



Growing rural futures

ANNUAL
REPORT 2025/26





FOR ATTENTION: HONOURABLE MEC NONCEBA KONTSIWE

Member of the Executive Council for the Department of Agriculture.
The Board has the honour of submitting the Annual Report of the Eastern Cape Rural Development Agency (ECRDA) for the period 1 April 2025 to 31 March 2026.

Phumzile Zitumane
Chairperson of the Board

GENERAL INFORMATION

Registered name:
Eastern Cape Rural Development Agency
Registered address:
3 -33 Philip Frame Road
Waverley Office Park, Chiselhurst
East London, 5201
Telephone number/s: +27 43 703 6300
Email address: info@ecrda.co.za
Website address: www.ecrda.co.za
External auditors: AGSA
Bankers: First National Bank
Standard bank
Company/ Board secretary Ms V Xaxa

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Report 2025/2026

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PART A

GENERAL INFORMATION

STRATEGIC OVERVIEW

VISION

An inclusive and sustainable rural economy.

MISSION

To drive inclusive and sustainable rural economic transformation by developing bankable projects, strengthening agricultural and rural value chains, empowering communities and coordinating strategic partnerships that unlock investment, expand market access and foster thriving rural economies.

VALUES

Respect, Excellence, Accountability and Perseverance. (REAP)

LEGISLATIVE AND OTHER MANDATES

The ECRDA is classified as a Schedule 3C entity under the PFMA. The ECRDA was established through the merger of two public entities, the Eastern Cape Rural Finance Corporation (ECRFC) and the Accelerated Shared Growth Initiative of South Africa – Eastern Cape (Asgi-SA – EC). The Agricultural Research and Development Agency (ARDA) was further integrated into the ECRDA as a further step to comply with Provincial Treasury Instruction 5 of 2013/15. The ECRDA is enabled through the ECRFC Act 9 of 1999 as Amended in 2012.

The ECRDA's primary focus is on formulating, promoting, and ensuring the implementation of a comprehensive integrated rural development strategy for the Eastern Cape Province. The ECRDA is thus dedicated to addressing and improving rural development in the province through a coordinated and strategic approach.

During the 2025/26 financial year, the Eastern Cape Rural Development Agency Amendment Bill, 2026 was drafted to amend the 2012 Act to change the executive authority responsible for the entity from the Department of Agriculture to the Office of the Premier. It is expected that this Bill will be passed during the 2026/27 financial year.



ORGANISATIONAL STRUCTURE



**BOARD &
BOARD COMMITTEES**



CEO
Mr S Somdyala

COMPANY SECRETARY
Ms V Xaxa

**OUTSOURCED
INTERNAL AUDIT**
Lunika



CFO
Ms V Boyce



**ACTING EXECUTIVE
INTEGRATED PROGRAM
MANAGEMENT**
Mr N Quvile



**EXECUTIVE
RURAL FINANCE**
Mr B Giyose



**EXECUTIVE STAKEHOLDER
RELATIONS AND REGIONAL
COORDINATION**
Mr M Zilimbola



**EXECUTIVE
CORPORATE SERVICES**
Ms A Nomtshongwana



STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:
All information and amounts disclosed in the annual report are consistent with the Annual Financial Statements audited by the Auditor-General.

The annual report is complete, accurate and is free from any omissions.
The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), standards applicable to the Public Entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.
In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs for the entity for the financial year ended 31 March 2026.

Yours faithfully



Simpiwe Somdyala

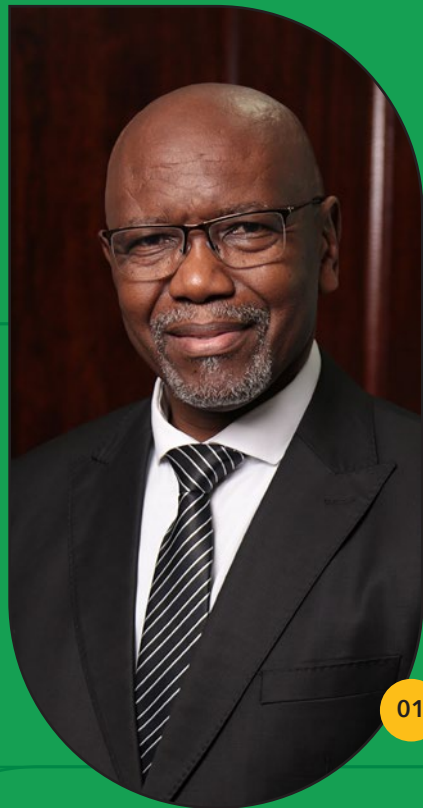
Chief Executive Officer
Eastern Cape Rural Development Agency



Phumzile Zitumane
Chairperson of the Board
Eastern Cape Rural Development Agency



ECRDA BOARD



01

PHUMZILE ZITUMANE
Chairperson of the Board
Appointed May 2025

Committees:
Governance (Chairperson).



02

DR NONCEDO KHEWU
Deputy Chairperson
Appointed May 2025

Committees:
Governance. Finance,
Investment and Projects.



03

SIMPHIWE NDZUNDZU
Appointed May 2025

Committees:
Audit, Risk and Compliance.
Human Capital and Remuneration.



04

BONGEKA JOJO
Appointed May 2025

Committees:
Finance, Investment and
Projects (Chairperson).
Governance.
Audit, Risk and Compliance.



05

NOXOLO ABRAHAM
Appointed May 2025

Committees:
Human Capital and Remuneration.
Audit, Risk and Compliance.



06

NANCY SIHLWAYI
Appointed May 2025

Committees:
Finance, Investment and Projects
Human Capital and Remuneration



09

NONTUTHUZELO MBIKO
Appointed May 2025

Committees:
Finance, Investment and Projects.
Audit, Risk and Compliance.



07

YVONNE BADI
Appointed May 2025

Committees:
Human Capital and
Remuneration (Chairperson).
Governance.



10

NOKHANYO MACEBA
Appointed May 2025

Committees:
Finance, Investment and Projects.
Human Capital and Remuneration.



08

CHIEF NTSIKA JOYI
Appointed May 2025

Committees:
Finance, Investment and Projects.
Governance.



11

DR ANDILE NONTSO
Appointed May 2022

Committees:
Human Capital and Remuneration.
Governance.



CHAIRPERSON'S FOREWORD

The 2025/26 financial year marked the first year of implementation of the Eastern Cape Rural Development Agency's 2025 - 2030 Strategy and, importantly, the year in which the Agency's multi-year institutional turnaround began to deliver measurable results. It is important that the Agency's performance during the year under review is considered in the context of the journey the institution has undertaken.

ECRDA entered this strategic cycle facing the consequences of historical control weaknesses, a constrained and largely non-liquid balance sheet, a high compensation of employees burden and an audit history that had affected the credibility of the Agency as a rural development finance and implementation institution. Against this backdrop, the Board is pleased to report that the Agency ended the year on a materially stronger footing.

The Agency achieved 13 of its 14 approved annual output indicators, representing a performance rate of 93%. It also implemented 100% of the strategic risk mitigation actions approved for the year and resolved 90% of audit findings within six months of the approval of the Audit Improvement Plan, exceeding the target of 85% and improving on the prior-year baseline of 74%.

93% performance rate accounting for 13 of 14 approved output indicators



90% of audit findings resolved within six months Audit Improvement Plan



These achievements represent more than improvements in reported performance. They demonstrate the deliberate rebuilding of the Agency's control environment and provide a stronger foundation for sustainable institutional performance. They also contributed to the improvement recorded in the Agency's audit outcome for the year under review.

OPERATING ENVIRONMENT

The Agency continued to implement its mandate in a challenging operating environment. The outbreak of Foot and Mouth Disease disrupted livestock markets and placed pressure on household incomes and food security across the Agency's core districts. Climatic variability, rising input costs, subdued commodity prices and persistent infrastructure and logistics constraints in rural areas continued to place pressure on producer margins and repayment capacity within the loan book.

These challenges were compounded by continued fiscal consolidation at provincial level and liquidity pressures inherited from previous periods. In response, the Board took a deliberate decision to shift the Agency's emphasis from volume expansion towards sustainability, strengthened controls and commercial viability.

This recalibration is reflected throughout the report and is critical to the Agency's long-term sustainability. As a development institution, ECRDA's value is ultimately measured not only by the number of interventions it delivers, but by the sustainability of the enterprises, livelihoods and communities it supports.

GOVERNANCE AND OVERSIGHT

The Board, as the Accounting Authority of the Agency in terms of section 49 of the Public Finance Management Act, discharged its fiduciary responsibilities in accordance with the Act, applicable Treasury prescripts and the principles of the King V Report on Corporate Governance.

The Board comprises 11 non-executive directors, with the Chief Executive Officer serving ex officio. Board and committee structures, including the Audit, Risk and Compliance Committee, remained properly constituted and functional throughout the year. The Agency also continued to account to the Portfolio Committee, appearing before the Committee on three occasions during the reporting period.

The Board's oversight during the year focused on strengthening internal controls and the combined assurance model, improving enterprise risk management, ensuring the credibility of reported performance information and accelerating the resolution of outstanding audit findings. A strengthened Audit Action Plan was approved and monitored, while quarterly assurance was received on the verification of performance information. The Board also applied consequence management where control failures were established.

Consequence management remains an important area of focus for the Board. During the year, eight employees were subjected to disciplinary hearings and sanctioned in respect of irregular expenditure, while four employees were sanctioned for fruitless and wasteful expenditure. A further 10 employees were disciplined in relation to a relocation-related matter and are repaying the costs incurred.

The Agency's cumulative irregular expenditure balance decreased from R37,265 million to R34,432 million, with R7,325 million condoned following the required assessment. Fruitless and wasteful expenditure increased to R2,915 million, of which R351,100 was assessed as recoverable and R102,887 was recovered during the year.

While progress has been made, the Board is not satisfied with the pace at which these legacy balances are being addressed. Management has therefore been directed to accelerate the assessment, determination and disposal of the remaining balances, while strengthening preventative controls to ensure that such expenditure does not recur.



R2,833 million
decrease in irregular expenditure



R102,887
was recovered during the year

FINANCIAL SUSTAINABILITY

Financial sustainability remains one of the Agency's most significant strategic risks. During the year, the Agency operated within its approved budget, spending R266,157 million against an adjusted allocation of R279,269 million. Supplier payment performance also improved, with 11% of invoices settled beyond 30 days, compared with materially weaker performance in the previous year.

However, structural pressure on the compensation-of-employees base, the need to recapitalise the loan book and the absence of a dedicated capital allocation continue to place pressure on the Agency's financial position. ECRDA continues to fulfil a development finance mandate largely through an operational grant, which is not a sustainable long-term funding model for an institution expected to provide patient and revolving capital to rural enterprises.

The Board approved cost-containment measures and a Voluntary Severance Package as part of the Agency's organisational renewal and oversaw the development of a comprehensive recapitalisation business case supported by financial projections. Engagement with the shareholder department and Provincial Treasury on the Agency's liquidity position and the development of a sustainable funding architecture will remain a Board priority during 2026/27.



R266,157 million

Budget allocation



R266,157 million

Budget spent



11%

of invoices settled beyond 30 days

INSTITUTIONAL REFORM AND THE YEAR AHEAD

The year under review also coincided with preparatory work on the Eastern Cape Rural Development Agency Amendment Bill, 2026, which provides for the transfer of executive authority for the Agency from the Department of Agriculture to the Office of the Premier.

The Bill is expected to be passed during 2026/27.

The Board has overseen this process with the clear objective of ensuring that the transition strengthens the Agency's positioning as a provincial rural economic development instrument, without compromising governance, compliance or service delivery. Preparatory work relating to the Agency's classification, funding model and institutional architecture has proceeded on the same basis.

As the Agency enters the next phase of its turnaround, the Board has set three clear expectations for management.

First, the Agency must achieve an unqualified audit opinion without findings by 2027/28. This must be achieved through the systematic resolution of the root causes of previous findings and the strengthening of controls, rather than through year-end remediation.

Second, production and infrastructure outputs must increasingly translate into commercially sustainable rural enterprises, supported by measurable market participation, enterprise growth and survival.

Third, the Agency's balance sheet must be placed on a sustainable footing that enables patient, revolving capital to be recycled into rural producers and enterprises at scale.

These priorities are central to the successful implementation of the 2025 - 2030 Strategy and to ensuring that ECRDA remains responsive to the changing needs of rural communities and the provincial economy.

APPRECIATION

On behalf of the Board, I extend my appreciation to the Member of the Executive Council and the shareholder department for their guidance and support; to the Portfolio Committee and the Standing Committee on Public Accounts for their constructive oversight; to Provincial Treasury and the Auditor-General of South Africa for their continued engagement; and to our development finance, research and private-sector partners for their confidence in the Agency. I also thank my fellow Board members for their diligence and commitment, and the Chief Executive Officer, executive team and all ECRDA employees for the discipline, resilience and resolve demonstrated during a challenging year.

Above all, the Board acknowledges the rural producers, co-operatives and communities of the Eastern Cape, whose aspirations and livelihoods remain at the heart of the Agency's mandate. It is in their service that ECRDA exists, and it is against the improvement of their economic opportunities and livelihoods that our progress must ultimately be measured.

Phumzile Zitumane
Chairperson of the Board

ECRDA EXECUTIVE



SIMPIWE SOMDYALA
Chief Executive Officer

04



02

VICKY NTSODO-BOYCE
Chief Financial Officer



03

NKOSIPHENDULE
QUVILE
Acting Executive:
Integrated Programmes
Management



04

MLUNGISELELI
ZILIMBOLA
Executive: Stakeholder
Relations & Regional
Coordination



05

BONGO GIYOSE
Executive: Structured
Rural Finance



05

ANELE
NOMTSHONGWANA
Executive: Corporate
Services



CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to provide a reflective appraisal of the Eastern Cape Rural Development Agency's performance during the 2025/26 reporting period. Leading the ECRDA is a substantial commission which requires a skilful disposition to navigate an increasingly complex and challenging rural development landscape. Rural development is a deeply contested terrain which requires a nimble negotiation of the competing interests which characterise the mandate delivery assignment.

In its shape, form and function, the ECRDA is designed to embody the socio-economic aspirations of the communities and entrepreneurs who reside in the Eastern Cape's rural localities and the hinterland. Its conduct and character should be rooted in the attainment of an inclusive and sustainable rural economy which responds to material challenges confronting the rural communities it serves. This vision will be realised with the development of a rural development ecosystem which drives and support the establishment and growth of high impact priority projects, vibrant rural small business activity, improved rural incomes, job creation and the alleviation of poverty. This vision, and the ECRDA's impact, must find practical expression beyond the quantitative, and must find resonance in qualitative markers embodied in the lived experiences of our rural communities. As such, the ECRDA's impact must be felt by the rural farmers whose operations have reached commercialisation stage, accessed to new markets, improved their productivity and competitiveness, created new jobs, and have had a multiplier effect and economic impact on the communities in which they operate. These markers have a direct effect on job creation, improved rural incomes and food security. Importantly, they are critical ingredients to the development of a robust, resilient, viable and sustainable rural small business ecosystem.

In support of these development imperatives, the ECRDA is focussed on its commitment to driving an inclusive and sustainable rural economic transformation by developing bankable projects, strengthening agricultural and rural value chains, empowering communities and coordinating strategic partnerships that unlock investment, expand market access, and foster thriving rural economies.



SIMPIWE SOMDYALA
Chief Executive Officer

MANDATE DELIVERY

Performance during the year confirms that planned interventions translated into measurable outputs across all five priority programme areas. Grain, vegetable and fodder production delivered strongly: 1,839 hectares of grain were planted against a target of 1,756 hectares, and 78,1 hectares of vegetables against a target of 50 hectares. Employment outcomes materially exceeded plan, with 184 full-time jobs supported against a target of 83, together with a further 308 seasonal and part-time opportunities. The fodder hectare target was not achieved, principally because farmers were unable to secure fertiliser timeously as a result of global supply disruption. The programme utilised R32,87 million of its R33,818 million allocation, with implementation leverage secured through the Land Bank and the African Seed Group.



1,839ha

Grain planted against a target of 1,756ha



184

Full-time jobs supported against a target of 83

The ECRDA's ethos and line of sight is thus firmly embedded on formulating, promoting, and ensuring the implementation of a comprehensive integrated rural development strategy for the Eastern Cape.

In this regard, the organisation placed specific attention on its governance, strategic and operational fundamentals to support effective and efficient mandate delivery. The objective was rebuilding the internal control environment in positioning the agency as a trusted steward of public assets. The results of this work had an immediate impact – 93% of approved annual targets were achieved. The improvement in performance was equally matched by a significant improvement in audit outcomes which resulted in an unqualified audit opinion, and control performance.

It must be noted that the unqualified audit outcome is merely a starting point, and not arrival at the desired destination. However, this is a noteworthy achievement considering the ECRDA has spent the last two financial years striving to move from qualified audit outcomes, legacy irregular expenditure, acute liquidity pressures, and a cost base that consumed a disproportionate share of its operational allocation. The 2025/26 result should therefore be read as evidence of trajectory rather than as arrival.

During the period under review, the ECRDA also began the implementation of the 2025 – 2030 strategy which represents a fresh beginning, a pivotal moment to revisit the ECDRA's strategies, enhance its initiatives, and recommit to driving significant change across the Eastern Cape's rural landscape.

The 2025 – 2030 strategy identifies high impact and catalytic programmes which will form the core of the agency's DNA over the next five years. These programmes have been identified as: Grain, Fodder and Vegetables (Food) Crops, Livestock Commercialisation – beef, dairy, poultry, fisheries, etc.), Technology Mainstreaming for Field Crops and Animal Fibre, Forestry, timber processing and horticulture (citrus, deciduous, nuts), and Agri-Clusters and Rural Enterprise Development Hubs.

Considerable resources will be directed toward the development of these programmes which are primed to deliver a maximum development impact within the rural communities we exist to serve.

Enterprises involved in these programmes will receive government support which is designed to develop a globally-competitive, productive and sustainable rural economy.

The Forestry Programme supported five community-owned enterprises and established 212,3 hectares against a target of 100 hectares. The five projects harvested and sold 13,547 tons of timber to established commercial processors, generating R13,725 million in timber sales, and sustained an average of 88 full-time equivalent jobs, approximately 62 per cent of which accrued to women and youth. Wildfire remains the programme's dominant risk and caused material losses at selected sites during the year.



212,3ha

of new afforestation in 2025/26
against a target of 100 hectares



R13,725million

Total timber sales

The Wool and Mohair Programme exceeded every core delivery indicator. A total of 1 180 farmers were trained against a target of 550, six ECRDA officials were qualified as internal mentors, and 24 compliance verifications were completed against a target of 20. Support reached 21 communal shearing sheds and 30 emerging farmers, improving readiness for responsible production and formal market participation in a sector where the province holds a commanding national share.

FARMERS TRAINED VS TARGET



COMPLIANCE VERIFICATIONS VS TARGET



The Cannabis and Hemp Programme achieved four of its five annual indicators. Forty-six permit-holding growers were linked to commercial offtake arrangements against a target of 30; 298 entrepreneurs were trained against a target of 100; and four memoranda of understanding and three research and development partnerships were concluded. The most consequential outcome was the conclusion of an offtake arrangement for CBD flower supported by emerging mid-stream processing capacity, which moves the programme beyond pilot support toward a market-oriented model. The hectare-based planting indicator was partially achieved, with 48.92 verified hectares planted against a target of 100 hectares. Management does not attribute this variance to non-delivery of inputs. It reflects a control design and enforcement gap in land-readiness screening, planting-density compliance and agronomic oversight. Accountability for corrective action rests with Programme Management and has been written into performance agreements for the current cycle. A full variance analysis is provided in Annexure A.

The RED Hubs Programme achieved all approved annual targets and utilised 96 per cent of its allocation. Milling capacity at the Mbizana RED Hub was increased from one ton to three tons per hour, supported by rehabilitation of water, electrical and intake infrastructure, and a private operator was appointed to underpin sustainable operations and commercial discipline. Asset protection arrangements held across all sites, with no material incidents of theft or vandalism. The repositioning of RED Hubs as Food and Feed Aggregation and Dis-

tribution Centres, aligned to the Government Procurement of Agricultural Products initiative, is the structural intervention most likely to convert rural production into institutional market access at scale.

Structured Rural Finance disbursed 93 per cent of its annual loan budget and recorded a recovery rate of 89 per cent on the active loan book, against a five-year target of 80 per cent and a baseline of 60 per cent. Loan repayments of R8.357 million exceeded target by 15 per cent. Improved recovery is the single most important lever available to the Agency for recycling capital back into rural producers, and management intends to ring-fence loan recoveries so that they contribute directly to the refinancing of the book in a manner consistent with the revolving, patient-capital logic of the Ithamo Principle.

Across the portfolio, 1 478 entrepreneurs received non-financial support, 38 projects were supported with social facilitation, and customer satisfaction improved to 89,4 per cent against a five-year target of 80 per cent and a baseline of 54 per cent.

GOVERNANCE, INTERNAL CONTROL AND THE AUDIT JOURNEY

Management applied a combined assurance model integrating management assurance, internal audit and external audit oversight. Quarterly performance information was subjected to formal management review, signed validation and portfolio-of-evidence testing before submission to governance structures. All seven strategic risks carried mitigation actions that were fully implemented during the year, covering audit outcomes, payment obligations, human resource capability, ICT systems and governance, integrated project implementation, loan recovery, and social facilitation and stakeholder management. Risk management was integrated into executive performance agreements, which shifted ownership of risk from a compliance function to line accountability.

Ninety per cent of audit findings were resolved within six months of Audit Improvement Plan approval, against a target of 85 per cent. ICT governance was strengthened through approval of the ICT Business Continuity and Disaster Recovery Plan and the Information Security Policy, and the establishment of an ICT Service Level Agreement Monitoring Committee. The annual Ethics, Fraud and Integrity Management Plan was fully implemented.

FINANCIAL PERFORMANCE AND SUSTAINABILITY PRIORITIES FOR 2026/27

The Agency received departmental transfers of R248,577 million, applied as follows: ECRDA operations R154,4 million; Magwa Tea Estate R32,1 million; grain, fodder and vegetables R40,5 million; cannabis R11,4 million; and citrus disbursements R10 million. Total expenditure of R266,157 million was recorded against an adjusted budget of R279,269 million, representing 95 per cent utilisation. Supplier payment performance improved significantly, with 407 of 1,493 payments processed beyond thirty days, equivalent to 11 per cent by volume and R18,024 million by value.

Liquidity nevertheless remained constrained throughout the year and required active cash-flow management and continuous engagement with the shareholder department. Compensation of employees continues to absorb a disproportionate share of programme allocations, most acutely in Structured Rural Finance. Management responded through cost containment, implementation of the approved organisational redesign, an employee matching process, and the introduction of a Voluntary Severance Package approved by the Board following consultation with organised labour. Rental debtor impairments at the Mthatha property were addressed through lease verification and clean-up, with internal audit findings currently being resolved with management. These measures stabilise the position; they do not resolve it. A sustainable outcome requires recapitalisation of the loan book, and the business case developed during the year forms the basis of the Agency's engagement with Provincial Treasury.

HUMAN CAPITAL

Human resource management was conducted against funding limitations, personnel cost pressure and elevated vacancy levels in technical and programme implementation roles, which necessitated acting arrangements and phased recruitment. Labour relations remained stable through sustained engagement with organised labour via the Joint Labour Management Forum, work on the recognition agreement progressed, and the cost-of-living adjustment for bargaining-unit employees was concluded. Skills development, performance management administration and employee wellness support continued within available resources. The organisational redesign implemented during the year gives the Agency, for the first time in several cycles, a structure aligned to its strategy rather than to its history.

Management has set five priorities for the year ahead. First, deepening commercialisation: converting supported production into enterprises with offtake agreements, working capital and market discipline, particularly in cannabis and hemp, wool and mohair, and the aggregation hubs. Second, converting revitalised infrastructure into consistent productive use through dependable raw-material supply, structured supply agreements and active producer mobilisation, beginning with Mbizana. Third, strengthening climate resilience and production planning, with tighter input sequencing, improved on-farm record-keeping and expansion of the fodder pipeline. Fourth, sustaining the audit trajectory through root-cause closure, disciplined supply chain compliance and timely consequence management. Fifth, advancing the Agency's funding and institutional reform agenda in support of the transition to the Office of the Premier.

Underpinning all five is the strengthening of monitoring, verification and outcome measurement. Refinements to the Agency's indicator set in the next planning cycle will place greater weight on market participation, enterprise survival and post-support performance, so that the Agency is judged on the durability of what it builds rather than on the volume of what it delivers.

ACKNOWLEDGEMENT

I record my appreciation to the Chairperson and the Board for consistent strategic guidance and for the firmness with which they have held management to account; to the Executive Authority and the shareholder department for their support; and to our funding, research and commercial partners. I thank the executive team and every member of ECRDA staff, who delivered a 93 per cent performance outcome and a materially improved control environment in the same year, under real constraint. The work ahead is considerable, but the Agency enters it from a position of restored discipline and renewed purpose.

Simpiwe. Somdya
Chief Executive Officer



STRUCTURED RURAL FINANCE

The Eastern Cape Rural Development Agency manages a structured rural finance programme premised on enabling and stimulating vibrant and energised economic activity in rural, peri-urban areas, and those in the hinterland. The ECRDA is cognisant that empowering rural finance instruments and incentive regimes are a powerful platform, channel, and resource, to inject the requisite buoyancy in an otherwise resource-constrained rural development landscape.

This is a formidable assignment which requires the ECRDA to skilfully and diligently deploy available financial and other resources to attain a broader and varied development impact. The agency executes its structured rural finance programme acutely aware that the extension of these empowering and responsive credit lines to deserving entrepreneurs in the rural communities of the province is central to their longevity and sustained growth trajectory. Rural finance drives improved rural incomes, food security and job creation, which form the basis for an inclusive and sustainable rural economy.



Rural finance drives improved rural incomes, food security and job creation

Exceeded target:

90% of annual loans budget disbursed



Exceeded target:

65% target on expected repayments on due accounts



STRATEGIC ALLIANCES

In this regard, special purpose vehicles of government such as the ECRDA are required to do more with less in an increasingly challenging economic environment characterised by budgetary and resource constraints. This requires the ECRDA to adopt a collaborative posture in the implementation of its rural finance function. In practice, the ECRDA complements its limited financial resources by mobilising the resources of public and private sector institutions to broaden the impact and extent of its development mandate.

The cultivation of strategic partnerships and alliances will thus prove a central cog in the implementation of a viable and sustainable rural finance programme which delivers the requisite socio-economic dividend to the shareholder, and the rural communities it serves. Consequently, efforts were directed at strengthening strategic partnerships and advancing blended finance initiatives to leverage additional funding. Notably, the ECRDA runs a joint Agri-Blended Finance programme in partnership with the Eastern Cape Development Corporation.

In addition, the ECRDA is equally aware that it by design, extends loan finance support packages to a risky segment of the market which lacks the security and collateral required by private lenders. This market segment is often considered unbankable by private lenders. Informed by its development posture, the ECRDA assumes a higher risk appetite, and disburses loans to rural enterprises and enterprising individuals cognisant of the potential loan repayment challenges in this segment of the market.

The ECRDA's role in this space is thus crucial if ones considers that without this higher risk appetite, rural entrepreneurs would have no means to turn their ideas into a lived reality. A lack of credit lines to rural economies undoubtedly further depresses the rural landscape and diminishes the ability to galvanise and revitalise economic activity. However, the agency continues to encourage loan recipients to honour repayment obligations as this allows the ECRDA to extend loan funding to other deserving entrepreneurs, thus expanding the extent and footprint of the development project.

In response to the prevailing operating environment, during the review period, the agency directed its rural finance programme toward expanding inclusive access to finance to entrepreneurs in underserved communities in the rural hinterland, and to those in the periphery of the formal economy.

The rural finance tools were primed to support sustainable agriculture development and the attainment of an inventive, sustainable, and innovative entrepreneurial ecosystem which supports job creation and improved rural incomes. Focus was on the quality of loans approved and disbursed, targeted outreach in priority districts, as well as on the sustainability of the loan portfolio through prudent credit management and aftercare philosophy and support tools.

Targets were aligned to the approved Annual Performance Plan, and premised on improved loan disbursements, a diversified portfolio across agricultural and non-agricultural loans, while expanding support to priority groups including emerging farmers, as well as youth and women-owned businesses.

2025/26 Focus Areas



Expanding inclusive access to finance in underserved communities

Supporting sustainable agriculture and entrepreneurship

Quality loan approvals and disbursements

Targeted outreach in priority districts

Prudent credit management and aftercare

Support for emerging farmers, youth and women-owned businesses

In 2025/26, the rural finance programme directed its focus to improving turnaround times, strengthening client support, and rally portfolio performance through improved loan repayments. The ECRDA exceeded both its targets to disburse 90% of the annual loans budget, and a 65% target on expected repayments on due accounts.

Furthermore, the organisation sought to strengthen credit risk assessment processes, enhance collections and recovery instruments, improve client vetting and post-investment monitoring, as well as align product offerings with rural market requirements.

POLICY REVIEW

To improve the quality of the portfolio and to drive improved rural finance repayments, the ECRDA reviewed its Credit and Collections Policy to strengthen approval criteria, improve monitoring, and deploying a robust recovery process to improve overall performance.

OPERATIONAL PERFORMANCE

During the period under review, loan disbursements were executed in line with approved budgets and annual targets, with funding aligned to priority sectors and qualifying beneficiaries.

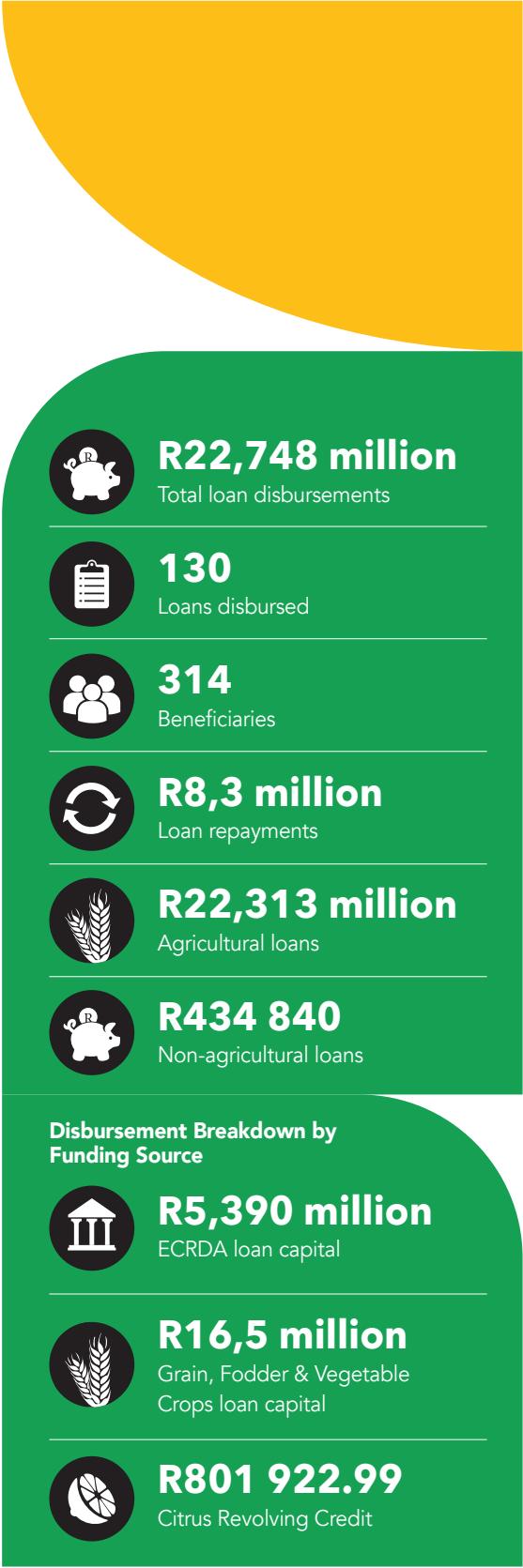
The portfolio was managed in a manner which maintained a balance between agricultural and non-agricultural loans, thereby responding to developmental priorities and financial sustainability imperatives. Disbursements were indicative of an improvement in the reach of and footprint of loan funding as well as an increase in the uptake of the rural finance products.

Loan approvals and disbursements were influenced by factors such as applicant readiness, completeness and quality of supporting documentation, compliance with credit requirements, assessed credit risk profiles, and prevailing economic conditions impacting enterprise viability.

These interventions resulted in improved loan product uptake during the review period. This upward trend was driven by improved stakeholder relations and engagement, accessibility of financial products, and targeted outreach initiatives in priority sectors.

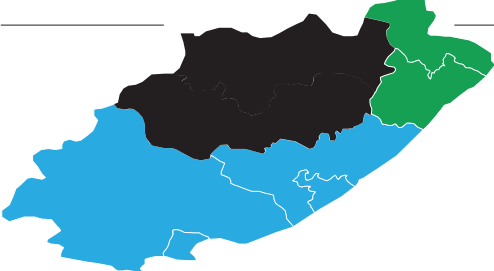
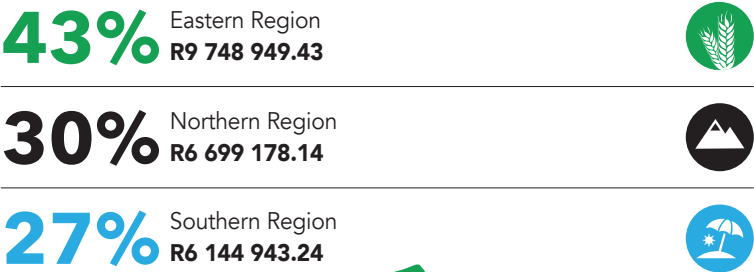
In 2025/26, total loan disbursements were R22,748 million comprised of R5,390 million disbursed from ECRDA loan capital, R16,5 million from the Grain, Fodder & Vegetable Crops loan capital and R801 922.99 Citrus Revolving Credit. A total of R22,313 million went to agricultural loans, and R434 840 to non-agricultural loans. A total of 130 loans were disbursed, and 314 beneficiaries benefitted from rural finance which included sole proprietors, registered companies, and informal groups. In the 2025/26 financial year loan repayments were R8,3 million. Loan repayments were reflective of operating environment pressures. However, enhanced collections processes contributed to a stabilised and gradually improved repayment trajectory.

The geographic spread of loan disbursements reflects the architecture of the rural economy, with a deliberate focus on underdeveloped and rural regions in line with the ECRDA's mandate premised on promoting equitable regional development.



GEOGRAPHIC SPREAD OF DISBURSEMENTS

In terms of geographic spread, R9,748 million of the loan disbursements went to the Eastern Region comprised of the OR Tambo and Alfred Nzo districts. The Northern Region made up of the Chris Hani and Karoo districts accounted for R6,699 million of the disbursements. The Southern Region consisting of the Sarah Baartman and Amathole districts accounted for R6,144 million of the disbursements.



R22 593 070.81

SECTOR SPREAD OF DISBURSEMENTS

Sector	Number of Loans	Value of Disbursement	% of Total Disbursements
Citrus	3	R801 922.99	3.5%
Livestock	12	R1 360 400.00	6.0%
Vendor	9	R434 840.00	1.5%
Poultry	9	R610 653.42	2.7%
Piggery	2	R388 510.30	1.7%
Production inputs (Grain, Veg & Fodder)	84	R18 605 806.06	82.4%
Processing	2	R 80 880.15	0.4%
Tractor & Implements	4	R401 057.89	1.8%
Total	125	R 22 593 070.81	100%

FUTURE PLANS

Moving forward, the structured rural finance function will prioritise the consolidation of portfolio quality improvements, scaling of blended finance initiatives, strengthening of credit risk management practices, and expansion of access to finance for targeted beneficiary groups. In addition, there will be an increased focus on digital enablement, enhanced data-driven decision-making, and strengthened client support to improve enterprise sustainability.



FORESTRY DEVELOPMENT

The ECRDA continues to pursue a spirited and inspired implementation of a forestry development programme which places rural communal property associations at the centre of the development agenda. The overarching objective is to ensure that rural communities share in the economic opportunities presented by the forestry endowment embedded in their localities.

The forestry sector presents substantial income generation, job creation, and commercialisation prospects. The idea is to ensure the full and equitable participation of communal farmers in the lucrative forestry commercial value chain.

It is worth noting that the province is endowed with a substantial forestry investment potential with 100,000 hectares (ha) available for new afforestation activities. The ECRDA's interventions are thus intended to assist rural emerging forestry farmers exploit the inherent economic value in their vast and lucrative land assets.



100,000ha

available for new afforestation activities



5

community projects



212ha

of new afforestation in 2025/26



Community-led trusts, co-operatives and CPAs

STRATEGIC PARTNERSHIPS

To this end, the ECRDA has established high value strategic alliances with commercial private sector partners to assist communal forestry projects with skills transfer and the technical acumen to manage commercial forestry operations, as well as market access opportunities.

For example, the Magwa forestry initiative is being supported through a formalised partnership with Sappi, which includes the supply of free seedlings and the harvesting of unmanaged timber areas where salvageable material could be sold. This part-

nership helped expand the planting programme and created a stronger route for the rehabilitation of productive forestry land.

The ECRDA partners in projects which have a strong community focus, suitable land for afforestation and an interest in development. The idea is to ensure that communities are able to reap economic benefits from their land assets for as long as possible. The ECRDA encourages an integrated development approach where forestry and other land-uses are optimised to maximise benefits to communities.

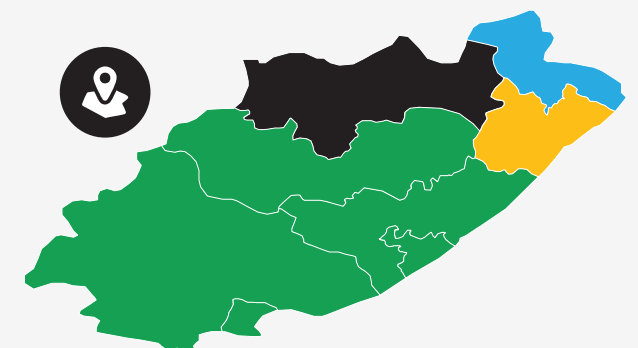
In the long term, the plan is to ensure that communal forestry farmers extend their participation in the sector beyond primary production to include processing and value addition activities to drive higher revenue generation margins.

PROJECTS OVERVIEW

In the 2025/26 financial year, the ECRDA continued its support for the five community projects it supports which have 4,360ha of new afforestation. The projects are in Sinawo and Izinini (Joe Gqabi), Mkambathi and Sixhotyeni (OR Tambo), and Gqukunqa (Alfred Nzo).

These are community-driven projects in which the land-owners contribute their land pockets under a legal entity to manage their assets in the form of trusts, co-operatives and Communal Property Associations. At the four coastal projects the ECRDA supports Sinawo, Izinini and Mkhambathi. At these projects the ECRDA planted eucalyptus grandis eucalyptus dunnii tree species to supply SAPPI. In Gqukunqa and Sixhotyeni, eucalyptus nitens were planted targeting the PG Bison market.

Ultimately, these forestry operations must prove sustainable and financially viable and contribute to economic growth and development, improved rural incomes, food security, and job creation.



Joe Gqabi

Sinawo
Izinini



OR Tambo

Mkambathi
Sixhotyeni



Alfred Nzo

Gqukunqa



TECHNICAL AND OPERATIONAL EFFICIENCIES

To support and improve their operational efficacy, the ECRDA extends technical, financial and non-financial support to these projects in the form of soil surveys, plantation plans, stakeholder engagement, business plans and Environmental Impact Assessments (EIA). Monitoring and oversight are still provided while keeping expenditure within reasonable perimeters.

During the period under review, the ECRDA allocated R2,7 million to support the operations of the forestry enterprises. However, R2,775 million was spent in 2025/26, reflecting the need for field support across the portfolio and the pressure associated with maintaining production activity, employment and project oversight.

Agreements were actualised between the Trusts and/or Communal Property Associations (CPA) and the ECRDA. The organisation monitored financial records to ensure proper record-keeping before expenditure was released. These financial oversight mechanisms are crucial for building accountability, transparency and the viability of community-owned forestry assets. Monthly management meetings were held with the participation of Sappi, PG Bison and the ECRDA to support operational coordination, reporting and problem-solving. Qualified foresters second by strategic partners supported operational standards and provided technical guidance.

Where governance or community conflicts arise, the ECRDA provides social facilitation services to protect the stability of the projects, trustee transitions, and community engagements.



R2,7 million
Allocated to support the operations of the forestry enterprises.



R2,775 million
Spent in 2025/26 across the portfolio.



~R75 000
Overspend reflecting the need for field support.



About 103%
Utilisation of allocated funds.

HOW WE SUPPORT FORESTRY PROJECTS



SOIL SURVEYS

Assessing land quality to guide sustainable establishment.



PLANTATION PLANS

Designing planting strategies for long-term productivity.



STAKEHOLDER ENGAGEMENT

Building trust and ensuring inclusive participation.



BUSINESS PLANS

Strengthening financial viability and project sustainability.



ENVIRONMENTAL IMPACT ASSESSMENTS (EIA)

Safeguarding ecosystems and mitigating risk.

OVERSIGHT AND PARTNERSHIPS



Agreements with Trusts and/or CPAs. Financial records monitored before expenditure is released.



Monthly management meetings with Sappi, PG Bison and the ECRDA for coordination and problem-solving.



Qualified foresters seconded by strategic partners provide technical guidance and uphold operational standards.



