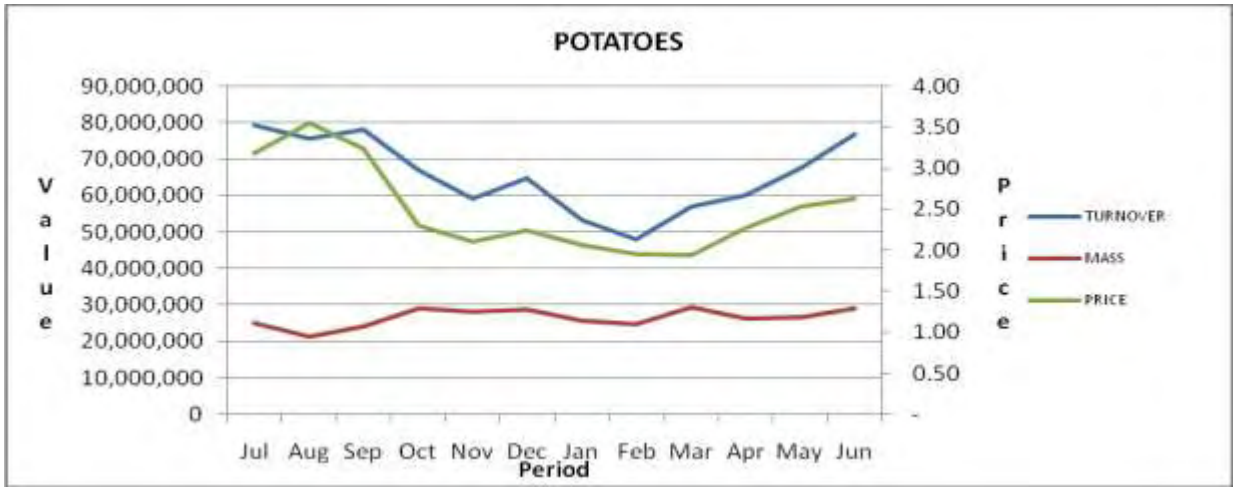
3.5.1 Potatoes

In terms of the financial year performance, turnover and price decreased by -7.79% and 21.70% respectively as a result of relatively high increases in mass throughout the financial year. However the volumes marketed through National Fresh Produce Markets would have been more if it were not for the severe rains experienced in some production areas which damaged crops.

Period	Turnover(R`m)			Mass (,000)			Price/kg		
	2009/10	2010/11	%	2009/10	2010/11	%	2009/10	2010/11	%
1st Quarter	244	233	-4.81	64	70	9.53	3.81	3.31	-13.09
2nd Quarter	263	190	-27.54	70	86	22.64	3.75	2.21	-40.91
3rd Quarter	162	158	-2.20	66	79	20.01	2.44	1.98	-8.51
4th Quarter	183	204	11.66	69	82	18.29	2.63	2.48	-5.61
Fin Year	**852**	**756**	**-7.79**	**270**	**318**	**17.76**	**3.15**	**2.47**	**-21.70**

The graph below indicates the consistent increase in mass turnover as from mid-August 2010 to end October 2010. The steady increase in mass contributed to the decline in the average price from R3.23/kg to R2.25/kg, during the same period. Price and turnover recovered slightly during December Christmas period as demand increased, albeit that the product quality was poor with a relatively short shelf life. In the January/February 2010 period mass declined as the Limpopo and Mpumalanga regions volumes started to decline but recovered in March/April 2011 as the Free State region commenced. Turnover and price was low in the January/February period as a result of the poor quality and a low average price. The sharp increase in turnover and price as from March 2011 can be attributed to the cooler weather conditions and an increase of good quality potatoes supported by a good demand for the product.

The graph below indicates the actual results in R/value traded, Mass traded and prices achieved.



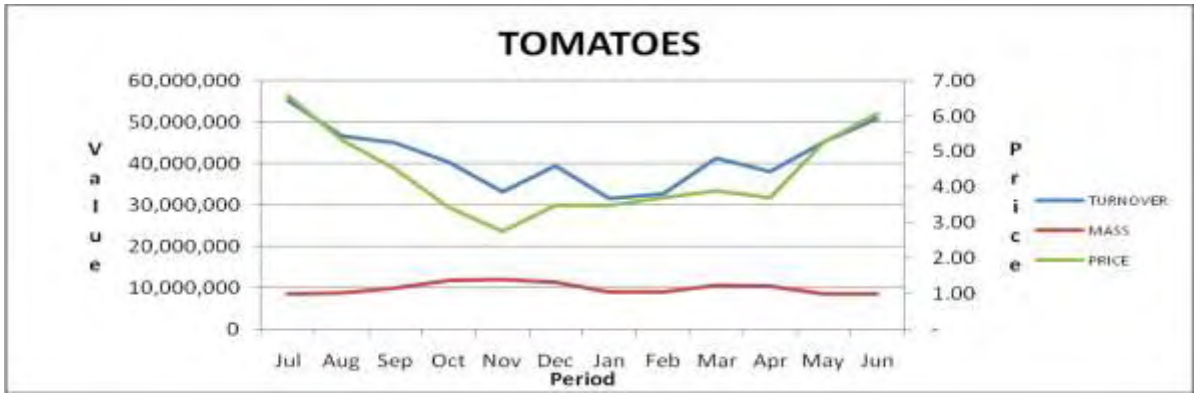
3.5.2 Tomatoes

In terms of the financial year performance, turnover and price increased by 9.80% and 12.13% respectively compared to last year. The decline in mass of -2.08% can be attributed to a number of factors, namely the extreme cold weather conditions experienced in June/July 2010, high levels of black frost and heavy rains coupled with hot weather conditions during the summer months.

Period	Turnover(R`m)			Mass (,000)			Price/kg		
	2009/10	2010/11	%	2009/10	2010/11	%	2009/10	2010/11	%
1st Quarter	112	147	30.23	27	27	-0.42	4.15	5.42	30.78
2nd Quarter	112	112	-0.09	32	35	8.77	3.50	3.22	-8.15
3rd Quarter	98	105	7.49	27	28	4.60	3.60	3.70	2.76
4th Quarter	130	134	2.45	25	27	9.80	5.21	4.93	-5.40
Fin Year	**454**	**499**	**9.80**	**111**	**109**	**-2.08**	**409**	**4.56**	**12.13**

The graph below shows the volatility of this commodity to changes in the demand and supply. The graph illustrates a relatively consistent supply from July to mid-September, however price reacted negatively to the oversupply, declining from R6.59/kg in September to R2.76/kg in November. Volumes increased mainly from ZZ2 (mass up by 17% in December) and ZZ2 had an even spread of packaging mix (crates, boxes and pre-packs) supplied to the market. This pushed the demand up, hence the increase in price and turnover as from mid-November. A relatively stable supply as from January to June with good demand and a good quality product pushed price and turnover up from February to June. .

The graph below indicates the actual results in R/c, Value traded, Mass traded and Prices achieved.



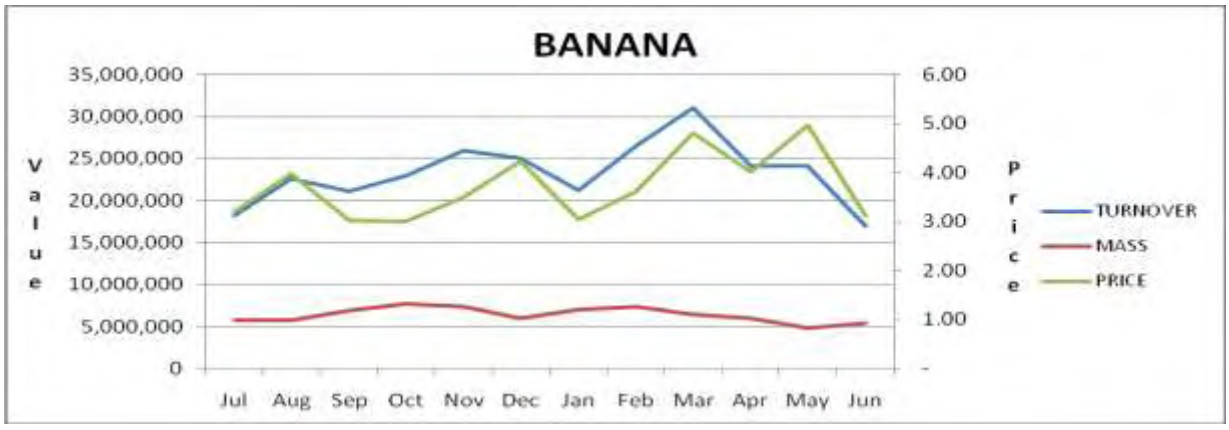
3.5.3 Bananas

In terms of the financial year performance, turnover, mass and price increased by 14.63%, 8.91% and 5.26% respectively. This performance can be attributed to four major factors, namely favourable weather conditions during the warmer months of the year, a good quality product; adequate supply of extra-large and large bananas and a strong demand. Bananas were received from all the major production areas in South Africa and Mozambique.