Social facilitation services ensure stability of projects, trustee transitions and community engagements.

KEY RISK

The ECRDA is cognisant that reliable off-take agreements and arrangements are crucial to the ongoing viability of the forestry enterprises. Failure to establish off-take arrangements poses serious financial sustainability, market access, fire exposure and operational efficiency risks. The projects are reliant on off-take agreements and operational support to sustain labour, field maintenance and harvesting activities. Delivery caps, limited processing capacity, and transport constraints have an adverse effect on revenue flows, placing pressure on project cash flow and the ability to maintain plantations at the required standard.

Wildfires and severe weather events remain a significant threat to plantation assets. Sixhotyeni and Gqunkunqa experienced notable timber losses due to fires, with dam-

age estimated at around 30% of the total plantation area in affected areas, much of it completely destroyed. The North-Eastern Cape is particularly exposed during dry and windy winter months, and the risk is increased where projects are isolated and have limited firefighting resources.

Operational risks also require continued management attention. Contractor underperformance, harvesting inefficiencies and transport limitations can weaken output and reduce the benefits of strong planting performance. Governance weaknesses within Trusts and CPAs can also affect decision-making, financial control and stakeholder confidence. These risks confirm that forestry development remains a long-term support intervention rather than a once-off establishment activity.

RISK HIGHLIGHTS



OFF-TAKE DEPENDENCE

Reliant on off-take agreements and operational support to sustain labour, field maintenance and harvesting activities.



WILDFIRE EXPOSURE

Sixhotyeni and Goukunga suffered significant timber losses due to fires, with -30% of plantation area damaged or destroyed.



PROCESSING & TRANSPORT CONSTRAINTS

Delivery caps, limited processing capacity and transport constraints reduce revenue flows and pressure cash flow and plantation standards.



OPERATIONAL RISKS

Contractor underperformance, harvesting inefficiencies and transport limitations weaken output and reduce benefits of strong planting performance.



GOVERNANCE WEAKNESSES

Weak governance within Trusts and CPAs can affect decision-making, financial control and stakeholder confidence.



These risks confirm that forestry development remains a long-term support intervention rather than a once-off establishment activity.

OPERATIONAL PERFORMANCE

In the 2025/26 financial year, the ECRDA had a target to plant 100 hectares. However, a total of 212,3ha were planted in Magwa, Izinini and Mkambathi, representing an overachievement of 112,3ha. The planted areas used eucalyptus grandis/urophylla clone material, with the cuttings sponsored by Sappi. This strengthened the production base required for future timber supply and project sustainability. This achievement is indicative of a strong implementation capacity, favourable planting conditions, additional eucalyptus planting material supplied through the Sappi partnership, and disciplined field execution across supported sites.

Of the 212,3ha, 154 hectares were planted in Magwa after formalising a strategic partnership with SAPPI, 48,1 hectares in Izinini and 10,2 hectares in Mkambathi which added to the overall planted area while receiving continued governance stabilisation support. The planting performance is important because it protects the future productive capacity of the community forestry portfolio after harvesting, and supports the long-term continuity of timber income.

Furthermore, a total of 13,547 tons of timber were harvested and sold across the five supported forestry projects. Of the 13,547 tons, 5,494 tons came from Izinini, 4,226 from Mkambathi, 1,103 Magwa, 804 Gqukunqa, and 1,920 Sixhotyeni. Production volumes at this scale indicates that these projects are at a productive stage, and are capable of sustainable supply to commercial markets.

Timber sales totalled R13,725 million. Of the R13,725 million in timber sales, R6,04m came from Izinini, R4,65m from Mkambathi, R1,21m from Magwa, R54k Gqukunqa, and R1,28m Sixhotyeni. The majority of the timber was sold to the PG Bison and Sappi processing facilities. While pleasing, the timber sales reinforce the significance of sustainable long-term off-take agreements and reliable sales planning to reduce exposure to buyer restrictions, delivery caps, or mill-capacity constraints.

The projects supported an average 88 full-time equivalent jobs while also recording 145,094 work hours. This is reflective of the labour intensity of planting, coppicing, harvesting, maintenance, protection, and other silvicultural activities. On average, women and youth accounted for 62% of the employment opportunities, reflecting the developmental returns of the forestry projects within rural communities.

PLANTING PERFORMANCE

100ha
Target planted area

212,3ha
Actual planted area

112,3ha
Overachievement

PLANTED AREA BREAKDOWN



● Magwa **154 hectares**
● Izinini **48,1 hectares**
● Mkambathi **10,2 hectares**

EMPLOYMENT BREAKDOWN

88
full-time equivalent jobs

145,094
Work hours

62%
Women and youth employment share

13,547 tons

TOTAL HARVESTED AND SOLD TIMBER

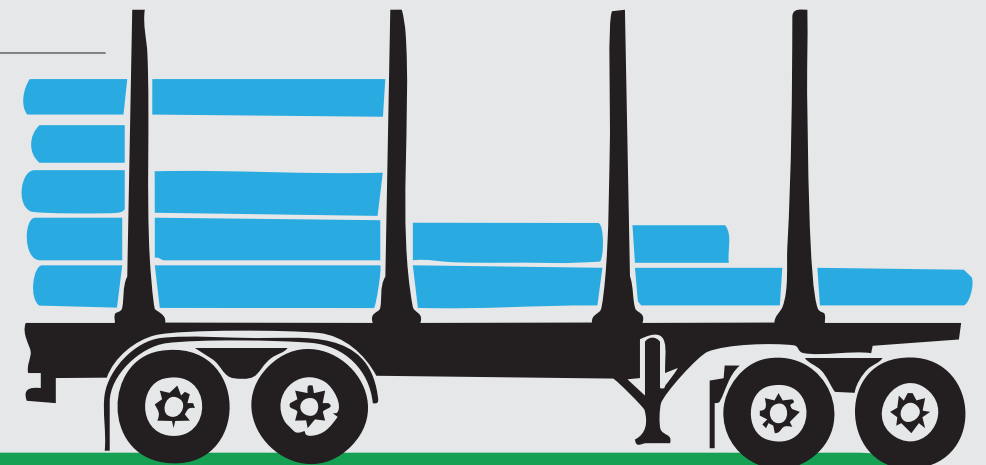
804 tons (Gqukunqa)
1,103 tons (Magwa)
1,920 tons (Sixhotyeni)
4,226 tons (Mkambathi)
5,494 tons (Izinini)



R13,725million

TOTAL TIMBER SALES

R1,28m (Gqukunqa)
R54k (Magwa)
R1,21m (Sixhotyeni)
R4,65 (Mkambathi)
R6,04m (Izinini)



FUTURE PLANS

Future plans include continued ECRDA support for post-investment monitoring and aftercare, deployment of fire prevention strategies, and response planning and handling. This should also include broadening market access as well as contractor and transport management which are critical cost drivers. Ongoing governance support for the CPAs and Trusts also remains crucial in pursuing sustainable community-owned forestry enterprises.

There are plans to investigate the establishment of a medium-sized timber treatment plan in the Mbizana and Lusikisiki regions. The establishment of the plant could

lead to an alternative market outlet, and support local value addition for community-produced timber.

Continued oversight of community-driven forestry operations, establishment of new markets, and operational efficiencies should position the forestry programme as a real and impactful rural development delivery vehicle that fuels and facilitates sustainable job creation, improve rural incomes, prudent plantation management, and the participation of rural communities in the forestry development ecosystem.

GRAIN VEGETABLES AND FODDER

The ECRDA delivers a Grain, Vegetables and Fodder programme designed to support the primary production activities of communal farmers. The organisation is supporting rural communities with the technical and operational acumen, financial and other resources required to deliver sustainable rural grain, vegetable and fodder enterprises. Eastern Cape rural communities are bestowed with substantial land assets which remain largely untapped. Support for grain, vegetable and fodder production activities in rural communities becomes the lever government needs to pull in order to ignite a farming revolution in the hinterland.

While the focus is on driving primary production, long-term plans should entail the introduction of processing and value addition activities which should contribute to improved rural incomes, food security, and the facilitation of sustainable jobs. The organisation is equally aware that these activities should be supported by a stable off-take arrangements architecture creating a robust and diversified market access network for rural grain, vegetable and fodder farmers. The ultimate objectives is to ensure that emerging farmers receive the necessary support to realise their commercial aspirations in support of a vibrant and thriving rural economy.

This work is underpinned by institutional, governance and operational support tools for rural enterprises. The ECRDA discharges this role by empowering rural enterprises with the skills and instruments necessary to build operational and financial capacity. Operational and financial efficiencies are achieved through a robust governance framework which guards against risks to institutional viability.

Consequently, in the 2025/26 financial year, the delivery of the Grain, Vegetable and Fodder programme was premised on direct lending, co-funding partnerships, field monitoring, technical support and market-linked production activities. These support elements resulted in the ECRDA achieving production targets under a challenging operating environment largely characterised by climatic shocks, high input costs, and restrained commodity prices.

Approved deals of R33,86 million and actual disbursements of R33,1 million which was within the adjusted budget of the R33,81 million budget for the 2025/26 financial year. The largest expenditure item was Grain accounting for R27,68 million in disbursements against an initial allocation of R23,70 million, which was later adjusted to R24,7 exceeding the allocation for Grain by R2,9 million. This was followed by Vegetables with R4,73 million disbursed against a R5,1 million allocation and R689,530 disbursed to Fodder activities against a R4 million budget allocation.



Driving rural production, value addition, food security and sustainable jobs through stable markets and strong partnerships.

DELIVERY MODEL FOR THE GRAIN, VEGETABLES AND FODDER PROGRAMME



Direct lending



Co-funding partnerships



Field monitoring



Technical support



Market-linked production activities



FUNDING SUMMARY



R33,86m
APPROVED
DEALS



R33,1m
ACTUAL
DISBURSEMENTS



R33,1m
ADJUSTED
BUDGET

DISBURSEMENT BREAKDOWN BY COMMODITY

GRAIN

R27,68m
DISBURSED

R23,70m
INITIAL
ALLOCATION

R24,7m
ADJUSTED
ALLOCATION

R2,9m
AMOUNT
EXCEEDED BY

Grain accounting for R27,68 million in disbursements against an initial allocation of R23,70 million, which was later adjusted to R24,7 exceeding the allocation for Grain by R2,9 million.

VEGETABLES

R4,73m
DISBURSED

R5,1m
ALLOCATION

This was followed by Vegetables with R4,73 million disbursed against a R5,1 million allocation.

FODDER

R689,530
DISBURSED

R4m
ALLOCATION

R689,530 disbursed to Fodder activities against a R4 million budget allocation.



CLIMATIC SHOCKS
Resilient support despite climate challenges



HIGH INPUT COSTS
Addressing cost pressures to sustain production



EMPOWERING FARMERS
Building skills, capacity and confidence



RESTRAINED PRICES
Navigating volatile commodity markets

PARTNERSHIPS

Significant uptakes in Grain and Vegetable activities also point to a demand for additional support which requires the ECRDA to pursue a collaborative approach in project execution and design. As such, during the 2025/26 financial year, the ECRDA exploited and pursued co-funding arrangements and leveraged partner resources to broaden the development impact. For example, this resulted in the organisation entering into blended and external finance arrangements. During the review period, the Land Bank's co-funding of R64,39 million and the ECRDA's grant top-up of R15,52 million supported a Grain portfolio constituted of 17 deals over 3,450ha. The African Seed Group's co-funding of R1,23 million supported by the ECRDA's R1,64 million contribution supported grain deals which added a further 156,88ha.

These co-funding deals expanded the production footprint, thereby extending the development impact. Resource constraints demand of the ECRDA to employ innovative and inventive approaches to supplement its limited financial resources, and leverage strategic partnerships to reach development goals.

Noteworthy, is the full-time employment indicator target which was exceeded by 101 jobs. This points to additional development value across supported production sites.

PARTNERSHIP 1: GRAIN PORTFOLIO



R64,39m

Land Bank
Co-Funding

+



R15,52m

ECRDA Top-Up

=



17 deals

3,450ha Grain
Portfolio Outcome

PARTNERSHIP 1: GRAIN PORTFOLIO



R1,23m

African Seed
Group
Co-Funding

+



R1,64m

ECRDA
Contribution

=



156,88ha

Additional
Production
Footprint

+101 JOBS ABOVE
TARGET

Full-time employment indicator
target exceeded by 101 jobs.

OPERATIONAL PERFORMANCE

In 2025/26, the Grain, Vegetable and Fodder programme exceeded all main targets set in the Annual Performance Plan across key production and employment indicators. A total of 1,839ha of grain were planted against a target of 1,756ha. The Vegetables portfolio achieved 78,1ha against a target of 50 ha, with Fodder not achieving the 250ha target.

A total of 184 full-time jobs were created and/or maintained representing a 101 overachievement against the target of 83 full-time jobs. A further 308 seasonal or part-time jobs were created.

Grain was the largest contributor to employment, accounting for 129 full-time jobs, and 256 seasonal jobs. Vegetables contributed 55 full-time jobs and 52 seasonal jobs. These outcomes demonstrate that the programme's impact extended beyond hectares planted and financing disbursed, supporting rural livelihoods and income opportunities in production areas.

EMPLOYMENT PERFORMANCE



184 vs target of 83

Full-time jobs created and/or maintained



308

Seasonal or part- time jobs created

EMPLOYMENT BY COMMODITY



Grain
129

Full-time jobs



Vegetables
55

Full-time jobs

PRODUCTION PERFORMANCE (HECTARES PLANTED)

■ Actual planted (ha)
■ Target (ha)
Status:
✓ Target exceeded
! Target not achieved



FODDER

250ha



VEGETABLES

78,1ha

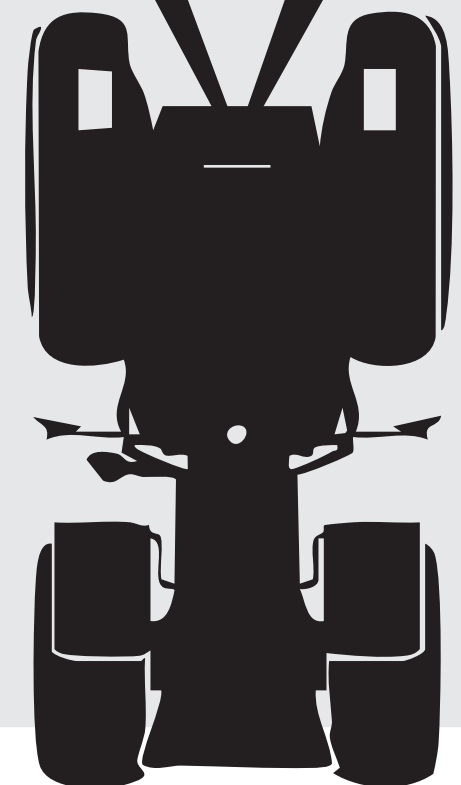
50ha



GRAIN

1,839ha

1,756ha



GRAIN VALUE CHAIN

Grain was the anchor of the portfolio with 1,839ha facilitated across 60 deals. This achievement is indicative of a solid implementation capacity, and continued demand for grain production support.

Table 1: Planted land size of grain and jobs created

District Municipality	Planted Land size (Ha)	Number of Full Time Jobs Created	Number of Seasonal Jobs Created	Total Number of Jobs Created
Alfred Nzo	788	34	30	64
Chris Hani	169	14	54	68
Joe Gqabi	193	4	2	6
OR Tambo	273	57	31	88
OR Tambo	416	20	139	159
Grand Total	1839	129	256	385

This Grain production geographical spread was driven by co-funding finance arrangements. The Land Bank co-funding supported projects in the Alfred Nzo, Chris Hani, OR Tambo and Amathole district municipalities. The Chris Hani and Joe Gqabi districts benefitted from co-funded deals from the African Seed Group.

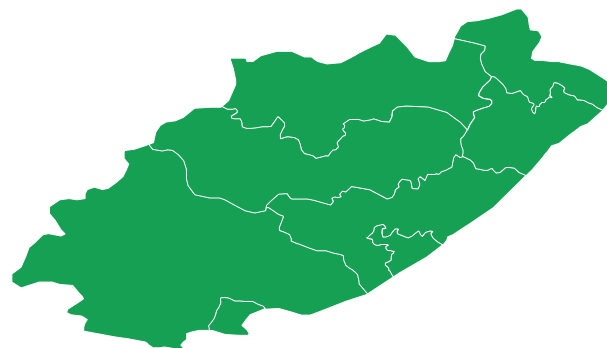


LAND BANK
CO-FUNDING

R64,39m

ECRDA
GRANT TOP-UP

R64,39m



In relation to the operating environment, maize and soya bean crop conditions improved following a heatwave period in December 2025 and January 2026. Localised losses in certain cases due to heat stress were reported, as well as bird infestation and hail damage. However, the Grain portfolio remained resilient, becoming the primary production driver during the review period.

OUR APPROACH



Technical & operational support



Funding and other resources



Institutional, governance & operational support tools



Market-linked production & off-take arrangements

VEGETABLE VALUE CHAIN

The Vegetable portfolio delivered strong performance with production reaching 78, 1ha against a 50ha target. A total of eight funded deals were completed with disbursement worth R4,73 million.

Table 2: Planted land size of vegetables and jobs created

District Municipality	Planted Land size (Ha)	Number of Full Time Jobs Created	Number of Seasonal Jobs Created	Total Number of Jobs Created
Amathole	47	26	17	43
Chris Hani	3	5	0	5
Joe Gqabi	22	6	20	26
OR Tambo	2	1	8	9
OR Tambo	4	8	0	8
Sarah Baartman	1	9	7	16
Grand Total	78	55	52	107

This resulted in the Amathole and Joe Gqabi districts accounting for the largest planted area, making the largest contribution to the Vegetable Value Chain. The performance of the portfolio also indicates the significance of irrigation-linked and market-responsive vegetable production.

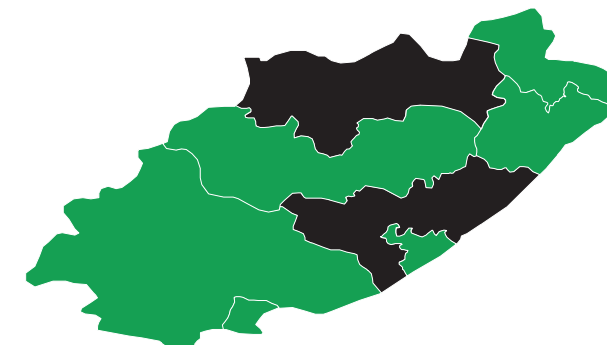


AMATHOLE
PLANTED

47ha

JOE GQABI
PLANTED

22ha



Operational constraints affected consistency across the production sites. This was experienced through low yields in certain areas, equipment breakdowns which affected washing, sorting and packaging, slow pace of harvesting, to small-scale equipment limitations, heatwave damage to cabbage production, and weak market prices. Despite these pressures, portfolio performance was resilient and exceeded planned targets.

OUR IMPACT



Increased production capacity



Sustainable jobs & rural livelihoods



Risk mitigation & governance excellence



Improved rural incomes & food security

FODDER VALUE CHAIN

For fodder, loan funding support was approved for 85 hectares by the ECRDA in the Northern Region, however, planting never took place due to challenges with the availability of fertilizers for fodder production which were caused by geopolitical tensions.

Uptake in the Fodder portfolio was slower than in the Grain and Vegetable value chains and there were various conversations held with the Department of Agriculture (DoA), Chris Hani Development Agency (CHDA), UFD, African Seed Group, producers, and cooperatives in the Chris Hani district to promote programme participation. Moving forward, further producer mobilisation and project packaging will be necessary for the development of the Fodder portfolio pipeline.



LOAN FUNDING APPROVED
85ha



PLANTING
DID NOT TAKE PLACE

Due to fertilizer availability challenges caused by geopolitical tensions

CHALLENGES AND RISKS

The Grain, Vegetables and Fodder value chains face several risks which need to be contained and eliminated to support long-term project viability. Climate and production risks such as late rains, heatwaves, and localised hail damage affect crop establishment and yield performance, especially in rainfed systems. These conditions increased production risks and indicate a need for climate-resilient practices, improved planning, and appropriate risk transfer mechanisms.

There are also market and cost pressures which could affect future performance. Maize and potato prices are under pressure due to oversupply and weak demand. This has led to lower margins, compromised cash holdings, and increased loan repayment risks. In addition, high fuel and fertiliser costs also eroded profitability, particularly among smaller producers with limited costs buffers.

Furthermore, some vegetable producers did not sufficiently stagger planting to align with market timing. This contributed to concentrated supply windows resulting in lower prices. Inadequate production, cost and sales records among some farmers also reduced visibility on profitability and limited evidence-based management decision-making.

In response, the ECRDA will prioritise increase support for Grain, prioritising delivery scale while strengthening climate-risk management, crop monitoring, insurance participation and repayment oversight. The programme should also continue to deepen co-funding partnerships that expand production support without placing the full financing burden on the ECRDA.

For vegetables, the focus will be on market-linked production planning, staggered planting schedules, mechanisation support for washing, sorting and packaging, and stronger price intelligence. These measures should help producers protect margins and reduce avoidable market-timing losses. For fodder, the programme should concentrate on pipeline development, producer mobilisation and improved project packaging. The value chain achieved its annual target, but the slow uptake indicates that more structured demand generation and partnership coordination are required.

Across all three value chains, farmer record keeping, cost tracking, sales reporting and repayment monitoring should be strengthened. Improved information quality will support better credit decisions, stronger aftercare and more accurate assessment of development impact.



1. KEY RISKS FACING THE VALUE CHAINS

PLANNING & RECORD KEEPING GAPS



Insufficient staggered planting led to concentrated supply windows and lower prices.

Inadequate production, cost and sales records reduced visibility on profitability and limited evidence-based management decision-making.

MARKET & COST PRESSURES



Maize and potato prices are under pressure due to oversupply and weak demand.

Lower margins, compromised cash holdings, and increased loan repayment risks.

High fuel and fertiliser costs eroded profitability, particularly among smaller producers with limited costs buffers.

CLIMATE & PRODUCTION RISKS



Late rains, heatwaves, and localised hail damage affect crop establishment and yield performance, especially in rainfed systems.

Increased production risks indicate a need for climate-resilient practices, improved planning, and appropriate risk transfer mechanisms.

2. OUR RESPONSE: PRIORITIES BY VALUE CHAIN

GRAIN



Increase support and prioritise delivery scale

Strengthen climate-risk management and crop monitoring

Increase insurance participation and repayment oversight

Deepen co-funding partnerships to expand production support

VEGETABLES



Market-linked production planning

Staggered planting schedules

Mechanisation support for washing, sorting and packaging

Stronger price intelligence

FODDER



Concentrate on pipeline development

Producer mobilisation

Improved project packaging

More structured demand generation and partnership coordination

3. CROSS-CUTTING IMPROVEMENTS ACROSS ALL THREE VALUE CHAINS



Stronger farmer record keeping



Stronger farmer record keeping



Improved sales reporting



Tighter repayment monitoring

FUTURE OUTLOOK

Programme performance in 2025/26 points to a positive foundation for market-linked agricultural production in the Eastern Cape. The next performance cycle should protect the gains achieved during the year while giving focused attention to climate resilience, market planning, cost management, record keeping and the development of a stronger fodder pipeline.

WOOL AND MOHAIR

The wool and mohair sector holds an immense potential to re-draw the rural development landscape through the cultivation of a highly competitive wool and mohair emerging farmer ecosystem. This latent potential is particularly pronounced among emerging rural and subsistence farmers who need considered and intentional government support to realise their commercialisation aspirations.

The ECRDA's focus on the wool and mohair sector is therefore by design. It is anchored on high-value emerging farmer support tools to unlock commercial opportunities which should support their sustainability and overall viability, productivity, and global competitiveness. The Eastern Cape holds a strong agriculture competitive advantage and value proposition. It is South Africa's main cattle and sheep breeding region producing 36% of South Africa's wool, and 75% of the country's mohair.

Thus, the Wool and Mohair programme is directed at facilitating the transformation of the sector by commercialising the operations of emerging wool and mohair farmers, and to introduce them to the global wool and mohair value chain. Woolled sheep farming has played a noteworthy role in historically underdeveloped areas of the province. In relation to mohair, South African angora goat farmers produce 54% of global mohair production, with Eastern Cape farmers producing 73% of South African mohair production.

The Nelson Mandela Bay region is considered the global mohair capital, with its port handling the bulk of South African exports. The region has the largest mohair spinner in the world in Kari-ga, and another in Gqeberha not far behind. In addition, 90% of the produce is channelled through the ports of Ngqura and Gqeberha, of which 70% is exported to Italy and China. Versatile by nature, mohair is coveted by the world's fashion industry elite, as well as by interior designers, designers, craft specialists, industrial fibre specialists and the tourism sector. Mohair manufacturers maximise the fibre's unrivalled natural beauty, capitalising on its rare, natural qualities.

In helping emerging farmers gain an equitable share of the wool and mohair market, the ECRDA supports communal and emerging producers to move closer to responsible production standards, strengthening traceability, transparency, and their readiness to participate in higher-value wool and mohair markets. These interventions are at the epicentre of ensuring alignment and compliance with changing market expectations, where sustainable farming and ethical fibre production practices are increasingly required to access premium export value chains.



OUR VALUE AND GLOBAL IMPACT



36%

Eastern Cape produces 36% of South Africa's wool.



75%

Eastern Cape produces 75% of South Africa's mohair.



54%

South African angora goat farmers produce 54% of global mohair.



73%

Eastern Cape farmers produce 73% of South African mohair.



90%

of the produce is channelled through the ports of Ngqura and Gqeberha.



70%

is exported to Italy and China.

FROM OUR PORTS TO THE WORLD



NGQURA PORT



GQEBERHA PORT

70%



ITALY AND CHINA

OPERATIONAL CHALLENGES

During the period under review, numerous challenges impacted the pace and quality of programme implementation. Certification readiness remained uneven due to shearing sheds which failed to meet the requisite baseline standards. This had an adverse impact on the audit process and resulted in a slow conversion of supported sheds into fully compliant facilities. Going forward, the ECRDA will place particular focus on the implementation of a robust and upfront readiness assessment regime before facilities are earmarked for advanced verification.

In addition, connectivity and access constraints such as poor road conditions and inadequate telephone network coverage affected market access opportunities, programme delivery and reporting. These infrastructural challenges require focused cluster scheduling, improved field planning, and early confirmation of local logistics to reduce foreseeable delays.



Addressing these challenges is essential to accelerate transformation, improve service delivery and unlock the full potential of the wool and mohair emerging farmer ecosystem.

CHALLENGES AT A GLANCE

Certification readiness remained uneven due to shearing sheds which failed to meet the requisite baseline standards.



Audit delays resulting in slow conversion of supported sheds into fully compliant facilities.

Poor road conditions affecting market access and programme delivery.



Inadequate telephone network coverage impacting communication and reporting

Field planning and cluster scheduling constraints.

Logistics challenges causing foreseeable delays.



OPERATIONAL PERFORMANCE

However, the ECRDA continued to deliver the requisite socio-economic dividend in the face of significant financial and other resource constraints. The organisation utilised its R1,7 million budget to support improved performance in farmer training, internal mentor development, and compliance verification. In this regard, a total of 1,180 communal and emerging farmers were trained against an annual target of 550. Six ECRDA personnel were trained as mentors as part of the internal mentor training programme. This significantly improved the organisation's capabilities in providing technical support, guidance, and oversight to producers and shearing sheds. Compliance verification exceeded expectations, with 24 completed against a target of 20 planned for the 2025/26 financial year.

In 2025/26, operational performance exceeded planned targets across three core service delivery areas. Headline performance came through a robust farmer training programme reflecting solid demand, effective mobilisation and improved producer interest in responsible fibre production.

During the review period, ECRDA support reached 21 communal shearing sheds and 30 emerging farmers. This performance demonstrates that ECRDA support interventions reached producers in historically disadvantaged and under-resourced areas of the province characterised by limited

access to structured compliance support, market readiness systems, and formal advisory services. Support for shearing sheds was particularly important considering their positioning as central collection, preparation, and quality control points in the wool and mohair value chain.



BUDGET UTILISATION R1,7 million

Budget utilised to drive improved operational performance

THREE CORE SERVICE DELIVERY AREAS EXCEEDED PLANNED TARGETS



FARMER TRAINING

Exceeded planned targets



INTERNAL MENTOR DEVELOPMENT

Exceeded planned targets



COMPLIANCE VERIFICATION

Exceeded planned targets

OPERATIONAL REACH



21

COMMUNAL
SHEARING SHEDS
SUPPORTED



EMERGING
FARMERS
SUPPORTED

KEY PERFORMANCE HIGHLIGHTS 2025/26

FARMERS TRAINED VS TARGET



ACTUAL

1,180

TARGET

550

ECRDA PERSONNEL TRAINED AS MENTORS



6

COMPLIANCE VERIFICATIONS VS TARGET



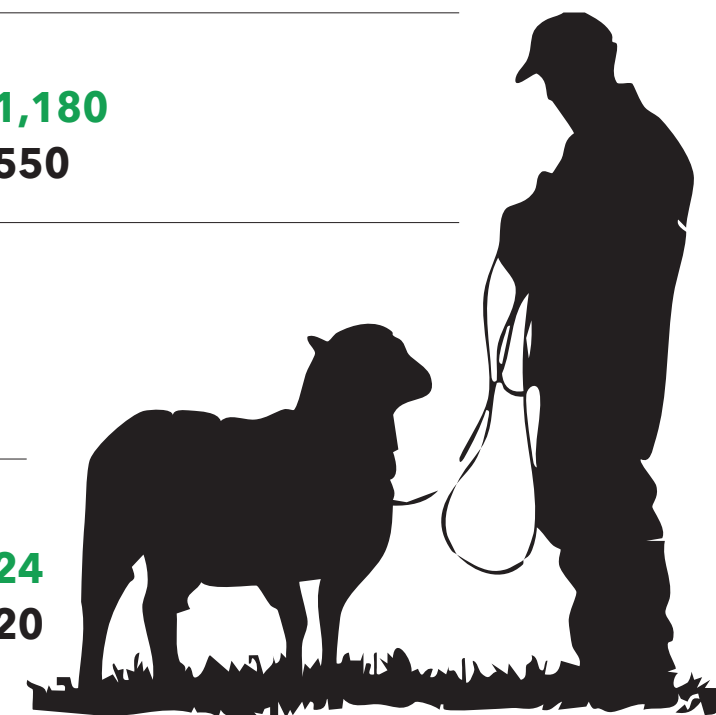
ACTUAL

24

TARGET

20

Compliance verification exceeded expectations, with 24 completed against a target of 20.



FUTURE OUTLOOK

Future plans are centred on converting training and verification activity into deeper compliance readiness and stronger market participation. This will require tighter screening of shearing sheds, better sequencing of support, ring-fenced resources for monitoring and verification, and improved co-ordination with local stakeholders. With these refinements, the programme will be well positioned to strengthen responsible production practices, improve producer competitiveness and support access to higher-value wool and mohair markets.



OUR PRIORITIES FOR 2026/27 AND BEYOND

Tighter screening of shearing sheds

Better sequencing of support

Ring-fenced resources for monitoring and verification

Improved coordination with local stakeholders

Stronger compliance readiness and market participation

ECRDA support interventions reached producers in historically disadvantaged and under-resourced areas of the province characterised by limited access to structured compliance support, market readiness systems, and formal advisory services.

Strengthening responsible production practices, improving producer competitiveness and supporting access to higher-value wool and mohair markets.

AGROPROCESSING

The 2025/26 financial year laid the basis for the ECRDA to transform its Rural Enterprise Development Hubs (RED Hubs) into thriving Food, Feed Aggregation, and Distribution centres. This transformation is aimed at driving rural industrialisation, agroprocessing capacity, local value addition, and access to institutional markets.

RED Hub activities are designed to support primary production and the development of a thriving beneficiation and value addition value chain which supports commercial agricultural activity in rural communities. While sustainable primary production at commercial scale forms the bedrock of a buoyant agricultural economy, processing and value addition activities are crucial in ensuring that emerging farmers receive premium prices for their produce. This has a direct impact on job creation, food

security, improved rural incomes, socio-economic well-being of rural communities and the sustainability of the farming operations of emerging farmers.

The programme is premised on transforming emerging farmers from subsistence farming to active participants in the commercial agricultural value chain growing their capacity, productivity and global competitiveness. Through the RED Hubs, they are capacitated with access to markets and finance, training and development, capacity-building, and the technical acumen required to sustain profitable and viable rural enterprise development hubs.

Behind this transformation is a RED Hub capitalisation programme intended to support this repositioning exercise. The hubs are being capacitated with the requisite infrastructure such as cold storage, sorting and packaging facilities and the extension of the milling capacity.



THE RED HUB TRANSFORMATION JOURNEY



PRIMARY PRODUCTION

Sustainable, commercial agriculture forms the foundation.



PROCESSING & VALUE ADDITION

Ensures premium prices and local value creation.



EMPOWERING EMERGING FARMERS

Building capacity, skills and access to markets and finance.



RED HUBS INFRASTRUCTURE

Cold storage, sorting, packaging and milling capacity.

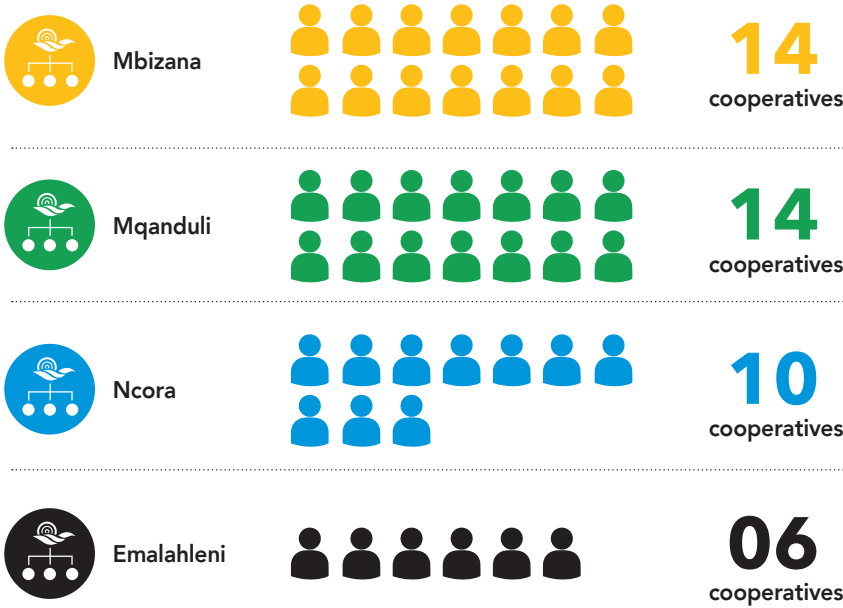


AGGREGATION & DISTRIBUTION

Reliable supply chains to institutional markets.

RED HUB AGGREGATION CENTRES

The grain producing RED Hubs aggregation centres have a total of 44 active primary co-operatives:



GRAIN STORAGE CAPACITY

TOTAL STORAGE CAPACITY:

11,000
TONS



OPERATIONAL PERFORMANCE

All planned RED Hubs targets for the 2025/26 financial year were achieved with project implementation including the refurbishment of the Mbizana RED Hub, appointment of a private operator to support sustainable operations, continued protection of assets across RED Hub sites and completion of planned planting activities at Tshabo.

The Mbizana RED Hub was the central focus of this transformation exercise with improvements being effected to improve the operational readiness of the milling plant while strengthening the hub's ability to function as an agroprocessing node for surrounding producers and market actors. In addition, the installed capacity of the Mbizana RED Hub milling plant was increased from 1 to 3 tons per hour. This improvement creates a solid production platform and resource. The upgrade to the milling plant included the rehabilitation of the grain intake pit, electrical repairs, borehole repairs, restoration of the water system and repair of the weighbridge. These works collectively improved the hub's readiness to receive, process, and manage grain in line with operational and quality-control requirements.

A further annual milestone was the appointment of Sila Milling South Africa as the private operator for the Mbizana RED Hub by Sivuka Sonke Secondary Co-operative. This achievement is important because it established a more structured operating model for the facility, and introduced operational capacity to support day-to-day milling, production planning and commercial discipline. The appointment also gives practical effect to ECRDA's intention to place revitalised infrastructure under stronger management arrangements that are better suited to long-term sustainability.

The improvements at the Mbizana RED Hub in 2025/26 follow the refurbishments conducted at the hub in 2024/25 which included fixing roof water leaks, ceiling repairs and epoxy painting of floors.

Furthermore, asset protection and site management remained stable across the RED Hub network. Safeguarding arrangements were maintained at Emalahleni, Mbizana, Ncora and Tshabo, while the Mqanduli site continued to receive safeguarding support through the King Sabata Dalindyebo Municipality.

Overall, the annual performance reflects a programme that moved beyond routine asset maintenance and made tangible progress in restoring productive infrastructure. The year-end result demonstrates improved institutional focus on converting underutilised rural infrastructure into commercially-relevant platforms that can support producer aggregation, milling, distribution and rural enterprise growth.

The programme also achieved the planned planting intervention at Tshabo. This delivery strengthened the production link within the RED Hubs model and supported the broader objective of connecting primary production with aggregation, processing and distribution infrastructure. Taken together, the annual achievements show that the programme met its commitments while advancing the strategic repositioning of RED Hubs as rural economic infrastructure.

MBIZANA MILLING CAPACITY INCREASED

1 to 3 tons per hour

KEY UPGRADE COMPONENTS:



Grain intake pit



Electrical repairs



Borehole repairs



Water system restoration

PRIVATE OPERATOR APPOINTED:

Silo Milling South Africa was appointed as the private operator for the Mbizana RED Hub by Sivuka Sonke Secondary Co-operative.



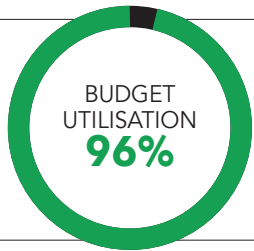
PROGRAMME EXPENDITURE

During the period under review, programme expenditure amounted to R6.278 million against a budget allocation of R6.567 million, representing 96% utilisation of the approved budget. This level of expenditure reflects strong implementation performance against the annual plan.

ACTUAL EXPENDITURE
R6.278m



BUDGET ALLOCATION
R6.567m



UNSPENT BALANCE
R288,704



The largest proportion of expenditure was incurred at Mbizana, where actual spending totalled R4.048 million against a budget of R4.339 million. This concentration of expenditure aligns with the programme's strategic priority of revitalising the milling facility and restoring the infrastructure necessary to support productive operations. Expenditure at Emalahleni and Ncora was fully aligned with the approved allocations, while expenditure at Mqanduli remained marginally below budget. Tshabo recorded expenditure of R964,669 against a budget of R960,000, resulting in a minor over-expenditure of R4,669.

At year-end, the programme reported an unspent balance of R288,704. The overall expenditure pattern demonstrates that resources were largely directed towards the programme's key priorities, particularly infrastructure rehabilitation, operational preparedness and asset protection. The 96% expenditure rate further indicates effective financial management, with minimal underspending and a manageable closing balance.

A key priority for the forthcoming financial year will be to ensure that the revitalised infrastructure translates into sustained productive activity. The upgraded Mbizana mill will require a reliable supply of quality white maize to maintain throughput levels and maximise the return on the capital investment already made. As such, producer mobilisation, raw material sourcing and the establishment of structured supply agreements should receive focused attention.

The continuity of security arrangements remains a critical consideration, particularly at Mqanduli, where safeguarding measures are dependent on municipal support. Any reduction in security funding could expose the site to asset-related risks and undermine previous investments. Ongoing engagement with the municipality and relevant government stakeholders will therefore be necessary to secure a sustainable long-term safeguarding solution.

The appointment of a private operator presents significant commercial opportunities; however, it also necessitates careful stakeholder management. Community expectations relating to employment opportunities, access and participation should be managed through effective communication, transparent governance arrangements and clearly defined roles and responsibilities between the operator, co-operative structures and public-sector partners.

The programme should also guard against delays in the realisation of productivity gains. Infrastructure readiness must now be complemented by effective production planning, disciplined commissioning processes and robust operator performance monitoring. While the achievements realised during the year have established a stronger operational foundation, the next phase will be to translate this foundation into measurable milling activity, increased local procurement, improved market access and broader rural economic benefits.

FUTURE OUTLOOK

The RED Hubs Programme successfully achieved its annual targets and concluded the year with a sound financial performance. The successful upgrading of the Mbizana milling facility, the appointment of a private operator, the continued protection of hub assets and the completion of planned planting activities at Tshabo represent significant progress in repositioning the hubs as productive rural economic assets.

The programme is now better positioned to support food and feed aggregation, local processing, distribution and participation in institutional markets. To sustain and build on this progress, the next implementation cycle should prioritise securing raw material supply, maintaining effective asset protection measures, managing stakeholder expectations and ensuring that upgraded infrastructure is translated into consistent commercial activity and tangible developmental outcomes.

CANNABIS AND HEMP DEVELOPMENT

The Eastern Cape continues to position itself as a leading cannabis and hemp development hub in South Africa, leveraging favourable agro-climatic conditions, the 1999/2000 agronomic research on the performance of imported hemp cultivars, established cultivation knowledge, and strong rural participation to unlock new opportunities for industrialisation, investment attraction, job creation, and inclusive economic development.

As a priority sector within South Africa's industrialisation and investment agenda, cannabis and hemp present significant opportunities to diversify rural economies, expand agricultural production, stimulate manufacturing activities, and create sustainable livelihoods. The Eastern Cape Rural Development Agency (ECRDA) continues to play a catalytic role in coordinating sector development through value-chain integration, strategic partnerships, research and innovation, commercialisation support, and investment facilitation.

Despite growing momentum, the sector remains constrained by evolving cannabis regulatory frameworks, limited cultivar availability, underdeveloped domestic markets, inadequate funding mechanisms, and emerging processing capacity. While hemp has now been formally recognised as an agricultural commodity and the permissible THC threshold increased from 0.2% to 2%, the industry remains in an early-stage commercialisation phase requiring continued public and private sector collaboration to establish sustainable market pathways across the differentiated industrial value chains, offering commercial opportunities.

The Eastern Cape remains one of the country's leading provinces in cannabis and hemp development, with approximately 278 hemp cultivation permits and numerous medical cannabis licences issued to producers and enterprises. This growing participation provides a strong foundation for developing inclusive value chains that integrate smallholder producers, entrepreneurs, investors, processors, and technology partners.

SECTOR HIGHLIGHTS 2025/26



278 Hemp cultivation permits issued



46 permit-holding growers supported



01 producer-offtaker agreement concluded with Medigrow



06 letters of intent secured for future biomass supply



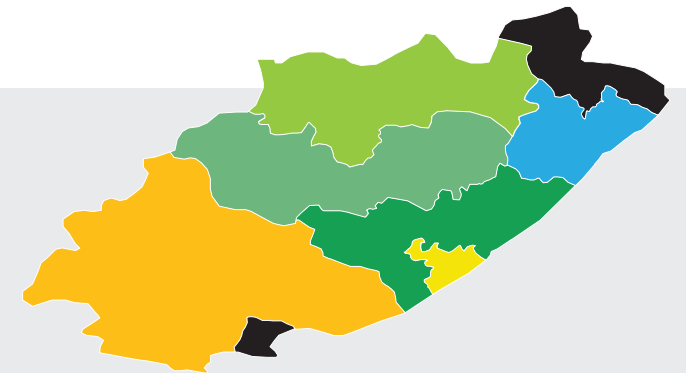
01 commercial extraction facility commissioned (Coega SEZ)

GEOGRAPHIC SPREAD

During the year, ECRDA supported 46 permit-holding growers across multiple districts and metropolitan municipalities.

The largest concentration of supported growers was located within the Amathole District, reflecting the province's strong smallholder production base. Additional growers were supported across Buffalo City Metropolitan Municipality, Sarah Baartman, Joe Gqabi, OR Tambo, and Chris Hani districts, providing a broad geographic footprint for future sector expansion and industrial corridor development.

This provincial spread provides an important foundation for cluster-based development, targeted technical support, and future scaling of commercial production activities across the Eastern Cape.



SUPPORTED GROWERS BY DISTRICT

Amathole District	20
Buffalo City Metro	6
Sarah Baartman District	6
Joe Gqabi District	5
Chris Hani District	5
OR Tambo District	4

MARKET ACCESS AND COMMERCIALISATION

A major achievement during the year was the transition from sector development planning towards practical commercialisation and market integration.



COMMERCIAL LINKAGES

ECRDA successfully facilitated the commercial linkage of 46 permit-holding hemp growers through a CBD hemp flower business incubation and out-grower programme aligned to secured market opportunities. A producer-offtaker agreement was concluded with Medigrow, while six additional letters of intent were secured for future biomass supply opportunities.



PROCESSING CAPACITY DEVELOPMENT

Progress was also achieved in strengthening midstream processing capacity. The Medigrow cannabinoid isolate extraction facility, located within the Coega Special Economic Zone, was commissioned during the reporting period with a processing capacity of 52 tonnes of dried flower per month. The facility successfully produced its first batch of CBD isolate in February 2026 using hemp flower supplied by an ECRDA-supported producer.



FIRST COMMERCIAL PRODUCTION

The development of commercial processing infrastructure marks an important step in advancing the sector beyond primary production towards higher-value industrial activities capable of generating improved margins, investment opportunities and employment creation.



OPERATIONAL PERFORMANCE

The Cannabis and Hemp Development Programme delivered a strong overall performance during the year, achieving four of its five annual performance targets.

Notable achievements included the commercialisation and market linkage of 46 growers, exceeding the annual target of 30 producers linked to secured offtake opportunities. Capacity-building initiatives also exceeded expectations, with 325 entrepreneurs participating in sector-focused training interventions against an annual target of 100 participants.

Strategic partnership development surpassed annual targets, with four Memoranda of Understanding concluded across public and private sector stakeholders. In addition, three active research and development partnerships were maintained to support technology transfer, innovation and sector competitiveness.

The programme's primary area of underperformance related to hectares planted and verified under hemp flower production. Against a target of 100 hectares, a total of 48.92 hectares were planted, geospatially mapped and verified. While below target, approximately 782,800 seedlings were successfully distributed and planted by growers, representing a theoretical planting potential exceeding 97 hectares based on standard planting densities.

PERFORMANCE AREA	TARGET	ACTUAL	STATUS	
 GROWER COMMERCIALISATION Commercialisation and market linkage of permit-holding growers.	30 producers	46 producers	ACHIEVED	✓
 CAPACITY BUILDING Entrepreneurs participated in sector-focused training.	100 participants	325 participants	ACHIEVED	✓
 STRATEGIC PARTNERSHIPS Memoranda of Understanding concluded	2 MOUs	4 MOUs	ACHIEVED	✓
 RESEARCH & DEVELOPMENT Active R&D partnerships man mined	2 partnerships	3 partnerships	ACHIEVED	✓
 HECTARES PLANTED & VERIFIED Hemp flower hectares planted, geospatially mapped and verified.	100 hectares	48,92 hectares	NOT ACHIEVED	!

4 of 5

ANNUAL TARGETS
ACHIEVED

While below target, approximately 782,800 seedlings were successfully distributed and planted by growers, representing a theoretical planting potential exceeding 97 hectares based on standard planting densities.

STRATEGIC PARTNERSHIPS

Strategic partnerships continued to play a central role in accelerating sector development and industrialisation.



MEMORANDA OF UNDERSTANDING CONCLUDED

with public and private sector partners to strengthen market access, enterprise development investment mobilisation, and sector coordination.



RESEARCH & DEVELOPMENT COLLABORATION

Strengthened through partnerships with the Agricultural Research Council (ARC), Fort Cox Agriculture and Forestry Training Institute and the Technology Innovation Agency (TIA).



SIGNIFICANT RESEARCH MILESTONE

Achieved through collaborative agronomic trials, resulting in scientific findings on the performance of six hemp cultivars under varying planting densities.



CENTRE FOR INNOVATION & ENTREPRENEURSHIP (DEVELOPMENT)

Supported by TIA to strengthen participation by indigenous cannabis growers and emerging enterprises in the legal cannabis economy

KEY RISKS



KEY OPERATIONAL RISKS

Key operational risks include seed quality and vigour variability, seed-to-seedling conversion performance, uneven planting densities, land-readiness constraints and varying levels of technical capacity among emerging producers.



SECTOR-LEVEL RISKS

At a sector level, regulatory uncertainty, limited commercial seed availability, inadequate sector financing, constrained domestic demand and underdeveloped downstream manufacturing industries remain significant challenges to large-scale commercial expansion.



RISK MITIGATION APPROACH

To mitigate these risks, ECRDA continues to strengthen implementation controls, improve grower support systems, expand research partnerships and align production activities with confirmed market demand and available processing capacity.

FUTURE FOCUS



The Cannabis and Hemp Development Programme continues to evolve from an early-stage sector development initiative towards a commercially oriented industrialisation programme.

Future interventions will focus on strengthening seed quality assurance systems, improving nursery and planting performance, enhancing grower technical support, expanding market access opportunities and strengthening value-chain coordination.

Particular emphasis will be placed on evidence-based planning, differentiated producer support models, real-time monitoring systems and improved implementation readiness to increase conversion of production inputs into verified commercial outputs.

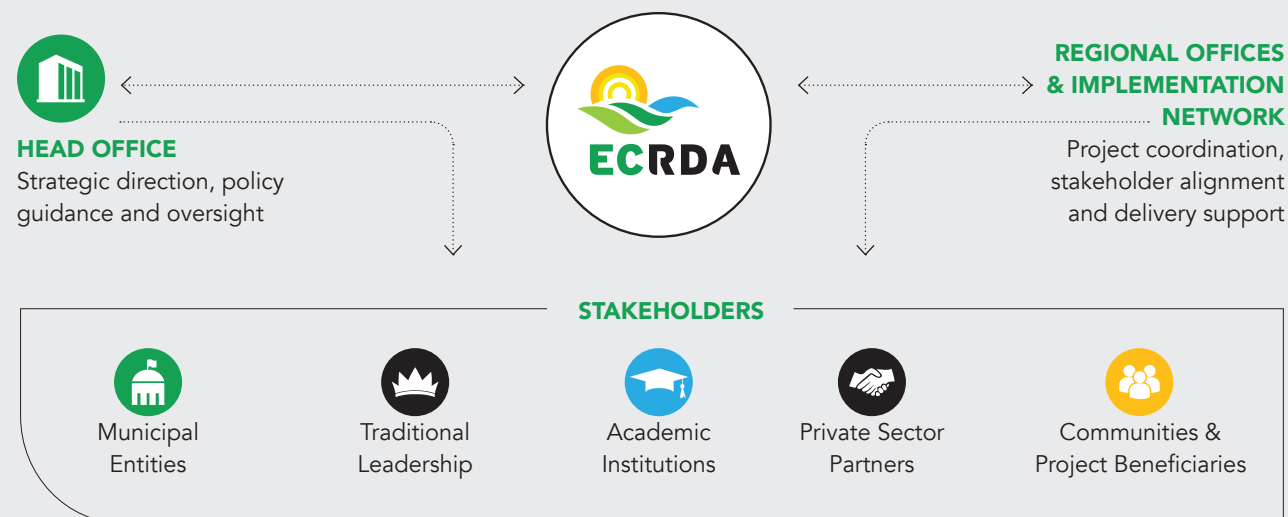
Through continued collaboration with government, industry, research institutions and private sector investors, ECRDA is well-positioned to advance the commercialisation and industrialisation of cannabis and hemp while creating sustainable economic opportunities for rural communities across the province.

STAKEHOLDER RELATIONS AND REGIONAL COORDINATION

The ECRDA's Stakeholder Relations and Regional Coordination function serves as a central conduit between the strategic direction of the head office and the regional service delivery network. It fosters alignment and seamless coordination between corporate and regional offices to ensure the effective delivery of the agency's mandate. The function is designed to drive project implementation in a manner that promotes stakeholder alignment, community ownership of development projects, social cohesion, and coordinated institutional support.

In this regard, the function creates an enabling environment for ECRDA projects to succeed by aligning stakeholders, identifying risks, and coordinating regional implementation capacity and effectiveness. This is achieved while ensuring that communities are meaningfully involved in project design and execution, from planning and implementation through to aftercare.

THE RED HUB TRANSFORMATION JOURNEY



OPERATIONAL PERFORMANCE

During the 2025/26 financial year, the function exceeded its social facilitation and customer satisfaction survey targets while strengthening the agency's collaboration with municipal entities, institutions of higher learning, traditional leadership structures, and private-sector partners.

During the period under review, the Stakeholder Relations and Regional Coordination function achieved satisfactory results, with key targets either achieved or exceeded. This strong performance reflects the growing demand for struc-

tured stakeholder engagement programmes, engagement activities, and social facilitation across all agency-supported projects.

With regard to social facilitation, eight interventions were implemented during the period under review. These included activities at the Ncera Macadamia Farm, Emfundisweni, the Mbizana RED Hub, other Rural Enterprise Development (RED) Hubs, houses of traditional leaders, and communities affected by ECRDA programmes.

At the Ncera Macadamia Farm, social facilitation focused on community engagement, engagement with traditional leaders, securing buy-in for the revival plans, and supporting the implementation of due diligence recommendations. At Emfundisweni, activities included stakeholder engagement and coordination with relevant partners to support project development and community alignment. The Mbizana RED Hub received social facilitation support involving farmers, cooperative structures, and other stakeholders on the proposed operating model and the operator appointment process. At the Mqanduli RED Hub, support focused on engaging farmers, cooperative structures, municipal stakeholders, and traditional leaders to secure buy-in for the proposed operational approach. Ongoing stakeholder engagement, governance support, project monitoring, and coordination with regional teams continue across the remaining RED Hubs.

In addition, the customer satisfaction survey found that approximately 89.4% of customers were satisfied with the ECRDA's services. This result indicates positive stakeholder sentiment and growing confidence in the agency's work.

The development of strategic, high-impact partnerships also received special attention, with the aim of strengthening stakeholder collaboration through working agreements and Memoranda of Understanding (MoUs). During 2025/26, the function supported the conclusion of working MoUs with municipal entities, Nelson Mandela University, the House of Traditional and Khoisan Leaders, and several private-sector partners.

The organisation also prioritised support for the operationalisation of the Rural Enterprise Development (RED) Hubs, with particular emphasis on the Mbizana RED Hub. The Mqanduli RED Hub has been identified as the next priority for support in the new financial year.

The ECRDA's stakeholder network continues to be strengthened through the formalisation of working relationships with institutions that play a critical role in rural development, agricultural commercialisation, social facilitation, and community engagement. These partnerships enhance the ECRDA's ability to coordinate effectively across government, traditional leadership, academia, and the private sector.

Furthermore, the ECRDA has been mandated to operationalise the RED Hubs. In the face of budgetary and fiscal constraints, the agency has adopted a "few but better" approach to implementing its operational plans. This approach prioritises a smaller number of hubs for deeper, more coordinated intervention rather than spreading limited resources across all hubs without sufficient operational depth.

Accordingly, during the 2025/26 financial year, the Mbizana RED Hub was prioritised for support. Silla Milling was appointed as the hub operator through an Expression of Interest process. The intention of this appointment was to strengthen operational capacity, feedstock mobilisation, processing, aggregation, and market participation. The Mqanduli RED Hub was identified as the next focal point, with stakeholder consultations and readiness activities currently underway.



The ECRDA has adopted a "few but better" approach to implementing its operational plans-prioritising fewer hubs for deeper, more coordinated intervention.



8 SOCIAL FACILITATION INTERVENTIONS

Ncera Macadamia Farm
Emfundisweni
Mbizana RED Hub
Mqanduli RED Hub
Other RED Hubs
Houses of traditional leaders
Affected communities



89.4%

of customers satisfied with the ECRDA's services



RED Hub FOCUS 2025/26

Current priority:
Mbizana RED Hub
Operator appointed:
Silla Milling through Expression of Interest process.

Next priority:
Mqanduli RED Hub
Stakeholder consultations and readiness activities currently underway.

FUTURE FOCUS

Going forward, the ECRDA should continue to strengthen social facilitation, deepen regional coordination, formalise stakeholder commitments, and support the focused operationalisation of the RED Hubs, beginning with Mbizana and Mqanduli. This approach will enhance service delivery, build stakeholder confidence, and advance the agency's mandate of promoting rural economic development and agricultural commercialisation.

BUILDING STRONGER PARTNERSHIPS. DELIVERING LASTING IMPACT.



STRENGTHEN SOCIAL FACILITATION

Deepen engagement, participation and community collaboration.



DEEPEN REGIONAL COORDINATION

Enhance collaboration across institutions and partners.



FORMALISE STAKEHOLDER COMMITMENTS

Strengthen agreements and ensure shared accountability.



OPERATIONALISE RED HUBS: MBIZANA AND MQANDULI

Focus efforts on the first hubs to drive impact and learning.





PART B

PERFORMANCE INFORMATION

OVERVIEW OF PUBLIC ENTITY'S PERFORMANCE

The Agency's performance during the 2025/26 financial year should be viewed within the context of a resource-constrained operating environment, in which management focus shifted from expanding the volume of delivery towards strengthening sustainability, enhancing controls and improving commercial viability. This deliberate recalibration positions the Agency to achieve more sustainable developmental outcomes during the next phase of its strategic cycle.

During the 2025/26 financial year, the Eastern Cape Rural Development Agency implemented its mandate through five priority programme areas aligned with the approved Annual Performance Plan. Performance delivery reflected improved implementation discipline, strengthened monitoring and evaluation, and positive achievement against annual targets, notwithstanding fiscal constraints and external risk factors.

While the Annual Performance Report reflects strong achievement against output-level targets, particular emphasis is placed on the developmental and economic outcomes realised during the reporting period. These include improvements in enterprise viability, livelihoods sustained, market access facilitated, private and blended finance leveraged, and the repositioning

of production-focused interventions towards greater commercial sustainability.

Across key value chains, the Agency's interventions increasingly demonstrate a shift beyond activity-based delivery towards outcomes associated with sustained employment, enhanced commercial participation, improved infrastructure utilisation and the long-term sustainability of rural enterprises. Ongoing refinements to performance indicators in the next planning cycle will further strengthen the measurement of these outcomes, particularly in relation to market participation and enterprise performance following support interventions.



This deliberate recalibration positions the Agency to achieve more sustainable developmental outcomes during the next phase of its strategic cycle.

5 PRIORITY PROGRAMME AREAS



Agriculture &
Agro-processing



Enterprise &
SMME Development



Natural Resource
Management



Rural Infrastructure
& Services



Skills Development &
Capacity Building

STRATEGIC SHIFT IN FOCUS



Volume of
delivery



Sustainability



Controls



Commercial
viability

KEY DEVELOPMENT OUTCOMES



Enterprise
viability



Livelihoods
sustained



Market
access



Private & blended
finance



Infrastructure
utilisation

PROJECT 1: CANNABIS/ HEMP PROJECT

The Cannabis and Hemp Programme recorded mixed but improving performance during the 2025/26 financial year. Four of the five approved annual output indicators were achieved, while one indicator was partially achieved.

Strong performance was recorded in market linkages, training and partnership development. A total of 46 permit-holding growers were linked to commercial offtake arrangements against an annual target of 30. Entrepreneur training significantly exceeded the planned target, with 298 participants trained against a target of 100 through structured training interventions and partnership-enabled delivery mechanisms. Strategic collaboration was strengthened through the conclusion of four memoranda of understanding and three research and development partnerships.

The hectare-based planting indicator was partially achieved. Against an annual target of 100 hectares, 48,92 hectares were planted, mapped and geospatially verified. The variance is attributable to operational and agronomic factors that affected the conversion of biological inputs into verified hectares. A detailed analysis of this variance is provided in Annexure A.

Financial performance remained within approved limits. The programme operated with a budget of R11,4 million, with expenditure directed towards upstream producer-support interventions, including seed procurement, seedling production, equipment provision and capacity-building initiatives.

The programme's most significant achievement was progress towards practical commercialisation. An offtake agreement for CBD flower was concluded, supported by emerging midstream processing capacity. This demonstrates a transition beyond pilot support towards a more market-oriented implementation model.

Management's focus for the next cycle will prioritise improved seed quality assurance, enhanced nursery conversion controls, stricter land-readiness assessments, strengthened agronomic oversight, and more rigorous verification processes to improve output reliability and reduce implementation risk.

Management formally acknowledges that the variance recorded against the hectare-based planting indicator reflects weaknesses in control design and enforcement rather than the non-delivery of inputs or a failure in programme implementation. Responsibility for corrective action rests with Programme Management and has been incorporated into performance agreements for the subsequent cycle.

Going forward, corrective measures will include stricter land-readiness assessments prior to input allocation, mandatory compliance with planting-density specifications, enhanced agronomic oversight during planting periods, and dual-metric performance monitoring based on mapped hectares and biological input utilisation. These measures are intended to strengthen control effectiveness, reduce output variability, and improve alignment between biological input deployment and verified performance outcomes.

KEY PERFORMANCE HIGHLIGHTS

PERFORMANCE AREA	TARGET	ACTUAL	STATUS	
 GROWER COMMERCIALISATION Commercialisation and market linkage of permit-holding growers.	30 producers	46 producers	ACHIEVED	✓
 CAPACITY BUILDING Entrepreneurs participated in sector-focused training.	100 participants	298 participants	ACHIEVED	✓
 STRATEGIC PARTNERSHIPS Memoranda of Understanding concluded	2 MOUs	4 MOUs	ACHIEVED	✓
 RESEARCH & DEVELOPMENT Active R&D partnerships man mined	2 partnerships	3 partnerships	ACHIEVED	✓
 HECTARES PLANTED & VERIFIED Hemp flower hectares planted, geospatially mapped and verified.	100 hectares	48,92 hectares	NOT ACHIEVED	!



**OVERALL OUTPUT
INDICATOR
ACHIEVEMENTS**

STRATEGIC OUTLOOK

Strengthened control measures, improved verification processes, and enhanced agronomic oversight will drive more reliable outputs, reduce implementation risks, and support the programme's transition to a market-oriented model.

PROJECT 2: FORESTRY PROGRAMME

The Forestry Programme continued to support five community-owned forestry enterprises during the 2025/26 financial year, with interventions focused on plantation sustainability, harvesting, employment retention and governance support.

Operational performance exceeded annual planting targets, with a total of 212,3 hectares established against a target of 100 hectares. This achievement was supported through the provision of eucalyptus cuttings. All five projects undertook harvesting activities during the year, producing a combined total of 13,547 tonnes of timber sold to established commercial processors. Total timber sales amounted to R13,725 million.

The programme sustained employment outcomes, supporting an average of 88 full-time equivalent jobs across the five projects. Approximately 62% of employment opportunities benefited women and young people, contributing to more inclusive rural livelihoods.

Financial support amounting to R2,7 million was provided primarily to sustain wages, plantation maintenance and contracted technical services. Governance and operational oversight were strengthened through structured reporting, monthly management engagements and formalised agreements with community entities.

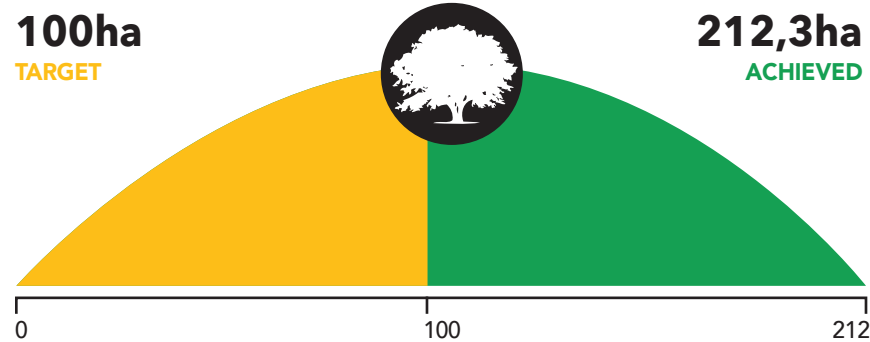


The primary risk affecting the programme remained environmental exposure, particularly wildfire incidents, which resulted in significant losses at selected sites. These risks continue to be mitigated through coordinated fire management, ongoing monitoring and strengthened operational controls.



Going forward, the programme will focus on sustained monitoring, aftercare support and the exploration of downstream timber-processing opportunities to enhance long-term viability and maximise value retention within the province.

PLANTING PERFORMANCE



8

Average
employment
(full-time
equivalent jobs)



62%

of employment
opportunities
benefited women
and young people



R2.7m

Financial support
provided



5

community-
owned forestry
enterprises
supported

TIMBER HARVEST AND SALES



13,547 tons

TOTAL TIMBER HARVESTED AND SOLD



R13.725 million

TOTAL TIMBER SALES



PROJECT 3: GRAIN, VEGETABLES AND FODDER PROJECTS

The Grain, Vegetables and Fodder Programme delivered strong performance during the 2025/26 financial year, exceeding all key production and employment targets.

Grain planting reached 1,839 hectares against a target of 1,756 hectares, vegetable production covered 78,1 hectares against a target of 50 hectares, and fodder production reached 253 hectares against a target of 250 hectares. Full-time employment reached 184 jobs against a target of 83, supported by a further 308 seasonal and part-time employment opportunities.

The programme operated with a budget of R32,80 million, achieving near-full utilisation. Implementation was strengthened through leveraged funding partnerships, particularly with the Land Bank and African Seed Group, which enabled production support to extend beyond the scale achievable through direct ECRDA funding alone.

Operational risks included climatic variability, rising input costs and commodity price volatility. While these factors affected yields and profit margins in certain areas, overall programme performance remained above target.

Management priorities for the coming year include strengthening climate-risk mitigation measures, improving production planning, enhancing record-keeping and cost management at farm level, and expanding the fodder production pipeline through targeted stakeholder mobilisation and project packaging.

PRODUCTION PERFORMANCE



FODDER

Achieved 0ha

Target 250ha



VEGETABLES

Achieved 78,1ha

Target 50ha



GRAIN

Achieved 1,839ha

Target 1,756ha

EMPLOYMENT PERFORMANCE



184 vs target of 83

Full-time jobs created and/or maintained



308

Seasonal or part-time jobs created

EMPLOYMENT BY COMMODITY

Grain
129

Full-time jobs

Vegetables
55

Full-time jobs

PROJECT 4: RED HUBS PROJECT

The RED Hubs Programme achieved all approved annual targets during the 2025/26 financial year and recorded strong budget utilisation.

The primary focus was the refurbishment and operational readiness of the Mbizana RED Hub. Milling capacity was increased from 1 tonne per hour to 3 tonnes per hour, supported by associated infrastructure rehabilitation, including upgrades to water, electrical and intake systems. A private operator was appointed to support sustainable operations, strengthening management discipline and enhancing commercial viability.

Asset protection measures were maintained across all RED Hub sites, with no material incidents of theft or vandalism reported during the year. Planned planting activities at Tshabo were also completed, further strengthening production linkages within the hub model.

The programme spent R6,278 million against a budget of R6,567 million, representing 96% utilisation. Expenditure was primarily directed towards infrastructure readiness and asset safeguarding.

The next implementation priority is to convert revitalised infrastructure into consistent productive use through reliable raw material supply, active producer mobilisation and structured supply agreements.

MBIZANA MILLING CAPACITY
INCREASED

1 to 3 tons per hour

KEY UPGRADE COMPONENTS:



Grain intake pit



Electrical repairs



Borehole repairs



Water system restoration

PRIVATE OPERATOR APPOINTED:

Silo Milling South Africa was appointed as the private operator for the Mbizana RED Hub by Sivula Sonke Secondary Co-operative.



BUDGET
UTILISATION
96%

PROJECT 5: WOOL AND MOHAIR PROJECT

The Wool and Mohair Programme delivered strong results during the 2025/26 financial year, exceeding targets across all core performance indicators.

A total of 1,180 farmers were trained against an annual target of 550. Six ECRDA officials were trained as internal mentors, fully achieving the annual target. Compliance verification also exceeded expectations, with 24 verifications completed against a target of 20.

Support was provided to 21 communal shearing sheds and 30 emerging farmers, contributing to improved preparedness for responsible production and market participation. These results reflect effective stakeholder mobilisation and an expanded programme reach.

The programme spent R1,471 million of its R1,723 million allocation, representing 85% budget utilisation. The underspending was primarily attributable to implementation timing and field-support constraints rather than shortcomings in programme delivery.

Key challenges included uneven certification readiness, logistical difficulties in remote areas, and limited travel resources, which affected the depth of monitoring and support activities. The programme's future focus will be on strengthening readiness assessments, improving the sequencing of support inter-

ventions, enhancing monitoring systems, and implementing targeted measures to translate training and compliance outcomes into sustained market participation.

KEY PERFORMANCE HIGHLIGHTS 2025/26

FARMERS TRAINED VS TARGET



ACTUAL



1,180

TARGET



550

ECRDA PERSONNEL TRAINED AS MENTORS



6

COMPLIANCE VERIFICATIONS VS TARGET



ACTUAL



24

TARGET



20

Compliance verification exceeded expectations, with 24 completed against a target of 20.



BUDGET
UTILISATION
85%

STRUCTURED RURAL FINANCE

During the 2025/26 financial year, the Agency disbursed 93% of its annual loan budget, while the recovery rate on the active loan portfolio reached 89%.

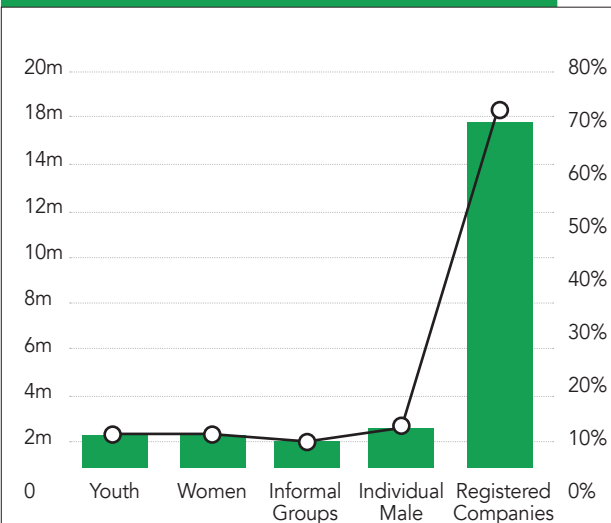
Graphs 1 to 3 provide information on the funding categories and demographic profile of loan disbursements during the year.



GRAPH 1: TOTAL DISBURSEMENTS BY REGION

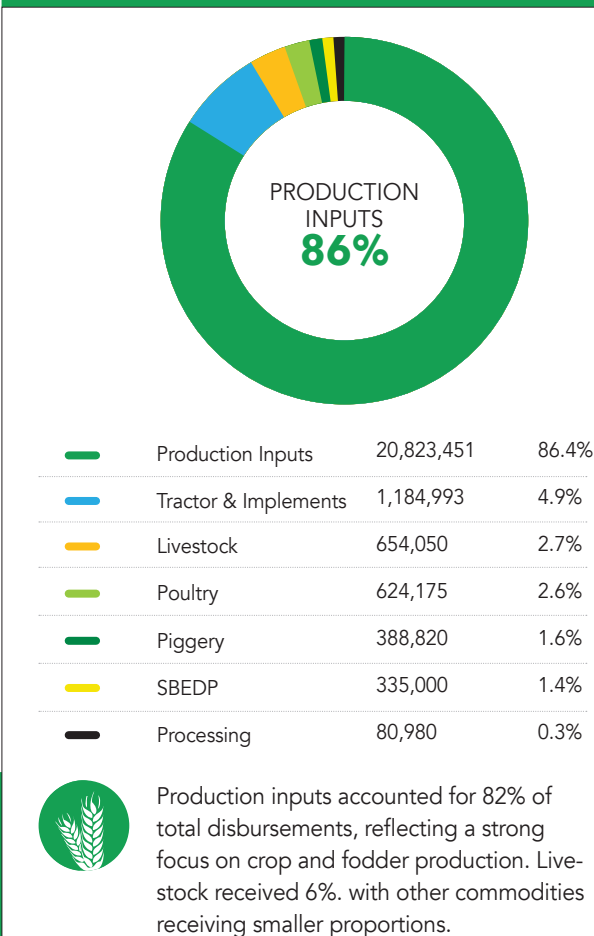
Region	Actual Disbursement (R)	% of Total Disbursement
Eastern	R9 748 949.43	43%
Northern	R6 699 178.14	30%
Southern	R6 144 943.24	27%
Total Disbursement: R22 593 070.81		100%

GRAPH 2: DEMOGRAPHICS OF BENEFICIARIES



The majority of disbursements benefited registered companies followed by individual male beneficiaries. Women and youth beneficiaries collectively received 13% of total disbursements.

GRAPH 3: DISBURSEMENTS BY COMMODITY TYPE



SITUATIONAL ANALYSIS (SERVICE DELIVERY AND INTERNAL ENVIRONMENT)

The Eastern Cape Rural Development Agency operates within a rural service delivery environment characterised by persistent socio-economic challenges, including high unemployment, spatial inequality, climate variability and limited economic diversification. During the period under review, the outbreak of Foot and Mouth Disease (FMD) had a significant adverse impact on many emerging farmers in the Eastern Cape, threatening household food security and livelihoods. A large proportion of the Agency's interventions are implemented in rural and peri-urban areas where agricultural productivity and enterprise development are constrained by

communal land tenure arrangements, ageing or inadequate infrastructure, limited access to finance, and weak market integration.

Within this operating context, the Agency is mandated to promote rural economic participation through market-linked agricultural production, rural enterprise development and value chain coordination. Service delivery interventions are designed to contribute to job creation, food security and sustainable livelihoods, in alignment with provincial and national development priorities.

NATURE OF SERVICE DELIVERY

During the 2025/26 financial year, service delivery was implemented through an integrated programme management approach aligned with the approved Annual Performance Plan. The Agency's interventions were organised around five priority areas:



Grain, fodder and vegetable production



Grain, fodder and vegetable production



Wool and mohair sector development



Forestry, timber processing and horticultural development; and



Rural Enterprise Development (RED) Hubs and agri-clusters.

Delivery mechanisms included direct funding, blended finance, leveraged partnerships, and non-financial support services such as training, governance support, compliance facilitation, and post-investment monitoring. The service delivery model was designed to address key value-chain constraints by strengthening linkages between production, aggregation, processing and market access, where feasible.

EXTERNAL CONSTRAINTS AFFECTING SERVICE DELIVERY

Despite operating within a constrained environment, service delivery performance improved progressively throughout the financial year. The Agency recorded notable improvements in hectare-based production targets, job creation outcomes, compliance and certification achievements, and infrastructure revitalisation, particularly during the fourth quarter.

Key factors supporting service delivery included:

- Improved alignment between programme planning and procurement sequencing;
- Expanded partnerships with development finance institutions, research bodies and private-sector off-takers;
- Leveraged funding arrangements that extended the reach and scale of interventions; and;
- Strengthened social facilitation and stakeholder engagement, particularly within communal project areas.

The repositioning of RED Hubs as Food, Feed Aggregation and Distribution Centres (FFADCs), in line with the Government Procurement of Agricultural Products (GPAP) initiative, emerged as a critical structural intervention. This enhanced aggregation capacity and strengthened linkages between local production and institutional markets.

EXTERNAL CONSTRAINTS AFFECTING SERVICE DELIVERY

Service delivery during the year was influenced by several external and systemic factors beyond the Agency's direct control. Climatic variability, including heatwaves and irregular rainfall, affected planting cycles, yields and production risk across several value chains. Rising input costs and subdued commodity prices placed pressure on producer margins and repayment capacity. Infrastructure constraints, particularly relating to roads, storage facilities, energy supply and logistics, continued to affect implementation efficiency and market access in remote areas. In addition, the availability and quality of certain agricultural inputs remained inconsistent, affecting implementation timelines and output verification in selected programmes. Liquidity pressures arising from historical funding constraints necessitated active cash-flow management and ongoing engagement with the shareholder department to ensure operational continuity.

KEY CONSTRAINTS AND RISKS



Climatic variability (heatwaves and irregular rainfall) affecting planting cycles, yields and production risk.



Rising input costs and subdued commodity prices pressuring producer margins and repayment capacity.



Infrastructure constraints (roads, storage, energy supply and logistics) affecting implementation efficiency and market access.



Inconsistent availability and quality of agricultural inputs affecting implementation timelines and output verification.



Liquidity pressures arising from historical funding constraints requiring active cash-flow management.



Ongoing engagement with the shareholder department to ensure operational continuity.



Although service delivery was affected by external constraints and fiscal limitations, the Agency continued to operate within its approved mandate and maintained institutional stability.



ORGANISATIONAL ENVIRONMENT



Institutional Context

The organisational environment during the 2025/26 financial year was characterised by consolidation and stabilisation. The year coincided with the commencement of a new five-year strategic cycle and preparatory work associated with the anticipated transfer of the rural development function to the Office of the Premier.

The Agency operates as a Schedule 3C public entity in terms of the Public Finance Management Act and remained accountable to the Department of Agriculture, as the shareholder department, throughout the period under review.



Governance, Risk and Compliance Environment

Governance arrangements were strengthened during the year, with improvements recorded in risk management maturity, internal controls and oversight effectiveness. All strategic risk mitigation actions approved for the year were implemented, supported by functional Board committees and effective executive management oversight.

Audit action monitoring, ethics management and compliance oversight were further strengthened, contributing to improved organisational stability and audit readiness. No material breakdowns in governance or control systems were recorded during the period under review.



Human Capital and Organisational Capacity

Human resource management focused on stabilising organisational capacity through the implementation of an approved organisational redesign, staff-matching processes and targeted recruitment initiatives. Skills development interventions were undertaken to strengthen programme management, performance reporting and governance functions within the constraints of available resources.

Progress was also made in strengthening enabling systems, particularly in the area of information and communication technology governance. Key improvements included enhanced security controls, strengthened business continuity arrangements and foundational work towards system modernisation. Facilities management continued to be affected by an ageing property portfolio and infrastructure-related risks, which are being addressed through longer-term planning initiatives.



Overall Assessment

In summary, the operating environment during the 2025/26 financial year required adaptive management, disciplined prioritisation and partnership-driven implementation. Although service delivery was affected by external constraints and fiscal limitations, the Agency continued to operate within its approved mandate and maintained institutional stability.

The strengthened governance environment, enhanced organisational structures and improved monitoring systems established during the year have provided a more stable foundation for service delivery in the subsequent financial year.

ORGANISATIONAL ENVIRONMENT AT A GLANCE

Institutional Context

Consolidation, new strategic cycle and preparatory work for the transfer to the Office of the Premier.

Governance, Risk and Compliance

Strengthened governance, improved risk management and internal controls, and enhanced oversight and compliance.

Human Capital and Organisational Capacity

Stabilising capacity through redesign, recruitment and skills development; improving ICT governance and facilities management.

Overall Assessment

Adaptive management and disciplined prioritisation maintained stability and laid a stronger foundation for the year ahead,

INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The ECRDA had achieved thirteen (13) of its fourteen (14) indicators, which translates to a performance of 93% for the year under review.

PROGRESS TOWARDS ACHIEVEMENT OF IMPACT AND OUTCOMES 2025 - 2030 STRATEGY

Outcome	Output	Baseline	5 Year Target	Year 1 2025/26
A capable and high performing agency	Clean audit outcome	Qualification	Clean	Unqualified
	Number of research partnership agreements maintained	2	2	3
	Percentage of CoE expended for capacity building/skills development at year end	1%	1.5%	1%
Improved coordination and management of rural development interventions	Optimising budget utilisation	95%	97%	95%
	Funded projects implemented	3 per year	4 per year	3
	Number of projects packaged	0	10	4
	Number of entrepreneurs supported with non-financial support services	804	2250	1478 Wool and Mohair:1180 (Q2=395, Q3 = 388, Q4 =397) Cannabis: 298 (Q2 = 137, Q3 = 161)
	Number of MSME's supported by facilitating local and international market opportunities	0	15	3
Improved provision of financial and rural development support services and improved mobilisation of financial resources and private sector investment	Percentage of loan budget disbursed to empower rural communities	88.2%	90%	93%
	Percentage recovery rate of active loan book	60%	80%	89%
Improved coordination and management of rural development interventions	Number of projects supported with social facilitation	5	8 per annum	38
	Improved customer satisfaction	54%	80%	89,4%

PROGRAMME 1: ADMINISTRATION

Outcome	Output Indicator	Audited Actual performance 2024/25	Planned Annual Target 2025/26	Actual Achieved 2025/26	Deviation from planned target	Reason for Deviation from planned target
A capable and high performing agency	Audited Annual Report	1	1	1	n/a	n/a
	Percentage of audit findings resolved within six months of Audit Improvement Plan approval	74%	85% or over	90%	n/a	n/a
	Number of research partnership agreements maintained	2	2	3	Deviation: 1	Reason: The 3 research agreements that were signed in the 2024/25 financial year were still active during the 2025/26 financial year. Agreements were signed with ARC (Lead agronomic research), Fort Cox (Trial planting) and CSIR (Technology)
A capable and high performing agency	Percentage of CoE expended for capacity building / skills development at year end	1%	1%	1%	n/a	n/a
	Percentage expenditure on budget	101%	95%	95%	n/a	n/a
	Percentage of strategic risk mitigated	73%	100%	100%	n/a	n/a

PROGRAMME 2: INTEGRATED PROGRAMME MANAGEMENT (IPM)

Outcome	Output Indicator	Audited Actual performance 2024/25	Planned Annual Target 2025/26	Actual Achieved 2025/26	Deviation from planned target	Reason for Deviation from planned target
Improved coordination of rural development interventions and improved mobilisation of financial resources and private sector investment	Number of funded projects implemented	6	5	3	Variance: -2	Reason: Cannabis project recorded a negative variance against the annual hectare-based planting target due to widespread adoption of higher-than-standard planting densities by participating growers. Refer to "Annexure A for details. Though the Grain, Fodder and Vegetable project exceeded the total hectares under production the fodder target of 250ha were not achieved as a result of the farmers not being able to source fertilizer timeously for planting due to the war.
	Number of projects packaged to facilitate investment attraction	0	3	4	Deviation: 1	Reason: The allocated budget was sufficient to package an additional project as the estimation was higher than the actual costs.
	Number of entrepreneurs supported with non-financial support services	859	550	1478	Deviation: 928	Reason: Wool and Mohair: The farmers demonstrated a higher than anticipated interest in attending the training. The service provider quoted per shed, and not per person, which means that the additional attendance did not impact the cost of the service provider. Cannabis/Hemp: Additional training was due to partnerships and also the online webinar, which allowed for additional participants. Year to date: Wool and Mohair:1180 (Q2=395, Q3 = 388, Q4 =397) Cannabis: 298 (Q2 = 137, Q3 = 161)
	Number of MSME's supported through facilitation of local and international market opportunities	0	3	3	n/a	n/a

PROGRAMME 3: STRUCTURED RURAL FINANCE (SRF)

Outcome	Output Indicator	Audited Actual performance 2024/25	Planned Annual Target 2025/26	Actual Achieved 2025/26	Deviation from planned target	Reason for Deviation from planned target
Improved provision of financial and rural development support services and improved mobilisation of financial resources and private sector investment	Percentage of loan budget disbursed to empower rural communities		90%	93%	Deviation: 3%	The 3% falls within the target of 90% and over as per the TID.
	Percentage recovery rate of active loan book	87%	65%	89%	Deviation: 24%	Reason: The post investment strategy yielded positive results, which impacted recovery rate positively

PROGRAMME 4: STAKEHOLDER RELATIONS AND REGIONAL COORDINATION (SRRC)

Outcome	Output Indicator	Audited Actual performance 2024/25	Planned Annual Target 2025/26	Actual Achieved 2025/26	Deviation from planned target	Reason for Deviation from planned target
Improved coordination and Management of rural development interventions	Number of projects supported with social facilitation (non-cumulative)		8	38	Deviation: 30 Reason: Social facilitation is an activity that is essential to project implementation, and the agency facilitate and coordinate sessions to ensure positive stakeholder relations. Community cohesion and participation of stakeholders in decision making relating to existing and potential projects are imperative for the success of transformation.	The significantly higher actual achievement reflects the activity-intensive nature of social facilitation as a prerequisite for project implementation, particularly in communal contexts. However, management recognises that the indicator, as originally designed, was overly activity-based and did not adequately measure developmental impact, stakeholder issue resolution or implementation of agreed resolutions. As a result, the indicator has been revised in the 2026/27 APP to focus on the implementation of resolutions arising from social facilitation processes, enabling clearer measurement of outcomes related to stakeholder alignment, project continuity and governance stability. This refinement strengthens the developmental relevance and analytical value of performance reporting.
	Percentage customer satisfaction	54%	59% or over	89,4%	The 89,4% falls within the "or over" bracket of the target.	None required, as this is a positive improvement from prior year outcome.