Period	Turnover(R`m)			Mass (,000)			Price/kg		
	2009/10	2010/11	%	2009/10	2010/11	%	2009/10	2010/11	%
1st Quarter	52	62	17.81	16	18	12.3	3.21	3.37	5.16
2nd Quarter	68	74	8.95	18	21	16.73	3.78	3.52	-6.66
3rd Quarter	65	78	21.78	18	20	11.44	3.47	3.79	9.27
4th Quarter	59	65	10.51	17	16	-5.03	3.44	4.00	16.37
Fin Year	**244**	**280**	**14.63**	**70**	**76**	**8.91**	**3.48**	**3.66**	**5.26**

The relationship between value, mass, and price/kg are indicated on the graph below. Volumes indicate steady increase as from mid-August up to November due to favourable weather conditions hence the increase in mass during the warmer months of the year. As a result price and turnover sharply increased as from mid-January, reflecting growth in turnover of 25.19% in February and 23.75% in March due to the good quality products received and the high amount of large and extra-large bananas available on the sales floor. As from March, turnover, mass and price declined as the winter season started to commence.

The graph below indicates the actual results in R/c, Value traded, Mass traded and Prices achieved.



3.5.4 Apples

In terms of the financial year performance, turnover and price increased by 5.66% and 16.12% respectively. Mass declined by -9.01% mainly due to two reasons:

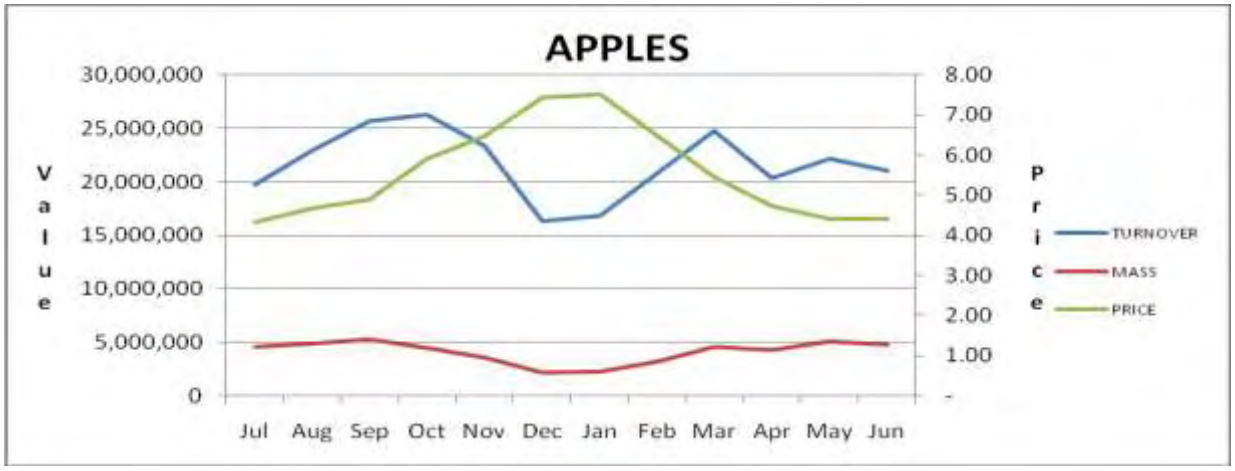
1. The production level of apples in the 2010 season decreased by 20% compared to 2009. Therefore the CA rooms were relatively empty as from September to December 2010
2. The late maturity of apples in 2011, resulting in a two week delay for harvesting also affect volumes negatively in the second quarter declining by 31.02%

The general quality of the apples was good and there was a substantial amount of large apples available for sale on the trading floor. Apples where received from Ceres, Somerset West, Grawbouw, Free State, Langkloof and Harrismith.

Period	Turnover(R`m)			Mass (,000)			Price/kg		
	2009/10	2010/11	%	2009/10	2010/11	%	2009/10	2010/11	%
1st Quarter	60	68	12.46	14	14	0.76	4.17	4.65	11.61
2nd Quarter	68	66	-3.32	15	10	-31.02	4.59	6.43	40.15
3rd Quarter	58	62	7.75	11	10	-8.03	5.34	6.25	17.15
4th Quarter	59	63	6.99	13	14	3.80	4.37	4.51	3.07
Fin Year	**246**	**260**	**5.66**	**54**	**49**	**-9.01**	**4.57**	**5.31**	**16.12**

The graph below shows a steady increase in price and turnover as from July 2010. Mass is consistent during the same period but started to decline in September as the CA rooms were not as full compared to the previous season. The price sharply increased as from September, reaching a peak of R300.00 a box in the December 2010/January 2011 period, reacting to the decline in volumes. The season started towards the end of January 2011 hence the increase in volumes and the decline on price.

The graph below indicates the actual results in R/c, Value traded, Mass traded and Prices achieved.

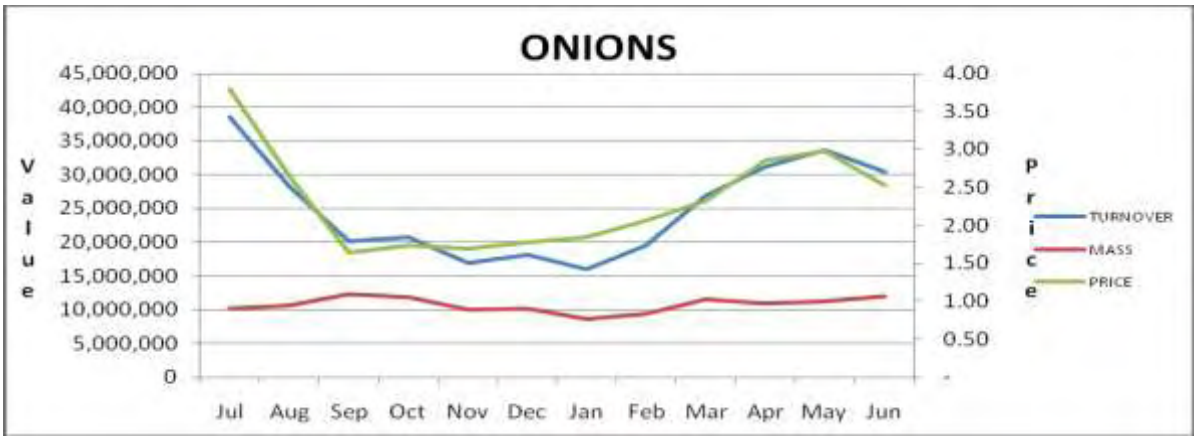


3.5.5 Onions

Period	Turnover(R`m)			Mass (,000)			Price/kg		
	2009/10	2010/11	%	2009/10	2010/11	%	2009/10	2010/11	%
1st Quarter	99	87	-12.56	31	33	4.60	3.14	2.63	-16.41
2nd Quarter	75	55	-25.79	27	32	17.21	2.74	1.74	-36.69
3rd Quarter	59	62	5.26	25	29	16.95	2.33	2.10	-10.00
4th Quarter	91	95	4.70	25	34	35.20	3.59	2.78	-22.56
Fin Year	**325**	**300**	**-7.54**	**110**	**129**	**17.66**	**2.96**	**2.32**	**-21.42**

In terms of the financial year performance, mass increased by 17.66%, while turnover and price decreased by -7.54% and 21.42% respectively as a result of the high volumes, small sixes and poor quality (rain damage). Onions were received from all the major production regions in this financial year. The demand from neighbouring countries (SADC) especially Zambia and Zimbabwe was good and this contributed to the increase in turnover. Onions were received from Western Cape, Northern Cape, Limpopo and North West.

The graph below indicates the actual results in R/c, Value traded, Mass traded and Prices achieved.



The graph above illustrates the relationship between mass, value and price/kg, demonstrating the demand and supply ratio and reactions. Mass is relatively consistent month on month with a slight decline in the summer months due to crop damage in the Western Cape. Turnover decreased sharpely as from July and started to stabilize in mid-September with an average price of R1.71/kg. The positive reaction in turnover, mass and price as from January can be attributed to a strong demand for the product locally and from the SADC region. Mass increased by 35.20% in the last quarter, this pushed the average price and turnover down after five months of positive performance compared to last year.