LINKING PERFORMANCE WITH BUDGET

Description		2024/25			2025/26		
Programme	Budget R'000	Actual Expenditure R'000	Over/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	Over/Under Expenditure R'000	
Programme 1 Administration	115 333	113 448	1 885	108 797	91 866	16 931	
Programme 2 IPM Total	129 497	136 337	-6 840	42 662	49 484	-6 822	
Grain, Vegetables and Fodder	0	0	0	33 818	32 870	948	
RED Hubs	4 700	4 301	399	6 567	6 278	289	
Forestry	2 250	2 444	-194	2 700	2 775	-75	
Wool & Mohair	1 000	1 002	-2	1 723	1 270	453	
Cannabis / Hemp	10 919	6 795	4 124	13 742	13 523	219	
Project Packaging / Investment attraction	0	0	0	282	282	0	
Programme 3 SRF	1 600	771	829	20 868	14 216	6 652	
Programme 4 SRRC	0	0	0	48 110	53 593	-5 483	
Total	265 299	265 098	201	279 269	266 157	13 112	

REVENUE COLLECTION

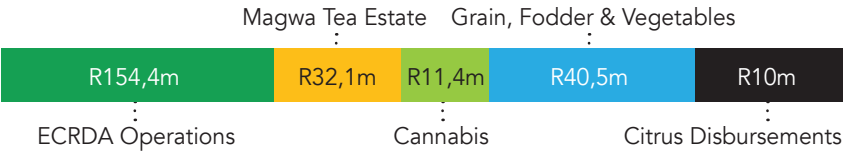
Description		2024/25			2025/26		
Source of Revenue	Adjusted Annual Budget R'000	Actual Amount Collected R'000	Under/Over Collection R'000	Adjusted Annual Budget R'000	Actual Amount Collected R'000	Under/Over Collection R'000	
DoA	227 144	227 144	0	248 577	248 577	0	
Loan Recovery	9 245	7 915	1 330	7 273	8 357	1 084	
Rental Income	2 225	2 144	81	2 150	2 188	-38	
Roll over Funds	13 857	13 857	0	2 437	2 437	0	
Interest on Cash	3 000	3 003	3	1 263	2 030	-767	
Interest on Loan Book	4 463	5 567	-1 104	2 103	5 802	-3 699	
Other Income	5 365	4 065	1 300	15 466	23 040	-7 574	
Total Income	265 299	263 695	1 604	279 269	292 431	-13 162	

Revenue received amounted to R284,1 million, equal to 102% of the annual target of R279,2 million.



DEPARTMENTAL TRANSFERS

Departmental transfers - ECRDA Operations and Projects amounted to R248,5 million received from the Department of Agriculture.





INTEREST ON CASH HOLDINGS

R2m

Interest on cash holdings amounted to R2 million. This represents interest received on cash held in bank accounts and interest transfers between ECRDA bank accounts.



INTEREST ON LOANS

R5.8m

Interest on loans amounted to R5,8 million. This includes interest on the administered MAFISA loan book and interest calculated on outstanding loan debtors.



OTHER INCOME

R23,04m

Other income amounted to R23,04 million. This includes rental income, MAFISA management commission, insurance income and funding from the National Skills Fund. Of this, R15,8 million came from these other-income streams.



UMTATA PROPERTY /RENTAL IMPAIRMENT

ECRDA leases the Umtata building and has experienced rental impairments due to non-paying tenants. In some instances tenants vacated the premises and are untraceable. A clean-up of the rental debtors' book has been undertaken. Lease agreements have been verified for each tenant occupying the premises. Internal Audit has completed its review and management is addressing the findings.

Loan Repayments

Loan repayments for the year amounted to R8.3 million, exceeding the annual target by 15%. The projected budget was based on data received from the user department regarding expected payments as arranged with customers. Collections have contributed positively to available funding and helped reduce the budget shortfall. Going forward, the plan is to ring-fence loan recoveries to ensure they support the refinancing process.

Capital investment

During 2025/26 there was no Capital Investment to report.

ANNEXURE A: CANNABIS PROJECT PERFORMANCE VARIANCE

PERFORMANCE VARIANCE STATEMENT

This annexure provides a comprehensive explanation of the negative variance recorded against the hectares planted target in the CBD Hemp Flower Outgrower Programme for the 2025/26 financial year, together with the root causes, contributing factors, mitigation measures and control assessments.



Indicator: Hectares Planted
(CBD Hemp Flower Outgrower Programme)
FY 2025/26 (as at 31 March 2026)



Annual Target
100ha



Actual Achievement
48.92ha



Variance
-51.08ha

The programme recorded a material negative variance against the hectare-based target. However, this variance is attributable to planting density deviations, not failure in programme delivery, seedling distribution, or biological material utilisation.

Detailed Variance Explanation (Root Cause Analysis)

Nature of the Variance: While only 48.92 hectares were physically mapped and verified, growers received 782,800 seedlings, which equates to 97.85 theoretical hectares when assessed at the standard density of 8,000 seedlings per hectare. This reflects 97.9% achievement of the original hectare target on a biological-material basis.

The variance therefore reflects a measurement divergence between:

- Land area planted (mapped hectares), and
- Seedling deployment (theoretical hectares).

Primary Drivers of the Variance

a) Systemic High-Density Planting

- 76.1% of growers (35 out of 46) planted at densities materially higher than the prescribed standard.
- This resulted in seedlings being concentrated into smaller land areas, depressing mapped hectare totals.
- The deviation was widespread and consistent across districts, confirming a systemic implementation issue, not isolated non-compliance.

b) Operational and Resource Constraints

- Late seed-to-seedling conversion decisions and compressed delivery timelines limited growers' ability to prepare full land allocations.
- Water access, irrigation infrastructure, mechanisation constraints, and high labour costs affected growers' planting capacity.
- Farmers prioritised seedling survival by planting densely rather than expanding land footprint.

c) Climatic Impacts

- Dry spells during November–December and isolated severe weather events resulted in partial crop damage and conservative land use by growers.
- At least one grower suffered storm-related losses not reflected in mapped hectares.

d) Seedling Distribution Adjustments

- 8.8% (76,000 seedlings) were not collected due to late grower withdrawal during delivery – a documented operational risk.
- Seedling delivery to participating growers nevertheless achieved 91.1% of planned volumes.

DETAILED VARIANCE EXPLANATION (ROOT CAUSE ANALYSIS - SUMMARY)



Mapped hectares
48.92ha



Theoretical hectares
97.85ha



Standard density
**8,000 seedlings
per hectare**



Seedlings delivered/planted
**782,800
seedlings**



97.9%
Achievement of the original
hectare target on a biological-
material basis

Why the Variance Does Not Represent Programme Failure

Seedling delivery and deployment were achieved. The biological input intended to produce commercial CBD hemp flower was delivered and planted. The negative hectare variance reflects a spacing deviation, not a failure to implement the programme or misuse of resources.

Audit Position and Control Assessment

Control Deviation Acknowledgement:

The programme did not consistently enforce compliance with the planting manual's spacing specifications. This constitutes a control weakness that is formally acknowledged for audit purposes.

Mitigation Measures Implemented

The following mitigation actions have already been executed or initiated and are supported by documentary evidence in the audit file:

- Dual-Metric Reporting Adopted
- Both mapped hectares (48.92 ha) and theoretical hectares (97.85 ha) are formally disclosed and reconciled.
- Variance drivers are clearly explained in the signed performance analysis report.

Data Reconciliation and Validation

Grower count standardised to 46 verified growers. Theoretical hectare calculations independently confirmed. District and grower records cleaned and standardised.

Supporting Audit Evidence Prepared

Seedling delivery reconciliation schedules. Grower-level variance and outlier analysis. Signed programme performance report dated 31 March 2026.





PART C

GOVERNANCE



INTRODUCTION

The Eastern Cape Rural Development Agency (ECRDA) recognises sound corporate governance as a fundamental requirement for accountability, transparency and effective service delivery. As a Schedule 3C public entity, the Agency applies governance principles in accordance with the Public Finance Management Act (PFMA), applicable Treasury pre-scripts and the King V Report on Corporate Governance.

During the 2025/26 financial year, governance arrangements supported effective oversight, strengthened assurance and improved alignment between strategy, risk management and performance monitoring.



PORTFOLIO COMMITTEES

The Agency attended three Portfolio Committee sessions. Two of these were convened to consider annual and oversight reports, while one was held to consider the budget vote. The sessions took place on:



26/06/2025 • 14/11/2025 • 20/11/2025



EXECUTIVE AUTHORITY

As a provincial public entity, ECRDA is committed to providing the shareholder with all relevant performance and organisational information to enable effective monitoring, evaluation and oversight. To this end, it ensures that all reports required for submission to the shareholder and other relevant authorities are developed thoroughly and submitted timeously.

The ECRDA submits quarterly reports to the Executive Authority in line with the entity's Annual Performance Plan. These reports are supported by a comprehensive portfolio of evidence, which is verified through auditing processes.



THE ACCOUNTING AUTHORITY / BOARD

The ECRDA is governed by a Board of Directors comprising 11 non-executive directors appointed by the MEC for Rural Development and Agrarian Reform. The Chief Executive Officer serves as an ex officio member for the duration of his tenure.

As the Accounting Authority, the Board of Directors plays a critical role in providing effective leadership, strategic direction, ethical governance, competent oversight and overall accountability. As the custodian of corporate governance within the ECRDA, the Board embraces its responsibility to set the appropriate tone for the organisation.

The Board is committed to ensuring that the organisational culture aligns with this ethical tone through the implementation of appropriate policies and practices. To achieve these objectives, Board members are required to discharge their duties with:

Integrity



Competence

Responsibility

Accountability



Fairness

Transparency



Professionalism

The Board continues to support the highest standards of corporate governance and the on-going development of best practice.

BOARD CHARTER

The ECRDA Board has adopted a Charter, in line with the recommendations of the King V Report on Corporate Governance, which sets out its responsibilities in terms of:

- adoption of strategic plans and acknowledges its responsibilities in relation to the strategy,
- determination of policy processes to ensure compliance with South African laws and regulations, in general as well as internal policies,
- determination of policy processes to ensure effective risk management
- monitors operational performance and management
- ensures management of effective and transparent communication, both internally and externally
- ensures directors orientation and evaluation / assessment
- adheres to continuous Board development programmes

COMPOSITION OF THE BOARD

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date of exit	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g., Audit committee / Ministerial task team)	No. of Meetings attended
Mr PG Zitumane	Chairperson	May 2025	N/A	Master's in business leadership (MBL) (UNISA) Bachelor of Commerce (University of Fort Hare)	Leadership Business Management Corporate services Finance Governance		Governance Committee	9
Dr NPD Khewu	Deputy Chair- person	May 2025	N/A	PhD in Education (Learner Discipline & Policy Analysis) (University of Fort Hare) MPhil: Applied Ethics (Environmental Ethics) (University of Stellenbosch) Bachelor of Technology: Education Management (Tshwane University of Technology) Diploma in Psychology (Intec College) Secondary Education Diploma (English and History) (Vista University)	Education Governance and Ethics	Chris Hani Development Agency (CHDA) (November 2019 - February 2026) Eastern Cape Community Education and Training Council (CET College) (Ministerial appointee: DHET) (October 2020 - September 2025) Eastern Cape Provincial Art and Culture Council (ECPACC) (November 2019 - April 2025)	Governance Committee Finance, Investment and Projects Committee	7
Ms B Jojo	Member	May 2025	N/A	Honours BCom Accounting (University of Natal) BCom Accounting (University of Transkei)	Finance Auditing Business Risk Management Governance		Finance, Investment, and Projects Committee Audit, Risk, and Compliance Committee Governance Committee	8
Ms Y Badi	Member	May 2025	N/A	Advanced Labour Law Women in leadership (University of the Witwatersrand) Master's in Business Administration (Nelson Mandela University) LLB (University of Fort Hare) B Juris Degree (University of Transkei)	Legal Leadership and governance		Human, Capital and Remuneration Committee Governance Committee	8
Chief N Joyi	Member	May 2025	N/A	National Certificate: Public Admin Certificate: Public Management & Governance	Traditional leadership Governance	Bhaziya Traditional Council National House of Traditional and Khoi-San Leaders Western Cape Provincial Initiation Coordinating Committee Department of Small Business Development Workgroup (Traditional Leadership Sector)		8
Dr A Nontso	Member	May 2025	N/A	Doctor of Education in Leadership (Walter Sisulu University) Master of Education (University of Free State) Bachelor of Arts and Bachelor of Education (University of Transkei) Secondary Teachers Diploma (Cicira College of Education)	Education Business Leadership		Governance Committee Human Capital and Remuneration Committee	11
Ms NP Abraham	Member	May 2025	N/A	Master's in Public Administration (University of Fort Hare) Bachelor of Education (University of Western Cape) Bachelor of Arts (University of Western Cape) Diploma in applied Linguistics (University of Fort Hare) Diploma in Office Administration (Damelin) Certificate Pre PhD (Rhodes University) Public Policy (University of the Witwatersrand) Advanced Computer Literacy (University of Johannesburg) Senior Secondary Teachers' certificate (Lennox Sebe renamed Griffiths Mxenge College)	Public Administration Education Business		Human Capital and Remuneration Committee Audit, Risk and Compliance Committee	7

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date of exit	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g., Audit committee / Ministe- rial task team)	No. of Meetings attended
Ms N Mbiko	Member	May 2025	N/A	Matric	Agriculture, Agribusiness Strategy Development Finance Resource Mobilisation Social and Ethics Governance Development and Economic Trans- formation Framework Gender Equity Trade Agreement Leadership Farmer Organisations Policy Crafting and Review Monitoring and Evaluation Project Management	Agricultural Research Council Walter Sisulu University Agribusiness Advisory Council Board Magwa Tea Enterprise (ECRDA Board Representative) Landbank Group National Women's Desk		9
Ms NN Sihlwayi	Member	May 2025	N/A	Master's in Public Administration (Nelson Mandela University) Honours In Public Administration (Nelson Mandela University) Post-Graduate Diploma: Monitoring and Evaluation (University of Fort Hare)	Administration		Finance, Investment and Projects Committee Human Capital and Remuneration Committee	8
Ms N Maceba	Member	May 2025	N/A	Bachelor's degree in agriculture: Economics and Marketing (University of Fort Hare)	Agriculture	Potato Industry Development Trust (PIDT)	Finance, Investments and Projects Committee Human Capital and Remuneration	10
Mr SF Ndzundzu	Member	May 2025	N/A	Post Graduate Diploma in labour law (Nelson Mandela Metropolitan University) Post Graduate LLB Stream for B Juris Holder (University of Fort Hare) Certified Fraud Examiner (Association of Certified Fraud Examiners) Bachelor of Law (University of Fort Hare)	Legal Forensic Audit		Audit, Risk and Compliance Committee Human, Capital and Remunera- tion Committee	8
V Pangwa	Independent Chairperson of ARC	October 2022	N/A	CA(SA) Membership (SAICA) BCom: Honours Accounting Post Graduate diploma: Management Finance Accounting (University of Natal) Post-Graduate Diploma: Management Financial Accounting (University of Cape Town) BCom: Accounting (University of Transkei)	Finance Audit and Risk Governance		Audit, Risk and compliance Committee (independent Chair- person)	9
Dr S Bosire	Independent member of ARC	October 2022	N/A	Doctor of Business Administration (NMU, RSA) Master of Public Administration (MPA) (UFH, RSA) Master of Business Administra- tion (MBA) (Heriot-Watt University-Edinburgh Business School, Scotland) Bachelor of Business Administration Management Information Systems (Andrews University – USA)	Business Administration Public Administration Information Tech- nology		Audit, Risk and compliance Com- mittee (independent Member)	
Mr S Somdyala	ECRDA CEO	January 2025	n/a	MBA BCom honours	Development Finance, Structured Funding and Executive leadership	NMU member of council Old mutual Bulela Tsela Retail Scheme Old Mutual South Africa and Old Mu- tual Insurance Broad Based Employee Scheme Wilderness Africa Foundation Almasi Investments Sim Som Enterprise	n/a	9

BOARD COMMITTEES

AUDIT RISK AND COMPLIANCE COMMITTEE (ARC)

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
V Pangwa (Independent Chairperson)	CA(SA) Membership (SAICA) BCom: Honours Accounting Post Graduate diploma: Management Finance Accounting (University of Natal) Post-Graduate Diploma: Management Financial Accounting (University of Cape Town) BCom: Accounting (University of Transkei)	External	N/A	October 2022	N/A	6
Dr S Bosire (Independent Member)	Doctor of Business Administration (Nelson Mandela University, RSA) Master of Public Administration (University of Fort Hare, RSA) Master of Business Administration (Heriot-Watt University-Edinburgh Business School, Scotland) Bachelor of Business Administration Management Information Systems (Andrews University – USA)	External	N/A	October 2022	N/A	6
Ms B Jojo	Honours BCom Accounting (University of Natal) BCom Accounting (University of Transkei)	Internal	N/A	May 2025	N/A	5
Ms NP Abraham	Master's in Public Administration (University of Fort Hare) Bachelor of Education (University of Western Cape) Bachelor of Arts (University of Western Cape) Diploma in applied Linguistics (University of Fort Hare) Diploma in Office Administration (Damelin) Certificate Pre PhD (Rhodes University) Public Policy (University of the Witwatersrand) Advanced Computer Literacy (University of Johannesburg) Senior Secondary Teachers' certificate (Lennox Sebe renamed Griffiths Mxenge College)	Internal	N/A	May 2025	N/A	5
Ms N Mbiko	Poverty, Land and Agrarian Studies at University of Western Cape (current Studies)	Internal	N/A	May 2025	N/A	5
Mr SF Ndzundzu	Post Graduate Diploma in labour law (Nelson Mandela Metropolitan University) Post Graduate LLB Stream for B Juris Holder (University of Fort Hare) Certified Fraud Examiner (Association of Certified Fraud Examiners) Bachelor of Law (University of Fort Hare)	Internal	N/A	May 2025	N/A	5

BOARD COMMITTEE ATTENDANCE

70 OF 78 ATTENDANCES • 89.7% OVERALL ATTENDANCE

GOVERNANCE, ETHICS AND STAKEHOLDER RELATIONS COMMITTEE

76.7%

Name	Attendance (Out of 5)
Mr PG Zitumane (Committee and Board Chairperson)	● ● ● ● ○
Dr NPD Khewu (Board Deputy Chairperson)	● ● ● ● ○
Ms B Jojo (Chairperson of Finance, Investment and Projects Committee)	● ● ● ● ○
Ms Y Badi (Chairperson Human Capital and Remuneration Committee)	● ● ● ● ○
Chief N Joyi (co-opted)	● ● ● ○ ○
Dr A Nontso (co-opted)	● ● ● ● ○

FINANCE, PROJECTS AND INVESTMENT COMMITTEE

100%

Name	Attendance (Out of 4)
Ms B Jojo - Committee Chairperson	● ● ● ●
Chief N Joyi	● ● ● ●
Dr NPD Khewu	● ● ● ●
Ms N Mbiko	● ● ● ●
Ms NN Sihwayi	● ● ● ●
Ms N Maceba	● ● ● ●

HUMAN CAPITAL AND REMUNERATION COMMITTEE

95.8%

Name	Attendance (Out of 4)
Ms Y Badi - Committee Chairperson	● ● ● ●
Mr SF Ndzundzu	● ● ● ●
Ms NN Sihlwayi	● ● ● ●
Dr A Nontso	● ● ● ●
Ms N Maceba	● ● ● ●
Ms NP Abraham	● ● ● ○

R2 493 813,79
TOTAL REMUNERATION

● BOARD FEES • 97%
R2 418 863,54

● S&T CLAIMS • 3%
R74 950,25

97%
BOARD
FEES

Board Member		Board Fees	S & T Claims	Total Remuneration (R)
Mr Pumzile Zitumane (Chairperson)		288 863,00	1 667,90	290 530,90
Dr Noncedo Khewu (Deputy Chairperson)		242 299,20	2 155,33	R244 454,53
Ms Bongeka Jojo		230 596,62	12 961,48	R243 558,10
Ms Nokhanyo Maceba		217 273,88	11 980,85	R229 254,73
Ms Nontuthuzelo Mbiko		196 542,70	9 857,96	R206 400,66
Ms Yvonne Badi		199 672,81	1 736,45	R201 409,26
Dr Andile Nontso		185 625,00	7 178,08	R192 803,08
Ms Noxolo Abraham		169 351,54	9, 548,56	R178 900,10
Mr Simphiwe Ndzundzu		161 334,31	578,82	R161 913,13
Ms Nancy Sihlwayi		160 818,40		R160 818,40
Chief Ntsika Joyi		125 504,48	6 863,92	R132 368,40
Ms Nondumiso Maphazi		43 242,00		R43 242,00
Ms Nomthandazo Mbete		41 979,00		R41 979,00
Ms Nondumiso Ngonyama		31 031,00	9 628,25	R40 659,25
Mr Gcinumzi Qotywa		31 637,00	792,65	R32 429,65
Ad. John Korkie		31 031,00		R31 031,00
Mr Senzeni Zokwana		31 031,00		R31 031,00
Ms Nolitha Pietersen		31 031,00		R31 031,00
		2 418 863,54	74 950,25	2 493 813,79

RISK MANAGEMENT

OVERVIEW

Strategic risk management during the 2025/26 financial year was implemented within a materially constrained operating environment. While all approved strategic mitigation actions were implemented as planned, the Agency continued to face liquidity pressures arising from historical funding constraints, elevated vacancy rates in priority technical functions, and limited fiscal flexibility.

These constraints did not result in control breakdowns; however, they required disciplined prioritisation, phased implementation of reforms, and the deferral of selected system automation and capital-intensive interventions to subsequent financial periods. Risk assessments therefore explicitly considered implementation capacity risk, recognising that mitigation effectiveness is influenced not only by design but also by available financial and human resources.

The acknowledgement of these constraints strengthens the realism and credibility of the Agency's risk posture and informs forward-looking planning for the 2026/27 cycle.

INTRODUCTION

The Eastern Cape Rural Development Agency (ECRDA) recognises risk management as a cornerstone of effective governance, organisational performance, and long-term sustainability. In line with the Public Finance Management Act (PFMA) and the King V Report on Corporate Governance, the Agency maintains an integrated approach to risk management that supports strategic decision-making, enhances accountability, and safeguards public resources.

Risk management is embedded within the Agency's planning, performance management, and operational processes to ensure that strategic objectives, as outlined in the Annual Performance Plan (APP), are achieved in a controlled and responsible manner.



**EFFECTIVE
GOVERNANCE**

PFMA



**ORGANISATIONAL
PERFORMANCE**

King V



**LONG-TERM
SUSTAINABILITY**

APP

OPERATING ENVIRONMENT



LIQUIDITY PRESSURES



**PRIORITY TECHNICAL
VACANCIES**



**LIMITED FISCAL \
FLEXIBILITY**



**NO CONTROL
BREAKDOWNS**



**DISCIPLINED
PRIORITISATION**

PHASED REFORMS



SELECTED DEFERRALS

2026/27 PLANNING

IMPLEMENTATION CAPACITY RISK
Mitigation effectiveness depends on available financial and human resources.

COMMITMENT TO RISK MANAGEMENT

The Agency is committed to maintaining a robust and effective system of risk management and internal control. This commitment is underpinned by an approved Risk Management Policy, which provides a structured framework for the identification, assessment, mitigation, monitoring, and reporting of risks across the organisation.

During the financial year, ECRDA:

- Maintained and applied its approved Risk Management Policy, ensuring alignment with National Treasury guidelines and governance best practice;
- Conducted enterprise-wide strategic and operational risk assessments aligned with the approved Annual Performance Plan;
- Developed and implemented an Annual Risk Management Implementation Plan, which guided the execution of risk management activities across all divisions;
- Embedded Key Risk Indicators (KRIs) within both strategic and operational risk registers to enable proactive monitoring and early warning; and
- Strengthened the integration of risk management into organisational performance management systems.

All risk management frameworks, registers, and implementation plans were reviewed through governance structures and approved by the Audit, Risk and Compliance Committee and the Board of Directors.

RISK GOVERNANCE, STRUCTURES AND RESPONSIBILITIES

The ECRDA has established a formal governance framework that clearly defines roles, responsibilities, and reporting lines to ensure effective risk oversight and accountability.

GOVERNANCE STRUCTURES

Board of Directors

The Board provides strategic oversight of risk management and ensures that appropriate systems of governance, risk management, and internal control are in place. It approves the Risk Management Framework, strategic risk profile, and risk appetite.

AUDIT, RISK AND COMPLIANCE COMMITTEE (ARC)

The ARC is an independent committee responsible for reviewing the adequacy and effectiveness of risk management processes, monitoring key risk exposures, and recommending improvements to the Board.

EXECUTIVE MANAGEMENT (EXCO)

Executive Management is responsible for implementing risk management within their respective areas of accountability. Risk management responsibilities are embedded within executive performance agreements to ensure ownership and accountability.



RISK MANAGEMENT UNIT

The Risk Management Unit, led by a Senior Risk Management Officer, is responsible for coordinating enterprise risk management activities, facilitating risk assessments, monitoring mitigation actions, and preparing consolidated risk reports.

RISK CHAMPIONS

Risk Champions are appointed across divisions and regions to support the implementation of risk management practices at operational level and to ensure continuous monitoring and reporting of risks.

REPORTING AND OVERSIGHT

A structured reporting framework is in place to ensure timely escalation and oversight of risk matters:

MONTHLY

Monthly management engagements are held to review risk performance and emerging risks;



QUARTERLY

Consolidated risk reports are prepared on a quarterly basis and submitted to the ARC Committee; and



BOARD OVERSIGHT

The ARC Committee provides oversight reports and recommendations to the Board of Directors.



This integrated reporting model ensures alignment between risk management, performance monitoring, and governance oversight.

RISK MANAGEMENT PERFORMANCE

The Agency demonstrated a high level of effectiveness in implementing its risk management programme during the financial year. Key achievements include:

- Full implementation of planned strategic risk mitigation actions in line with approved timelines and targets;
- Successful execution of the Annual Risk Management Implementation Plan, with the majority of enterprise risk management deliverables achieved;
- Strengthened governance and oversight through enhanced monitoring of audit action plans and improved internal control processes;
- Integration of risk management into executive performance management, reinforcing accountability and ownership of risk.

These achievements reflect the Agency's continued commitment to embedding an initiative-taking and risk-aware organisational culture.

STRATEGIC RISK MANAGEMENT

Overview

Strategic risks were identified through a comprehensive risk assessment process aligned with the Agency's strategic objectives and Annual Performance Plan. These risks represent key uncertainties that may affect the Agency's ability to deliver on its mandate.

All strategic risks are formally documented in the Strategic Risk Register, with clearly defined risk owners, key risk indicators and mitigation actions. These risks are continuously monitored and reviewed through established governance structures.

The Agency confirms that strategic risk management is fully aligned with the Annual Performance Plan and that all approved mitigation actions were implemented during the financial year, thereby contributing to the achievement of organisational targets.

STRATEGIC RISK SUMMARY AND MITIGATION

RISK ID	STRATEGIC RISK	KEY RISK MITIGATION ACTIONS IMPLEMENTED	STATUS	PROGRESS OUTCOME / COMMENTARY
SR1	Inability to improve audit outcomes (Corporate Governance Risk)	Implementation of Combined Assurance Plan; strengthened Audit Action Plan monitoring; ARC preparatory sessions and improved financial reporting controls.	Achieved (100%)	All governance-related actions were fully implemented, strengthening oversight and audit readiness.
SR2	Inability to meet payment obligations (Financial Sustainability Risk)	Implementation of cost-containment measures; development of a comprehensive business case with financial projections; loan book monitoring.	Achieved (100%)	All actions completed; long-term reforms are deferred to the next fiscal year due to budget constraints.
SR3	Insufficient HR capacity and capability (Human Resource Risk)	Finalisation of organisational redesign; implementation of retention and succession planning; strengthened performance and ethics management.	Achieved (100%)	Improved organisational stability and capability achieved through completion of all Q4 actions.
SR4	Inadequate ICT systems and governance (ICT Risk)	Approval of ICT Business Continuity and Disaster Recovery Plan; approval of Information Security Policy; establishment of ICT SLA Monitoring Committee.	Achieved (100%)	ICT governance and resilience strengthened, supporting improved ICT maturity.
SR5	Failure to implement integrated projects (Project Risk)	Completion of business cases; finalisation of project governance frameworks; implementation of Phase 1 RED Hub infrastructure; climate-resilient farming support.	Achieved (100%)	Project readiness and implementation capacity significantly improved.
SR6	Failure to recover loans and interest (Return on Investment Risk)	Approval of Credit and Collection Policies; reconstitution of loan approval committees; strengthened monthly loan monitoring.	Achieved (100%)	Credit governance and oversight strengthened; system automation was deferred to next fiscal year.
SR7	Weak social facilitation and stakeholder management (Develop Impact Risk)	Rollout of Social Facilitation Philosophy; approval of Stakeholder Relations Management Strategy and SOPs; appointment of leadership capacity.	Achieved (100%)	Stakeholder engagement and community mobilisation capacity significantly improved.

ETHICS AND INTEGRITY MANAGEMENT

ETHICAL GOVERNANCE FRAMEWORK

The ECRDA recognises ethics and integrity as fundamental to effective governance, institutional credibility, and public trust. In line with King V Principles 1 and 2, the Agency has adopted a structured and integrated approach to ethics governance, ensuring that ethical leadership and an ethical organisational culture are actively promoted and sustained. Ethics management is fully integrated into the Agency’s risk management framework and is treated as a strategic priority.

The Agency operates within a comprehensive legislative and governance environment, including the PFMA, Prevention and Combating of Corrupt Activities Act, Protected Disclosures Act, and other applicable regulatory frameworks.

Ethics Risk Management and Implementation
During the financial year, the Agency implemented a comprehensive Fraud, Ethics and Integrity Management Plan, which focused on strengthening ethical conduct, accountability, and transparency across the organisation.

KEY ACHIEVEMENTS INCLUDE

- Full implementation of the annual Ethics, Fraud and Integrity Management Plan, with all planned activities successfully completed;
- Conduct of a comprehensive Ethics Risk Assessment, enabling the identification and prioritisation of key ethics risks affecting the organisation;
- Development of a risk-based Ethics Strategy and Implementation Plan, aligned to identified risks and governance priorities;
- Strengthening of ethics governance mechanisms, including the Code of Conduct, declaration of interest processes, and integrity management systems;
- Ongoing ethics awareness, training, and communication initiatives to reinforce ethical behaviour and organisational values;
- Institutionalisation of ethics management practices, including the operationalisation of the Gifts Register and structured reporting to governance committees.
- These initiatives have significantly strengthened the Agency’s ethical governance environment and contributed to the development of a culture of integrity, accountability, and responsible conduct.

STRATEGIC ETHICS FOCUS AREAS

The Ethics Strategy and Implementation Plan is structured around four key strategic focus areas, designed to address identified ethics risks and strengthen governance outcomes:

Ethical Leadership and Commitment

Promoting ethical leadership and reinforcing tone at the top through visible commitment by the Board and Executive Management.

Accountability and Consequence Management

Strengthening fairness, consistency, and transparency in the management of ethical conduct and organisational accountability.

Fair People Management and Ethical Workplace

Promoting equitable, transparent, and ethical people management practices to support a positive organisational culture.

ETHICS AWARENESS, TRAINING AND INSTITUTIONALISATION

Embedding ethics into daily operations through continuous training, awareness programmes, and integration into organisational systems

Ethics Governance and Oversight

Ethics performance is monitored and reported through established governance structures:

- Regular reporting to the Governance Committee and the Board;
- Integration of ethics into risk management and performance oversight processes; and
- Continuous monitoring of ethics indicators and implementation progress.

This ensures that ethics remains a standing governance priority and is actively overseen at the highest level of the organisation.

PLANS FOR THE 2026/27 FINANCIAL YEAR

The Agency remains committed to continuous improvement in risk management and ethical governance. Key priorities for the 2026/27 financial year include:

RISK MANAGEMENT

- Conducting the Risk Maturity Assessment to benchmark and enhance the organisation’s risk management capability;
- Implementing the approved Strategic and Operational Risk Registers;
- Operationalising the Risk Appetite and Tolerance Framework; and
- Further strengthening integration between risk management, performance management, and internal audit functions.

ETHICS AND INTEGRITY

- Implementing the 2026/27 Ethics, Fraud and Integrity Strategy and Implementation Plan;
- Strengthening ethical leadership and accountability at all levels;
- Enhancing consequence management and organisational accountability mechanisms;
- Expanding ethics awareness, training, and institutionalisation initiatives; and
- Improving confidence in ethics reporting mechanisms and governance processes.

CONCLUSION

The Board is satisfied that the ECRDA has maintained an effective system of risk management and internal control during the financial year under review. The Agency continues to strengthen its risk management practices, governance structures, and ethical culture in line with PFMA requirements and King V principles.

Risk management and ethical governance remain central to the Agency’s ability to deliver on its mandate, promote accountability, and achieve sustainable development outcomes.

INTERNAL CONTROL

The Agency applied a combined assurance model integrating management assurance, internal audit assurance and external audit oversight. Management assurance processes were strengthened through quarterly verification of performance information, supported by signed validation reports and portfolio of evidence reviews prior to submission to governance structures.

Quarterly performance reports underwent formal management review and verification, with identified data integrity issues addressed through corrective actions prior to external reporting. Audit readiness activities, including monitoring of Audit Improvement Plans and verification of supporting documentation, were tracked throughout the year and reviewed by the Audit, Risk and Compliance Committee.

Where control weaknesses or non-compliance risks were identified, management accountability and consequence management processes were applied in accordance with policy. Progress on corrective actions was monitored through governance structures to reinforce internal control effectiveness and continuous improvement.

INTERNAL AUDIT AND AUDIT COMMITTEES

During the 2025/26 financial year, the Internal Audit function was outsourced to Lunika. The work performed by the team was in accordance with the approved Internal Audit Plan and the Internal Audit Charter.
2025/26 Interim Financial Statement Review
Performance Information and supporting documentation for all four quarters

COMPLIANCE WITH LAWS AND REGULATIONS

The Agency operates within an established legislative and regulatory framework and maintains internal policies and procedures to support compliance. Compliance responsibilities are embedded within management functions and supported by legal and compliance units.

Where partial compliance risks were identified, mitigating actions were implemented to reduce exposure and support continuous improvement. No material non-compliance matters requiring disclosure were recorded during the reporting period.

FRAUD AND CORRUPTION

The Agency adheres to best practice in the prevention and detection of fraud and corruption. Employees are required to report any suspected fraud to their immediate line managers, Internal Audit, and the Audit, Risk and Compliance Committee. Employees are also encouraged to report any fraud to the Office of the Premier via the National Anti-Corruption Hotline.

As far as management is aware, no alleged fraud incidents were reported during the 2025/26 financial year.

MINIMISING CONFLICT OF INTEREST

The ECRDA requires all suppliers to register on its database and to declare their shareholders, as well as any potential conflicts of interest. Employees who participate in Bid Evaluation and Adjudication Committees are required to declare any potential conflict of interest at each committee meeting. In addition, declarations of interest are recorded during meetings.

CODE OF CONDUCT

The Agency adheres to the National Treasury Code of Conduct for Supply Chain Management. Furthermore, the Agency aspires to subscribe to its core REAP values.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

During the 2025/26 financial year, the Agency continued to prioritise the provision of a safe and compliant working environment. Health, Safety and Environment (HSE) performance was influenced by ageing infrastructure at certain owned office accommodation facilities, reliance on landlord-managed services at leased premises, fleet condition challenges, and limited internal capacity for occupational health and safety governance.

The Agency operated without a dedicated Occupational Health and Safety (OHS) Officer during the year, which constrained centralised compliance monitoring and coordination. Emergency evacuation training was not conducted due to budgetary limitations; however, evacuation assembly points were identified at key facilities. The appointment of an OHS Officer and the rollout of evacuation training have been prioritised for the subsequent financial year.

Infrastructure inspections identified elevated HSE risk levels at owned facilities in Mthatha and Qonce, primarily due to ageing infrastructure, damp conditions, and electrical defects. High occupancy levels at Mthatha further increased exposure to safety and environmental health risks. Cradock facilities remained stable, although gaps in compliance documentation presented governance risks. The leased Head Office in East London remained operational, with challenges relating to air-conditioning performance and evacuation preparedness; landlord-related issues were addressed through legal processes.

Fleet-related health and safety risks were also noted due to the age profile of vehicles, outstanding servicing, non-operational units, and inconsistent regional reporting.

The absence of an approved Fleet Management Policy further limited governance oversight. Management has committed to strengthening fleet controls through improved monitoring, enhanced maintenance practices, and the development of a comprehensive Fleet Management Policy.

Environmental conditions such as deferred maintenance, inconsistent backup power, and inefficiencies in building services presented additional risks to employee wellbeing and operational continuity. Employee wellness initiatives continued through the Momentum THRIVE Employee Wellness Programme, complemented by targeted health awareness activities.

Overall, the year highlighted the need to strengthen HSE governance, address infrastructure and fleet-related risks, and enhance emergency preparedness. Management has prioritised targeted interventions to improve compliance, safeguard employees, and support sustainable working environments in the medium term.

COMPANY SECRETARY

The Company Secretary has a wide range of duties and responsibilities, among which:

- Assisting in the proper induction, orientation, ongoing training and development of board members, including assessing specific training needs within their fiduciary and other governance responsibilities.
- Providing comprehensive practical support and guidance to members of the Board, with particular emphasis on supporting the chairperson of the Board, the chairpersons of committees and the Audit, Risk and Compliance Committee.
- Ensuring that the Board and Committees’ Charters are kept up to date.
- Ensuring the proper compilation and timely circulation

of Board documents and assisting the chairperson of the Board and chairpersons of committees with drafting of yearly meeting schedules.

- The company secretary has the duty to obtain appropriate responses and feedback to specific agenda items and matters arising from earlier meetings in board and board committees deliberations.
- Facilitate Board Evaluations / Assessments
- Ensuring that minutes of all meetings of the Board members, as well as meetings of the Audit, Risk and Compliance Committee, are properly recorded.
- Develop and maintain the resolutions registers

SOCIAL RESPONSIBILITY

During the 2025/26 financial year, the Agency implemented a social responsibility initiative as part of its Wellness Outreach Programme, with employees voluntarily contributing to support vulnerable communities. The initiative focused on assisting the Amantinde Risiha (Isibindi) Centre in Qonce, a registered non-profit organisation providing care and support to child-headed households and vulnerable children.

Employees collectively donated essential items, including food parcels, toiletries, and pre-loved clothing, identified in consultation with the Centre to address immediate needs. In recognition of Mandela Day, employees also visited the Centre and, through voluntary contributions, provided a nutritious meal to more than 200 children and volunteers.

The initiative contributed to improving the well-being and dignity of beneficiaries, while strengthening partnerships with community-based organisations and reinforcing a culture of social responsibility and employee involvement within the Agency.

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

Criteria	Response (Yes / No)	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	ECRDA's business activities do not include the issuing of licences, concessions or other authorisations. Should this situation arise, it will be governed by the PFMA, Treasury Regulations, Treasury Circulars and Instruction notes.
Developing and implementing a preferential procurement policy?	Yes	The ECRDA has adopted the Preferential Procurement Policy Framework, and this is included in the entity's Supply Chain Management Policy.
Determining qualification criteria for the sale of state-owned enterprises?	No	ECRDA's business activities do not include the sale of state-owned enterprises. Should this situation arise, it will be governed by the PFMA, Treasury Regulations, Treasury Circulars and Instruction notes.
Developing criteria for entering into partnerships with the private sector?	No	Partnership arrangements are governed by the PFMA, Treasury Regulations, Treasury Circulars and Instruction notes.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	Yes	ECRDA provides loan funding with preferential interest rates to rural clients in order to promote B-BBEE in rural areas.

AUDIT COMMITTEE REPORT

The ECRDA's Audit, Risk and Compliance Committee (Committee) is pleased to present its report for the financial year ended 31 March 2026.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Committee is a standing committee of the Board and is therefore accountable to and assist the Board in fulfilling its oversight responsibilities.

In line with its responsibilities arising from Section 51(1) (a) (ii); 76(4) (d) of the Public Finance Management Act, 1999 and Treasury Regulation 27.1, the Committee is required to produce a record of its engagements and deliberations reports to its supporting structure, Board of the institution.

The Committee has adopted appropriate formal terms of reference outlined in its Committee Charter. The Charter set out the principles upon which the Committee will fulfil its oversight responsibilities. It is in this light that during the year under review, the Committee has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein and the related accounting policies and practices.

The membership period and number of meetings of the ARC committee for the 2025/26 financial year is as follows:

Name of Member	Membership Status	Number of meetings attended	Period of membership
Mr. V Pangwa (Independent Chairperson)	Active	7	(Independent
Dr. S Bosire (Independent member)	Active	7	6
Ms. N Pietersen (board member)	Active	6	(Independent
Adv. J Korkie (board member)	Active	7	6
Ms. N Maceba (board member)	Active	6	6
Mr. PG Zitumane (board member)	Active	2	6

STAKEHOLDER ENGAGEMENTS

The Committee has in its engagements been able to engage with the following ECRDA stakeholders and structures:

- Board of Directors
- ECRDA Management
- Internal Audit
- Auditor-General of South Africa

COMMITTEE MEMBERS AND ATTENDANCE

The Committee consists of the members listed hereunder and should meet four (4) times per annum as per the approved terms of reference.

Mr PG Zitumane was appointed as a board member by the honourable MEC of EC Department of Agriculture, with effect from 10 December 2024. He was subsequently appointed by the board to be a member of the ARC.

During the current year, seven (7) meetings were held, made up of 4 ordinary meetings and 3 special meetings.

Ordinary Meetings	Special Meetings
22 April 2024	17 May 2024
08 July 2024	27 January 2025
21 October 2024	31March 2025
13 February 2025	

RISK MANAGEMENT

Management ensured that a risk register was in place throughout the financial year which was presented to the Committee. To ensure oversight, the significant risks were monitored by the Committee and the Board regularly. Emerging risks were also identified and responded to during the period.

Management is encouraged to keep track of the identified risks as recorded in the Strategic Plan and Annual Performance Plans to ensure that all these areas are addressed in the 2025/26 financial year.

EFFECTIVENESS OF INTERNAL CONTROL

The economic entity maintains a system of internal controls over its financial and risk management processes, which is designed to be effective, efficient, and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management on the appropriateness and effectiveness of these controls. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that as in previous years, some control weaknesses remain

from the previous reporting periods which require management attention, although improvement has been made. The following internal audit work was completed during the year under review:

No	Internal Audit Reviews
1	Quarterly Performance Information Review
2	Financial Controls Review
3	Human Resource Management Review
4	Supply Chain Management Review
5	Stakeholder Management Review
6	Information Technology Review
7	Compliance Review
8	Follow Up Review
9	Review of 2024/25 Annual Financial Statements
10	Assessment of the Finance Unit

Accordingly, we can report that the system of internal control over financial reporting for the period under review was not efficient and effective although improvements have been made

We acknowledge that during the year under review, management and board made efforts to identify and address the control weaknesses that have been consistent over the past few financial years. However, based on the assurance engagements conducted by assurance providers, system of internal controls over its financial and risk management processes require improvement.

The Committee acknowledges and appreciates, once again, efforts underway by management and the governance structures of Board, to address areas of concern raised by combined assurers.

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

Management has reported quarterly as required by the PFMA. In addition, at all Committee meetings management has presented quarterly reports for review and or consideration by the Committee and the Board. The public entity has submitted monthly and quarterly reports to the Executive Authority.

The quality of in year management and monthly/quarterly reports submitted was in terms of the PFMA and the Division of Revenue Act.

The Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Board of the group during the year under review.

Evaluation of annual financial statements The Committee has:

- reviewed and discussed the unaudited annual financial statements to be included in the annual report, with the Auditor-General and the Board;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions

The Committee recommended them for audit subject to recommended refinements of the Committee being implemented.

EVALUATION OF PERFORMANCE INFORMATION

The Committee further evaluated the performance information and recommended it for audit subject to recommended refinements of the Committee being implemented.

AUDITOR GENERAL'S REPORT

The ARC notes the qualified audit opinion issued by the Auditor General of South Africa for the 2024/25 financial year. This outcome indicates that while the entity's financial statements are largely accurate, certain material findings were raised that prevented a clean audit opinion. Management is committed to addressing the findings raised by the Auditor General, and the Audit and Risk Committee is comforted by the commitment from management, supported by internal auditors, that all material findings identified in the audit will be prioritized and management will take necessary corrective actions.

The Committee therefore appreciates the work of the Auditor-General on the Annual Financial Statements as well as the performance Information and is of the opinion that the Audited Annual Financial Statements together with Performance Information be accepted and read together with the report of the Auditor-General.

In conclusion, the Committee Chairperson expresses his gratitude to all the members of the Committee. We would also like to thank all the stakeholders who participated in the audit processes by both the Internal Audit and the Auditor General, the efforts and team efforts have paid off and we wish to see a stronger and more compliant ECRDA in the future.

The Committee also bid farewell to the former members whose term came to an end, and we would like to extend our sincere appreciation for their dedicated service, strategic leadership and valuable contributions to the organisation. We warmly welcome the newly appointed members and are looking forward to a collaborative and productive working relationship as we remain committed to upholding the highest standards of accountability and ensuring compliance within ECRDA.



Mr V Pangwa

Chairperson of the Audit, Risk and Compliance
Committee ECRDA





PART D

HUMAN RESOURCE MANAGEMENT

INTRODUCTION

Human resource management during the year was undertaken against the backdrop of funding limitations, personnel cost pressures, and elevated vacancy levels in selected programmes, particularly in technical and programme implementation roles. These constraints necessitated the use of acting arrangements, phased recruitment, and the prioritisation of critical posts, which in turn affected implementation capacity and monitoring depth in certain areas.

Personnel expenditure pressures were actively managed through cost-containment measures, organisational redesign, and the implementation of a Voluntary Severance Package as an approved intervention to stabilise the cost base over the medium term.

During the 2025/26 financial year, the Human Resources function focused on stabilising organisational capacity and strengthening people management systems to support improved service delivery and organisational sustainability.

Key achievements included maintaining stable labour relations through continued engagement with organised labour via the Joint Labour Management Forum (JLMF), progressing work on the recognition agreement, and administering disciplinary, appeal, and grievance processes in accordance with policy and due process. A cost-of-living adjustment for bargaining unit employees was concluded for implementation with effect from 1 April 2025. The Agency advanced the implementation of the approved organisational structure, including the employee matching process, and supported continuity of operations through targeted recruitment and the management of acting arrangements for critical roles.

In response to fiscal constraints and the need to manage compensation pressures, the Voluntary Severance Package (VSP) policy was consulted with labour, approved by the Board, and implemented as part of organisational renewal and cost-containment measures.

HR also continued work to strengthen enabling systems and practices, including coordination of performance management administration, employee wellness support through the Employee Assistance Programme (EAP), and facilitation of skills development interventions aligned to organisational priorities.



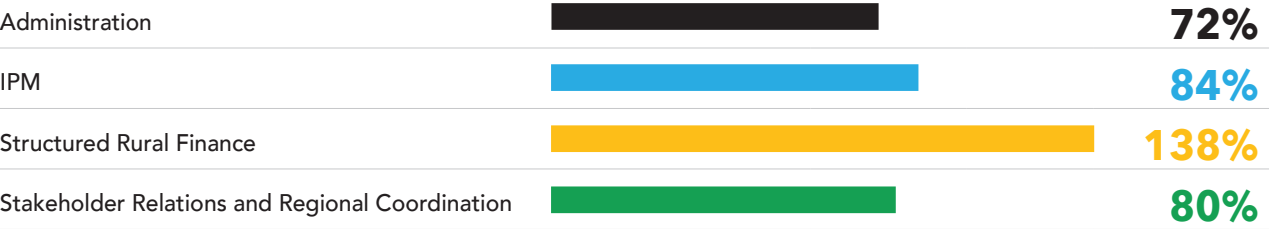
HUMAN RESOURCES OVERSIGHT STATISTICS

The following tables provide an overview of personnel expenditure, staffing levels and average employee costs across programmes and salary bands.

PERSONNEL COST PER PROGRAMME

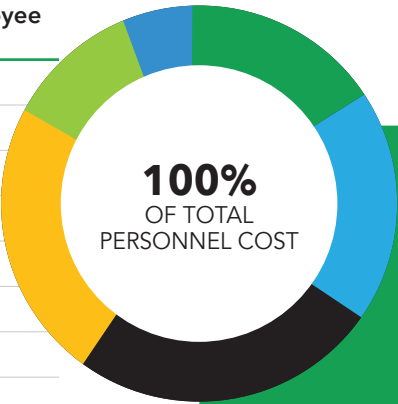


Programme	Total Expenditure for the entity	Personnel Expenditure	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee
Programme 1: Administration	69,257,000	49,626,651.88	72%	55	902,302.76
Programme 2: IPM	14,892,000	12,569,970.95	84%	10	1,256,997.09
Programme 3: Structured Rural Finance	5,081,089	6,993,849.33	138%	7	999,121.33
Programme 4: Stakeholder Relations and Regional Coordination	41,403,000	33,211,074.24	80%	56	593,054.89



PERSONNEL COST BY SALARY BAND

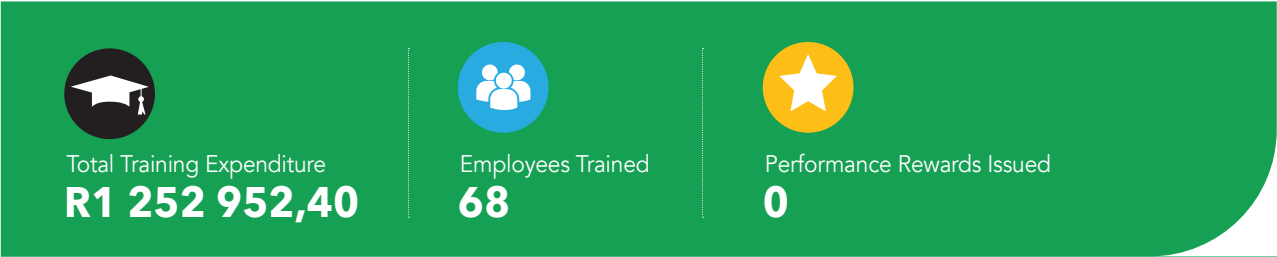
Level	Personnel Expenditure	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
Top Management	16,640,299.75	15%	6 (1)	2,377,185.68
Senior Management	21,056,374.33	18%	14(1)	1,403,758.29
Professional qualified	29,497,858.71	26%	30(2)	921,808.08
Skilled	28,762680.91	25%	37(6)	668,899.56
Semi-skilled	12,551,581.67	11%	25(2)	464,873.40
Unskilled	5,910,756.66	5%	16(2)	328,375.37
TOTAL	114,419,552.03	100%	128	



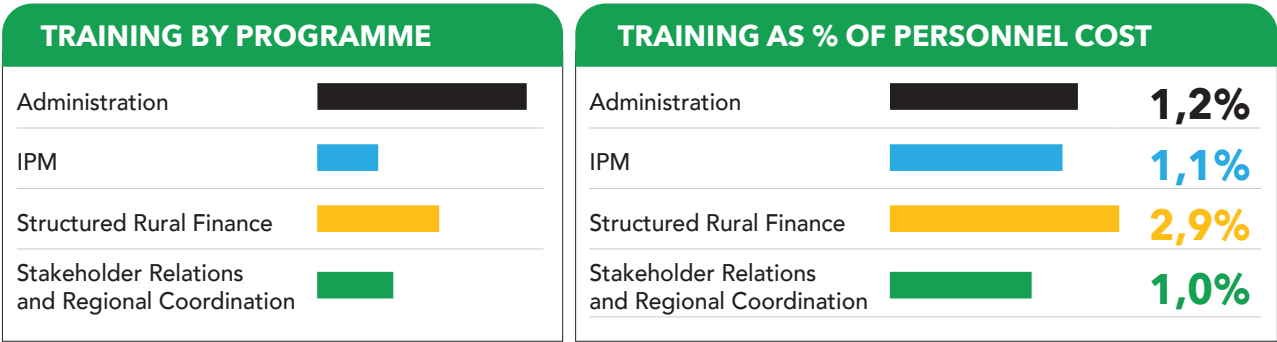
PEOPLE DEVELOPMENT AND REWARDS

Training investment supported capability development across all four programmes, while no performance rewards were issued during the period under review.

TRAINING COSTS



Programme	Personnel Expenditure	Training Expenditure	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Programme 1: Administration	49,626,651.88	R598 998,75	1,2%	10	R3518,64
Programme 2: IPM	12,569,970.95	R133 104,00	1,1%	19	R3597,41
Programme 3: Structured Rural Finance	6,993,849.33	R320 850,00	2,9%	19	R1666,66
Programme 4: Stakeholder Relations and Regional Coordination	33,211,074.24	R199 999,65	1%	20	R5729,46



EMPLOYMENT AND VACANCIES

Programme	2025/26 Approved funded Posts	2025/26 No. of Employees	2025/26 Vacancies	% of vacancies
Programme 1: Administration	70	55	15	21%
Programme 2: IPM	13	10	3	23%
Programme 3: Structured Rural Finance	8	7	1	12%
Programme 4: Stakeholder Relations and Regional Coordination	63	56	7	11%

EMPLOYMENT CHANGES

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	7	0	1	6
Senior Management	15	0	1	14
Professional qualified	36	0	6	30
Skilled	40	0	3	37
Semi-skilled	28	2	5	25
Unskilled	17	0	1	16
Total	143	2	17	128

EMPLOYMENT CHANGES

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	1	5,8%
Dismissal	4	23.5%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	0	0%
Other	12	70.5%
Total	17	100%

The “Other” category, which accounts for the majority of staff exits during the period, primarily relates to Voluntary Severance Package applications approved by the Board, as well as exits linked to organisational restructuring and staff matching processes.

These exits were planned, approved and aligned to organisational sustainability and cost-containment objectives, rather than unanticipated attrition or adverse labour-relations outcomes.

LABOUR RELATIONS

Nature of disciplinary Action	Number
Verbal Warning	13
Written Warning	7
Final Written warning	13
Dismissal	4

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	3	0	0	0	0	0	0
Senior Management	8	8	0	0	0	0	0	1
Professional qualified	8	14	0	1	0	0	1	1
Skilled	6	12	0	1	0	0	0	0
Semi-skilled	7	8	0	1	0	0	0	0
Unskilled	5	5	0	0	0	0	0	0
TOTAL	37	50	0	3	0	0	1	2

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	3	0	0	0	0	0	0
Senior Management	5	6	0	0	0	0	1	2
Professional qualified	20	16	0	0	0	0	1	1
Skilled	30	24	1	1	0	0	0	0
Semi-skilled	14	12	2	3	0	0	0	0
Unskilled	11	11	0	0	0	0	0	0
TOTAL	83	72	3	4	0	0	2	3





PART E

PFMA COMPLIANCE REPORT

INFORMATION ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

Irregular expenditure

Reconciliation of irregular expenditure

Description	2025/26	2024/25	2023/24
Opening balance	37 265 140	37 218 461	34 269 209
Adjustment to opening balance	0	0	0
Opening balance restated	0	0	0
Add: Irregular expenditure confirmed	2 144 013	46 679	2 859 252
Add irregular expenditure identified relating to previous periods	2 348 437	0	5 448 317
Less: Irregular expenditure condoned	-7 325 229	0	0
Less: Irregular expenditure not condoned and removed	0	0	0
Less: Irregular expenditure recoverable	0	0	0
Less: Irregular expenditure not recoverable and written off	0	0	0
Closing balance	34 432 361	37 265 140	37 218 461

Details of irregular expenditure

Description	2025/26	2024/25	2023/24
Irregular expenditure under assessment	29 939 911	28 957 571	34 269 209
Irregular expenditure under determination	0	0	0
Irregular expenditure under investigation	4 492 450	8 307 569	2 859 252
Total	34 432 361	37 265 140	37 128 461

Details of irregular expenditure condoned

Description	2025/26	2024/25	2023/24
Irregular expenditure condoned	7 325 229	0	0
Total	7 325 229	0	0

Details of irregular expenditure removed (not condoned)

Description	2025/26	2024/25	2023/24
Irregular expenditure not condoned and removed	0	0	0
Total	0	0	0

Details of irregular expenditure removed (not condoned)

Description	2025/26	2024/25	2023/24
Irregular expenditure not condoned and removed	0	0	0
Total	0	0	0

Details of irregular expenditure recoverable

Description	2025/26	2024/25	2023/24
Irregular expenditure recoverable	0	0	0
Total	0	0	0

Details of irregular expenditure written off (irrecoverable)

Description	2025/26	2024/25	2023/24
Irregular expenditure written off	0	0	0
Total	0	0	0

Details of non-compliance cases where an institution is involved in an intern-institutional arrangements (where such institution is not responsible for the non-compliance)

Description
None
Total

Details of irregular Expenditure where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description	2024/25	2023/24
	0	0
Total	0	0

Details of disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken

There are no criminal charges opened for employees who were found guilty of irregular expenditure. The organisation investigated emanating from the internal audit report and disciplined employees where there was sufficient evidence to discipline them. Eight (8) disciplinary cases were heard, and sanctions were issued to all eight employees.

FRUITLESS AND WASTEFUL EXPENDITURE

Reconciliation of fruitless and wasteful expenditure

Description	2025/26	2024/25	2023/24
Opening balance	1 640 397	1 254 886	353 776
Adjustment to opening balance	0	0	0
Opening balance restated	0	0	0
Add: Fruitless and wasteful expenditure confirmed	1 377 821	385 511	901 120
Less: Fruitless and wasteful expenditure condoned	0	0	0
Less: Fruitless and wasteful expenditure not condoned and removed	0	0	0
Less: Fruitless and wasteful expenditure recovered	(102 887)	0	0
Less: Fruitless and wasteful expenditure not recoverable and written off	0	0	0
Closing balance	2 915 331	1 640 397	1 254 886

Details of fruitless and wasteful expenditure (under assessment, determination and investigation)

Description	2025/26	2024/25	2023/24
Fruitless and wasteful expenditure under assessment	1 348 821	0	0
Fruitless and wasteful expenditure under determination	1 566 510	325 089	1 254 886
Fruitless and wasteful expenditure under investigation	0	1 315 308	0
Total	2 915 331	1 640 397	1 254 886

Details of fruitless and wasteful expenditure recoverable

Description	2025/26	2024/25	2023/24
Fruitless and wasteful expenditure recoverable	351 100	0	0
Total	351 100	0	0

Details of fruitless and wasteful expenditure no recoverable and written off

Description	2025/26	2024/25	2023/24
Fruitless and wasteful expenditure written off	0	0	0
Total	0	0	0

Details of disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken

The internal audit report was issued to management with recommendations to investigate and discipline employees who were alleged to have caused the employer to incur fruitless and wasteful expenditure. An investigation was conducted which led to four (4) employees charged for fruitless and wasteful expenditure. Four employees were issued with relevant disciplinary sanctions for causing the organisation to incur fruitless and wasteful expenditure. An additional 10 employees were also disciplined for incident related to relocation and they are repaying the costs incurred.

ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF PFMA SECTION 55(5) (B)(I) AND (III)

Details of material losses through criminal conduct

Material Losses through criminal conduct	2025/26	2024/25
Theft	0	0
Other material losses	0	0
Less: Recoverable	0	0
Less: Not recoverable and written off	0	0
Total	0	0

Details of material losses

Nature of other material losses	2025/26	2024/25
(Group categories and list material items)	0	0
Total	0	0

Other material losses recoverable

Nature of other losses	2025/26	2024/25
(Group categories and list material items)	0	0
Total	0	0

Other material losses not recoverable and written off

Nature of other losses	2025/26	2024/25
(Group categories and list material items)	0	0
Total	0	0

Information on late and / or non-payment of suppliers

During the period under review the ECRDA processed one thousand four hundred and ninety-three (1493) payments to the value of R 168 605 248.Amongst the processed payments, four hundred and seven (407) were paid beyond 30 days to the value of R 18 023 590.This translates to the payment of 11% of invoices paid after thirty days. The reasons for the late payment of suppliers are due to late submission of invoices/payment batches by users, resolving of issues on the invoices with suppliers and due to the financial health of the organisation emanating from prior years. There has been a significant improvement in the timeous processing of invoices as compared to the previous period.

INFORMATION ON SUPPLY CHAIN MANAGEMENT

Deviations Register as at 31 March 2026

Goods and services were procured during the financial year under review and the process followed in procuring those goods was through the deviations procurement route. The reasons for these deviations were documented and reported to the Board who considered them and subsequently noted the deviation from the normal procurement processes, In total deviations amounted to R19.8 million

DEVIATIONS REGISTER AS AT 31 MARCH 2026

No	Supplier	Description	Amount	Unit	Principle
1	Meyers Motors	ECRDA Vehicle Repairs and installation of a new battery	R 10,327.41	Rural Finance: Southern Region	Single Source
2	AccZone Systems	AccZone Annual License & Support Renewal 2025	R 603,715.95	ICT	Single Source
3	Adapt IT (Pty) LTD	CaseWare License renewal	R 178,051.52	Finance: OCFO	Sole Source
4	EXPO GUYS	Provision of 9m2 ECRDA Exhibition stand at the JHB	R 49,220.00	IPM	Single Source
5	Tiso Blackstar (Daily Dispatch/ Arena Holdings Pty Ltd	Daily Dispatch Podcast interview	R 57,500.00	OCEO: PR & Comm.	Local Based Newspaper
6	Tiso Blackstar (Daily Dispatch/ Arena Holdings Pty Ltd	Advertisement - SCMU 02 - 2025/26	R 5,842.00	Finance: SCM	Local Based Newspaper
7	Tiso Blackstar (Daily Dispatch/ Arena Holdings Pty Ltd	Advertisement: SCMU 03 - 2025/26	R 5,842.00	Finance: SCM	Local Based Newspaper
8	Tiso Blackstar (Daily Dispatch/ Arena Holdings Pty Ltd	Advertisement: SCMU 01 - 2025/26	R 5,257.00	Finance: SCM	Local Based Newspaper
9	Thekwini Toyota\Roal Investment Holdings (Pty) LTD	Replace Brakes Toyota Corolla JJX255EC	R 11,981.00	Eastern Region	Sole Source
10	National Credit Regulator	NCR Annual fees	R 20,258.86	Rural Finance: Southern Region	Single Source
11	VIPROJECTS	Renewal of Payroll licenses and professional services for main payroll	R 344,462.60	Corporate Services	Single Source
12	Tiso Blackstar (Daily Dispatch/ Arena Holdings Pty Ltd	Advertisement: SCMU 04 - 2025/26	R 5,842.00	Finance: SCM	Local Based Newspaper
13	Uniclox (Pty) LTD	Uniclox Licence Renewal	R 9,883.71	ICT	Single Source
14	Arch Actuarial Consulting (Pty) LTD	Professional services	R 50,000.00	Finance: OCFO	Urgent Procurement
15	Buffalo Toyota	Towing, Service & Maintenance of JJX262EC	R 9,726.99	Finance: Asset Management	Single Source
16	Umtiza	Appointment of Umtiza Farmers Corporation	R 44,999.66	IPM	Single Source
17	Medigrow Pty Ltd	Quotation for Selected Hemp Seeds for Cultivation	R 4,999,954.80	IPM	Sole Source
18	Government Printing Works	Printing paper - A4 size (30 boxes)	R 11,937.00	Finance: Asset Management	Single Source
19	Government Printing Works	Printing paper - A4 size (15 boxes)	R 5,968.50	Eastern Region	Single Source
20	ELIDZ	Service provider for ICT Disaster Recovery as a Service (DRaaS) and Backup as a Service (BaaS) for the ECRDA	R 3,619,120.61	ICT	Single Source

No	Supplier	Description	Amount	Unit	Principle
21	CAT Motors	Isuzu HXR 447 EC Repairs/ maintenance	R 1,881.40	Northern Region	Single Source
22	Kelston Toyota	Toyota JJX 265 EC Repairs/ maintenance	R 4,082.09	Northern Region	Single Source
23	LUNIKA	Deviation for the Procurement of Services of Investigation on Alleged Financial Misconduct	R 541,209.00	OCFO	Urgent Procurement
24	Buffalo Toyota- Mthatha	Toyota corolla service and repairs	R 10,422.29	Eastern Region	Single Source
25	Tiso Blackstar (Daily Dispatch/ Arena Holdings Pty Ltd	Advertisement: Daily Dispatch - EOI - 15/08/2025	R 7,452.01	Finance: SCM	Local Based Newspaper
26	Potatoes South Africa	Registration Fee for L Qongqo - Potato SA Symposium	R 4,025.00	IPM: Southern Region	Single Source
27	Meyers Motors	Service for ECRDA Bakkie (Isuzu)	R 7,050.66	Northern Region	Single Source
28	Tiso Blackstar (Daily Dispatch/ Arena Holdings Pty Ltd	Publication of award: SCMU 02 - 2025 2026	R 4,347.00	Finance: SCM	Local Based Newspaper
29	Tiso Blackstar (Daily Dispatch/ Arena Holdings Pty Ltd	Publication of Tender: Cancellation	R 3,726.00	Finance: SCM	Local Based Newspaper
30	Tiso Blackstar (Daily Dispatch/ Arena Holdings Pty Ltd	Publication of Tender: Hemp grain seed planter	R 6,381.00	Finance: SCM	Local Based Newspaper
31	Buffalo Toyota	Service and maintenance for JJX242EC	R 10,111.79	Finance: Asset Management	Single Source
32	Roff Industries (Pty) Ltd	Appointment of Roff Industries (Pty) Ltd as a professional service provider to perform mill facility upgrade at Mbizana RED Hub.	R 2,496,565.00	IPM: Cannabis & Hemp	Single Source
33	Tiso Blackstar (Daily Dispatch/ Arena Holdings Pty Ltd	Publication of award	R 4,347.00	Finance: SCM	Local Based Newspaper
34	Medigrow (Pty) Ltd	Conversion of 2,000,000 Medigrow seeds into seedlings	R 1,405,300.00	IPM: Cannabis & Hemp	Single Source
35	Government Printing Works	Printing paper: A4 X 15 Boxes - Southern Region	R 5,968.50	Southern Region	Single Source
36	Tiso Blackstar (Daily Dispatch/ Arena Holdings Pty Ltd	Publication of adverts: SCMU 03 - 2025 2026 and SCMU 07 - 2025 2026	R 7,452.00	Finance: SCM	Local Based Newspaper
37	Farmers weekly	Profiling of Women in Agriculture	R 63,000.00	OCEO: PR & Comm.	Urgent Procurement
38	Tiso Blackstar (Daily Dispatch/ Arena Holdings (Pty) Ltd)	Publication of an Award (SCMU 06 - 2025/26) on Daily Dispatch	R 4,347.00	OCEO: Legal	Local Based Newspaper
39	POSTNET Vincent	Post Box Renewal	R 600.00	Facilities Management	Single Source
40	Fraxion South Africa	Fraxion License Renewal	R 323,472.00	Corporate Services: ICT	Single Source

No	Supplier	Description	Amount	Unit	Principle
41	Momentum Health Solutions	24/7/365 EAP Support for all ECRDA Employees	R 78,734.52	Corporate Services: HCD	Single Source
42	Meyers Motors	Service and repairs to HS-D931EC	R 22,948.50	Finance: Asset Management	Single Source
43	Asipiko Trading	"Design, print & installation of signage board Project: Zanyokwe Irrigation"	R 11,500.00	OCEO: PR & Comm.	Urgent Procurement
44	Cardinal Weighbridge Company (Pty) Ltd	Weighbridge assessment and repairs for Mbizana RED Hub	R 3,490.00	IPM: Mbizana RED Hub	Single Source
45	Government Printing Works	Printing paper- East London/ Head office	R 11,937.00	Finance: Asset Management	Single Source
46	Cardinal Weighbridge Company (Pty) Ltd	Additional Work Cardinal Weighbridge Company	R 1,715.00	IPM: Mbizana RED Hub	Single Source
47	Eastern Cape Industrial Hemp and Cannabis Cluster, NPC	The primary production hemp pilot project support	R 4,800,000.00	IPM: Cannabis & Hemp	Single Source
Rate Based Transactions					
1	Webber Wentzel	Legal Representation in Court Proceedings.	Hourly Rate	OCEO: Legal	Urgent Procurement
2	Clark Laing Inc	Legal Representation in Court Proceedings.	Hourly Rate	OCEO: Legal	Urgent Procurement
3	Gray Burmeister Inc.	Legal fees	Hourly Rate	OCEO: Legal	Urgent Procurement
44	Cardinal Weighbridge Company (Pty) Ltd	Weighbridge assessment and repairs for Mbizana RED Hub	R 3,490.00	IPM: Mbizana RED Hub	Single Source
45	Government Printing Works	Printing paper- East London/ Head office	R 11,937.00	Finance: Asset Management	Single Source
46	Cardinal Weighbridge Company (Pty) Ltd	Additional Work Cardinal Weighbridge Company	R 1,715.00	IPM: Mbizana RED Hub	Single Source
47	Eastern Cape Industrial Hemp and Cannabis Cluster, NPC	The primary production hemp pilot project support	R 4,800,000.00	IPM: Cannabis & Hemp	Single Source



REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE ON THE EASTERN CAPE RURAL DEVELOPMENT AGENCY

Opinion

1. I have audited the consolidated and separate financial statements of the Eastern Cape Rural Development Agency (entity) and its subsidiary, set out on pages 126 to 251, which comprise the consolidated and separate statements of financial position as at 31 March 2026, consolidated and separate statements of financial performance, consolidated and separate statements of changes in net assets, consolidated and separate cash-flow statement, statement of comparison of budget and actual amounts for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Eastern Cape Rural Development Agency and its subsidiary as at 31 March 2026 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

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

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 44 to the financial statements, which indicates that the entity is facing a number of financial risks, including the inability to pay creditors within the due date and the inability to collect revenue billed. As stated in note 44, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern.

Emphasis of matters

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

Restatement of corresponding figures

9. As disclosed in note 42 to the financial statements, the corresponding figures for 31 March 2025 were restated as a result of an error in the financial statements of the entity at and for the year ended 31 March 2026.

Write off — irrecoverable debt

10. As disclosed in note 13 to the financial statements, material losses of R98,5 million were incurred as a result of a write off of irrecoverable trade debtors.

Debt impairment

11. As disclosed in note 32 to the financial statements, material losses of R7,7 million were incurred as a result of a poor collection of from debtors.

Responsibilities of the accounting authority for the consolidated and separate financial statements

12. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the consolidated and separate financial statements

14. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
15. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report. This description, which is located on page 118, forms part of my auditor's report.

Report on the annual performance report

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
17. I selected the following material performance indicators related to support granted to rural farmers and small businesses in the Eastern Cape province presented in the annual performance report for the year ended 31 March 2026. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.
- Number of funded projects implemented
 - Number of entrepreneurs supported with non-financial support services
 - Percentage of loan budget disbursed to empower rural communities
 - Percentage recovery rate of active loan book
18. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.
19. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
20. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.
21. I did not identify any material findings on the reported performance information for the selected indicators.

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements. This information should be considered in the context of the material findings on the reported performance information.
24. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 58 to 77.

Integrated programme management

Targets achieved: 88%		
Budget spent: 100%		
Key indicator not achieved	Planned target	Reported achievement
Number of funded projects implemented	5	3

Material misstatements

25. I identified preventable material misstatement in the annual performance report submitted for auditing. This material misstatements was in the reported performance information for the selected material indicators. Management subsequently corrected the misstatement, and I did not include any material findings in this report.

Report on compliance with legislation

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.
27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance report and annual reports

30. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA. Material misstatements of non-current assets and current assets, current liabilities, revenue from non-exchange transactions, expenditure and disclosure items identified by the auditors in the submitted financial statement were corrected and the supporting records were provided, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

31. Effective and appropriate steps were not taken to prevent irregular expenditure, as disclosed in note 47 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain management regulations.
32. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 46 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by interest and penalties on late payments and the implementation of the recommendation of the Special Investigating Unit (SIU).

Revenue management

33. Effective and appropriate steps were not taken to collect all revenue due, as required by section 51(1)(b)(i) of the PFMA.

Consequence management

- 34. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by section 51(1)(e)(iii) of the PFMA. This was because proper and complete records were not maintained as evidence to support the investigations into irregular expenditure relating to prior years.
- 35. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure, as required by section 51(1)(e)(iii) of the PFMA. This was because proper and complete records were not maintained as evidence to support the investigations into fruitless and wasteful relating to prior years.

Other information in the annual report

- 36. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the consolidated and separate financial statements, the auditor's report and those selected material indicators in the scoped-in core function presented in the annual performance report that have been specifically reported on in this auditor's report.
- 37. My opinion on the consolidated and separate financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
- 38. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected material indicators in the scoped-in core function presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
- 39. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected, this will not be necessary.

Internal control deficiencies

- 40. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
- 41. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, and the material findings on compliance with legislation included in this report.
- 42. Management did not implement and operate effective financial management, reconciliation, review, and reporting controls to support reliable financial reporting. Consequently, material misstatements were identified during the audit that were not detected through the entity's routine daily, monthly, or year-end review processes. Although management subsequently corrected the identified misstatements, these deficiencies indicate weaknesses in the control environment and financial reporting processes.
- 43. Leadership and management did not adequately discharge their oversight responsibilities relating to compliance with applicable legislation and the implementation, monitoring, and review of internal controls. Controls were ineffective in ensuring that instances of irregular, fruitless, and wasteful expenditure were identified promptly, investigated, appropriately documented, and subjected to consequence management in accordance with the PFMA. These control deficiencies resulted in material non-compliance with legislative requirements.

Material irregularities

- 44. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

Material irregularities in progress

- 45. I identified a material irregularity during the audit and notified the accounting authority, as required by material irregularity regulation 3(2). By the date of this auditor's report, I had not yet completed the process of evaluating the response from the accounting authority. This material irregularity will be included in next year's auditor's report.

Other reports

- 46. I draw attention to the following engagements conducted by the SIU. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.
- 47. A SIU investigation into allegations of maladministration, procurement irregularities and related financial misconduct concerning the Marine Tilapia Industry Incubator Project in Mbashe Local Municipality was conducted in terms of Proclamation R147 of 2024. The investigation is still in progress at the date of this auditor's report. No final investigation report had been issued or tabled by the date of this auditor's report.

Auditor-General.
KuGompo City
31 July 2026



ANNEXURE TO THE AUDITOR’S REPORT

The annexure includes the following:

- The auditor-general’s responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general’s responsibility for the audit

Professional judgement and professional scepticism

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

Consolidated and separate financial statements

In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor’s report, I also:

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

Communication with those charged with governance

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

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

The selected legislative requirements are as follows:

Legislation	Sections, paragraphs or regulations
Public Finance Management Act 1 of 1999	Sections 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(4)
Treasury Regulations, 2005	Regulations 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A7.3; 16A7.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A9.1(d); 16A9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); 31.3.3; 33.1.1; 33.1.3
Companies Act 71 of 2008	Sections 45(2); 45(3)(a)(ii); 45(3)(b)(i); 45(3)(b)(ii); 45(4); 46(1)(a); 46(1)(b); 46(1)(c); 112(2)(a); 129(7)
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulations 17; 25(7A)
National Treasury Instruction No. 5 of 2020/21	Paragraphs 4.8; 4.9; 5.3
Second Amendment National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury Supply Chain Management (SCM) Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 3 of 2021/22	Paragraphs 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Sections 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraphs 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Paragraphs 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)



PART F

FINANCIAL INFORMATION

GENERAL INFORMATION

Country of incorporation and domicile
South Africa

Legal form of entity
Schedule 3C PFMA Entity

Nature of business and principal activities
Rural Development Agency

Board Members:
Mr Phumzile G Zitumane
(Chairperson)
Dr Noncedo PD Kewu (Deputy
Chairperson)
Mr Simphiwe F Ndzundzu
Ms Phoebe N Abraham
Ms Yvonne T Badi
Ms Bongeka Jojo
Ms Nancy N Sihlwayi
Chief Ntsika Joyi
Dr Andile Nontso
Ms Ntuthu Mbiko
Ms Nokhanyo Maceba

Registered office
Infinity Place
14 St Helena
Beacon Bay
5201

Business and postal address

3-33 Phillip Frame Park
Waverley Park
East London

Auditors
Auditor General South Africa

Secretary
Ms Vuyokazi Xaxa

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Board's Responsibilities
and Approval



Board's Report



Statement of
Financial Position



Statement of
Financial Performance



Statement of
Changes in Net Assets



Cash Flow Statement



Accounting Policies



Notes to the Annual
Financial Statements

BOARD’S RESPONSIBILITIES AND APPROVAL

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

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The Board is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual finan-

cial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Board has reviewed the group’s cash flow forecast for the year to 31 March 2027 and, in the light of this review and the current financial position, they satisfied that the economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the Department of Agriculture for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The annual financial statements set out on pages 126 to 250, which have been prepared on the going concern basis, were approved by the on 31 July 2026 and were signed on its behalf by:



Mr P Zitumane
Board Chairperson
Eastern Cape Rural Development Agency

BOARD OF DIRECTORS’ REPORT

The Board of Directors submit their report for the year ended 31 March

01 INCORPORATION



The entity was incorporated through a merger of the ECRFC, Asgisa and Uvimba, and was established in line with the provisions of the ECRFC Amendment Act 1 of 2012.

02 REVIEW OF ACTIVITIES

Main business and operations

The ECRDA legislative mandate can be explained further as:

- Mobilising financial resources and providing financial and support services to persons domiciled, ordinarily resident or carrying on business within the province;
- Promoting and encouraging private sector investment in the province and the participation of the private sector in contribution to economic growth;
- Promoting, assisting and encouraging the development of the Province’s human resources and financial infrastructure, in association with other institutions having similar or related objects;
- Acting as the government’s agent for performing any development related tasks and responsibilities that the government considers may be more efficiently or effectively performed by a corporate entity;
- Driving and co-ordinating integrated programmes of rural development, land reform and agrarian transformation in the province;
- Project managing rural development interventions in the Province;
- Promoting applied research and innovative technologies for rural development in the Province;
- Planning, monitoring, implementing and evaluating rural development in the province;
- Facilitating the participation of the private sector and community organisations in rural development programmes

03 GOING CONCERN

R16,5m

ACCUMULATED DEFICIT
2025: R23.9m

R25.4m

THE AMOUNT TOTAL ASSETS
EXCEED LIABILITIES BY
2025: R18m

We draw attention to the fact that at 31 March 2026, the entity had an accumulated surplus (deficit) of R (16,589,321);(2025:R(23,937,796) and that the entity’s total assets exceed liabilities by R 25,399,725; (2025:R18,051,250).

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the Directors continue to procure funding for the ongoing operations for the entity and that the appropriation allocations from the Department of Agriculture will remain in force for so long as it takes to restore the solvency of the entity.

4. SUBSEQUENT EVENTS

The Board, on 28 May 2026, approved the write off of the loan debt of Kangela Citrus Farms amounting R14,4 million which was impaired in full from the previous financial years.

The approval follows a settlement agreement that was reached with the attorneys representing the attorneys of Kangela Citrus Farms. As part of the settlement, ECRDA will be paid the R2.6 million that was in the bank account of ECRDA before the decision to liquidate Kangela Citrus Farms. The R2.6 million has been recognised as a receivable in these annual financial statements.

5. MEMBERS’ INTEREST IN CONTRACTS

The Directors have declared that they do not have any interest in contracts of the entity.

6. ACCOUNTING POLICIES

The annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

7. SHARE CAPITAL / CONTRIBUTED CAPITAL

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

8. BOARD MEMBERS

19 Records 11 Serving Directors 07 Appointed 04 Re-Appointed			
Name	Nationality	Change Status	Effective Date
Dr Nondumiso Maphazi (Chairperson)	South African	Terminated	30 April 2025
Ms Nomathandazo Mbete (Deputy Chairperson)	South African	Terminated	30 April 2025
Ms Nolitha Pietersen	South African	Terminated	30 April 2025
Mr Gcinumzi Qotywa	South African	Terminated	30 April 2025
Dr Andile Nontso	South African	Re-appointed	01 May 2025
Ms Ntuthu Mbiko	South African	Re-appointed	1 May 2025
Ms Nokhanyo Maceba	South African	Re-appointed	01 May 2025
Ms Nondumiso Ngonyama	South African	Terminated	30 April 2025
Mr Senzeni Zokwana	South African	Terminated	30 April 2025
Adv John Korkie	South African	Terminated	30 April 2025
Mr Phumzile G Zitumane	South African	Terminated	30 April 2025
Mr Phumzile G Zitumane (Chairperson)	South African	Re-appointed	01 May 2025
Dr Noncedo PD Kewu (Deputy Chairperson)	South African	Appointed	01 May 2025
Mr Simphiwe F Ndzungdu	South African	Appointed	01 May 2025
Ms Phoebe N Abraham	South African	Appointed	01 May 2025
Ms Yvonne T Badi	South African	Appointed	01 May 2025
Ms Bongeka Jojo	South African	Appointed	01 May 2025
Ms Nancy N Sihlwayi	South African	Appointed	01 May 2025
Chief Ntsika Joyi	South African	Appointed	01 May 2025

9. SECRETARY

The secretary of the entity is Ms Vuyokazi Xaxa:

10. CORPORATE GOVERNANCE

General

The Board is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Board supports the highest standards of corporate governance and the ongoing development of best practice. The group confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct (“the Code”) laid out in the King Report on Corporate Governance for South Africa 2002. The Board discusses the responsibilities of management in this respect, at Board meetings and monitor the group’s compliance with the code on quarterly basis.