3.6 Market Agents

Market Agents Sales				
Market Agent	**`2009/10**	**`2010/11**	**Growth %**	**Market Share %**
RSA	967,642,399	1,026,631,616	6.10	27.25
Wenpro	828,888,929	848,261,690	2.34	22.52
Botha `n Roodt	644,779,390	658,016,652	2.05	17.47
Dapper	388,404,376	428,018,590	10.20	11.36
Marco	245,142,612	268,825,459	9.66	7.14
Exec-U-Fruit	164,274,519	181,802,159	10.67	4.83
Subtropico	101,909,608	115,872,355	13.70	3.08
CL De Villiers	120,672,664	123,312,750	2.19	3.27
Citifresh	74,766,564	50,304,752	-32.72	1.34
Target	18,371,171	41,382,862	125.26	1.10
Metro	11,200,933	14,042,717	25.37	0.37
Pula Nala	0	4,205,922	100.00	0.11
Simunye	1,886,541	3,131,369	65.98	0.08
Trans Africa	3,480,905	3,015,735	-13.36	0.08

The performance of over 90% of the market agents in the fourth quarter was above last year due to the high volumes of fresh produce received and the slight recovery and stabilization of the potato price. Wenpro, Exec-U-Fruit, Botha & Roodt and Subtropico reflected the highest growth amongst the established agents.

All the BEE market agents performed exceptionally well, Simunye was up 114.99% since its co-operation with RSA, Target up 71.64% due to the new stone fruit salesman, Metro up 52.66% due to tomatoes performance and TransAfrica had more volumes on the sales floor. In terms of the overall financial year performance the established market agents constitutes 98.22% market share in the turnover and the BEE market agent 1.78%.

3.7 BEE Projects

3.7.1 BEE Farmers

Period	Value		Mass(tons)	
	Actual	% of Market	Actual/ Ton	% of Market
1st Quarter	1 972 025	0.19	351	0.13
2nd Quarter	5 750 661	0.61	1 101	0.33
3rd Quarter	7 151 252	0.81	1 283	0.48
4rd Quarter	6 629 243	0.70	996	0.36

3.7.2 BEE Agents

Period	Value		Mass (tons)	
	Actual	% of Market	Actual	% of Market
1st Quarter	10 173 601	1.01	3 786	1.4
2nd Quarter	16 657 013	1.76	3 906	1.16
3rd Quarter	21 098 551	2.41	4 190	1.6
4rd Quarter	18 024 548	1.90	5 024	1.81

3.8 Complimentary Services

3.8.1 Banana Ripening

Banana revenue was up 20.7 % in the fourth quarter. Utilization of the facility realized a decline of -23.7% on volumes of bananas as compared to the previous year as a of result ripe bananas being sent to the trading floors.

3.8.2 Cold Storage

Seasonal trends have a significant impact on cold storage utilization, which is dependent on volumes from deciduous fruit producers throughout the year; citrus in winter and stone fruit in summer. Revenue was up 27.7% and utilisation of the cold storage facility was on par compared to the same period last year.

	Revenue			Utilization %		
	Budget	**Actual**	**%**	**2009/10**	**2010/11**	**%**
Banana Room	584	1 328	20.74	97	74	-23.7
Cold Rooms	735	2 025	27.74	69	68	-1.4
Total	1 319	3 353	48.4	83	71	-25.1

3.9 Quality Assurance

A total of 4,861,295 containers were inspected from 21,050 consignments (GRNs) of which a total of 22,125 containers from 125 consignments were rejected for sale due to poor product quality (decay). This represents a 0.5% rejection of containers and a 0.6% rejection of consignments on the total inspected for the period. Produce were rejected due to deterioration in quality during storage. Rejected products were sorted where viable, prior to sale and the remainder destroyed or condemned for sale altogether. The percentage of rejections on inbound consignments was minimal. Produce received were generally of good quality.
For the period July 2010 to June 2011, a total of 101,865 consignments (GRNs) were inspected of which a total of 1,078 GRNs were rejected. This represents an average of 1% rejection of consignments of the total inspected for the year.

Training by PPECB on the interpretation and application of the vegetable regulations took place in April 2011, where QA and Hall Inspectors gained valuable knowledge and skills in the inspection of vegetables.
The first phase of the Inspectors training has been completed. The second training phase will be planned to ensure skills enhancement and establish technical competency in the application of the approved regulations under the APS Act.

In the month of March, the Dept. of Agriculture, Forestry and Fisheries (DAFF) began enforcement of the packing and marking requirements of the local market vegetable regulations under the Agricultural Product Standards (APS) Act. QA Inspectors assisted the DAFF during such inspections. 30 GRNs consisting of 8353 units were blocked for sale over 2 days, but were subsequently re-opened following compliance with the markings requirements. The impact on sales was minimal. Following requests from producers and industry role-players, the DAFF issued an industry-wide dispensation to all Producers, Market Agents, Market Masters, Traders, Retailers and Importers of fresh vegetables to sell fresh vegetables without full markings to allow the relevant role-players to take the necessary steps to be fully compliant by the 01 June 2011.

3.9.1 Food Safety

3.9.1.1 Cleaning audit

Monthly joint cleaning audit inspections were conducted in the 4th quarter by the Quality Assurance unit with the contractor, Khabokedi Waste Management (KWM) to assess the level of service in terms of the specified cleaning standards.

The major issues impacting on cleaning were recorded and forwarded to the Infrastructure department to be addressed with the service provider.

3.9.1.2 Pest control audit

Monthly joint pest control audit inspections were conducted in the 4th quarter by the QA unit with the contractor, Fumigation Worx (FW) to assess the level of service in terms of the pest control specifications. The major issues impacting on pest control were recorded and forwarded to the Infrastructure department to be addressed with the service provider.

3.9.1.3 HACCP – Banana ripening

Monthly hygiene audits are conducted at the facility where the cleaning standard has been maintained. Maintenance concerns were noted and reported to the Infrastructure department for action. The results of banana samples tested for residues were below the prescribed Maximum Residue Limits (MRLs). The HACCP manual and accompanying procedures have been revised by the Quality Management Systems (QMS) Controller. The HACCP audit was scheduled for July 2011.

3.9.1.4 Hall cleaning and hygiene

Quarterly hygiene audits of the trading floors were conducted by the QA unit and findings were forwarded to the Hall Management for corrective action.

3.9.1.5 Laboratory

Accreditation process

The laboratory has submitted its application to South African National Accreditation System (SANAS) for accreditation of its Quality Management Systems (QMS) to the ISO/IEC 17025:2005 standard and is awaiting a response from SANAS. The lab consultants, TNMC, have completed their work as per the project plan whereby a comprehensive lab quality manual consisting of approved policies and procedures was established and implemented. Routine testing is performed on an ongoing basis to establish technical competency.

Samples tested

For the 4th quarter, a total of 129 samples were routinely tested in-house and no MRL exceedance was found. In addition 1 sample of imported carrots from China was submitted to SABS for heavy metal testing and was found to be within allowable limits. For the period July 2010 to June 2011, a total of 312 samples were tested in-house, 29 samples were tested at the SABS and 5 samples for proficiency testing scheme participation were submitted to FAPAS in the UK. For the year, a total of 3 samples were found to have exceeded the MRLs as per the FCD Act regulations. The producers were informed and subsequent consignments were tested and found to be in compliance.

3.9.1.6 Quality Management Systems

The ISO 17025 Quality Management System has been fully implemented with the first internal audit conducted in the month of May and a Management Review meeting took place in the month of June.
The quality management system at the lab was found to be well-developed and implemented. Commission Business SOP audits were initiated and conducted as per audit schedule.

3.10 Infrastructure, Repairs and Maintenance

Maintenance schedules and repairs on infrastructure were successfully accomplished. Tenders for the appointment of professionals to conduct assessment of the existing infrastructure for the preventative maintenance program were successfully developed and in due course JM will go out on tender.

The cleaning and waste removal activities are on course and monitored closely by the quality assurance department through audits and continuous implementation of corrective actions.

The design and construction of Mandela Market structure is 90% completed. The Road Rehabilitation consultant was appointed and has already submitted a detailed report on the status of the existing road and the corrective measures thereof. The construction at the banana ripening offloading road is progressing we and the project is expected to be complete by 31 August 2011. The Refurbishment of Ablutions blocks project is also progressing well and it's expected to be complete by 31 August 2011. The upgrade of hall 1 and 2 is also progressing with the completion date set to be 15 September 2011.