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

Board of directors

The Board:

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

Chairperson and chief executive

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

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

Remuneration

The remuneration of all the Executives of the ECRDA are determined by the Board.

Board meetings

The Board has met on 11 separate occasions during the financial year. The Board scheduled to meet at least 4 times per annum, however due to the challenges that were experienced by the entity, it held seven (7) Special Board meetings. Some of the Special Board meetings could not have been avoided as they were meant for approval of reports that would be submitted to the MEC. In addition preparations for the Portfolio Committee and SCOPA necessitated the Special meetings.

In 2025/26, the Board further reduced the its sub committees from five(5) to four (4)sub committees. The sub committees are the Audit and Risk Committee, Finance and Investment Committee (FINVEST), Human Capital and Remuneration (HCR) and Governance, Ethics, Strategy and Stakeholder Relations Committee (GSEC). The committees were established to ensure the proper execution of its responsibilities.

The Audit and Risk Committee met six (6) including two special meetings, FINVEST met four (4) times, HCR met four (4) times and GE&SC met five(5) times, with one Special meeting. In all these meetings quorum requirements were met.

Audit and risk committee

The committee met 6 times during the financial year to review matters necessary to fulfil its role.

Internal audit

The entity has outsourced its internal audit function to Lunika Incorporated since January 2023 for a period of two years. Lunika Incorporated was re-appointed in January 2025, after following a procurement process, to perform the same function for a further three(3) years. This is in compliance with the Public Finance Management Act, 2003.

11. CONTROLLING ENTITY

The entity’s controlling entity is DoA.

12. BANKERS

ECRDA banks with First National Bank. All funds received on budget allocations are received through its main account.

13. AUDITORS

Auditor General (SA) will continue in office for the next financial period.

14. COMPLIANCE WITH APPLICABLE LEGISLATION

During the period under review, the ECRDA has been compliant with the legislative prescripts relevant to a Schedule 3C public entity. Regretfully, the institutions Broad-based Black Economic Empowerment expired in February 2023 and the process for a new valid certificate is still in progress.

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the Board on 31 July 2026 and were signed on its behalf by:


Mr P.G. Zitumane
Chairperson of the Board

ECRDA CONSOLIDATED

Trading as ECRDA

Annual Financial Statements for the year ended 31 March 2026

Statement of Financial Position as at 31 March 2026

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2026	2025 Restated*	2026	2025 Restated*
Assets					
Current Assets					
Inventories	14	4,237,224	4,537,238	70,965	97,551
Receivables from exchange transactions	15	10,155,173	13,999,221	8,400,986	11,584,486
VAT receivable	16	126,311	78,110	-	-
Loans and advances to customers	13	16,144,447	5,206,018	16,144,447	5,206,018
Cash and cash equivalents	17	61,958,812	56,779,154	61,559,431	56,348,429
		92,621,967	80,599,741	86,175,829	73,236,484
Non-Current Assets					
Biological assets that form part of an agricultural activity	3	4,180,794	3,083,948	-	-
Investment property	4	1,422,540	1,457,801	1,422,540	1,457,801
Property, plant and equipment	5	10,804,594	12,810,194	8,673,412	9,989,532
Intangible assets	6	122,105	48,866	122,105	48,866
Deferred tax	7	6,868,932	6,475,314	-	-
Loans and advances to customers	13	20,924,652	16,471,945	20,924,652	16,471,945
		44,323,617	40,348,068	31,142,709	27,968,144
Total Assets		136,945,584	120,947,809	117,318,538	101,204,628
Liabilities					
Current Liabilities					
Finance lease obligation	19	1,417,295	1,128,838	1,417,295	1,128,838
Operating lease liability	8	636,853	438,926	636,853	438,926
Payables from exchange transactions	9	19,544,349	12,138,809	18,035,687	11,301,770
Liabilities from non-exchange transaction	10	2,236,738	472,417	2,236,738	472,417
Long service awards obligation	11	185,000	2,126,000	185,000	2,126,000
Unspent grants	20	54,922,700	50,994,601	54,922,700	50,994,601
Provisions	21	5,730,623	6,318,114	5,730,623	6,318,114
Bank overdraft	17	-	23,067	-	23,067
		84,673,558	73,640,772	83,164,896	72,803,733
Non-Current Liabilities					
Finance lease obligation	19	144,917	2,184,645	144,917	2,184,645
Long service awards obligation	11	8,609,000	8,165,000	8,609,000	8,165,000
		8,753,917	10,349,645	8,753,917	10,349,645
Total Liabilities		93,427,475	83,990,417	91,918,813	83,153,378
Net Assets		43,518,109	36,957,392	25,399,725	18,051,250
Share capital / contributed capital	18	41,989,146	41,989,146	41,989,046	41,989,046
Accumulated surplus		1,528,963	(5,031,754)	(16,589,321)	(23,937,796)
Total Net Assets		43,518,109	36,957,392	25,399,725	18,051,250

* See Note 42

ECRDA CONSOLIDATED

Trading as ECRDA

Annual Financial Statements for the year ended 31 March 2026

Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2026	2025 Restated*	2026	2025 Restated*
Revenue					
Revenue from exchange transactions					
Sale of goods		2,217,464	3,064,696	-	-
Rental of facilities and equipment		2,188,021	2,164,108	2,188,021	2,164,108
Sundry Income		3,418,819	233,169	3,418,819	233,169
Fees earned		121,100	76,500	121,100	76,500
Commissions received		596	5,029	596	5,029
Recoveries- Bad Debts		10,559	102,938	10,559	102,938
Other income		2,207,024	2,465,664	-	-
Interest Received - Rentals		61,893	53,180	61,893	53,180
Interest on loans		5,114,567	4,498,781	5,114,567	4,498,781
Insurance Income		16,473,839	16,525,659	16,473,839	16,525,659
Interest received - investment	24	2,149,380	2,739,240	2,092,753	2,673,134
Actuarial gains		1,222,000	-	1,222,000	-
Total revenue from exchange transactions		35,185,262	31,928,964	30,704,147	26,332,498
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	27	246,590,272	191,773,017	214,479,272	161,074,017
Total revenue	22	281,775,534	223,701,981	245,183,419	187,406,515
Expenditure					
Employee related costs	28	(154,601,687)	(123,566,539)	(138,387,982)	(107,476,318)
Remuneration of Board Members	41	(2,767,260)	(4,455,387)	(2,418,860)	(4,055,687)
Administration expenses		(15,992)	(15,687)	(15,992)	(15,687)
Project Expenses	33	(24,198,444)	(14,552,911)	(24,194,250)	(14,552,911)
Depreciation and amortisation	29	(3,621,104)	(4,339,939)	(2,652,597)	(2,533,390)
Reversal of impairments	30	-	(10,236)	-	(1,124)
Finance costs	31	(1,200,741)	(2,171,984)	(1,200,741)	(2,171,984)
Lease rentals on operating lease	23	(2,231,410)	(2,242,656)	(2,231,410)	(2,242,656)
Debt Impairment	32	(7,781,895)	(7,521,299)	(7,743,415)	(7,355,662)
Bad debts written off (Presented on face of SOFP)	26	(1,181,389)	(1,952)	(1,181,389)	(1,952)
Surrenders Treasury		(1,130,168)	-	(1,130,168)	-
Bulk purchases		(612,793)	(512,346)	-	-
Contracted Services		(5,557,420)	(12,124,622)	(5,108,951)	(11,546,570)
Transfers and Subsidies	25	(16,293,076)	-	(16,293,076)	-
Gain or loss on disposal of assets and liabilities		(102,824)	(66,888)	(81,603)	(66,888)
Fair value adjustments		-	(571,991)	-	(571,991)
Actuarial losses		-	(397,000)	-	(397,000)
Inventories losses/write-downs		(8,954,532)	(7,465,259)	(3,098)	(13,130)
Cost of Sales		(2,025,868)	(3,715,546)	-	-
General Expenses	35	(43,267,579)	(55,681,428)	(34,771,906)	(47,175,352)
Total expenditure		(275,544,182)	(239,413,670)	(237,415,438)	(200,178,302)
Surplus (deficit) before taxation		6,231,352	(15,711,689)	7,767,981	(12,771,787)
Taxation		(393,618)	(776,760)	-	-
Surplus (deficit) for the year		6,624,970	(14,934,929)	7,767,981	(12,771,787)

* See Note 42

ECRDA CONSOLIDATED

Trading as ECRDA
Annual Financial Statements for the year ended 31 March 2026

Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Accumulated surplus / deficit	Total net assets
Economic entity			
Opening balance as previously reported	41,989,146	17,450,651	59,439,797
Adjustments	-	(7,547,476)	(7,547,476)
Prior year adjustments 42			
Balance at 01 April 2024 as restated*	41,989,146	9,903,175	51,892,321
Changes in net assets	-	(14,934,929)	(14,934,929)
Surplus for the year			
Total changes	-	(14,934,929)	(14,934,929)
Restated* Balance at 01 April 2025	41,989,146	(5,031,754)	36,957,392
Changes in net assets	-	6,624,970	6,624,970
Surplus for the year			
Remeasurement due to implementation of GRAP 104	-	(423,649)	(423,649)
Other Adjustments	-	359,396	359,396
Total changes	-	6,560,717	6,560,717
Balance at 31 March 2026	41,989,146	1,528,963	43,518,109
Note(s)	18		
Controlling entity			
Opening balance as previously reported	41,989,046	(3,409,792)	38,579,254
Adjustments	-	(7,756,217)	(7,756,217)
Prior year adjustments 42			
Balance at 01 April 2024 as restated*	41,989,046	(11,166,009)	30,823,037
Changes in net assets	-	(12,771,787)	(12,771,787)
Surplus / Deficit or the year			
Total changes	-	(12,771,787)	(12,771,787)
Restated* Balance at 01 April 2025	41,989,046	(23,933,653)	18,055,393
Changes in net assets	-	7,767,981	7,767,981
Surplus /Deficit for the year			
Remeasurement due to implementation of GRAP 104	-	(423,649)	(423,649)
Total changes	-	7,344,332	7,344,332
Balance at 31 March 2026	41,989,046	(16,589,321)	25,399,725
Note(s)	18		

* See Note 42

ECRDA CONSOLIDATED

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Annual Financial Statements for the year ended 31 March 2026

Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2026	2025 Restated*	2026	2025 Restated*
Cash flows from operating activities					
Receipts					
Rental Income		1,770,688	1,770,580	1,770,688	1,700,581
Sale of goods and services		2,891,228	5,344,757	-	
Grants		246,590,272	191,773,017	214,479,272	161,074,017
Receipts from loans		8,392,677	7,725,303	8,392,677	7,725,303
Interest received on MAFISA		1,304,164	4,167,823	1,304,164	4,167,823
Interest income		2,533,452	3,330,685	2,476,825	3,264,579
Fees and Commission Received		3,599,663	76,500	3,599,663	76,500
Insurance Income		10,536,327	420,531	10,536,327	420,531
Other Income		2,960,732	3,095,124	753,708	629,460
		280,579,203	217,704,320	243,313,324	179,058,794
Payments					
Employee costs		(151,252,940)	(127,915,267)	(135,073,805)	(109,477,020)
Suppliers		(75,445,334)	(78,577,661)	(56,358,511)	(58,968,451)
Finance costs		(253,741)	(1,058,287)	(253,741)	(1,058,287)
Remuneration of Directors		(2,767,260)	(4,455,387)	(2,418,860)	(4,055,687)
Disbursement of non- exchange from administered funds		1,439,469	(1,365,067)	1,439,469	(1,365,067)
Loans disbursed		(24,411,413)	(8,899,189)	(24,411,413)	(8,899,189)
Transfers and subsidies paid		(16,293,076)	-	(16,293,076)	-
Surrendered Funds		(1,602,585)	(2,086,977)	(1,602,585)	(2,086,977)
		(270,586,880)	(224,357,835)	(234,972,522)	(185,910,678)
Net cash flows from operating activities	36	9,992,323	(6,653,515)	8,340,802	(6,851,884)
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(1,774,837)	(2,998,075)	(1,177,023)	(2,373,031)
Proceeds from sale of property, plant and equipment	5	118,296	-	8,835	-
Purchase of other intangible assets	6	(97,666)	-	-	-
Purchase of biological assets that form part of an agricultural activity	3	(1,096,846)	-	-	-
Net cash flows from investing activities		(2,851,053)	(2,998,075)	(1,168,188)	(2,373,031)
Cash flows from financing activities					
Finance lease payments		(1,938,545)	(821,799)	(1,938,545)	(821,799)
Net increase/(decrease) in cash and cash equivalents		5,202,725	(10,473,389)	5,234,069	(10,046,714)
Cash and cash equivalents at the beginning of the year		56,756,087	67,229,476	56,325,362	66,372,076
Cash and cash equivalents at the end of the year	17	61,958,812	56,756,087	61,559,431	56,325,362

The accounting policies on pages 18 to 67 and the notes on pages 68 to 124 form an integral part of the annual financial statements.

* See Note 42



ECRDA CONSOLIDATED

Trading as ECRDA

Annual Financial Statements for the year ended 31 March 2026

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rands						
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Rental of facilities and equipment	2,350,000	(200,000)	2,150,000	2,188,021	38,021	
Sundry Income	2,000,000	(1,823,200)	176,800	3,418,819	3,242,019	N1
Fees earned	30,000	70,000	100,000	121,100	21,100	N2
Commissions received	2,690,000	810,000	3,500,000	596	(3,499,404)	N3
Recoveries- Bad debts	608,000	(602,602)	5,398	10,559	5,161	N4
Interest Received- Rentals		-	-	61,893	61,893	N9
Interest on loans	4,540,000	(2,437,263)	2,102,737	5,114,567	3,011,830	N5
Insurance Income		11,533,000	11,533,000	16,473,839	4,940,839	N6
Interest received - investment	2,707,000	(1,443,717)	1,263,283	2,092,753	829,470	N7
Roll over approved		2,437,263	2,437,263	-	(2,437,263)	N8
Loan Repayments	7,273,000	-	7,273,000	-	(7,273,000)	N9
Total revenue from exchange transactions	22,198,000	8,343,481	30,541,481	29,482,147	(1,059,334)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	238,577,000	10,000,000	248,577,000	214,216,000	(34,361,000)	N10
National Skills Fund	200,000	(49,698)	150,302	263,272	112,970	N11
Total revenue from non-exchange transactions	238,777,000	9,950,302	248,727,302	214,479,272	(34,248,030)	
Total revenue	260,975,000	18,293,783	279,268,783	243,961,419	(35,307,364)	
Expenditure						
Employee related costs	(124,677,968)	(5,954,697)	(130,632,665)	(138,387,982)	(7,755,317)	N12
Remuneration of Board members	(4,730,000)	1,741,097	(2,988,903)	(2,418,860)	570,043	N13
Administration expenses	(172,000)	(58,000)	(230,000)	(15,992)	214,008	N14
Project Expenses	(22,595,000)	-	(22,595,000)	(24,194,250)	(1,599,250)	N15
Depreciation and amortisation		-	-	(2,652,597)	(2,652,597)	N9
Finance costs	(330,000)	30,000	(300,000)	(1,200,741)	(900,741)	N16
Lease rentals on operating lease	(2,511,980)	(498,020)	(3,010,000)	(2,231,410)	778,590	
Debt Impairment		-	-	(7,743,415)	(7,743,415)	N9
Bad debts written off - Other		-	-	(1,181,389)	(1,181,389)	N18
Surrenders Treasury		-	-	(1,130,168)	(1,130,168)	N19
Contracted Services	(2,704,000)	(3,696,000)	(6,400,000)	(5,108,951)	1,291,049	N17
Transfers and Subsidies		-	-	(16,293,076)	(16,293,076)	N20
General Expenses	(26,993,140)	1,758,606	(25,234,534)	(34,771,906)	(9,537,372)	N21
Software & Other Intangibles	(4,999,912)	239,334	(4,760,578)	-	4,760,578	N9
Payment of capital assets	(800,000)	(1,856,103)	(2,656,103)	-	2,656,103	N9
Payment of financial assets	(38,350,000)	(7,750,000)	(46,100,000)	-	46,100,000	N9
Transfers and subsidies	(32,111,000)	(2,250,000)	(34,361,000)	-	34,361,000	N9

ECRDA CONSOLIDATED

Trading as ECRDA
Annual Financial Statements for the year ended 31 March 2026

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Total expenditure	(260,975,000)	(18,293,783)	(279,268,783)	(237,330,737)	41,938,046	
Operating surplus	-	-	-	6,630,682	6,630,682	
Loss on disposal of assets and liabilities	-	-	-	(81,603)	(81,603)	N9
Actuarial gains/losses	-	-	-	1,222,000		N9
Inventories losses/write-downs	-	-	-	(3,098)	(3,098)	N9
	-	-	-	1,137,299	1,137,299	
Surplus before taxation	-	-	-	7,767,981	7,767,981	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	7,767,981	7,767,981	
Reconciliation						

Variances being explained are those that are above 10%. In addition, the budget was prepared on a cash basis, whilst the financial reporting is in terms of GRAP standards, which is the accrual basis of accounting.

N1 - There is over recovery on sundry income. The nature of this line item is meant for any other sort of income that the entity could received through various forms; for example collection from court proceedings, settlements due to ECRDA. Staff debt recoveries are also included in this line item. In the current financial year, ECRDA recognised R2.6 million of sundry income emanating from a settlement agreement reached for the write off of Kangela Citrus Farms.

N2- There is a 21% variance on fees earned. This is due to the fees generated through grain, vegetable and fodder loan scheme which were higher than expected. The budget was initially based on the issue of ECRDA loans.

N3 - The commission revenue was adjusted upwards due to commission received of R3.5 million that was received from Mafisa in November 2025. An adjustment was processed to account for this revenue on an accrual basis and aligning with the Mafisa loans collection of 7% for each of the financial year. The amount recorded is what was due to ECRDA in he 2025/26 financial year and the rest was journalised to accumulated surplus.

N4 - Recoveries of bad debts were not as anticipated, the Board took a decision to write off bad debts as there were no recoveries.

N5 - These are interest on loans accruing to ECRDA on loans issued through the loan scheme.

N6 - This relates to Guardrisk insurance for the cover of bad debts. During the year, ECRDA received R11.5 million from this arrangement as a performance bonus. It was initially not budgeted for as the nature of the transaction does not involve a cash payout of the premium. The payout made during the financial year necessitated the budget adjustment of R11.5 million.

N7 - This is interest received from ECRDA's bank accounts. It has increased due to interest received towards the end of the financial year, mainly relating from ringfenced funds balances.

N8 - This is the roll over that was approved by Treasury during quarter 3 of the 2025/26 financial year. Expenditure related to these funds is included in the expenditure line items.

ECRDA CONSOLIDATED

Trading as ECRDA
Annual Financial Statements for the year ended 31 March 2026

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference

N9- These items are included in the budget on a cash basis, however the accounting for these transactions is on an accrual basis. These items are therefore recorded in the statement of financial position.

N10 - The revenue on government grants appears to be less than budgeted mainly due to R32.1 million transferred to Magwa Tea Enterprise.

N11- National Skills Fund revenue is based on the number of training activities undertaken by the ECRDA. The entity is affiliated to BANKSETA, whereby ECRDA is required to submit annual workman's plan together with the annual training plan and report. An assessment is done based on the submission, then funds are paid to the institution.

N12 - Personnel costs include accrual for leave and the Voluntary Severance Package (VSP) that is due to be paid out during the first two quarters of the 2026/27 financial year. Costs incurred include the VSP amounting to R15 million that was paid out in the current financial year and the leave days paid out to the employees who opted for the VSP scheme.

N13 - There are savings on Board fees line item. The change in fee structure of Board remuneration has contributed to the savings and the reduction of special meetings that were held previously to review the reports before submission to DOA. the Board also reduced its subcommittees to four instead of the five that it had in the past.

N14 - These are administration costs relating to the administration of loans, including costs paid to the National Credit bureau for access of information relating to loan applicants.

N15 - Project Expenditure relates to expenditure on Cannabis, Red hubs, forestry being implemented by the Agency. The reason for over expenditure is

N16 - Finance costs expenditure relates to finance costs incurred on leases and employee benefit obligation relating to the long service awards.

N17 - This item is below budget which is a reflection of an improvement when compared to prior years. Matters that required appointment of attorneys have since reduced.

N18 - These are bad debts written off in relation to the Kangela Citrus Farms. The initial write off of R13 million was processed through the impairment, however the R1.1 million relates to interest incurred for the 2025/26 financial year, which was not impaired and therefore the write off was processed through the statement of financial performance. There is no allocated budget for this item, due to the basis of accounting and principles of budgeting which are not the same as explained in earlier paragraphs.

N19 - These are funds that were surrendered to Treasury.

N20 - This amount represents transfers that were made by ECRDA to Landbank in line MOA that was signed between DOA/ECRDA and Landbank.

N21 - Over expenditure on general expenses can be attributable to increased costs as a result of inflation.

Significant Accounting Policies

Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

These accounting policies are consistent with the previous period, except for the changes set out in note Changes in accounting policy.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Materiality

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

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

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

1.5 Interests in other entities

Consolidated financial statements

Benefits are the advantages an entity obtains from its involvement with other entities. Benefits may be financial or non-financial. The actual impact of an entity's involvement with another entity can have positive or negative aspects.

Binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

Consolidated annual financial statements are the annual financial statements of an economic entity in which the assets, liabilities, net assets, revenue, expenses and cash flows of the controlling entity and its controlled entities are presented as those of a single economic entity.

An entity controls another entity when the entity is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over the other entity.

Significant Accounting Policies

Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

1.5 Interests in other entities (continued)

A controlled entity is an entity that is controlled by another entity. A controlling entity is an entity that controls one or more entities.

A decision maker is an entity with decision making rights that is either a principal or an agent for other parties. An economic entity is a controlling entity and its controlled entities.

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services, has the purpose of investing funds solely for returns from capital appreciation, investment revenue, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis.

A non-controlling interest is the net assets in a controlled entity not attributable, directly or indirectly, to a controlling entity. Power consists of existing rights that give the current ability to direct the relevant activities of another entity.

Protective rights are rights designed to protect the interest of the party holding those rights without giving that party power over the entity to which those rights relate.

Relevant activities are activities of the potentially controlled entity that significantly affect the nature or amount of the benefits that an entity receives from its involvement with that other entity.

Removal rights are rights to deprive the decision maker of its decision making authority.

Presentation of consolidated financial statements

The entity as controlling entity presents consolidated annual financial statements.

Control

The entity determines whether it is a controlling entity by

assessing whether it controls the other entity. The entity controls another entity when it is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature and amount of those benefits through its power over the other entity.

The entity controls another entity if the entity has all three of the following elements of control:

- power over the other entity;
- exposure, or rights, to variable benefits from its involvement with the other entity; and
- the ability to use its power over the other entity to affect the nature or amount of the benefits from its involvement with the other entity.

The entity considers all facts and circumstances when assessing whether it controls another entity. The entity reassess whether it controls another entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

As an entity with decision making rights, the entity determines whether it is a principal or an agent in undertaking transactions with third parties. The entity also determines whether another entity with decision making rights is acting as an agent for the entity. An agent is a party primarily engaged to undertake transactions with third parties on behalf of and for the benefit of another party or parties (the principal(s)) and therefore does not control the other entity when it exercises its decision making authority. Thus, sometimes a principal's power may be held and exercisable by an agent, but on behalf of the principal.

Accounting requirements

The entity as controlling entity prepares consolidated annual financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Consolidation of a controlled entity begins from the date the entity obtains control of the other entity and cease when the entity loses control of the other entity.

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		2026	2025	2026	2025

1.5 Interests in other entities (continued)

Consolidation procedures

Consolidated financial statements:

- Combine like items of assets, liabilities, net assets, revenue, expenses and cash flows of the controlling entity with those of its controlled entities.
- Offset (eliminate) the carrying amount of the controlling entity’s investment in each controlled entity and the controlling entity’s portion of net assets of each controlled entity.
- Eliminate in full intra-economic entity assets, liabilities, net assets, revenue, expenses and cash flows relating to transactions between entities of the economic entity. Intra-economic entity losses may indicate an impairment that requires recognition in the consolidated financial statements.

Uniform accounting policies

If a member of the economic entity uses accounting policies other than those adopted in the consolidated annual financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that member’s annual financial statements in preparing the consolidated annual financial statements to ensure conformity with the economic entity’s accounting policies.

Measurement

The entity includes the revenue and expenses of a controlled entity in the consolidated annual financial statements from the date it gains control until the date when the entity ceases to control the controlled entity. Revenue and expenses of the controlled entity are based on the amounts of the assets and liabilities recognised in the consolidated annual financial statements at the acquisition date.

Reporting dates

The financial statements of the entity as controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as at the same reporting date. When the end of the reporting period of the controlling entity is different from that of a controlled entity, the controlling entity either:

- obtains, for consolidation purposes, additional financial information as of the same date as the annual financial statements of the controlling entity; or
- uses the most recent annual financial statements of the controlled entity at the time of preparing the consolidation, adjusted for the effects of significant transactions or events that occur between the date of those annual financial statements and the date of the consolidated annual financial statements.

Non-controlling interests

The entity as controlling entity presents non-controlling interests in the consolidated statement of financial position within net assets, separately from the net assets of the owners of the controlling entity.

The entity attributes the surplus or deficit and each gain or loss recognised directly in net assets to the owners of the controlling entity and to the non-controlling interests. The entity also attributes the total amount recognised in the statement of changes in net assets to the owners of the controlling entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If a controlled entity has outstanding cumulative preference shares that are classified as equity instruments and are held by non-controlling interests, the entity computes its share of surplus or deficit after adjusting for the dividends on such shares, whether or not such dividends have been declared.

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		2026	2025	2026	2025

1.5 Interests in other entities (continued)

When the proportion of the net assets held by non-controlling interests changes, the entity adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the controlled entity. The entity recognises directly in net assets any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the controlling entity.

Loss of control

If the entity as controlling entity loses control of a controlled entity, the entity:

- derecognises the assets and liabilities of the former controlled entity from the consolidated statement of financial position;
- recognises any investment retained in the former controlled entity and subsequently accounts for it and for any amounts owed by or to the former controlled entity in accordance with the relevant Standards of GRAP. That fair value is regarded as the fair value on initial recognition of a financial asset in accordance with Standard of GRAP on Financial Instruments or the cost on initial recognition of an investment in an associate or joint venture; and
- recognises the gain or loss associated with the loss of control attributable to the former controlling interest.

The entity as controlling entity might lose control of a controlled entity in two or more arrangements (transactions). However, sometimes circumstances indicate that the multiple arrangements should be accounted for as a single transaction. In determining whether to account for the arrangements as a single transaction, the entity as controlling entity considers all the terms and conditions of the arrangements and their economic effects. One or more of the following indicate that the entity as controlling entity should account for the multiple arrangements as a single transaction:

- They are entered into at the same time or in contemplation of each other.
- They form a single transaction designed to achieve an overall commercial effect.
- The occurrence of one arrangement is dependent on the occurrence of at least one other arrangement.
- One arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements. An example is when a disposal of an investment is priced below market and is compensated for by a subsequent disposal priced above market.

If the entity as controlling entity loses control of a controlled entity, it:

- Derecognise the assets and liabilities of the controlled entity at their carrying amounts at the date when control is lost, and the carrying amount of any non-controlling interests in the former controlled entity at the date when control is lost (including any gain or loss recognised directly in net assets attributable to them).
- Recognise the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control, if the transaction, event or circumstances that resulted in the loss of control involves a distribution of shares of the controlled entity to owners in their capacity as owners, that distribution and any investment retained in the former controlled entity at its fair value at the date when control is lost.
- Transfer directly to accumulated surplus/deficit, if required by other Standards of GRAP, the amounts recognised directly in net assets in relation to the controlled entity on the basis described in paragraph .56.
- Recognise any resulting difference as a gain or loss in surplus or deficit (see GRAP 106), or in accumulated surplus or deficit (see GRAP 105) attributable to the controlling entity.

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		2026	2025	2026	2025

1.5 Interests in other entities (continued)

If the entity as controlling entity loses control of a controlled entity, the entity as controlling entity accounts for all amounts previously recognised directly in net assets in relation to that controlled entity on the same basis as would be required if the controlling entity had directly disposed of the related assets or liabilities. If a revaluation surplus previously recognised directly in net assets would be transferred directly to accumulated surplus or deficit on the disposal of the asset, the entity as controlling entity transfers the revaluation surplus directly to accumulated surplus or deficit when it loses control of the controlled entity.

1.6 Significant judgements and sources of estimation uncertainty

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

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

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Trade receivables, loans receivables

The group assess its trade and loan receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be

recorded in surplus or deficit, the entity makes judgements as to whether there is observables data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment of trade receivables and loans is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 21 - Provisions.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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		2026	2025	2026	2025

1.6 Significant judgements and sources of estimation uncertainty (continued)

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Useful lives of investment property, property, plant and equipment and intangible assets

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

Effective interest rate

The group used the prime interest rate to discount future cash flows.

Interests in Other Entities

Materiality

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

Applying materiality in the preparation of annual financial statements requires the entity to make key assessments and decisions. Key assessments and decisions made in considering materiality, are as follows:

- Identification of users and their information needs
- Assessing information based on nature and size, by developing qualitative considerations and quantitative thresholds
- Application of materiality in preparing the financial statements:
 - Developing accounting policies
 - Deciding what information to disclose
 - Deciding how to present information
 - Assessing omissions, misstatements and errors

The assessments and decisions are considered throughout the financial reporting cycle, and not only when annual financial statements are prepared.

Classification and designation of financial assets and financial liabilities

The economic entity exercises judgement in determining:

- the management model for groups of financial assets (for example, whether assets are held primarily to collect contractual cash flows, to realise fair value changes through sales, or to manage liquidity); and
- whether the contractual terms of financial assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI").

These assessments determine whether financial assets are measured at amortised cost or at fair value through surplus or deficit, and whether the entity designates particular financial assets or financial liabilities at fair value through surplus or deficit to eliminate or significantly reduce accounting mismatches.

[Entity-specific description of key portfolios and any marginal cases.]

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		2026	2025	2026	2025

1.6 Significant judgements and sources of estimation uncertainty (continued)

Management models for financial assets

Management determines the economic entity’s management models for financial assets at a portfolio level, based on how groups of assets are managed in practice (for example, whether the main objective is to collect contractual cash flows over the life of the assets, to both hold and sell, or to actively trade). Instruments held in a management model whose objective is to hold financial assets in order to collect contractual cash flows, and that meet the SPPI condition, are measured at amortised cost in accordance with GRAP 104.4.2. Other financial assets are measured at fair value through surplus or deficit.

[Entity-specific description: e.g. how term deposits, longer-term loans, investment portfolios, etc. are grouped.]

Contractual cash flow characteristics (SPPI assessment)

Significant judgement is involved in assessing whether contractual cash flows of a financial asset are solely payments of principal and interest on the principal amount outstanding, particularly where instruments contain features such as:

- interest that is linked to performance or other non-basic variables;
- modified time-value-of-money elements;
- non-recourse terms; or
- prepayment or extension options.

Such features may introduce risks or variability in cash flows that are not consistent with a basic lending arrangement, and therefore may cause the instrument to fail the SPPI condition.

[Entity-specific examples of borderline products, if any.]

Liabilities designated at fair value through surplus or deficit – own-credit and mismatches

For some financial liabilities, the group may elect on initial recognition to measure the liability at fair value through surplus or deficit to eliminate or significantly reduce accounting mismatches. In these cases, management:

- determines an appropriate method to isolate changes in fair value that are attributable to the entity’s own credit risk; and
- assesses whether presenting those own-credit changes in net assets, rather than in surplus or deficit, would create or enlarge an accounting mismatch.

Where such an accounting mismatch would arise, all changes in the fair value of the liability are recognised in surplus or deficit. If no such mismatch exists, changes in fair value attributable to own credit risk are recognised directly in net assets, with other fair-value changes recognised in surplus or deficit.

[Entity-specific note if any liabilities are so designated.]

Impairment – expected credit losses (ECL)

The entity measures expected credit losses (ECL) on financial assets measured at amortised cost, lease receivables, and on loan commitments and financial guarantee contracts, using the requirements in GRAP 104.5.17–5.35. Financial assets measured at cost (i.e. investments in residual interests where fair value cannot be measured reliably) are subject to a separate impairment model described in note [6] (see GRAP 104.5.36). ECL measurement involves significant judgement, including in:

- defining “default” and segmenting exposures into appropriate groups;
- estimating probabilities of default, loss given default and exposures at default;
- assessing the impact of collateral and other credit enhancements; and
- incorporating forward-looking information and any post-model adjustments where model outputs do not fully capture emerging risks.

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		2026	2025	2026	2025

1.6 Significant judgements and sources of estimation uncertainty (continued)

[Entity-specific description of key portfolios and modelling choices.]

Significant Increase in Credit Risk (SICR)

The group assesses whether there has been a significant increase in credit risk (SICR) since initial recognition using both quantitative and qualitative indicators. In many portfolios, the entity applies the rebuttable presumption in GRAP 104 that credit risk has increased significantly when contractual payments are more than 30 days past due, unless there is reasonable and supportable information showing otherwise.

For exposures that are not past due, SICR is assessed using indicators such as changes in internal and external credit assessments, watch-list status and adverse changes in the debtor’s operating environment.

[Entity-specific SICR thresholds or qualitative indicators.]

Use of forward-looking and macro-economic information

Assumptions used in ECL models incorporate reasonable and supportable forward-looking information available without undue cost or effort at the reporting date, including relevant macro-economic variables (such as indicators of economic growth, employment, inflation and interest rates). ECL estimates are derived from probability-weighted scenarios that reflect this information in an unbiased manner.

[Entity-specific: which scenarios / main macro variables.]

Approaches applied to different portfolios

For financial assets within the scope of GRAP 104’s impairment requirements, the entity applies:

- the general approach to most financial assets measured at amortised cost, under which:
 - a loss allowance equal to 12-month ECL is recognised if credit risk has not increased

- significantly since initial recognition; and
- a loss allowance equal to lifetime ECL is recognised if credit risk has increased significantly since initial recognition; and
- the simplified approach to receivables and lease receivables, for which a loss allowance is always measured at an amount equal to lifetime ECL.

Where relevant, receivables include balances arising from revenue transactions (for example, amounts recognised in terms of GRAP 9 Revenue from Exchange Transactions or GRAP 23 Revenue from Non-exchange Transactions) that meet the definition of a financial asset under GRAP 104.

For purchased or originated credit-impaired financial assets, the entity recognises only the cumulative changes in lifetime ECL since initial recognition, measured using a credit-adjusted effective interest rate.

[Entity-specific mapping of portfolios to general vs simplified approach.]

Write-offs and subsequent recoveries

Financial assets (or parts thereof) are written off when the entity has no reasonable expectation of recovering all or part of the contractual cash flows, after considering historical experience and specific factors relating to the debtor. Any subsequent cash recoveries of amounts previously written off are recognised in surplus or deficit when received.

[Entity-specific write-off policy, if tighter than GRAP’s minimum.]

Loan commitments and financial guarantee contracts

The entity recognises expected credit losses on loan commitments and financial guarantee contracts from the date it becomes a party to the irrevocable commitment or guarantee. Judgement is applied in estimating:

- the expected utilisation of loan commitments;
- exposure profiles over the contractual period; and
- the period over which expected credit losses are measured, taking into account contractual and behavioural factors.

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		2026	2025	2026	2025
1.6 Significant judgements and sources of estimation uncertainty (continued)					
Modifications and derecognition of financial assets					
The entity exercises judgement in determining whether changes in the contractual terms of a financial instrument represent:					
• a modification that does not result in derecognition; or • a change that is so substantial that it results in derecognition of the original instrument and recognition of a new one.					
This assessment considers both quantitative factors (such as changes in the present value of contractual cash flows) and qualitative factors (such as changes in currency, collateral or other key terms).					
Where a modification does not result in derecognition, the entity:					
• recalculates the gross carrying amount of the financial asset as the present value of the modified contractual cash flows discounted at the financial asset's original effective interest rate (or original credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets); and • recognises any resulting modification gain or loss in surplus or deficit, in accordance with GRAP 104's definition of "modification gain or loss" and related guidance.					
[Entity-specific description where modifications are common (e.g. debt restructurings).]					
Concessionary loans					
Where loans are granted or received on below-market terms, the entity determines a market-related rate of interest to measure the financial asset or financial liability at fair value on initial recognition and identifies any resulting non-exchange (social benefit) component that is accounted for in accordance with the relevant Standard.					
Significant judgement is applied in:					
• selecting appropriate market discount rates (including benchmark yield curves and credit spreads for instruments with similar terms and credit risk); and • estimating expected cash flows, considering whether contractual terms are expected to be enforced in full. [Entity-specific detail on main concessionary loan programmes and discount-rate sources.]					
Fair value measurement					
For financial instruments measured at, or with fair value disclosed at, fair value, the entity:					
• uses quoted market prices in active markets where available; and • where quoted prices are not available, applies valuation techniques (such as market approaches, comparable instruments or discounted cash flow methods).					
Judgement is required in:					
• selecting appropriate valuation techniques; • determining significant unobservable inputs (for example, discount rates, credit spreads and liquidity adjustments); and • classifying fair-value measurements within the fair value hierarchy (Levels 1 to 3) for disclosure purposes. [Entity-specific info on key unobservable inputs, if material.]					
Level 3 fair value measurements					
For material Level 3 fair-value measurements, management applies judgement in identifying:					
• the key unobservable inputs; • the basis on which those inputs are determined; and • reasonably possible alternative assumptions that could significantly change fair value.					

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		2026	2025	2026	2025
1.6 Significant judgements and sources of estimation uncertainty (continued)		[Entity-specific: e.g. significant intra-year peaks in borrowings or overdrafts.]			
Where relevant and in line with the encouraged disclosures in GRAP 104.8.34–8.35, the entity discloses (or may disclose, where relevant) reconciliations of Level 3 balances and sensitivity analyses for such inputs.		1.7 Biological assets that form part of an agricultural activity			
Offsetting and presentation		The entity recognises biological assets that form part of an agricultural activity or agricultural produce when, and only when:			
- a currently enforceable legal right to set off the recognised amounts; and - an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.		- the entity controls the asset as a result of past events; - it is probable that future economic benefits or service potential associated with the asset will flow to the group; and - the fair value or cost of the asset can be measured reliably.			
Judgement is applied in:		Biological assets that form part of an agricultural activity are measured at their fair value less costs to sell.			
- assessing whether rights of set-off are legally enforceable in the normal course of business and in the event of default or insolvency; and - determining when offsetting criteria are met.		The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit. The fair value of milk is determined based on market prices in the local area.			
Where financial assets and financial liabilities are subject to master netting or similar arrangements but are not offset, related information is disclosed by counterparty.		The fair value of the vine / pine plantations is based on the combined fair value of the land and the vines / pine trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the vines / pine trees.			
Disclosure classes, aggregation and unrepresentative period-end data		A gain or loss arising on initial recognition of biological assets that form part of an agricultural activity or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of biological assets that form part of an agricultural activity is included in surplus or deficit for the period in which it arises.			
For disclosure purposes, the entity groups financial instruments into classes that reflect the nature of the instruments and their associated risks and reconciles these classes to the line items in the statement of financial position.					
Management applies judgement in determining the appropriate level of aggregation or disaggregation so that disclosures remain understandable and relevant and do not obscure useful information.					
Where quantitative data disclosed as at the end of the reporting period is unrepresentative of an entity's exposure to risk during the period, the entity provides further information that is representative.					

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		2026	2025	2026	2025

1.7 Biological assets that form part of an agricultural activity

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

An unconditional government grant related to biological assets that form part of an agricultural activity measured at its fair value less costs to sell is recognised as income when the government grant becomes receivable.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

1.8 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

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

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

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

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

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

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

Item	Useful life
Property - land	indefinite
Property - buildings	30 -50 years

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

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

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

The group separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements.

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		2026	2025	2026	2025

1.9 Property, plant and equipment

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the economic entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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

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

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

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

Land is not depreciated. Where the entity replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

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		2026	2025	2026	2025

1.9 Property, plant and equipment (continued)

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight-line	30 - 50 years
Plant and equipment	Straight-line	5 - 10 years
Furniture and fixtures	Straight-line	10 - 12 years
Motor vehicles	Straight-line	4 - 5 years
Office equipment-	Straight-line	period of lease term
Finance Lease		
IT equipment	Straight-line	5 - 9 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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

The depreciation method used reflects the pattern in which the asset’s future economic benefits or service potential are expected to be consumed by the economic entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

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

The useful life of an asset is defined in terms of the asset's expected utility to the group. The asset management policy of the entity may involve disposal of assets after a specified time or after consumption of a specified proportion of the future economic benefits or service potential embodied in the asset. Therefore, the useful of an asset may be shorter than its economic life.

Depreciation of an asset begins when it is available for use i.e when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of an asset ceases at the date that the asset is derecognised, therefore depreciation does not cease when an asset becomes idle or is retired from active use and held for disposal unless the asset is fully depreciated. The group assesses at each reporting date whether there is any indication that the group expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the group revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

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		2026	2025	2026	2025

1.9 Property, plant and equipment (continued)

Assets which the group holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

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

1.10 Property, plant and equipment- Fruit and Tea Bushes

Initial recognition

The entity recognises an asset (tree) only when the entity controls the asset as a result of past events, it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the fair value of cost of the asset can be measured reliably.

Subsequent measurement

Assets are measured at fair value less estimated point of sale costs. A gain or loss arising on initial recognition of the asset at fair value less estimated point of sale costs included in the profit or loss for the period in which it arises. When market determined prices or values are not reliable, the present value of the expected net cash inflows from the asset, discounted at a current market determined pre-tax rate is used to determine the fair value. Where the fair value cannot be measured reliably assets are measured at cost. The teas bushes are not depreciated.

An asset is derecognised when the asset is disposed of or when there is no further economic benefits or service potential expected from the use thereof. The gain or loss arising on the disposal is determined as the difference between the sales proceeds and the carrying value and is included in surplus or deficit when it is derecognised.

1.11 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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		2026	2025	2026	2025

1.11 Intangible assets (continued)

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3 years or purchased licencing term

Intangible assets are derecognised:

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

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

1.12 Financial instruments - GRAP 104 (revised 2019) - current policy

The entity applies GRAP 104 Financial Instruments (revised 2019) from 01 April 2025. References to paragraph numbers are to GRAP 104 (revised 2019). The comparative period was prepared under the previous GRAP 104.

Definitions

Financial assets include:

- cash;
- residual interests of another entity; or
- contractual rights to receive or exchange cash or another financial asset.

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		2026	2025	2026	2025

1.12 Financial instruments - GRAP 104 (revised 2019) - current policy (continued)

Financial liabilities are contractual obligations to deliver cash or another financial asset, or to exchange financial assets or liabilities under conditions that are potentially unfavourable to the entity.

Residual interests represent a claim on the entity’s net assets after deducting all liabilities and include contributions from owners, equity instruments such as shares, or formal arrangements establishing an interest in the net assets of the entity.

The **amortised cost** of a financial asset or liability is the amount at which it is measured initially, minus principal repayments, plus or minus cumulative amortisation using the effective-interest rate method, and less any loss allowance.

12 month expected credit losses is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

A **concessionary loan** is a loan granted to or received by an entity on terms that are not market related.

Credit-adjusted effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset to the amortised cost of a financial asset that is a purchased or originated credit-impaired financial asset. When calculating the credit-adjusted effective interest rate, an entity shall estimate the expected cash flows by considering all contractual terms of the financial asset (for example, prepayment, extension, call and similar options) and expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those

rare cases when it is not possible to reliably estimate the cash flows or the remaining life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Credit-impaired financial asset is a financial asset that is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event - instead, the combined effect of several events may have caused financial assets to become credit-impaired.

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		2026	2025	2026	2025

1.12 Financial instruments - GRAP 104 (revised 2019) - current policy (continued)

Credit loss is the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). An entity shall estimate cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument. The cash flows that are considered shall include cash flows from the sale of collateral held (where applicable) or other credit enhancements that are integral to the contractual terms. There is a presumption that the expected life of a financial instrument can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the expected life of a financial instrument, the entity shall use the remaining contractual term of the financial instrument.

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

Credit risk rating grades are the ratings of credit risk based on the risk of default occurring on the financial instrument.

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

Default in the context of financial instruments means debtors who have not honoured the contractual agreement and have passed the due date.

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

A derivative is a financial instrument or other contract within the scope of GRAP 104 (revised 2019) (see paragraphs 1.2 to 1.12) with all three of the following characteristics:

- (a) Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the “underlying”).
- (b) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- (c) It is settled at a future date.

The effective interest method is the method that is used in the calculation of the amortised cost of a financial asset or a financial liability and in the allocation and recognition of interest revenue or interest expense in surplus or deficit in the relevant period.

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, an entity shall estimate the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but shall not consider the expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably.

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		2026	2025	2026	2025

1.12 Financial instruments - GRAP 104 (revised 2019) - current policy (continued)

However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

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

A **financial asset** is:

- (a) cash;
- (b) a residual interest of another entity; or
- (c) a contractual right to:
 - (i) receive cash or another financial asset from another entity; or
 - (ii) exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

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

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

A **financial liability** is any liability that is a contractual obligation to:

- (a) deliver cash or another financial asset to another entity; or
- (b) exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

Financial liability at fair value through surplus or deficit is a financial liability that meets one of the following conditions:

- (a) It meets the definition of held for trading.
- (b) Upon initial recognition it is designated by the entity as at fair value through surplus or deficit in accordance with paragraph 4.8 or 4.13.

Firm commitment is a binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

Forecast transaction is an uncommitted but anticipated future transaction.

Gross carrying amount of a financial asset is the amortised cost of a financial asset, before adjusting for any loss allowance. A financial asset or financial liability that is **held for trading**:

- (a) is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- (b) on initial recognition is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) is a derivative (except for a derivative that is a financial guarantee contract).

Impairment gain or loss is a gain or loss that is recognised in surplus or deficit in accordance with paragraph 5.23 and 5.36.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Loss allowance is the allowance for expected credit losses on financial assets measured in accordance with paragraph 4.2 , lease receivables and the provision for expected credit losses on loan commitments and financial guarantee contracts.

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		2026	2025	2026	2025

1.12 Financial instruments - GRAP 104 (revised 2019) - current policy (continued)

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

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

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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

Modification gain or loss is the amount arising from adjusting the gross carrying amount of a financial asset to reflect the renegotiated or modified contractual cash flows. The entity recalculates the gross carrying amount of a financial asset as the present value of the estimated future cash payments or receipts through the expected life of the renegotiated or modified financial asset that are discounted at the financial asset’s original effective interest rate (or the original credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). When estimating the expected cash flows of a financial asset, an entity shall consider all contractual terms of the financial asset (for example, prepayment, call and similar options) but shall not consider the expected credit losses, unless the financial asset is a purchased or originated credit-impaired financial asset, in which case an entity shall also consider the initial expected credit losses that were considered when calculating the original credit-adjusted effective interest rate.

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

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

Purchased or originated credit impaired financial asset is a purchased or originated financial asset(s), other than a receivable, that is credit-impaired on initial recognition.

Reclassification date is:

- (a) the first day of the first reporting period following the change in management model that results in an entity reclassifying financial assets; and
- (b) the date on which a reliable measure of fair value ceases to be, or becomes, available for an investment in a residual interest that meets the criteria in paragraph 4.5.

A **residual interest** is any contract that represents an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- (a) equity instruments or similar forms of unitised capital;
- (b) a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity’s net assets, either before the contribution occurs or at the time of the contribution; or
- (c) a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability (see Appendix A paragraph AG5.57). An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

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1.12 Financial instruments - GRAP 104 (revised 2019) - current policy (continued)

Initial Recognition

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

The entity recognises financial assets using trade date accounting.

Distinguishing financial liabilities and residual interests

The entity as issuer of a financial instrument classifies the instrument, or its component parts, on initial recognition as a financial liability, a financial asset or a residual interest in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and a residual interest.

No contractual obligation to deliver cash or another financial asset

If the entity does not have an unconditional right to avoid delivering cash or another financial asset to settle a contractual obligation, the obligation meets the definition of a financial liability.

A financial instrument that does not explicitly establish a contractual obligation to deliver cash or another financial asset may establish an obligation indirectly through its terms and conditions. If the entity can avoid a transfer of cash or another financial asset only by settling the non-financial obligation, the financial instrument is a financial liability.

Contingent settlement provisions

A financial instrument may require the entity to deliver cash or another financial asset, or otherwise to settle it in such a way that it would be a financial liability, in the event of the occurrence or non-occurrence of uncertain future events (or on the outcome of uncertain circumstances) that are beyond the control of both the

issuer and the holder of the instrument, such as a change in a stock market index, consumer price index, interest rate or taxation requirements, or the issuer’s future revenues, net income or debt-to-equity ratio. The issuer of such an instrument does not have the unconditional right to avoid delivering cash or another financial asset (or otherwise to settle it in such a way that it would be a financial liability). Therefore, it is a financial liability of the issuer unless:

- (a) the part of the contingent settlement provision that could require settlement in cash or another financial asset (or otherwise in such a way that it would be a financial liability) is not genuine; and
- (b) the issuer can be required to settle the obligation in cash or another financial asset (or otherwise to settle it in such a way that it would be a financial liability) only in the event of liquidation of the issuer.

Compound financial instruments

The entity as issuer of a non-derivative financial instrument evaluates the terms of the financial instrument to determine whether it contains both a liability and residual interest component. Such components are classified separately as financial liabilities, financial assets or residual interests in accordance with paragraph 3.3.

Classification

Classification of Financial Assets

The entity classifies financial assets as subsequently measured at amortised cost or fair value through surplus or deficit on the basis of both:

- (a) the entity’s management model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

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		2026	2025	2026	2025
1.12 Financial instruments - GRAP 104 (revised 2019) - current policy (continued)		Classification of Financial Liabilities			
A financial asset is measured at amortised cost if both of the following conditions are met: (a) the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. For the purpose of applying (b) above: - Principal is the fair value of the financial asset at initial recognition - Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin (where applicable). A financial asset is measured at fair value through surplus or deficit unless it is measured at amortised cost or cost. Investments in residual interests are measured at fair value through surplus or deficit. As a practical expedient, an investment in a residual interest whose fair value cannot be reliably measured is measured at cost. If a reliable measure of fair value becomes available, the investment is measured at fair value through surplus or deficit. Option to designate a financial asset at fair value through surplus or deficit The entity might, at initial recognition, irrevocably designate a financial asset as measured at fair value through surplus or deficit if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on different bases.		The entity classifies all financial liabilities as subsequently measured at amortised cost, except for: (a) Financial liabilities at fair value through surplus or deficit. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value. (b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition. (c) Financial guarantee contracts. After initial recognition, the issuer of such a contract (unless paragraph 4.7(a) or (b) applies) subsequently measures it at the higher of: (i) the amount of the loss allowance determined in accordance with paragraphs 5.17 to 5.35; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of revenue recognised in accordance with the principles of the Standard of GRAP on Revenue from Exchange Transactions (GRAP 9) (where applicable). (d) Commitments to provide a loan at a below-market interest rate. The issuer of such a commitment (unless paragraph 4.7(a) applies) subsequently measures it at the higher of: (i) the amount of the loss allowance determined in accordance with paragraphs 5.17 to 5.35 plus, for concessionary loans, any social benefit provided; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of revenue recognised in accordance with the principles of GRAP 9 (where applicable). (e) Contingent consideration recognised by an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfers of Functions Between Entities Not Under Common Control applies. Such contingent consideration is subsequently measured at fair value with changes recognised in surplus or deficit.			

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		2026	2025	2026	2025
1.12 Financial instruments - GRAP 104 (revised 2019) - current policy (continued)					
Option to designate a financial liability at fair value through surplus or deficit					
The entity might, at initial recognition, irrevocably designate a financial liability as measured at fair value through surplus or deficit when permitted by GRAP 104 (revised 2019), or when doing so results in more relevant information, because either: (a) it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as “an accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or (b) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity’s management (as defined in the Standard of GRAP on Related Party Disclosures (GRAP 24)).		financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. However, if the fair value of the financial asset or financial liability at initial recognition differs from the transaction price, the entity applies the relevant paragraphs in GRAP 104 (revised 2019). Despite the above, at initial recognition, the entity measures receivables and payables at their transaction price if they do not contain a material financing transaction.			
Reclassification		Concessionary loans			
The entity reclassifies financial assets when: (a) it changes its management model for managing financial assets, it reclassifies all affected financial asset in accordance with GRAP 104 (revised 2019); (b) a reliable measure of fair value either becomes, or ceases to be, available for an investment in a residual interest. The entity does not reclassify any financial liability.		The entity assesses whether the substance of a concessionary loan or investment is a loan or investment by applying the principles in GRAP 104 (revised 2019). On initial recognition, the entity analyses a concessionary loan or investment into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan or investment that is: (a) a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan or the investor; or (b) a contribution from owners and/or non-exchange revenue, in accordance with GRAP 23, where it is the recipient of the loan or the investment proceeds.			
Measurement		Subsequent measurement of financial assets			
Initial measurement		After initial recognition, the entity measures a financial asset at: (a) amortised cost; (b) fair value through surplus or deficit; or (c) cost.			
Except for, where at initial recognition, the entity measures receivables and payables at their transaction price if they do not contain a material financing transaction, the entity measures a financial asset or					

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1.12 Financial instruments - GRAP 104 (revised 2019) - current policy (continued)

The entity applies the impairment requirements in paragraphs 5.17 to 5.35 to financial assets that are measured at amortised cost in accordance with paragraph 4.2 and paragraph 5.36 to financial assets measured at cost in accordance with paragraph 4.5.

Subsequent measurement of financial liabilities

After initial recognition, the entity measures a financial liability in accordance with the section on "Classification of Financial Liabilities".

Fair value measurement

In determining the fair value of a financial asset or a financial liability for the purpose of applying GRAP 104 (revised 2019), the entity applies paragraphs AG5.35 to AG5.49 of Appendix A.

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm’s length exchange motivated by normal operating considerations. Valuation techniques include using recent arm’s length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the entity calibrates the

valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Amortised cost measurement Financial assets Effective interest method

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the entity applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.
- (b) Financial assets, other than receivables, that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the entity applies the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

Modification of contractual cash flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with GRAP 104 (revised 2019), the entity recalculates the gross carrying amount of the financial asset and recognises a modification gain or loss in surplus or deficit.

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		2026	2025	2026	2025

1.12 Financial instruments - GRAP 104 (revised 2019) - current policy (continued)

The gross carrying amount of the financial asset is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial asset’s original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Any costs or fees incurred adjust the carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

Write-off

The entity directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

Impairment

Recognition of expected credit losses General approach

The entity recognises a loss allowance for expected credit losses on a financial asset that is measured in accordance with paragraphs 4.2, a lease receivable, or a loan commitment and a financial guarantee contract to which the impairment requirements apply in accordance with paragraphs 1.3(e), 4.7(c) or (d).

Subject to paragraphs 5.28 to 5.30, at each reporting date, an entity measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If the entity measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the above paragraph is no longer met, the entity measures the loss allowance at an

amount equal to 12-month expected credit losses at the current reporting date.

Subject to paragraphs 5.28 to 5.30, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The entity recognises in surplus or deficit, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with GRAP 104 (revised 2019).

Determining significant increases in credit risk

At each reporting date, the entity assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the entity uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the entity compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Modified financial assets

If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not derecognised, the entity assess whether there has been a significant increase in the credit risk of the financial instrument in accordance with paragraph 5.18 by comparing:

- (a) the risk of a default occurring at the reporting date (based on the modified contractual terms); and
- (b) the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

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		2026	2025	2026	2025

1.12 Financial instruments - GRAP 104 (revised 2019) - current policy (continued)

Purchased or originated credit impaired financial assets

Despite paragraphs 5.18 and 5.20, at the reporting date, the entity only recognises the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired Financial assets.

At each reporting date, the entity recognises in surplus or deficit the amount of the change in lifetime expected credit losses as an impairment gain or loss. It recognises favourable changes in lifetime expected credit losses as an impairment gain, even if the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

Simplified approach for receivables and lease receivables

Despite paragraphs 5.18 and 5.20, the entity always measures the loss allowance at an amount equal to lifetime expected credit losses for receivables and lease receivables.

The requirements for purchased or originated credit impaired financial assets do not apply to receivables.

Measurement of expected credit losses

The entity measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Some financial instruments include both a loan and an undrawn commitment component and the entity’s contractual ability to demand repayment and cancel the undrawn commitment does not limit the entity’s exposure to credit losses to the contractual notice period. For such financial instruments, the entity measures expected credit losses over the period that the entity is exposed to credit risk and expected credit losses would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period.

Financial assets measured at cost

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

Such impairment losses are not reversed.

Reclassification of financial assets

If the entity reclassifies financial assets in accordance with paragraph 4.16, it applies the reclassification prospectively from the reclassification date. The entity does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

If the entity reclassifies a financial asset out of the amortised cost measurement category and into the fair value through surplus or deficit measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognised in surplus or deficit.

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		2026	2025	2026	2025

1.12 Financial instruments - GRAP 104 (revised 2019) - current policy (continued)

If the entity reclassifies a financial asset out of the fair value through surplus or deficit measurement category and into the amortised cost measurement category, its fair value at the reclassification date becomes its new gross carrying amount.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value through surplus or deficit to cost. The carrying amount at the date that fair value is no longer available becomes the cost. If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, the entity reclassifies the investment from cost to fair value through surplus or deficit and recognises the difference between its carrying amount and fair value in accordance with paragraph 5.42.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, the entity reclassifies the investment from cost to fair value through surplus or deficit and recognises the difference between its carrying amount and fair value in accordance with paragraph 5.42.

Gains and losses

A gain or loss on a financial asset or financial liability that is measured at fair value is recognised in surplus or deficit unless it is a financial liability designated as at fair value through surplus or deficit and the entity is

required to present the effects of changes in the liability’s credit risk in the statement of changes in net assets.

A gain or loss on a financial asset that is measured at amortised cost is recognised in surplus or deficit when

the financial asset is derecognised, reclassified in accordance with paragraph 5.38, through the amortisation process or in order to recognise impairment gains or losses. The entity applies paragraphs 5.38 if it reclassifies financial assets out of the amortised cost measurement category. A gain or loss on a financial liability that is measured at amortised cost is recognised in surplus or deficit when the financial liability is derecognised and through the amortisation process.

Liabilities designated at fair value through surplus or deficit

The entity presents a gain or loss on a financial liability that is designated as at fair value through surplus or deficit in accordance with paragraph 4.8 or paragraph 4.13 as follows:

- (a) the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in the statement of changes in net assets, and
- (b) the remaining amount of change in the fair value of the liability is presented in surplus or deficit unless the treatment of the effects in the liability’s credit risk described in (a) would create or enlarge an accounting mismatch in surplus or deficit (in which case paragraph 5.45 applies).

If the requirements above would create or enlarge an accounting mismatch in surplus or deficit, the entity presents all gains or losses on that liability (including the effects of changes in the credit risk of that liability) in surplus or deficit.

The entity presents in surplus or deficit all gains and losses on loan commitments and financial guarantee contracts that are designated as at fair value through surplus or deficit.

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		2026	2025	2026	2025

1.12 Financial instruments - GRAP 104 (revised 2019) - current policy (continued)

Derecognition

Derecognition of financial assets

The entity derecognises financial assets using trade date accounting.

Before evaluating whether, and to what extent, derecognition is appropriate under paragraphs 6.6 to 6.13, the entity determines whether those paragraphs should be applied to a part of a financial asset (or a part of a group of similar financial assets) or a financial asset (or a group of similar financial assets) in its entirety, as follows:

- (a) Paragraphs 6.3 to 6.8 are applied to a part of a financial asset (or a part of a group of similar financial assets) if, and only if, the part being considered for derecognition meets one of the following three conditions:
 - (i) The part comprises only specifically identified cash flows from a financial asset (or a group of similar financial assets).
 - ii) The part comprises only a fully proportionate (pro rata) share of the cash flows from a financial asset (or a group of similar financial assets
 - (iii) The part comprises only a fully proportionate (pro rata) share of specifically identified cash flows from a financial asset (or a group of similar financial assets.
- (b) In all other cases, paragraphs 6.3 to 6.8 are applied to the financial asset in its entirety (or to the group of similar financial assets in their entirety).

In paragraphs above, the term “financial asset” refers to either a part of a financial asset (or a group of similar financial assets) as identified in (a) above or, otherwise, a financial asset (or a group of similar financial assets) in its entirety.

The entity derecognises a financial asset only when:

- (a) the contractual rights to the cash flows from the financial asset expire, are settled or waived;

- (b) the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- (c) the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - (i) derecognises the asset; and
 - (ii) recognises separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised in accordance with this paragraph is recognised in surplus or deficit in the period of the transfer.

Assessing the transfer of risks and rewards, and control

The transfer of risks and rewards is evaluated by comparing the entity’s exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred asset. The entity has retained substantially all the risks and rewards of ownership of a financial asset if its exposure to the variability in the present value of the future net cash flows from the financial asset does not change significantly as a result of the transfer (e.g. because the entity has sold a financial asset subject to an agreement to buy it back at a fixed price or the sale price plus a lender’s return). An entity has transferred substantially all the risks and rewards of ownership of a financial asset if its exposure to such variability is no longer significant in relation to the total variability in the present value of the future net cash flows associated with the financial asset (e.g. because the entity has sold a financial asset subject only to an option to buy it back at its fair value at the time of repurchase).

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		2026	2025	2026	2025

1.12 Financial instruments - GRAP 104 (revised 2019) - current policy (continued)

Transfers that qualify for derecognition

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset in accordance with paragraph 6.12.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognises the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between:

- (a) the carrying amount; and
- (b) the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between:

- (a) the carrying amount allocated to the part derecognised; and

- (b) the sum of the consideration received for the part derecognised (including any new asset obtained less any
- (c) new liability assumed) is recognised in surplus or deficit.

Transfers that do not qualify for derecognition

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognises a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset and the associated liability nor the revenue and the associated expenses are offset.

Non-cash collateral

If a transferor provides non-cash collateral (such as debt instruments or a residual interest) to the transferee, the accounting for the collateral by the transferor and the transferee depends on whether the transferee has the right to sell or repledge the collateral and on whether the transferor has defaulted.

The transferor and transferee accounts for the collateral as follows:

- (a) if the transferee has the right by contract or custom to sell or repledge the collateral, the transferor reclassifies that asset in its statement of financial position (e.g. as a loaned asset, a pledged investment in a residual interests or repurchase receivable) separately from other assets;
- (b) if the transferee sells collateral pledged to it, it recognises the proceeds from the sale and a liability measured at fair value for its obligation to return the collateral;

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		2026	2025	2026	2025

1.12 Financial instruments - GRAP 104 (revised 2019) - current policy (continued)

- (c) if the transferor defaults under the terms of the contract and is no longer entitled to redeem the collateral, it derecognises the collateral, and the transferee recognises the collateral as its asset initially measured at fair value or, if it has already sold the collateral, derecognise its obligation to return the collateral; and
- (d) except as provided in (c), the transferor continues to carry the collateral as its asset, and the transferee does not recognise the collateral as an asset.

Derecognition of financial liabilities

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

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability, and a new financial liability recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the debtor) is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction, are accounted for in accordance with GRAP 23.

If the entity repurchases a part of a financial liability, the entity allocates the previous carrying amount of the financial liability between the part that continues to be recognised and the part that is derecognised based on the relative fair values of those parts on the date of the

repurchase. The difference between (a) the carrying amount allocated to the part derecognised and (b) the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognised is recognised in surplus or deficit.

Presentation

Interest, dividends or similar distributions, losses and gains

Interest, dividends or similar distributions, losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit. Distributions to holders of residual interests is recognised by the entity directly in net assets. Transaction costs incurred on residual interests is accounted for as a deduction from net assets.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when the entity:

- (a) currently has a legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

1.13 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

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		2026	2025	2026	2025

1.13 Tax (continued)

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable surplus will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting surplus nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable surplus will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to net assets; or
- a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

1.14 Leases

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

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

Finance leases - lessor

The economic entity recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the economic entity's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the .

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		2026	2025	2026	2025
1.14 Leases (continued)					
Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability. Any contingent rents are expensed in the period in which they are incurred. Operating leases – lessor Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue. The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance. Operating leases - lessee Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.		Inventories are measured at the lower of cost and current replacement cost where they are held for; • distribution at no charge or for a nominal charge; or • consumption in the production process of goods to be distributed at no charge or for a nominal charge. Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the economic entity incurs to acquire the asset on the reporting date. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs. The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the economic entity. When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.			
1.15 Inventories					
Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition. Subsequently inventories are measured at the lower of cost and net realisable value.					

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1.16 Cash and cash equivalents		1.18 Impairment of cash-generating assets			
Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand. Some equity investments are included in cash equivalents when they are, in substance, cash equivalents. Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.		Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset. Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation). Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon. A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets. Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense. Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either: - the period of time over which an asset is expected to be used by the economic entity; or - the number of production or similar units expected to be obtained from the asset by the economic entity.			
1.17 Discontinued Operations					
Discontinued operation is a component of an economic entity that has been disposed of and: - represents a distinguishable activity, group of activities or geographical area of operations; - is part of a single co-ordinated plan to dispose of a distinguishable activity, group of activities or geographical area of operations; or - is a controlled economic entity acquired exclusively with a view to resale. A component of an economic entity is the operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the economic entity.					

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1.18 Impairment of cash-generating assets (continued)					
Designation					
At initial recognition, the group designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of the group's objective of using the asset.		performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.			
The group designates an asset or a cash-generating unit as cash-generating when:		Value in use			
- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that - the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.		Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.			
An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the group expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the group designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.		When estimating the value in use of an asset, the group estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the group applies the appropriate discount rate to those future cash flows.			
Identification		Basis for estimates of future cash flows			
When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.		In measuring value in use the group:			
The group assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable amount of the asset.		- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence; - base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and - estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.			
Irrespective of whether there is any indication of impairment, the group also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is					

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		2026	2025	2026	2025
1.18 Impairment of cash-generating assets (continued)		Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.			
Composition of estimates of future cash flows		When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the group recognises a liability only to the extent that is a requirement in the Standard of GRAP.			
Estimates of future cash flows include:		After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.			
- projections of cash inflows from the continuing use of the asset; - projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and - net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.		Cash-generating units			
Estimates of future cash flows exclude:		If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the group determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).			
- cash inflows or outflows from financing activities; and - income tax receipts or payments.		If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the group use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:			
The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the group expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.		- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and - the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.			
Discount rate		Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.			
The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.					
Recognition and measurement (individual asset)					
If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.					
An impairment loss is recognised immediately in surplus or deficit.					

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		2026	2025	2026	2025

1.18 Impairment of cash-generating assets (continued)

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

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

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

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

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

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

Reversal of impairment loss

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset’s recoverable

amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its

recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

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		2026	2025	2026	2025

1.18 Impairment of cash-generating assets (continued)

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.19 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm’s length transaction

between knowledgeable, willing parties, less the costs of disposal.

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

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

Designation

At initial recognition, the group designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an economic entity’s objective of using the asset.

The group designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The group designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the group expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the group designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

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		2026	2025	2026	2025
1.19 Impairment of non-cash-generating assets (continued)					
Identification					
When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.		as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.			
The group assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the group estimates the recoverable service amount of the asset.		The replacement cost and reproduction cost of an asset is determined on an “optimised” basis. The rationale is that the group would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.			
Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.		Recognition and measurement			
Value in use		If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.			
Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.		An impairment loss is recognised immediately in surplus or deficit.			
The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:		Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.			
Depreciated replacement cost approach		When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the group recognises a liability only to the extent that is a requirement in the Standards of GRAP.			
The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset’s gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured		After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset’s revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.			

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		2026	2025	2026	2025
1.19 Impairment of non-cash-generating assets (continued)					
Reversal of an impairment loss					
The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the group estimates the recoverable service amount of that asset.		Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.			
An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.		Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.			
A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.		Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.			
After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.		Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.			
1.20 Share capital / contributed capital		Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.			
1.21 Employee benefits		Classification of plans			
Identification		A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.			
Employee benefits		Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.			
		Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.			
		Defined benefit plans are post-employment benefit plans other than defined contribution plans.			

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		2026	2025	2026	2025
1.21 Employee benefits (continued)		expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.			
		Other long-term employee benefits			
		Recognition and measurement			
Multi-employer plans are defined contribution plans (other than state plans) or defined benefit plans (other than state plans) that: (a) pool the assets contributed by various entities that are not under common control; and (b) use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees.		For other long-term employee benefits, the entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:			
State plans are plans established by legislation that operate as if they are multiemployer plans for all entities in economic categories laid down in legislation.		(a) service cost;			
		(b) net interest on the net defined benefit liability (asset); and			
Short-term employee benefits		(c) remeasurements of the net defined benefit liability (asset).			
Recognition and measurement					
All short-term employee benefits		Termination benefits			
When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:		Recognition			
(a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.		The entity recognises a liability and expense for termination benefits at the earlier of the following dates:			
(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.		(a) when the entity can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of GRAP 19 and involves the payment of termination benefits.			
Short-term paid absences		Measurement			
The entity recognises the expected cost of short-term employee benefits in the form of paid absences as follows:		The entity measures termination benefits on initial recognition, and measures and recognise subsequent changes, in accordance with the nature of the employee benefit, provided that if the termination benefits are an enhancement to post-employment benefits, the entity applies the requirements for post-employment benefits. Otherwise:			
(a) in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and		(a) If the termination benefits are expected to be settled wholly before twelve months after the end of the reporting period in which the termination benefit is recognised, the entity applies the requirements for short-term employee benefits.			
(b) in the case of non-accumulating paid absences, when the absences occur.		(b) If the termination benefits are not expected to be settled wholly before twelve months after the end of the reporting period, the entity applies the requirements for other long-term employee benefits.			
The entity measures the expected cost of accumulating paid absences as the additional amount that the entity					

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		2026	2025	2026	2025
1.22 Provisions and contingencies					
Provisions are recognised when:		If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.			
- the group has a present obligation as a result of a past event; - it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and - a reliable estimate can be made of the obligation.		A constructive obligation to restructure arises only when an entity:			
The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.		- has a detailed formal plan for the restructuring, identifying at least: - the activity/operating unit or part of an activity/operating unit concerned; - the principal locations affected; - the location, function, and approximate number of employees who will be compensated for services being terminated; - the expenditures that will be undertaken; and - when the plan will be implemented; and - has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.			
Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.		A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:			
The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.		- necessarily entailed by the restructuring; and - not associated with the ongoing activities of the group			
Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the group settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.		No obligation arises as a consequence of the sale or transfer of an operation until the group is committed to the sale or transfer, that is, there is a binding arrangement.			
Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.		After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:			
Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.		- the amount that would be recognised as a provision; and - the amount initially recognised less cumulative amortisation.			
A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus (deficit).					

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		2026	2025	2026	2025
1.22 Provisions and contingencies (continued)					
Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.		- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and - the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.			
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.		1.23 Commitments			
Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.		Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.			
The group recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.		Disclosures are required in respect of unrecognised contractual commitments.			
Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:		Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:			
- financial difficulty of the debtor; - defaults or delinquencies in interest and capital repayments by the debtor; - breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and - a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.		- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and - Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.			
1.24 Revenue from exchange transactions					
Where a fee is received by the group for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the group considers that an outflow of economic resources is probable, an group recognises the obligation at the higher of:		Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.			
		An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.			

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		2026	2025	2026	2025
1.24 Revenue from exchange transactions (continued)					
Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction.		When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time			
Measurement		frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.			
Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.		When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.			
The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).		Interest, royalties and dividends			
Rendering of services		Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:			
When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:		- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and - The amount of the revenue can be measured reliably.			
- the amount of revenue can be measured reliably; - it is probable that the economic benefits or service potential associated with the transaction will flow to the group; - the stage of completion of the transaction at the reporting date can be measured reliably; and - the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.		Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.			
		Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.			

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025
1.25 Revenue from non-exchange transactions					
Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.					
Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.					
Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.					
Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.					
Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.					
Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.					
Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.					
Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic					
		benefits or service potential is required to be returned to the transferor if not deployed as specified.			
		Sale of goods			
		Revenue from the sale of goods is recognised when all the following conditions have been satisfied:			
		- the group has transferred to the purchaser the significant risks and rewards of ownership of the goods; - the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; - the amount of revenue can be measured reliably; - it is probable that the economic benefits or service potential associated with the transaction will flow to the group; and - the costs incurred or to be incurred in respect of the transaction can be measured reliably.			
		Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.			
		Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.			
		The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.			
		Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.			
		Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.			

Significant Accounting Policies

Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025
1.25 Revenue from non-exchange transactions (continued)					
Recognition					
An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.					
As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.					
Measurement					
Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.					
When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation					
at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.					
Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.					
		Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.			
		Transfers			
		Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.			
		The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.			
		Transferred assets are measured at their fair value as at the date of acquisition.			
1.26 Accounting by principals and agents					
Identification					
An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.					
A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.					
A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).					

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Significant Accounting Policies

Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

1.26 Accounting by principals and agents (continued)

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.27 Insurance fund

The insurance fund is accounted for at net of cost, and any liability thereto, and adjustments are made only where there are valid claims to the fund.

1.28 Comparative figures

Where necessary, comparative figures have been reclassified as it relates to prior period error adjustments.

1.29 Fruitless and wasteful expenditure

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

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

Fruitless and wasteful expenditure is accounted for as expenditure in the statement of financial performance and where recovered, it is subsequently accounted as revenue in the statement of financial performance.

1.30 Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. the amount recorded is equal to the value of the expenditure incurred in relation to a contract that is deemed irregular. Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivable for recovery. Irregular expenditure is expenditure incurred in contravention of or that is not in accordance with the applicable legislation, .Irregular expenditure is accounted for as expenditure in the statement of financial performance and when recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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Significant Accounting Policies

Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

1.31 Segment information

A segment is an activity of an entity:

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

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

A segment is an activity of an entity:

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

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

Measurement

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

that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

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

1.32 Budget information

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

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

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

The approved budget covers the fiscal period from 01/04/2025 to 31/03/2026.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 51.

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Significant Accounting Policies

Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025
1.33 Related parties					
A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers). Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged. Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Management are those persons responsible for planning, directing and controlling the activities of the economic entity, including those charged with the governance of the economic entity in accordance with legislation, in instances where they are required to perform such functions. Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the economic entity. The economic entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no		more or less favourable than those which it is reasonable to expect the economic entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate. Where the economic entity is exempt from the disclosures in accordance with the above, the economic entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.			
1.34 Events after reporting date					
		Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified: - those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and - those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date). The economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred. The economic entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.			

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Significant Accounting Policies

Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025
1.35 Offsetting					
Financial assets and liabilities are offset and the net amount reported on the statement of financial position where there is a legally enforceable right to set off the recognised amount and there is an intention to settle on a net basis, or to release the asset and settle the liability simultaneously. Income and expense items are offset to the extent that their related instruments have been offset in the statement of financial position.		Correction of errors is applied retrospectively in the period in which an error occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects of the cumulative effect of the error. In such cases the entity/group shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.			
1.36 Change in accounting policy, estimates and errors					
Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements, where applicable.		Changes in accounting policies are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects of the cumulative effect of the change in accounting policy. In such cases the entity/group shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.			

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the economic entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revisions is not yet set by the Minister of Finance.

The economic entity has adopted the revisions for the first time when the Minister sets the effective date for the revisions. The impact of the standard is set out in note Changes in Accounting Policy.

2.2 Standards and interpretations issued, but not yet effective

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity’s accounting periods beginning on or after 01 April 2026 or later periods:

GRAP 1 (amended): Presentation of Financial Statements (Going Concern)

The Board undertook a project in 2021 to consider the guidance and disclosure requirements on going concern in the relevant Standards of GRAP. As an outcome of this project, the Board agreed to include additional guidance and disclosures on going concern in this Standard. Consequential amendments are also made to the Standard of GRAP on Events After the Reporting Date.

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

2. New standards and interpretations (continued)

Applicability of going concern in the public sector

An entity prepares its financial statements on a going concern basis unless there is an intention to liquidate the entity, to cease operating, or if there is no realistic alternative but to do so. A liquidation or cessation of an entity’s operations will result in the termination of all its functions.

In South Africa, specific legislative requirements need to be followed before a decision is taken to liquidate a public sector entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities. The “intention” to liquidate an entity, to cease or scale back its operations, to transfer some or all of its functions to another entity, or to merge one or more entities needs to be established. This intention can be reflected in a number of ways and may encompass legislation passed in Parliament or a provincial legislature, cabinet decision, ministerial order, a decision made by a municipal council, board, council or equivalent, a regulation or a notice, or other official means.

The liquidation or cessation of a public sector entity’s operations is rare, and only in the case of dissolution without any continuation of the entity’s operations will the going concern basis cease to apply. When all, or some of the functions of an entity are transferred to another entity, or when a decision is taken to merge one or more entities, the application of the going concern basis remains appropriate. This is because the entity’s functions will continue to be provided in a modified form, even though they are executed by another entity.

The Board agreed to include explanatory guidance in this Standard on the application of the going concern assumption by public sector entities.

Where some of an entity’s functions are transferred in a transfer of functions, and the remaining functions are discontinued, there are two separate transactions. The Board concluded that management should assess these transactions separately based on the functions transferred, those to be discontinued (if any), and those that may be retained and continued (if any), to determine if preparing the entity’s financial statements on a going concern basis remains appropriate.

Disclosure on going concern

The Board’s project highlighted a need for specific disclosures on going concern, material uncertainties relating to going concern, and actions taken by management to mitigate these uncertainties. Consideration was also given to the practices, guidance and requirements in other countries and/or from other standard-setting bodies on these matters.

To address the diversity in the information disclosed on going concern, the Board agreed to expand the disclosure requirements in this Standard to ensure that consistent disclosures are provided.

The effective date of these revisions have not yet been set.

The economic entity expects to adopt the standard for the first time in the 2099/2100 annual financial statements. It is unlikely that the standard will have a material impact on the economic entity's annual financial statements.

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

3. Biological assets that form part of an agricultural activity

Economic entity	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Trees in timber plantation - Consumable	3,083,948	-	3,083,948	3,083,948	-	3,083,948
Pine trees - Consumable	1,096,846	-	1,096,846	-	-	-
Total	4,180,794	-	4,180,794	3,083,948	-	3,083,948

Reconciliation of biological assets that form part of an agricultural activity - Group – 2026

	Opening balance	Additions	Total
Trees in timber plantation - Consumable	3,083,948	-	3,083,948
Pine trees - Consumable	-	1,096,846	1,096,846
	3,083,948	1,096,846	-

Reconciliation of biological assets that form part of an agricultural activity - Group – 2025

	Opening balance	Total
Trees in timber plantation - Consumable	3,083,948	3,083,948

Non-financial information

Magwa Enterprise Tea (Pty) Ltd operates on a communal land under a pending land claim. There is no formal arrangement in place to allow land rights to the land to the Tea Enterprise. The Magwa Enterprise Tea (Pty) Ltd capitalised costs incurred to ensure some level of productive capacity restoration of the plantation after years of neglect. The tea bushes are classified as Bearer Biological Assets and are reported at cost.

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

4. Investment property

Economic entity	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	2,388,564	(966,024)	1,422,540	2,388,564	(930,763)	1,457,801
Controlling entity	2026			2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	2,388,564	(966,024)	1,422,540	2,388,564	(930,763)	1,457,801

Reconciliation of investment property - Group - 2026

	Opening balance	Depreciation	Total
Investment property	1,457,801	(35,261)	1,422,540

Reconciliation of investment property - Group - 2025

	Opening balance	Depreciation	Total
Investment property	1,496,018	(38,217)	1,457,801

Reconciliation of investment property - ECRDA- 2026

	Opening balance	Depreciation	Total
Investment property	1,457,801	(35,261)	1,422,540

Reconciliation of investment property - ECRDA - 2025

	Opening balance	Depreciation	Total
Investment property	1,496,018	(38,217)	1,457,801

Pledged as security

No assets are pledged as security.

Investment property in the process of being constructed or developed

There is no investment property in the process of being constructed or developed, further there are no contractual obligations to purchase, construct or develop the investment property or for repairs, maintenance and enhancement.The commercial office building situated at 52 Sprigg Street, Erf 1997 Mthatha Magisterial District, was acquired on 25 October 2000 for R2.3 million. Title to the property was transferred to the entity on 22 August 2001.

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

4. Investment property (continued)

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

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

The latest valuation was performed in March 2024 by M Lindstrom (from Penny Lindstrom Valuations), a registered valuator holding a recognised and relevant professional qualification (Reg No. 4968/9), who valued the investment property at R9.4 million (valued at R8.7 million in March 2021), using the capitalisation of income method (previously applied the discounted cash flow method) on potential rent based on his experience in the location and category of similar investment properties. The property earns income from renting out office space, however there are ongoing payment defaults by tenants. ECRDA has, in its plans strategies to enhance revenue collection and simultaneously renovate the premises to attract more clients.

Amounts recognised in surplus or deficit

Rental revenue from Investment property	2,188,021	2,164,108	2,188,021	2,164,108
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Included in the statement of financial performance of the ECRDA for the year is operating expenditure which arose from investment property that generated rental revenue of R2.18 million(2025: R2.16 million) during the period. The direct operating expenditure incurred on the investment property did not generate rental revenue during the period. No expenses that directly generated rental revenues were incurred.