The nature of the projects like the road, hall 1 and 2 upgrade as well as ablution blocks is such that there will be continuation of works in the overlapping financial years.

3.11 Market of the Future

3.11.1 Background

This project is aimed at repositioning the market in line with modern food safety and industry requirements. This requires some new construction, upgrading of existing facilities and introducing new operating principles at a CAPEX cost of R350m. This will enhance the industry share of Joburg Market and significantly improve surplusability and sustainability of the entity.

The mayoral committee, on 14 April 2011, noted the progress report pertaining to the Market of the Future as tabled. An updated report was forwarded to Mayoral committee in July 2011.

3.11.2 Business Processes

Documentation relevant to all planned business processes to be implemented after construction has been completed. These include activities that must be in place before the facility formally opens for trading. The documentation of processes is being done in conjunction with Market Agents who currently perform the bulk of all physical processes on the Market

The Business Process phase is critical as a construction phase of this magnitude cannot be entered into without a thorough user requirement investigation that can influence designs. Unfortunately the Market Agents chose not to participate at an earlier stage because of their plans to establish an

alternative market. The approval of the project by the CoJ has however confronted them with reality and forced them back to the table. The Joburg Market welcomes this and has sought to establish agreement on the project from all involved. Thus far the deliberations with the Market Agents have, as a consequence of intense negotiations, vastly improved the Market vs. Agent relationships and the willingness of both parties to agree. To date all Business Processes have been documented and completed.

3.11.3 Value Engineering

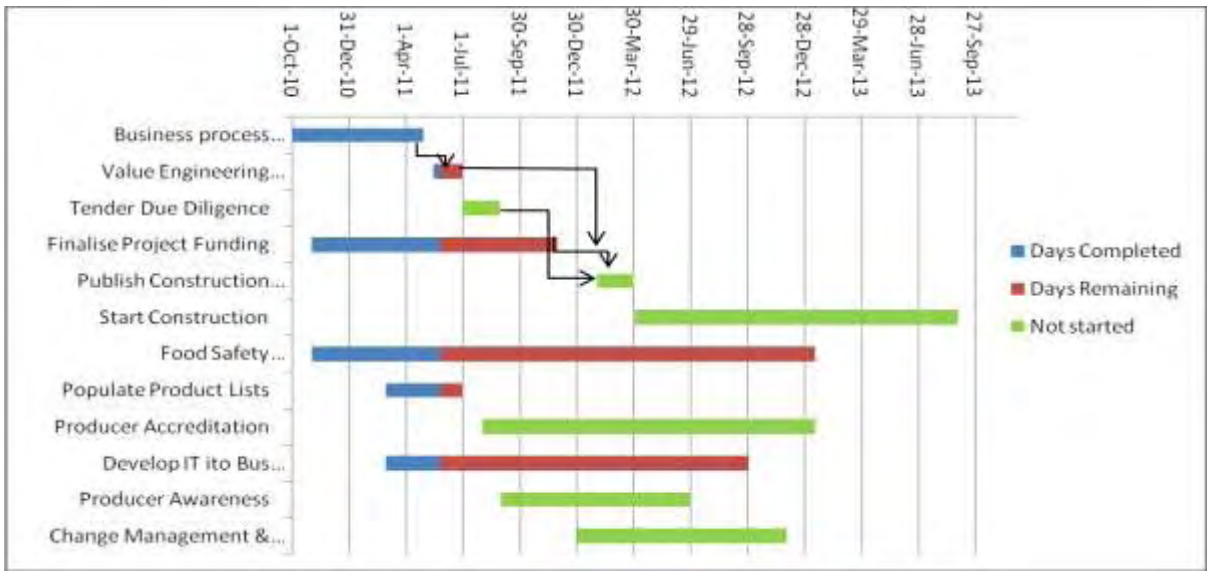
A tender was published and awarded for the purposes of conducting a “Value Engineering” exercise on the project. This activity started officially on 6 June 2011. Value Engineering is a process which reviews business processes, stated business objectives and the physical design to ensure optimal integration and value for money. It includes a sustainability report from an engineering point of view and may influence project designs and tender specifications. This is an integral part of a project of this nature to ensure optimal design, processes and maintainability of systems. This activity is essential before construction can begin.

3.11.4 Project Funding

Although project finance was approved in principle as a funding vehicle by Mayoral Committee, the Joburg Market was also requested to investigate a Stakeholder Funding Model where farmers and other stakeholders be invited to participate in funding the project. The Joburg Market Board Oversight Committee agreed on the appointment of new transaction advisors to investigate different funding models, recommend a preferred model and assist in raising the funds.

The Joburg Market has developed a RFP to publish in this regard. During the development of the RFP, the Joburg Market sought the advice of National Treasury. National Treasury has recently broadened its scope of services to the extent that it offers assistance in the transaction advisor processes. The project needs to be registered with National Treasury in order for the latter to assign resources to the project. National Treasury only offers assistance and all processes are still under the control of the Joburg Market. The assistance of National Treasury is offered to enhance the approval cycles of the eventual preferred funding option.

3.11.5 Major Activities and Timelines



3.11.6 Communication to Stakeholders

3.11.6.1 Staff

A comprehensive change management programme will be launched simultaneously for staff and other stakeholders operating on the market to ensure the consistent briefing and buy-in of all stakeholders operating on the market.

3.11.6.2 Producers

Visits are scheduled to all major production areas where farmers are consulted and informed. During the next financial year, a workshop is planned for farmers, pack houses and related industries, which will also be used to promote the services of the planned MOF.

3.12 Sweating of the Assets

3.12.1 Background

During 2009, a project consortium was appointed to do a project overview to investigate the feasibility to develop the vacant land adjacent to the Joburg Market (JM). The project consortium produced a number of specialist reports that included:

- Status Quo of the Civil, Electrical and Mechanical Engineering Services of the JM.
- Security Risk Assessment of the JM.
- Market Review of the JM and other international markets.
- Environmental Issues Report for the adjacent vacant land.
- Urban Design Framework.

- Report on adjoining land owners based on the City's GIS.

The following evaluations were also required and forms part of further assessments.

- Complete land survey, including a contour survey.
- Floodline certification.
- Geotechnical investigation.
- Environmental specialist reports.
- Heritage impact assessment.
- Town planning assessment.
- Traffic impact assessment.
- Legal property assessment.
- Complete engineering services availability and capacity report.
- Social investigation.
- Market demand analysis.
- Report on mining permits and undermining.
- Property valuation report.
- Business Plan.

At the end of 2009 the project was temporarily placed on hold to enable the board to evaluate potential land use alternatives.

The project remains a priority for the future development and expansion of the JM and the City. To this end, the extended investigations into the development potential that the adjacent vacant land holds, has commenced with the secondment of a Project Manager from the City of Joburg Property Company (Pty) Ltd (JPC), to specifically assist with this project.

3.12.2 Way Forward

The project will focus on the following key deliverables and milestones over the next financial year:

- Quarter 1: July 2011 to September 2011: Site Investigation.
- Quarter 2: October 2011 to December 2011: Urban Design and development proposals.
- Quarter 3: January 2012 to March 2012: Site Preparation.
- Quarter 4: April 2012 to June 2012: Testing of the Market and Financial Opportunities.

3.12.3 Quarter 1 – 2011/12

The site investigation will start with an assessment of the completed work done by the project consortium during 2009 to determine the relevance to the land to be developed. A combination of specialist reports will then be compiled to fill in all the gaps of information in order to inform the development proposals and the urban design framework to be done in the second quarter. The specialist studies will include, but nor be limited to:

- Complete land survey, including a contour survey.
- Floodline certification.
- Geotechnical investigation.
- Environmental specialist reports.
- Heritage impact assessment.
- Town planning assessment.
- Traffic impact assessment.
- Legal property assessment.
- Complete engineering services availability and capacity report.
- Social investigation.
- Market demand analysis.
- Report on mining permits and undermining.
- Property valuation report.

3.12.4 Quarter 2 – 2011/12

The urban design and development proposals will use the information obtained from all the specialist reports to make proposals regarding the effective development of the vacant land. These development proposals will be incorporated into a full urban design framework that will propose the combination of land use activities, the access points, the linking with engineering services, phasing of the project and the character of development. The urban design framework will include all actions to be completed prior to the construction of the new development, as well as a costing structure to inform the business plan and to determine the feasibility of the project.

3.12.5 Quarter 3 – 2011/12

During the third quarter the site preparation phase will deal with the appointment of specialist consultants such as town planners, land surveyors, engineers, attorneys, etc to conduct the necessary town planning applications and to prepare the land for development. During this phase the possibilities of land acquisition will also be explored. As part of the site preparation phase the proposed development will be planned and designed in more detail to utilize the latest green technology and environmentally sensitive measures for the installation of engineering services and construction in order to minimize the ecological footprint of the proposed development.

3.12.6 Quarter 4 – 2011/12

During the fourth quarter the market will be tested to determine a potential client basis for the new development and all sorts of financial opportunities will be explored to finance the construction of the development. This phase will investigate the feasibility of the project, how to attract investors to the project, how to incorporate outreach programs into the project, how to stimulate urban agriculture programs, the environmental management of organic waste and the possibility of a rates rebate due to the locality of the project inside the urban development zone. The result of this phase of the project will

be a very complete and indicative business plan on the feasibility of the project and how to roll out the actual development and construction of the vacant land adjacent to the JFPM.

3.12.7 Major Activities and Timelines

JOHANNESBURG FRESH PRODUCE MARKET: PROPOSAL TO DEVELOP VACANT LAND ASSOCIATED WITH THE EXISTING MARKET AND AN AUXILLARY AND COMPLIMENTARY INDUSTRIAL PARK																								
ANNEXURE 1: TIMEFRAMES OF THE KEY DELIVERABLES																								
Key deliverable	**Jul-11**		**Aug-11**		**Sep-11**		**Oct-11**		**Nov-11**		**Dec-11**		**Jan-12**		**Feb-12**		**Mar-12**		**Apr-12**		**May-12**		**Jun-12**	
Quarter 1: Site investigation																								
Assessment of work completed in 2009																								
Land survey																								
Geotechnical investigation																								
Floodline certification																								
Environmental assessment and specialist reports																								
Heritage Assessment																								
Town Planning assessment																								
Traffic impact assessment																								
Legal property assessment																								
Engineering reports																								
Social investigation																								
Market demand analysis																								
Report on mining permits and undermining																								
Property valuation report																								
Quarter 2: Urban design and development proposals																								
Finalize development proposals																								
Draft Urban Design framework																								
Final urban design framework																								
Quarter 3: Site preparation																								
Preparation of town planning applications																								
Submission of town planning applications																								
Investigation into the acquisition of land																								
Quarter 4: Testing of market and financial opportunities																								
Consultation with financial institutions																								
Consultation with fruit and vegetable industry																								
Completion of business plan																								

A project expert was seconded from JPC for a period of 12 months, effectively from the 01 July 2011.

4 CORPORATE GOVERNANCE

4.1 Introduction

The Board of Directors and the EXCO of the company acknowledge that good governance is essentially about effective leadership. This is attained through sound principles of transparency, integrity and accountability. This process requires the Board of Directors and the EXCO to define strategies that will provide direction and establish the ethics and values that will influence and guide practices and behaviour with regard to sustainable performance. In turn, this would provide greater assurance to shareholders, as well as, providing stakeholders with greater assurance that the company is being ethically managed within prudent risk parameters in compliance with generally accepted corporate practices.

The release of the King Codes on Good Corporate Governance has broadened the scope of corporate governance with its core philosophy revolving around leadership, sustainability and corporate citizenship. Sustainability is now the primary moral and economic imperative and it is one of the most important sources of both opportunities and risks for businesses. Nature, society, and business are interconnected in complex ways that need to be understood by decision makers.

4.2 Statement of Compliance

The Group Audit Committee, in accordance with its mandate, monitors the company's compliance with the King Codes on Good Corporate Governance. The company complied during the financial year under review and timeously submitted its Quarterly Legislative Compliance Report to the SHU for tabling at the respective Mayoral Committee meeting. The Quarterly Legislative Compliance Report is aligned to the provisions of the MFMA and seeks to monitor compliance thereto.

The company has prepared its annual return and all other returns as required in terms of the Companies Act of 1973 with the Registrar of Companies and is, to the best of knowledge and belief, true and correct and up to date. Submission is delayed due to system problems being experienced by the relevant authority. The possible manual submission of the returns is currently being investigated.

4.3 Code of Ethics

The company has developed a Code of Business Ethics which has been fully endorsed by the Board of Directors and applies to all directors, officers and employees. The Code of Business Ethics is regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism. The Board of Directors approved the updated Code of Business Ethics on 29 July 2010.

The company's ethical conduct and legal compliance are the foundation for its position of industry leadership. The company's ability to maintain its leadership position requires that each employee, officer and director exhibits a high level of personal integrity when interacting with customers, business

partners, the shareholder and each other. Directors, officers and employees must allow honesty, common sense and good judgment to govern their daily conduct.

As a condition of employment, each officer and employee is expected to comply with this Code of Business Ethics and will be held accountable if he or she fails to do so. Any violation of this Code of Business Ethics, or any conduct that violates any law, rule, regulation, ethical or professional norm, is subject to disciplinary action, up to and including termination of employment. Directors, officers and employees are also expected to cooperate fully with any company audits or investigations and to answer all questions fully and truthfully. It is a violation of company policy to intimidate or impose any other form of retaliation on any employee who reports any actual or suspected illegal or unethical conduct. However, an employee who knowingly makes a false report may be subject to discipline.

This Code of Business Ethics provides the standards of conduct that guide all directors, officers and employees. All directors, officers and employees must conduct themselves appropriately and seek to avoid even the appearance of improper behaviour.

The company's Code of Business Ethics Statement serves as the benchmark by which each daily business decision should be measured and lies at the very core of the manner in which the company conducts business:

The company also provide its officers and employees the means to confidentially and anonymously report concerns about accounting and auditing matters by calling (011) 375 5555, which is operated 24 hours a day by operators employed by the COJ. The helpline provider may also be contacted by web link at www.joburg.org.za. A toll free number is also available: 0800 002 587.

The company is committed to high ethical standards in its business practices with customers, business partners and competitors as reflected in our dedication to candid and forthright communications about our products and services. Unfair and deceptive business practices (e.g., the misuse of proprietary information or the misrepresentation of material facts) are strictly prohibited.

4.4 Breach of Governance Procedures

No governance issues were breached by the company and as such the company was compliant with the vast majority of compliance issues and legal protocols.

4.5 Conflicts of Interest

At each formal meeting, all Non-Executive Director's, Independent Audit and Risk Committee members and members of EXCO are required to declare their interest, in line with the provisions of Section 234, 235 and 237 of the Companies Act. These legislative requirements are utilised to ensure that all material interest in a given agenda are disclosed. During the year under review there was no

instances recorded where any Non-Executive Director or Independent Audit and Risk Committee Member or a Member of EXCO's decision were influenced by his/hers personal interest.

4.5.1 Governance Structure

The company has a unitary Board of Directors, which consist of one Executive and ten Non-Executive Directors. The Board of Directors is chaired by a Non-Executive Director; Mr. Lennox Tshwete. The Board of Directors meets regularly, at least once per quarter and retains oversight over the company. The Board of Directors remains accountable to the COJ, its sole shareholder, its stakeholders and the citizens of Johannesburg. The Chairperson of the Board of Directors reports to the Member of the Mayoral Committee, MMC: Economic Development on a quarterly basis. The Board of Directors provide regular reports as well as an Annual Report on its performance and service delivery to the parent municipality as prescribed in the Service Delivery Agreement, the MFMA and the MSA.

Special meetings were convened for purposes of approving the Annual Financial Statements of the company for the periods ending 30 June 2010 and 30 June 2011 for considering the Annual Reports for 2009/10 and 2010/2011 financial years. The remaining meetings were convened for purposes of evaluating the company's performance both financial and organisational. At these meetings the EXCO submitted to the Board of Directors information that was critical to ensure that the Board of Directors discharged of their fiduciary duties. The submitted reports were comprehensive and no material concerns were indicated.

Non-Executive Directors contribute an independent view to matters under consideration and add to the depth of experience of the Board. The Chairperson has no executive functions and the roles of Chairperson and the CEO are separate, with responsibilities divided between them. Members have unlimited access to the Company Secretary, who acts as an advisor to the Board of Directors and its sub-committees on matters including compliance with company policy and procedures, statutory regulations and best corporate practices.

Schedule of meeting attendance during the year under review was as follows:

Directors	Board	Audit & Risk	Remuneration	Service Delivery
No. of meetings held	10	7	7	5
Mr. L Tshwete	10			
Mr. K Ramokgopa	1	1	1	0
Mr. S Tsoku	0	0		
Mr. M Morokolo	8			5
Dr. M Makhura	7			3
Mr. B Netshiswinzhe	5		5	
Ms. R Manning	8		7	
Ms. M Vuso	7	7		
Dr. S Ngqangweni	9		6	5
Ms. N Singh	10	7	6	
Mr. C Finlayson	10		5	3
Mr. Griffith Zabala	3		1	
Mr. Jan Mocke	8	6	6	3

4.6 Board of Directors and Sub-Committees

The Board of Directors has three sub-committees namely: the Audit and Risk Committee; the Remuneration Committee and the Service Delivery Committee. All these committees are properly constituted and mandated and comprise of the members of the Board of Directors and Independent Members.

The Board of Directors consists of eleven members of whom ten are Non-Executive Directors and one Executive Director. The Board of Directors are enlisted in the abovementioned table.

The Board of Directors has the following duties to adhere to:

- act in good faith by acting as a collective and refraining from acting in an individual capacity;
- act within the scope of their authority;
- execute their fiduciary duties in a *bona fide* manner; and
- exercise their duties with due care, diligence and skill.

The Board of Directors is responsible for ensuring the continued success of the company and is guided by its charter. The Board of Directors are the link between management and stakeholders. The Board of Directors shall appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this by:

- contributing to and approving the strategy;

- satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management;
- identifying key performance and risk areas;
- ensuring that the strategy will result in sustainable outcomes; and
- considering sustainability as a business opportunity that guides strategy formulation.

The Board of Directors shall inform and approve the company's strategy and satisfy itself that the business plan is not encumbered by unexamined risks.

4.6.1 Audit and Risk Committee

The Audit and Risk Committee consists of the following Non-Executive Directors and Independent Members:

- The belated Mr. S Tsoku (Chairperson, Non-Executive Director);
- Ms. M Vuso (Non-Executive Director);
- Ms. N Singh (Non-Executive Director & Acting Chairperson);
- Mr. R Theunissen (Independent Member);
- Mr. A Torres (Independent Member);
- Prof. A Nel (Independent Member);
- Ms. L Fosu (Independent Member) (Resigned 17 March 2011); and,
- Dr Cleopas Sanangura (Independent Member) (Joined 17 March 2011);

The Audit and Risk Committee consist of the abovementioned members. The role of the Audit and Risk Committee is to assist the Board of Directors by performing an objective and independent review of the functioning of the company's finance, accounting control mechanisms and risk management. The Audit and Risk Committee exercises its functions through close liaison and communication with the Internal and External Auditors. The Audit and Risk Committee met nine times during the financial year under review.

The Audit and Risk Committee operates in accordance with an Audit and Risk Charter authorised by the Board of Directors and provides assistance to the Board of Directors with regard to:

- ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- matters relating to financial accounting, accounting policies, reporting and disclosures;
- internal and external audit policy;
- activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
- review/ approval of external audit plans, findings, problems, reports and fees;
- compliance with code of ethics; and
- monitoring of risk in terms of the COJ risk standards and policy.

The Audit and Risk Committee executed its responsibilities properly in terms of the Audit and Risk Charter during the financial year under review. The Audit and Risk Committee has reviewed and

considered the Annual Financial Statements without management or the external auditors being present. The Audit and Risk Committee subsequently recommended the approval the Annual Financial Statements to the Board of Directors. The Audit and Risk Committee considers the Annual Financial Statements of the company to be a fair presentation of the company's financial position.

4.6.2 Remuneration Committee

The Remuneration Committee consists of the following Non-Executive Directors:

- Ms. R Manning (Chairperson)
- Mr. Griffith Zabala (Joined 17 March 2011)
- Dr. S Ngqangweni
- Mr. B Netshiswinzhe
- Ms. N Singh
- Mr. C Finlayson
- Mr. K Ramokgopa (Chief Executive Officer, Ex-Officio)

The Remuneration Committee advises the Board of Directors on remuneration policies, remuneration packages and other terms of employment for all Directors and Senior Executives. Its specific terms of reference also include recommendations to the Board of Directors on matters relating *inter alia,* general policy remuneration, surplus bonuses, Executive remuneration, Director's remuneration and fees, service contracts, option schemes and retirement funds. The committee met four times during the financial year under review.

4.6.3 Service Delivery Committee

The Service Delivery Committee consists of the following Non-Executive Directors:

- Mr. M Morokolo (Chairperson);
- Dr. M Makhura (Resigned 1 April 2011);
- Dr. S Ngqangweni; and
- Mr. K Ramokgopa (Chief Executive Officer, Ex-Officio)

The Service Delivery Committee was established with the role of guiding and assisting the Board of Directors to exercise its oversight role of ensuring strategy fits into the thrusts of the Service Delivery Agreement; directing and guiding the company in terms of strategy and policy formulation and guiding the company on alignment of resources in relation to implementation of strategic objectives. This includes overseeing and directing the development of the enterprise strategy in view of economic developments affecting the fresh produce industry, increase competition and market requirements and increase requirements in investment of food quality and security. The Service Delivery Committee met four times during the year under review. The Service Delivery Committee is responsible for reviewing

the organisational needs and objectives in line with the company's mission and/or goals in the following functional areas:

- Marketing and communications strategy;
- Operations adequacy within the market environment;
- Information Technology (IT) support to the company; and
- Strategic planning and alignment with shareholders.

5 SUSTAINABILITY REPORT

5.1 Sustainability Vision

The Joburg Market's vision of a sustainable future is embedded in its quest to deliver world class Market Services to the citizens of Johannesburg and the broader client bases it serves. The latter includes nourishment on a daily basis through the provision of suitable quantities and qualities of fresh produce.

In achieving this task JM views human creativity as precious input in ensuring innovative services that will through proper and transparent market systems enable our producers to continue to produce on a sustainable basis fresh produce. JM will therefore seek to generate now and in the future on an equitable basis services and facilities at fair value for money rates to its clients.

Through the diligent application of policies and adherence to food safety and food quality imperatives JM will contribute towards a healthy consumer community over the long term.

The JM will constantly engage with its stakeholders and exchange ideas as part of its active sustainability drive.

5.2 Sustainable Policies and Strategies

The company has progressed well in developing its strategies for sustainability. In particular a matrix to address sustainability risks, were developed and is depicted below:

Key Risks	Category of Risk and Management Response
Funding Ageing infrastructure and potential fluctuation in incomes from *ad valorem* sales commission also requires from the entity to consider diversified trading options.	**Financial Risk** In process of obtaining permission from the shareholder to implement a Premium Hall trading system.
Competitor Actions Bypassing of the Joburg market and its trading system. The latter include stakeholders posing the threat of establishing an alternative market.	**External Environment** Continuous refinement of stakeholder's relationships and the introduction of protocols in quality assurance.
Industry required credit facilities Clients require longer term credit facilities. Producers often grant credit directly to buyers and in the process divert business away from the Joburg Market.	**Financial** Credit facility management and debtors refined and improved. The Joburg Market plan to introduce a credit facilitation function.
Local and national regulatory environment	**Regulatory**

The Joburg Market finds itself exposed to complex agricultural regulations which the client base of JM is diverse widely dispersed and interpreted in different ways by stake-holders.	The JM continuously refine policies governing agents and tenants on the market site to develop a common understanding of laws and bylaws. Processes are also continuously monitored for gaps and consequently adjusted.
Business Interruption Power outages, including the risk of power load shedding may lead to loss of produce through cold storage failure or pilferage as the market facility is also a continuous operation.	**External Environment** The JM focus strongly on: *Maintenance of power generation units *Backup units (UPS) Business continuity planning is also continuously refined.
Food Security The Joburg Market is committed to food security in the COJ area of jurisdiction.	**External Environment** The Joburg Market has established – Its own Foodbank for fresh produce – Involved Foodbank SA, a NGO to provide dry goods The Joburg Market is also refining a food security plan.
Service Delivery The JM is competing with the private sector to retain critical skills. Contracts of staff are limited to a fixed period which often entices staff to explore alternative employment opportunities.	**Human Capital** The JM has introduced succession, retention and skills development policies. The JM has also through its efforts achieved the rating as one of South Africa's employers of choice.

Over the past year, JM has engaged in intensive strategic evaluation and planning sessions. The outcome of the latter will *inter alia* lead to the adoption of a sustainability policy.

As stated in past years as well it remains the philosophy to ensure that stakeholders and their activities, which are integrated with the JM activities, are at all times considered in ensuring a vibrant future for all. The company therefore also believes that its multi-faceted approach towards BEE will be crucial in ensuring that targets groups form part of sustainable growth strategies.

5.2.1 Material Issues

It remains the objective of the company to render the best value for money services and to innovate accordingly. The JM and other Markets are limited in its endeavours to deliver in this regard. This is due to the continued resistance experienced against the increase of *ad valorem* market commission which is currently set at 5 percent on the gross value of produce sold.

In moving towards the implementation of the MoF, the modern day requirements of the buyer and consumer, the JM will continue to engage its production stakeholders to find innovative ways in addressing the challenges and to find common ground.

Key to the latter discussion is also to be linked to the cost of maintaining the current infrastructure. The Market facilities are fully utilized and a balance is to be struck to ensure the long term sustainability of these popular facilities.

5.3 Sustainable Commitments

5.3.1 Financial Sustainability

JM is committed to the operation of a its unique operations in a fashion which will achieve maximum results for the shareholder whilst maintaining its well-known *esprit de corps* and rendering services to its *clientele* at fair value. Support to the less privileged is also maintained as a key value.

5.3.2 Revenue Streams

The main income stream of JM remains the income from *ad valorem* commission payable by suppliers to the market at 5 percent of the gross value of each consignment sold. JM is currently planning projects to diversify its income streams.

5.4 Risk Management and Governance

In line with the risks standards set by the CoJ the entity continued to refine its risk management programme. Such risk management programmes are executed in terms of Sections 62 (c) and 95 (c) of the MFMA.
In addition to independent risk assessments and valuations conducted by JRAS the Audit & Risk Committee conducts oversight of all matters of risk and through the expertise represented on the committee provide guidance to the entity in respect of risk controls.

During the period under review the Board of Directors approved the following risk policy documents which are all aligned to the CoJ Risk Standards Manual:

- Risk policy
- Fleet Risk policy
- Risk appetite assessment
- Fraud prevention policy
- Code of ethics

Additionally the company also conducted a full evaluation to convert its current compliance control from King II to the King III standard as well as compliance requirements relative to the new companies act. The latter evaluations will be further addressed at workshops of the Audit & Risk Committee and obtaining the eventual approval of same by the Board of Directors.

The company also developed a new business continuity plan under the guidance and training provided by JRAS and its service providers. The operational risk registers were converted to a new

standard and were tested independently by JRAS. All risk registers serve at monthly MANCO meetings to ensure horizontal integration on risks the operations of JM are exposed to.

In close co-operation with JRAS, compliance to the insurance imperatives of CoJ is maintained. All insurance claims are vetted and duly reported through prescribed channels. The company is continuing to provide risk training to staff members and re-enforce a culture of risk management amongst if staff core.

5.5 Economic Impact

The company is able to meet all its commitments and does not carry any debt relating to services rendered by the parent municipality or other local or national authorities. The following table of ratios confirms the position of the company:

Financial Ratio	Unit	2011	2010	2009	2008	2007
Liquidity	%	88	71	69	65	50
Solvency	%	72	78	86	92	107
Interest cover	X	4.12	3.10	2.47	1.90	0.95

5.6 Socio Economic Development

JM remains committed to the quest of developing a sound food security strategy for the citizens of Johannesburg. In this regard the entity has embarked on an exercise to review its roll in food security and how a new relationship is to be forged with stakeholders in the food industry. JM has again continued with its role to support the poor through its food bank system which is being operated in close conjunction with FoodBank SA a NGO with national coverage.

Both BEE producers and BEE Agents achieved a larger market share in trading on the Joburg Market. JM will continue to focus on targeted groups through its re-planned Targeted Groups function.

5.6.1 Food Donations

Despite a drop in fresh produce donations to the food bank as a result of the difficult financial conditions JM was able to increase its numbers of donations mainly due to co-operation received from FoodBank(SA) a NGO whom assisted mostly with dry goods to supplement food parcels.
In conjunction with CoJ the entity was able to distribute food parcels to indigent families and child headed families. Further planning sessions will be conducted in the new year to enhance this activity and to better serve the targeted groups.

The food bank facilities were also upgraded to ensure compliance to food handling standards and to widen the scope of services to better serve beneficiaries.

5.7 Transformation and Empowering Employees

JM remains committed to the development of its employees. Performance is rewarded on a regular basis and employees are involved in planning the future activities of the company through a number of forums. The latter includes breakaways, planning sessions and training. Mentoring as a form of skills transfer, forms part of day to day activities.

The company is reflective of the transformation imperatives set for it. It still remains a key challenge to ensure wider representation by physically disabled individuals due to operational realities. The company remains committed in growing the numbers of such staff members and plans a service platform operated by BEE employees under its EPWP programme.

The conceptualization of the training academy has been concluded. The latter concept will be considered against current training programmes and purpose designed courses are planned to ensure that a core of well trained staff members will be available to effectively serve the MoF once completed. Succession planning remains an important element in ensuring that the company is capacitated should a loss of expert and critical skills arise.

Through its wellness centre JM continued to ensure that HIV/AIDS are addressed through proper medication and education. Various activities and programmes are highlighted under the Human Resources section of this report.

5.8 BEE Business Development

The company has redesigned its Targeted Groups function and is able to serve its objectives in youth and women development from a sound base.

The Mandela Market facility was upgraded to provide more space and enabling entrepreneurs to offer wider assortments of produce to their clientele. Opportunities for the youth will be investigated at the Mandela Market during the forthcoming year.

The Vhembe Market Pack-house development has been brought to the conclusion of its logistical operations and the NVC programme has been transferred to a new relationship between GWK a co-operative and this group of young entrepreneurs.

5.9 Environment Responsibility

JM remains aware of the impact of global warming on the production of fresh fruit and vegetables. Often crops are damaged by consequent elements of weather disaster affecting supply levels to the Market facility.

Being mindful of the dangers of gas emissions caused by vehicles and handling equipment, the JM is firmly moving towards the sole usage of battery operated units in the storage areas of its envisaged Premium Hall developments.

Organic material forms a substantial part of waste which the entity intents to convert into a process to either generate fuel or electricity.

Since food safety forms part of its core services the JM through its laboratory and associated expertise ensure that cleansing and sanitation of the Market is conducted through approved cleansing chemicals. Produce is also tested to ensure that produce is free of any pesticide or other chemical residues. The company supports nature friendly cultivation methods and currently evaluate its role in the implementation of the recently promulgated consumer protection act.

5.10 Occupational Health and Safety

JM finds itself in a unique operating environment. Various stakeholders are conducting physical functions impacting on the business success of the entity. The usage of mechanical handling equipment remains a danger and the enforcement of a code of conduct for operators as well as monitoring mechanisms were tested during the year under review.

Training and stakeholder engagement are continues activities employed to enhance safety on the market. During the year under review it became evident that focused application of market rules and the associated system of fines contributed significantly towards the reduction in incidents involving forklift trucks.

5.11 Stakeholder Engagement

The Board of Directors participated and supported management in engaging with key stakeholders. The latter, being to assist in the establishment of the MoF.

Stakeholder expectations are considered during strategic planning sessions. Stakeholders have unique requirements of the JM in terms of modern day marketing conditions. The company is confident that through its stakeholder engagement and the conducting of a value engineering process, it will be able to position the JM strategically to ensure its long term sustainability.

6 AUDITED FINANCIAL STATEMENTS

6.1 Directors Responsibility Statement

The Board of Directors are required in terms of the Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at 30 June 2011 and the results of its operations and cash flows for the period, in conformity with South African Statements of GRAP. The auditors are engaged to express an independent opinion on the financial statements. The financial statements are prepared in accordance with South African Statements of GRAP including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed

GRAP issued by the Accounting Standards Board replacing the equivalent South African GAAP Statement as follows:

Standard of GRAP
Statement of SA GAAP

GRAP 1: Presentation of financial statements
AC 101: Presentation of financial statements
GRAP 2: Cash flow statements
AC 118: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors
AC 103: Accounting policies, changes in estimates and errors

The financial statements are based upon appropriate policies consistently applied and supported by reasonable and prudent judgments and estimates. The Board of Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances are above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Board of Directors have reviewed the company's cash flow forecast for the period 1 July 2011 to 30 June 2012 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Annual Financial Statements of the company attached hereto have been prepared on the going concern basis, were approved on 31 August 2011 and were signed on its behalf by Mr. L Tshwete (Chairperson of the Board of Directors) and Ms P Telela (Acting CEO).

6.2 Directors' Report

See the Annual Financial Statements attached hereto.

6.3 Company Secretary Certificate

See the Annual Financial Statements attached hereto.

6.4 Audit and Risk Committee Report

FOR THE YEAR ENDED 30 JUNE 2011

The Audit and Risk Committee (the Committee) is pleased to present its report for the financial year ended 30 June 2011.

INTRODUCTION

Johannesburg Fresh Produce Market SOC Ltd (the Company) is a municipal entity wholly owned by the City of Johannesburg (the Shareholder). This report is therefore presented in accordance with the requirements of the statutory responsibilities of Audit Committees, as contained in Section 166 of the Municipal Finance Management Act, 56 of 2003 (MFMA), Section 270A of the Companies Act, 61 of 1973, (as amended) (the Companies Act 1973) and Section 94 of the Companies Act. 71 of 2008 (as amended) (the Companies Act 2008), which came into effect on 01 May 2011 and the recommendations contained in the third King Report on Governance for South Africa and the King Code of Governance Principles (King III).

The committee is a statutory committee which also has an independent role with accountability to the Board and the Shareholder. The Committee is constituted as a statutory committee of the Company in respect of its statutory duties in terms of section 94 (7) of the Companies Act 2008 and a committee of the Board in respect of all other duties assigned to it by the Board. The Audit Risk Committee is also an independent advisory body established by the Board in terms of Section 166 of the MFMA.

The Committee has documented its objectives, authority and responsibilities in a formal Audit and Risk Committee Charter (the Charter). The Charter was last reviewed on 02 June 2011 by the Committee. The Charter will be reviewed on a continuous basis to incorporate the requirements of King III and the Companies Act 2008 as they unfold. The Committee's role and responsibilities include its statutory duties and other responsibilities the Board may assign to the Committee from time to time.

The Committee conducted its affairs in accordance with its mandate as set out in the Charter and executed its responsibilities in terms of its statutory duties and the requirements of King III.

COMMITTEE COMPOSITION

The Committee comprises two independent non-executive Directors. The Committee further comprises three Independent Members, who are not members of the Board or employees of the company or its Shareholder. The Chairperson of the Board is not the Chairperson of the Committee and is not a member of the Committee. The Committee has no executive Directors as members; however the Chief Executive Officer, the Chief Financial Officer and other members of the executive management have standing invitations to attend meetings of the Committee. The Committee met seven times during the period under review and appropriate feedback was provided to the Board on matters that are within the mandate of the Committee.

The Committee consists of the following independent non-executive Directors and Independent Members;

NAME OF MEMBER	ROLE	APPOINTMENT DATE	QUALIFICATIONS	ATTENDANCE
Ms Nadira Singh	Non Executive Director; Acting Chairman	January 2009	• B Com • Hons BCompt • CA (SA) • CCSA • CGAP • Certificate in Fraud Examination & Forensic investigation (Cum Laude)	
Ms Matsotsu Vuso	Non Executive Director		• CA (SA)	
Mr Rob Theunissen	Independent Committee Member		• Chartered Accountant	
Prof André Nel-	Independent Committee Member	January 2010	•B Com (Cum Laude) •Hons B.Com •M Com (SA and International Tax) •Postgraduate Diploma in Financial Planning •Postgraduate Certificate in Advance Taxation •C.A. (SA) •Registered Auditor	

The effectiveness of committee is reviewed as part of the board and committee evaluation process each year All members of the Committee are suitably skilled and experienced and independent and the Committee has collectively and individually, sufficient qualifications and experience to fulfil their duties, including an understanding of the financial and sustainability reporting, internal financial controls, external audit process, internal audit process, corporate law, risk management, sustainability, information technology governance as it relates to integrated reporting and governance processes within the Company.

ROLE OF THE COMMITTEE

The Committee performed, *inter alia*, the following main activities:

External Auditors

- Received and reviewed reports from the external auditors concerning the effectiveness of the Company's internal control environment, systems and processes;
- Made appropriate recommendations to the Board regarding the corrective actions to be taken as a consequence of the audit findings
- Obtained assurance from the external auditors that adequate accounting records are being maintained by the Company and appropriate accounting principles are in place and which are consistently applied;
- Reviewed and approved the external audit plan
- Approved the annual audit fee; and
- Ensured that the scope of the external audit has no limitations imposed by management and that there is no impairment on its independence.

The Auditor-General is the External Auditor of the company in terms of Section 92 of the MFMA. The independence and objectivity of the Auditor-General is confirmed.

Internal Audit

- Considered the effectiveness of Internal Audit, which included reviewing and approving the annual internal audit plan and the internal audit charter and monitoring Internal Audit's adherence to its annual programme;
- Received and reviewed reports from the internal auditors concerning the effectiveness of the Company's internal control environment, systems and processes;
- Reviewed the adequacy and appropriateness of management's corrective action plan as a consequences of audit findings;
- Considered all material forensic reports and established that appropriate corrective action was taken by management; and
- Made appropriate recommendations to the Board regarding the corrective actions to be taken as a consequence of the audit findings.
- to monitor and supervise the effective functioning and performance of the internal auditors; and
- to ensure that the scope of the internal audit function has no limitations imposed by management and that there is no impairment on its independence.

The head of Internal Audit, the Senior Manager: Internal Audit, reports functionally to the chair of the committee and administratively to the Chief Executive Officer. The Internal Audit Function was performed internally.

Risk Management

- Oversee financial reporting risks, internal financial controls, fraud risk and IT risk as it relates to financial reporting ;
- The committee assisted the Board in assessing the adequacy of the risk management process. However, the Board remains ultimately responsible for the maintenance of an effective risk management process;
- The committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as they relate to financial reporting.

During the course of the 2011 financial year, the Committee, together with the Board, considered the risk management approach, methodology and key control risks of the Company. The Committee has made recommendations on the management approach and structure to ensure an elevation of the risk management profile and to further enhance its effectiveness. The Committee is satisfied that the key control for risks is being adequately addressed by management.

General

- Reviewed the accounting practices adopted by the Company;
- Reviewed the accounting policies adopted by the Company and proposed changes in accounting policies and practices, and recommended any changes considered appropriate in terms of GRAP to the Board for approval;
- Reviewed and recommended disclosed financial information for adoption by the Board;
- Considered the programmes introduced to improve the overall ethics of the Company and reviewed reports from management and the internal auditors relating to material issues;
- Monitored ethical conduct by the Company, its executives and senior management;
- Monitored the Company's compliance with all applicable legislation and regulations, including without limitation, the companies Act, the MFMA, and the Treasury Regulations;
- Reported on terms of unauthorized and fruitless and wasteful and irregular expenditure in terms of the MFMA.
- Ensured cooperation between the External Auditor and Internal Audit by clarifying and co-ordinating their roles and functions and that the combined assurance received is appropriate to address all significant risks;
- Assisted the Board in carrying out its risk management and IT responsibilities; and
- Received and dealt appropriately with any complaints and/or allegation of wrongdoing including fraud.

The Committee is presented with regular quarterly management reports to assist the Committee to perform their mandated and statutory functions.

The Internal Auditors and External Auditors have direct access to the Chairperson of the Committee and its members. The Committee's agenda provides for confidential one-on-one in-committee meetings with the members.

King III Recommendations

Assessment of the Finance Function

During the period under review the Committee assessed whether the finance function was suitably resourced and skilled to carry out its obligations. Based on the assessment its recommendation to strengthen the finance function, suitable resources was procured to strengthen the finance function.

Internal Financial Control Environment

Concerted efforts were made to address the findings of audit reports and the committee have been given the assurance that adequate corrective measures have been put in place. The Committee is monitoring the steps being taken by management to address each of the issues raised.

Nevertheless, based on the assessment of the system of internal financial controls conducted by Internal Audit, as well as information and explanations given by management and discussions held with the external auditors on the results of their audit and the assurance give by the Shareholder, the committee is of the opinion that the system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements in respect of the year under review.

Annual Financial Statements

The Committee has evaluated the unaudited annual financial statements for the year ended 30 June 2011 and reviewed it for material compliance with all relevant legislation, regulations and the appropriate accounting policies, standards and practices.

Approval

The Committee recommends the unaudited Annual Financial Statements to the Board for approval.

Nadira Singh CA (SA)
Chairperson: Audit and Risk Committee

6.5 Auditors Report

See the Annual Financial Statements attached hereto.

6.6 Statement of Financial Position

See the Annual Financial Statements attached hereto.

6.7 Statement of Financial Performance

See the Annual Financial Statements attached hereto.

6.8 Statement in Change of Net Assets

See the Annual Financial Statements attached hereto.

6.9 Cash Flow Statement

See the Annual Financial Statements attached hereto.

6.10 Notes to Audited Financial Statements

See the Annual Financial Statements attached hereto.

6.11 E1 to Audited Financial Statements

See the Annual Financial Statements attached hereto.

6.12 Addendum 1 Glossary of KPI Definitions

See Addendum 1 – Glossary of KPI Definitions attached hereto.