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

5. Property, plant and equipment

Economic entity	2026			2025		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	715,000	-	715,000	715,000	-	715,000
Buildings	3,915,061	(1,499,265)	2,415,796	4,005,866	(1,423,589)	2,582,277
Leasehold property	13,051,937	(11,554,925)	1,497,012	12,864,663	(10,124,193)	2,740,470
Plant and machinery	2,312,591	(1,047,687)	1,264,904	2,861,450	(1,047,687)	1,813,763
Furniture and fixtures	5,553,380	(4,124,078)	1,429,302	5,556,380	(3,939,942)	1,616,438
Motor vehicles	5,559,862	(4,331,993)	1,227,869	5,605,962	(4,331,993)	1,273,969
Office equipment	1,553,773	(1,429,786)	123,987	1,552,273	(1,333,161)	219,112
IT equipment	9,570,718	(7,603,020)	1,967,698	8,602,146	(6,910,590)	1,691,556
Leasehold improvements	18,227	-	18,227	27,181	-	27,181
Other property, plant and equipment	36,460	(36,448)	12	36,460	(36,448)	12
Tools and loose gear	144,787	-	144,787	130,416	-	130,416
Total	42,431,796	(31,627,202)	10,804,594	41,957,797	(29,147,603)	12,810,194

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		Economic entity		Controlling entity	
Figures in Rands	Note(s)	2026	2025	2026	2025

5. Property, plant and equipment (continued)

	2026		Carrying value	2025		
	Cost / Valuation	Accumulated depreciation and accumulated impairment		Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	715,000	-	715,000	715,000	-	715,000
Buildings	3,786,375	(1,499,265)	2,287,110	3,786,375	(1,423,589)	2,362,786
Leasehold property	13,051,937	(11,554,925)	1,497,012	12,864,663	(10,124,193)	2,740,470
Plant and machinery	1,077,687	(1,047,687)	30,000	1,077,687	(1,047,687)	30,000
Furniture and fixtures	5,536,165	(4,124,078)	1,412,087	5,536,165	(3,939,942)	1,596,223
Motor vehicles	5,093,694	(4,331,993)	761,701	5,093,694	(4,331,993)	761,701
Office equipment	1,553,773	(1,429,786)	123,987	1,552,273	(1,333,161)	219,112
IT equipment	9,449,523	(7,603,020)	1,846,503	8,474,818	(6,910,590)	1,564,228
Other property, plant and equipment	36,460	(36,448)	12	36,460	(36,448)	12
Total	40,300,614	(31,627,202)	8,673,412	39,137,135	(29,147,603)	9,989,532

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2026

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	715,000	-	-	-	-	715,000
Buildings	2,582,277	-	-	(166,481)	-	2,415,796
Leasehold property	2,740,470	187,274	-	(1,430,732)	-	1,497,012
Plant and machinery	1,813,763	-	-	(548,859)	-	1,264,904
Furniture and fixtures	1,616,438	11,154	-	(198,290)	-	1,429,302
Motor vehicles	1,273,969	158,227	(62,091)	(142,236)	-	1,227,869
Office equipment	219,112	-	(1,432)	(93,693)	-	123,987
IT equipment	1,691,556	1,255,168	-	(978,195)	(831)	1,967,698
Leasehold improvements	27,181	18,227	(27,181)	-	-	18,227
Other property, plant and equipment	12	-	-	-	-	12
Tools and loose gear	130,416	144,787	(130,416)	-	-	144,787
	12,810,194	1,774,837	(221,120)	(3,558,486)	(831)	10,804,594

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		Economic entity		Controlling entity		
Figures in Rands	Note(s)	2026		2025	2026	2025

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group- 2025

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	715,000	-	-	-	-	715,000
Buildings	2,748,810	-	-	(166,533)	-	2,582,277
Leasehold property	842,669	3,276,655	-	(1,378,854)	-	2,740,470
Plant and machinery	2,923,005	-	-	(1,109,242)	-	1,813,763
Furniture and fixtures	220,739	1,709,750	-	(304,938)	(9,113)	1,616,438
Motor vehicles	1,111,296	537,726	(40,000)	(335,053)	-	1,273,969
Office equipment	173,990	135,668	-	(89,424)	(1,122)	219,112
IT equipment	1,864,916	590,757	(26,888)	(736,437)	(792)	1,691,556
Leasehold improvements	52,174	-	-	(24,993)	-	27,181
Other property, plant and equipment	4,290	-	-	(4,277)	(1)	12
Tools and loose gear	219,174	24,174	-	(112,932)	-	130,416
	10,876,063	6,274,730	(66,888)	(4,262,683)	(11,028)	12,810,194

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		2026	2025	2026	2025

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - ECRDA- 2026

	Opening balance	Additions	Disposals	Depreciation	Total
Land	715,000	-	-	-	715,000
Buildings	2,362,786	-	-	(75,676)	2,287,110
Leasehold property	2,740,470	187,274	-	(1,430,732)	1,497,012
Plant and machinery	30,000	-	-	-	30,000
Furniture and fixtures	1,596,223	-	-	(184,136)	1,412,087
Motor vehicles	761,701	-	-	-	761,701
Office equipment	219,112	1,500	(2,932)	(93,693)	123,987
IT equipment	1,564,228	1,175,523	(87,506)	(805,742)	1,846,503
Other property, plant and equipment	12	-	-	-	12
	9,989,532	1,364,297	(90,438)	(2,589,979)	8,673,412

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		2026	2025	2026	2025

5. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - ECRDA - 2025

	Opening balance	Additions	Reconciliation of property, plant and equipment - ECRDA - 2025				Total
			Disposals	Depreciation	Impairment loss		
Land	715,000	-	-	-	-		715,000
Buildings	2,438,514	-	-	(75,728)	-		2,362,786
Leasehold property	842,669	3,276,655	-	(1,378,854)	-		2,740,470
Plant and machinery	30,000	-	-	-	-		30,000
Furniture and fixtures	124,409	1,694,622	-	(222,807)	(1)		1,596,223
Motor vehicles	812,446	-	(40,000)	(10,745)	-		761,701
Office equipment	173,990	135,668	-	(89,424)	(1,122)		219,112
IT equipment	1,722,674	542,741	(26,888)	(674,299)	-		1,564,228
Other property, plant and equipment	4,290	-	-	(4,277)	(1)		12
	6,863,992	5,649,686	(66,888)	(2,456,134)	(1,124)		9,989,532

Pledged as security

None of the carrying values of assets are pledged as security.

Depreciation rates

Item	Depreciation method	Average useful life
Buildings	Straight-line	30 to 50 years
Office Equipment - Finance Lease	Straight-line	2 to 5 years
Plant, machinery and equipment	Straight-line	(period of lease)
		5 to 10 years
Furniture and fixtures	Straight-line	10 to 12 years
Motor vehicles	Straight-line	4 to 5 years
IT equipment	Straight-line	5 to 9 years

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		2026	2025	2026	2025

5. Property, plant and equipment (continued)

Assets subject to finance lease (Net carrying amount)

Office Equipment - Finance Lease	1,497,012	2,740,470	1,497,012	2,740,470
Leasehold improvements	18,227	27,181	-	-
	1,515,239	2,767,651	1,497,012	2,740,470

Details of properties

Land and buildings consist of an office building situated at 128 Alexandra Road, Erf 893 King William's Town, which was acquired on 30 July 2024 at a cost of R3.7 million (allocated to Land - R.555 million and Buildings - R3.2 million).

An independent valuer was appointed to value all the properties of ECRDA, including the property at 128 Alexandra Road. The valuation was performed by Ms Gray- Browne of Penny Lindrom Valuations, a registered valuator holding a recognised and relevant professional qualification (Reg No,7714/3), who valued the property at R5.4 million using the capitalised income method.

Property on Erf 327 and ERF 328 situated in Cradock Magisterial District, purchased on 23 June 2003, was transferred to ECRDA in the merger on 01 April 2005 (representing land of R.1609 million and buildings R.58 million).

An independent valuer was appointed to value all the properties of ECRDA, including the property in Cradock. The valuation was performed by Mr Gunton of Penny Lindtrom Valuations, a registered valuator holding a recognised and relevant professional qualification (Reg No,7841/4), who values the property at R1.2 million using the comparable sales approach.

In addition, the entity's obligations under the finance lease are secured by the lessors' title over the leased equipment.



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		Economic entity		Controlling entity	
Figures in Rands	Note(s)	2026	2025	2026	2025

6. Intangible assets

Economic entity			2026			2025		
			Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other			4,803,843	(4,681,738)	122,105	4,706,177	(4,657,311)	48,866
Controlling entity			2026			2025		
			Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other			4,803,843	(4,681,738)	122,105	4,706,177	(4,657,311)	48,866

Reconciliation of intangible assets -Group - 2026

	Opening balance	Additions	Amortisation	Total
Computer software, other	48,866	97,666	(24,427)	122,105

Reconciliation of intangible assets - Group - 2025

	Opening balance	Amortisation	Total
Computer software, other	87,905	(39,039)	48,866

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

6. Intangible assets (continued)

Reconciliation of intangible assets -ECRDA - 2026

	Opening balance	Additions	Amortisation	Total
Computer software, other	48,866	97,666	(24,427)	122,105

Reconciliation of intangible assets - ECRDA – 2025

	Opening balance	Amortisation	Total
Computer software, other	87,905	(39,039)	48,866

Pledged as security

None of the intangible assets have been pledged as security.

7. Deferred tax

Deferred tax asset

Deferred Tax	6,868,932	6,475,314	-	-
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The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Reconciliation of deferred tax asset \ (liability)

At beginning of year	6,475,314	6,531,220	-	-
Decrease or increase in assessed loss available for set off	393,618	(55,906)	-	-
	6,868,932	6,475,314	-	-

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable surpluses in excess of the surpluses arising from the reversal of existing taxable temporary differences; and
- the economic entity has suffered a deficit in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

8. Operating lease asset (liability)

Current liabilities	636,853	438,926	636,853	438,926
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ECRDA entered into a property lease agreement with SKG for a period of five (5) years commencing on 01 April 2023. The straight lined average annual lease liability for a period of five(5) years is R2.2 million. The lease has an escalation clause of 8% per annum for its duration until 31 March 2028.

9. Payables from exchange transactions

Trade payables	7,319,541	5,641,001	6,014,874	4,934,087
Payments received in advanced - contract in process	40,000	700	-	-
Staff Related Payables	9,677,644	4,039,925	9,513,649	3,910,500
Accruals	186,216	223,639	186,216	223,639
Deposits received	599,545	540,270	599,545	540,270
Debtors with credit balances	1,717,084	1,688,955	1,717,084	1,688,955
Clearing Account/Suspense	4,319	4,319	4,319	4,319
	19,544,349	12,138,809	18,035,687	11,301,770

There were no trade and other payables with extended payment terms at 31 March 2026, however due to instances where there are queries on invoices of some service providers, those remain outstanding and have not been paid within the 30 days as stipulated by the PFMA. In addition, the ECRDA experienced financial difficulties during the financial year, where it was not possible to pay all service providers within thirty(30) days as required, however these invoices did not attract any interest thus no fruitless and wasteful expenditure was incurred. None of the repayment terms attached to contracts have been renegotiated in the last year. In addition, included in payables from exchange are staff related payables relating to salary savings bonus accrual at year end which have increased when compared to the previous financial year. the increase on staff related payables is as a result of the entity liability on Voluntary Severance Package (VSP), which was implemented during the 2025/26 financial year, however the exit of four of the employees was delayed to take place during April and July 2026. The amount of staff related payables further includes third party payments which are within seven days after the end of the month. The third party payments were subsequenethly settled in April 2026.

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025
10. Liabilities arising from non-exchange transactions					
Advance receipts – Transfers		2,236,738	472,417	2,236,738	472,417
Liabilities arising from non-exchange transactions		Group 2026	Group 2025	Agency 2026	Agency 2025
Total funds under administration and cash and cash equivalents belonging to administered funds		2,236,738	472,417	2,236,738	472,417
Reconciliation of total funds under administration		Group 2026	Group 2025	Agency 2026	Agency 2025
Balance at beginning of the year		472,416	1,837,484	472,416	1,837,484
Transfers/Receipts received		48,461,633	79,126,280	48,461,633	79,126,280
Surrender of administered funds to Treasury		(472,417)	(2,086,977)	(472,417)	(2,086,977)
Interest capitalised on administered funds		384,072	253,631	384,072	253,631
Funds disbursed (net credit notes)		(46,566,111)	(78,870,180)	(46,566,111)	(78,870,180)
Adjustments/write off		115,456	212,178	115,456	212,178
Transfers to controlling entity		(158,311)	-	(158,311)	-
		2,236,738	472,416	2,236,738	472,416
Comprising		Group 2026	Group 2025	Agency 2026	Agency 2025
EPWP-DRDAR		2,199,591	321,599	2,199,591	321,599
Revolving credit facility		-	530	-	530
Blended Finance		-	292	-	292
Citrus		37,147	149,996	37,147	149,996
		2,236,738	472,417	2,236,738	472,417

As at 31 March 2026, the administered funds amounted to R2.2 million and R.472 million. Other Liabilities arising from non-exchange transactions.

The entity acted as a warehousing agent for Department of Agriculture in the respect of a farming project known as Shortland's Farm. The department identified a farm to be purchased for a local community, who approached the government for support in acquiring a farm to further develop in the Grahamstown area. In order to do so, an entity was established to own and operate the farm for the community. As at the date of sale of the farm from the vendor, the new entity was not appropriately established and the department instructed the ECRDA to take the transfer pending final transfer to the entity. This was done to accommodate the strict timeframes of the implementation of the project. The R3.2 million purchase price was funded by the department. The purchase agreement was signed on 27 September 2007.

At 31 March 2026 (since March 2009), the transfer of the farm to the entity has been in process, thus has not been concluded. The entity has in 2021/22 financial year, accounted for this transaction as an administered fund and has not recognised the farm in its statement of financial position, as it does not have ownership or any rights and obligations to the land to derive no benefit from the use nor existence of the land, The Board took a resolution to transfer the farm to DLLRD, however ,DLLRD is not in agreement with the prices and therefore engagements are still in progress.

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		2026	2025	2026	2025
11. Employee benefit obligations					
Defined benefit plans – General information					
Long Service Awards Benefit					
Long service awards are granted to ECRDA employees after the completion of fixed periods of continuous service with the Agency. This award comprises a certain number of years completed from 5 years, however compensated in line with the HR policy, when one gets to 10yrs with ECRDA, until 40 years. Compensation wherein the 10 years becomes 10 days etc in line with the HR policy. The provisions represents an estimation of the awards to which employees in the service of the Agency at 31 March 2026 may become entitled in the future, based on the actuarial valuation performed at that date. The most recent actuarial valuation was performed by ARCH Actuarial Consulting and signed by Chanan Weiss, fellow of the Actuarial Society of South Africa. The present value of the benefit obligation, and the related current service costs and past service costs were measured using the project unit credit methods. During the financial year,7 (2025:4) employees received the long service awards.					
Employee Profile		2026		2025	
Eligible employees at the beginning of the year			136		131
New entrants			-		8
Members that exited			(19)		(3)
Eligible employees at end of the year			117		136

Sensitivity Analysis Results

The long service obligation was recalculated to show the effect of a **(1)** 1% point increase and a decrease in the assumed general earnings inflation are;**(2)** 1% point increase and decrease in the assumed discount rate; **(3)** A two year increase and decrease in the assumed average retirement age of eligible employees; and **(4)** A two fold increase and a 50% decrease in the assumed rates of termination of service.

Sensitivity Analysis of the benefit obligation

Assumptions	Change	Benefit Obligation	% Change
Central Assumptions		8,794,000	
General Earnings inflation rate	+1%	9,270,000	5%
	-1%	8,355,000	-5%
Discount rate	+1%	8,271,000	-6%
	-1%	9,374,000	7%
Average retirement age	+2yrs	9,124,000	4%
	-2yrs	8,382,000	-5%
Rates of termination of service	X2	8,308,000	-6%
	X0.5	9,059,000	3%

The above table indicates, for example, that if the earnings inflation rate is one percentage point greater than the long term assumption made, the benefit obligation will be 5% higher than the results shown in the amounts disclosed.

Sensitivity analysis on current service and interest costs for the year ending 31/03/2026

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		2026	2025	2026	2025

The table below summarises the results of the analysis on the current service cost and interest cost for the year ending 31 March 2026.

Assumption	Change	Current Service Cost	Interest Cost	Total	% Change
Central Assumptions		688,000	947,000	1,635,000	
General earnings inflation rate	+1%	733,000	996,000	1,729,000	6%
	-1%	647,000	901,000	1,548,000	-5%
Discount rate	+1%	647,000	979,000	1,626,000	-1%
	-1%	734,000	909,000	1,643,000	0%
Average retirement age	-2yrs	648,000	889,000	1,537,000	-6%
Rates of termination of service	X2	636,000	889,000	1,531,000	-6%
	X0.5	717,000	974,000	1,691,000	3%

Sensitivity analysis on current service cost and interest costs for the year ending 31/03/2027

The table below summariese the results of the analysis on the current service cost and interest cost for the year ending 31 March 2027.

Assumption	Change	Current Service Cost	Interest Cost	Total	% Change
Central Assumptions		651,000	809,000	1,460,000	
General earnings inflation rate	+1%	695,000	853,000	1,548,000	6%
	-1%	612,000	768,000	1,380,000	-5%
Discount rate	+1%	612,000	842,000	1,454,000	0%
	-1%	695,000	770,000	1,465,000	0%
Average retirement age	+2yrs	676,000	842,000	1,518,000	4%
	-2yrs	620,000	764,000	1,384,000	-5%
Rates of termination of service	X2	602,000	764,000	1,366,000	-6%
	X0,5	679,000	833,000	1,512,000	4%

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

Carrying value				
Present value of the defined benefit obligation	(10,291,000)	(10,451,000)	(10,291,000)	(10,451,000)
Benefits paid during the year	2,257,000	1,405,000	2,257,000	1,405,000
Current service cost	(688,000)	(724,000)	(688,000)	(724,000)
Past service cost	(347,000)	989,000	(347,000)	989,000
Interest costs	(947,000)	(1,113,000)	(947,000)	(1,113,000)
Actuarial gains/losses	1,222,000	(397,000)	1,222,000	(397,000)
	(8,794,000)	(10,291,000)	(8,794,000)	(10,291,000)
Non-current liabilities	(8,609,000)	(8,165,000)	(8,609,000)	(8,165,000)
Current liabilities	(185,000)	(2,126,000)	(185,000)	(2,126,000)
	(8,794,000)	(10,291,000)	(8,794,000)	(10,291,000)

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		2026	2025	2026	2025

11. Employee benefit obligations (continued)

Changes in the present value of the benefit obligation are as follows:

Opening balance	10,291,000	10,451,000	10,291,000	10,451,000
Benefits paid	(2,257,000)	(1,405,000)	(2,257,000)	(1,405,000)
Net expense recognised in the statement of financial performance	760,000	1,245,000	760,000	1,245,000
	8,794,000	10,291,000	8,794,000	10,291,000

Net expense recognised in the statement of financial performance are as follows:

Service cost	1,035,000	(265,000)	1,035,000	(265,000)
- Current service cost	688,000	724,000	688,000	724,000
- Past service cost	347,000	(989,000)	347,000	(989,000)
- Plan amendment	347,000	(989,000)	347,000	(989,000)
Interest cost	947,000	1,113,000	947,000	1,113,000
Actuarial gains/losses	(1,222,000)	397,000	(1,222,000)	397,000
	760,000	1,245,000	760,000	1,245,000

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(1,222,000)	397,000	(1,222,000)	397,000
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	Year ending 31/03/2025	Year ending 31/03/2026	Year ending 31/03/2027	Year ending 31/03/2028
Opening DBO	10,451,000	10,291,000	8,794,000	10,055,000
Past Service Cost	(989,000)	-	-	-
Current Service Cost	724,000	688,000	651,000	712,000
Interest Cost	1,113,000	947,000	809,000	876,000
Expected benefits vesting	(1,405,000)	(2,257,000)	(199,000)	(1,291,000)
Projected Closing Balance	9,894,000	9,669,000	10,055,000	10,352,000
Actuarial Loss/Gain	397,000	(1,222,000)	-	-
	10,291,000	8,774,216	10,055,000	10,352,000
Current portion (Next 12 months)	2,126,000	185,000	1,200,000	654,000
Non-current portion	8,165,000	8,609,000	8,855,000	9,698,000

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	- %	- %	9.30 %	10.30 %
Expected increase in salaries	- %	- %	5.10 %	5.50 %

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		2026	2025	2026	2025

11. Employee benefit obligations (continued)

The basis used to determine the overall expected rate of return on assets is as follow:

A net discount rate of 4% was determined in the key financial assumptions after taking into consideration, the CPI inflation rate(4.1%), general earnings inflation rate (5.1%) and the discount rate of 9.3% per annum.

Defined contribution plans

It is the policy of the controlling entity to provide retirement benefits to all its employees. A number of defined contribution provident funds, all of which are subject to the Pensions Fund Act exist for this purpose. An employer scheme was established in January 2024, with contributions to the scheme commencing in February 2025. Majority of the employees have since joined the scheme hence the increase in expense item shown below.

The controlling entity is under no obligation to cover any unfunded benefits.

The amount recognised as an expense for defined contribution plans is	5,415,336	4,663,061	5,415,336	4,663,061
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12. Termination benefits

Information on termination benefits

The entity introduced a Voluntary Severance Package (VSP) for those employees who wish to terminate their services.

The amounts in the financial statements arising from termination benefits and risks associated with it, are:

Voluntary Serverance Package	6,528,540	-	6,528,540	-
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A number of employees opted for VSP, majority of which left during the financial year. Included above is the obligation of the entity to settle or pay out the remaining balance between April and July 2026.

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

13. Loans and advances to customers

ECRDA issues loans to customers in line with its mandate of rural development. The loans are a combination of agricultural and non agricultural loans. In its loan book it has a combination of loans issued at applicable rates and those issues at rate less than the applicable rates; herein referred to as concessionary loans.

Loans and advances to customers	Agency and Group 2026	Agency and Group 2025
Opening balance	153,498,844	145,079,420
Oxfam Loans	562,776	548,480
Disbursements	24,411,413	8,899,189
Interest on loans	7,739,098	7,213,300
Repayments	(8,392,677)	(7,725,303)
Write Off	(98,505,200)	-
Debtors with credit balances	1,717,084	1,678,863
Interest on loans - Adjustment to fair value	-	(958,672)
Less: Fair value arising on concessionary loans	-	(87,531)
Less: Specific credit impairments	(43,962,239)	(132,969,783)
Subtotal	37,069,099	21,677,963
	37,069,099	21,677,963

Detailed loan and advances granted to customers per type of loan	ECRDA	Asgisa	Mafisa	Uvimba	Oxfam Loans	Total
Loans opening balance- 01 April 2025	54,100,363	1,236,666	84,033,431	14,128,384	548,480	154,047,324
Disbursements	24,411,413	-	-	-	-	24,411,413
Interest on loans	4,972,580	17,902	2,624,531	124,090	13,052	7,752,155
Repayments	(7,706,164)	-	(8,520)	(677,993)	-	(8,392,677)
Other adjustments	-	-	-	-	1,244	1,244
Write Off	(28,334,303)	(1,121,331)	(69,049,565)	-	-	(98,505,199)
Expected credit losses	(21,481,933)	(133,233)	(18,137,687)	(3,646,611)	(562,776)	(43,962,240)
Credit balances	333,834	-	651,187	732,063	-	1,717,084
Subtotal	26,295,790	4	113,377	10,659,933	-	37,069,104
	26,295,790	4	113,377	10,659,933	-	37,069,104

Detailed loan and advances granted to customers per type of loan	ECRDA	Asgisa	Mafisa	Uvimba	Oxfam Loans	Total
Loans opening balance- 01 April 2024	44,674,131	-	81,857,552	18,432,724	532,231	145,496,638
Interest on loans	4,178,428	17,943	2,863,894	136,787	16,249	7,213,301
Disbursements	8,899,189	-	-	-	-	8,899,189
Repayments	(3,650,714)	-	(71,839)	(3,882,118)	-	(7,604,671)
Fair value adjustment	(954,791)	-	-	(91,411)	-	(1,046,202)
Expected credit losses	(44,514,078)	(17,943)	(84,642,051)	(3,247,231)	(548,480)	(132,969,783)
Credit balance	296,813	-	651,187	730,863	-	1,678,863
Other Adjustments	10,630	-	-	-	-	10,630
Subtotal	8,939,608	-	658,743	12,079,614	-	21,677,965
	8,939,608	-	658,743	12,079,614	-	21,677,965

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		2026	2025	2026	2025

13. Loans and advances to customers (continued)

Reconciliation of Credit Losses- 2026

	Lifetime ECL - Credit Impaired (Stage 3)	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 1)	Total ECL
Opening balance ECL	(130,620,570)	(649,571)	(1,699,642)	(132,969,783)
Remeasurement due to implementation of GRAP 104	(1,728,415)	(374,545)	1,679,312	(423,648)
Amounts written off	97,323,810	-	-	97,323,810
New loans generated	-	-	(4,790,791)	(4,790,791)
Increase in ECL	2,007,883	719,832	(5,829,542)	(3,101,827)
Subtotal	(33,017,292)	(304,284)	(10,640,663)	(43,962,239)
	(33,017,292)	(304,284)	(10,640,663)	(43,962,239)

Reconciliation of Credit Losses- 2025

	Reconciliation of Credit Losses-2026	Lifetime ECL (Stage 2)	Lifetime ECL (Stage 1)	Total ECL
Opening balance ECL	(126,120,230)	-	-	(126,120,230)
Increase in ECL	(4,500,341)	(649,571)	(1,699,642)	(6,849,554)
Subtotal	(130,620,571)	(649,571)	(1,699,642)	(132,969,784)
	(130,620,571)	(649,571)	(1,699,642)	(132,969,784)

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		2026	2025	2026	2025

13. Loans and advances to customers (continued)

Exposure To Credit Risk

	Agency and Group 2026	Agency and Group 2025
Loans and advances individually assessed as credit-impaired	5,811,885	5,300,685

A financial asset is past due when a counterparty has failed to make a payment when contractually due. There are no loans and advances that have been negotiated that would otherwise have past due and impaired. Loans and advances that are past due but not impaired arise where the discounted collateral exceeds the carrying amount.

Included above are loans that were written off during the financial year. The amounts written off are not subject to any enforcement activity. The entity had explored all reasonable efforts to recover the debts hence the write off.

Key judgements and assumptions used on credit loss estimations are : (1) staging - it is presumed at 30 days past due date and default at 90 days past due supplemented by other qualitative factors (2) exposures are grouped by loan scheme sector (agricultural and non agricultural). (3) forward looking information .

Maturity analysis of carrying value

	Agency and Group 2026	Agency and Group 2025
Current Portion	16,144,448	5,206,018
Non-current Portion	20,924,651	16,471,944
	37,069,099	21,677,962

Maturity analysis

	Agency and Group 2026	Agency and Group 2025
Receivable within one year	14,427,323	4,754,960
Receivable later than one year	22,641,776	16,923,002
	37,069,099	21,677,962

Concessionary Loans

	Agency and Group 2026	Agency and Group 2025
Opening balances	15,773,487	12,127,199
Nominal value of new loans granted	23,742,110	8,145,040
Repayment	(7,084,869)	(5,977,694)
Interest	5,592,131	4,815,630
Concessionary component	(7,242,232)	(3,336,688)
	30,780,627	15,773,487

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

13. Loans and advances to customers (continued)

A concessionary loan is a loan granted on terms that are not market related. The entity assesses a loan as concessionary where the contractual interest rate is below a market-related rate of an instrument of similar item and credit risk. On initial recognition the loan is analysed into its component parts: the financial asset component is measured at fair value determined by discounting the contractual cash flows at market related rate and is subsequently accounted for at amortised cost in the same way as other loans; the difference between the amount advanced and that fair value.

Interest rate is used by the entity to assess whether or not the loan is a concessionary loan.

If the quoted interest rate is less than the market related interest rate, then that loan is a concessionary loan. The concessionary component of the loan is immediately recognised in surplus or deficit

The financial instrument component is classified and accounted for in line with other financial assets.

Sector Analysis	Agency and Group 2026	Agency and Group 2025
Agricultural	31,067,139	15,960,799
Non-agricultural	4,586,392	4,877,795
	35,653,531	20,838,594
Collateral held against loans and advances (limited to customer balance)	Agency and Group 2026	Agency and Group 2025
Collateral for Loans and advances individually assessed as impaired	8,413,840	9,388,840

The collateral can be applied as stipulated in the individual loan agreements entered into with customers. In many instances fixed property is held as collateral.

14. Inventories

Production supplies	4,166,259	4,439,687	-	-
Consumable stores	70,965	97,551	70,965	97,551
	4,237,224	4,537,238	70,965	97,551

Inventories consist of consumables which will be utilised by the group in its daily business operations. The inventory is held at the lower of cost or net replacement value (NRV). Inventory has not been pledged as security for any liabilities.

Reconciliation of Inventory	Group 2026	Group 2025	Agency 2026	Agency 2025
Opening balance	4,634,519	5,127,913	97,551	96,005
Inventory expensed during the year	(586,646)	(3,957,279)	(62,795)	(58,888)
Inventory through cost of sales	1,995,825	3,715,546	-	-
Inventory write down	(9,006,567)	(7,442,346)	(3,098)	(13,130)
Inventory sold	(4,134,470)	(3,680,144)	-	-
Inventory purchased during the year	11,334,562	10,773,548	39,306	73,564
	4,237,223	4,537,238	70,964	97,551

Inventory pledged as security

No inventory is pledged as security.

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

15. Receivables from exchange transactions

Receivables from exchange transactions

Trade debtors	1,655,332	2,320,448	47,833	47,833
Deposits	327,963	327,963	327,963	327,963
Sundry Debtors	3,488,785	4,228,489	3,488,785	4,228,489
Prepaid expenses	4,058,235	6,976,944	3,911,547	6,834,824
Staff Debtors Control	624,858	145,377	624,858	145,377
Total Receivables from exchange transactions	10,155,173	13,999,221	8,400,986	11,584,486

Included in receivables from exchange transactions are rental debtors, deposits paid to the municipalities, prepaid expenses and sundry debtors. Included in the prepaid expenses, is the Guardrisk insurance premium prepayment for each of the two financial years. In addition there's an increase on sundry debtors due to a receivable recognised as a result of a settlement agreement signed between ECRDA and Trustees of Kangela Citrus Farms, wherein ECRDA will write off the Kangela loan balance to Rnil and R2.6 million which was held in the bank account of Kangela would be paid back to ECRDA. These funds are expected to be received by the end of September 2026. There are also rental debtors at Mthatha office, which have increased and debtors are not paying as the majority of the debtors balance has been impaired. Management has been engaged in the process of engaging debtors to sign the acknowledgment of debt, in order to resolve the issue of outstanding debts.

Trade and other receivables impaired

As of 31 March 2026, trade and other receivables of R3,097,125 (2025: R2,714,467) were assessed for impaired and provided for.

The amount of the provision was R2,814,537 as at 31 March 2026 (2025:R2,336,147). The ageing of these rental receivables or rental debtors is as follows:

Rental Receivable Ageing 2026	Current	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Rental Debtors	39,716	242,872	110,533	2,704,004	3,097,125
Subtotal	39,716	242,872	110,533	2,704,004	3,097,125
	-	-	(110,533)	(2,704,004)	(2,814,537)
	39,716	242,872	-	-	282,588

Rental Receivable Ageing 2025	Current	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Rental Debtors	113,694	264,626	82,715	2,253,432	2,714,467
Subtotal	113,694	264,626	82,715	2,253,432	2,714,467
	-	-	(82,715)	(2,253,432)	(2,336,147)
	113,694	264,626	-	-	378,320

The entity assessed the implications of the revised GRAP 104 requirements and concluded that its effects are insignificant in the context of these rental debtors.

Financial instrument disclosure

Additional information on the financial instrument components of this note, as required by GRAP 104, is provided in note Financial Instruments - Risk Management and Other Disclosures.

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		2026	2025	2026	2025

16. VAT receivable

VAT Control		126,311	78,110	-	-
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The transaction surfaces at group level, since Magwa Tea Enterprise, a subsidiary of ECRDA, is a registered VAT vendor.

17. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	17,317	3,382	541	451
Bank balances	61,941,495	56,775,772	61,558,890	56,347,978
Bank overdraft	-	(23,067)	-	(23,067)
	61,958,812	56,756,087	61,559,431	56,325,362
Current assets	61,958,812	56,779,154	61,559,431	56,348,429
Current liabilities	-	(23,067)	-	(23,067)
	61,958,812	56,756,087	61,559,431	56,325,362

The above bank balances are broken down as follows:

Bank Balances	Group and Agency 2026	Group and Agency 2025	Agency 2026	Agency 2025
Cash on call and deposits with commercial banks	41,384,574	50,484,601	41,384,574	50,484,601
Cash on current accounts at commercial banks	20,574,238	6,271,486	20,174,857	5,840,580
	61,958,812	56,756,087	61,559,431	56,325,181

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

17. Cash and cash equivalents (continued)

The entity mainly places cash at First National Bank and Standard Bank. The entity does not have any credit facility, its current account was however overdrawn in the previous financial year.

Composition of cash and cash equivalents	Group 2026	Group 2025	Agency 2026	Agency 2025
Liabilities arising from non-exchange transactions (note 10)	2,236,738	472,417	2,236,738	472,417
Unspent grants (MAFISA note 19)	41,384,574	50,484,601	41,384,574	50,484,601
Funds at commercial banks - Own	18,337,500	5,799,069	17,938,119	5,368,163
	61,958,812	56,756,087	61,559,431	56,325,181

Detailed analysis of cash balances at reporting date	Group 2026	Group 2025	Agency 2026	Agency 2025
MAFISA Funds	44,186,150	50,484,601	44,186,150	50,484,601
Grain Fodder	439,241	-	439,241	-
DRDAR (Blended Finance)	-	292	-	292
EPWP- DRDAR	2,211,117	321,599	2,211,117	321,599
Red Hubs	465,817	509,434	465,817	509,434
Revolving Credit- DRDAR	-	530	-	530
Citrus Intervention	5,584,346	149,996	5,584,346	149,996
Cannabis	336,086	3,058,057	336,086	3,058,057
ECRDA Own Funds	8,736,055	2,231,578	8,336,674	1,800,672
	61,958,812	56,756,087	61,559,431	56,325,181

Cash and cash equivalents	Group 2026	Group 2025	Agency 2026	Agency 2025
Cash available for operational use (ECRDA)	8,736,055	2,231,578	8,336,674	1,800,672
	53,222,757	54,524,509	53,222,757	54,524,509
	61,958,812	56,756,087	61,559,431	56,325,181

The entity can only retain cash to settle the payables (detailed in note 9) as unused and uncommitted cash is returned to government. the entity cannot fund operations or administrative expenses from funding held on behalf of third parties.

No cash and cash equivalents were pledged as security for any financial liability.

Management considers that all the above cash and cash equivalents cateregories are of good quality. The maximum exposure to credit risk at the reporting date is cost as mentioned above for each class of cash and cash equivalents above.

The group does not have any credit or loan facilities with any bank or other financial institution.

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025
18. Share capital / contributed capital					
Issued					
Ordinary		41,989,146	41,989,146	41,989,046	41,989,046
Capital Contributed				Agency and Group 2026	Agency and Group 2025
Capital consists of the value of the nest assets taken over from Agricultural Bank of Transkei and Ciskei Agricultural Bank on 01 July 2000				25,232,691	25,232,691
Equity contribution relates to the funds received from Eastern Cape Department of Agriculture utilised to fund the Kangela Citrus Farms (Pty) Ltd				15,680,000	15,680,000
The contribution was acquired prior to the formal establishment of the corporation and relates to an amount transferred from trade payables previously owing the department of Internal Affairs for farms purchased by clients of the former Ciskei Agricultural Bank approximately 18 years before the date of establishment.				1,076,355	1,076,355
				41,989,046	41,989,046

In terms of the former Eastern Cape Rural Finance Corporation Act, No 9 of 1999, the corporation is established with an initial authorised share capital of R10 million (comprising of one thousand ordinary shares with a par value of ten thousand rand each). In the financial statements, the amount contributed through the Eastern Cape Provincial Government by assets taken over (see above) is treated as capital contribution. The entity has not registered its share capital and does not have a share register as it has not issued any shares.

Restriction of distributions

In terms of the above Act, whilst the government is the sole shareholder, the Agency may not distribute any of its profits or gains to any other person and must use its funds solely for the furtherance of its objectives.

No distribution were made during the financial year ending 31 March 2025 (2025: RNil).

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025
19. Finance lease obligation					
Minimum lease payments due					
- within one year		1,861,337	1,472,696	1,417,295	1,472,696
- in second to fifth year inclusive		314,013	1,686,182	314,013	1,686,182
		2,175,350	3,158,878	1,731,308	3,158,878
less: future finance charges		(58,842)	(184,009)	(58,842)	(184,009)
Present value of minimum lease payments		2,116,508	2,974,869	1,672,466	2,974,869
Present value of minimum lease payments due					
- within one year		1,105,778	775,777	1,105,778	775,777
- in second to fifth year inclusive		314,363	717,646	314,363	717,646
		1,420,141	1,493,423	1,420,141	1,493,423
Non-current liabilities					
		144,917	2,184,645	144,917	2,184,645
Current liabilities					
		1,417,295	1,128,838	1,417,295	1,128,838
		1,562,212	3,313,483	1,562,212	3,313,483

The entity recognises finance leases where, at the inception of the lease, the present value of the minimum lease payments amounts to substantially all of the fair value of the lease asset. The typical lease period is between 2 to 3 years for the two vodacom contracts.

A new contract was entered into with Vodacom with effect from June 2024 for a period of 3 years, which has been capitalised. At reporting, the approximate aggregate monthly instalment of the finance lease is R71 001 (2025: R71 001). The other Vodacom contract (Transveral) is capitalised for a period of 2 years and aggregate monthly instalment on the finance lease is R68 929 (2025:R114 601) at reporting date.

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangement have been entered into for the contingent rental.

The economic entity's obligation under finance leases are secured by the lessor's charge over the leased assets.

20. Unspent grants

Unspent Grants				
Unspent grants	54,922,700	50,994,601	54,922,700	50,994,601

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		2026	2025	2026	2025
20. Unspent grants (continued)					
Movement during the year					
Balance at the beginning of the year		50,994,601	31,352,559	50,994,601	31,352,559
Additions during the year		3,928,099	3,858,485	3,928,099	3,858,485
Adjustments- Commission transferred to unspent loans		-	15,783,557	-	15,783,557
		54,922,700	50,994,601	54,922,700	50,994,601
MAFISA Grant		Group 2026	Group 2025	Agency 2026	Agency 2025
Liability for an equitable share in interest earned in MAFISA		6,690,266	6,071,817	6,690,266	6,071,817
Liability arising from interest earned on cash deposits on unspent funds		47,995,884	48,412,784	47,995,884	48,412,784
		54,686,150	54,484,601	54,686,150	54,484,601

The nature of transaction is that these are fund that were transferred through an agreement between DALRAD and ECRDA for the implementation of MAFISA scheme, though issuing of loans to farmers. The agreement expired in 2028/19 financial year. The balance was reported at R35 million in the previous financial year and has been restated to R54.4 million at end of 2024/25 financial year.

21. Provisions

Reconciliation of provisions - Group – 2026

	Opening Balance	Additions	Utilised during the year	Total
Staff Leave Provision	6,318,114	256,016	(843,507)	5,730,623

Reconciliation of provisions - Group - 2025

	Opening Balance	Additions	Utilised during the year	Total
Staff Leave Provision	7,376,366	1,525,514	(2,583,766)	6,318,114

Reconciliation of provisions - ECRDA- 2026

	Opening Balance	Additions	Utilised during the year	Total
Staff Leave Provision	6,318,114	256,016	(843,507)	5,730,623

Reconciliation of provisions - 2025

	Opening Balance	Additions	Utilised during the year	Total
Staff Leave Provision	7,376,366	1,525,514	(2,583,766)	6,318,114

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025
22. Revenue					
Sale of goods		2,217,464	3,064,696	-	-
Rental of facilities and equipment		2,188,021	2,164,108	2,188,021	2,164,108
Sundry Income		3,418,819	233,169	3,418,819	233,169
Fees earned		121,100	76,500	121,100	76,500
Commissions received		596	5,029	596	5,029
Recoveries		10,559	102,938	10,559	102,938
Other income		2,207,024	2,465,664	-	-
Interest Received- Rentals		61,893	53,180	61,893	53,180
Interest on loans		5,114,567	4,498,781	5,114,567	4,498,781
Insurance Income		16,473,839	16,525,659	16,473,839	16,525,659
Interest received - investment		2,149,380	2,739,240	2,092,753	2,673,134
Government grants & subsidies		246,590,272	191,773,017	214,479,272	161,074,017
		280,553,534	223,701,981	243,961,419	187,406,515

The amount included in revenue arising from exchanges of goods or services are as follows: Sale of goods

	2,217,464	3,064,696	-	-
Rental of facilities and equipment	2,188,021	2,164,108	2,188,021	2,164,108
Sundry Income	3,418,819	233,169	3,418,819	233,169
Fees earned	121,100	76,500	121,100	76,500
Commissions received	596	5,029	596	5,029
Recoveries	10,559	102,938	10,559	102,938
Other income	2,207,024	2,465,664	-	-
Interest Received- Rentals	61,893	53,180	61,893	53,180
Interest on loans	5,114,567	4,498,781	5,114,567	4,498,781
Insurance Income	16,473,839	16,525,659	16,473,839	16,525,659
Interest received - investment	2,149,380	2,739,240	2,092,753	2,673,134
	33,963,262	31,928,964	29,482,147	26,332,498

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Transfer revenue

Government grants & subsidies	246,590,272	191,773,017	214,479,272	161,074,017
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Revenue above is made up of revenue from exchange transaction and revenue from non- exchange transactions. Included in revenue from exchange is income accrued on rental of office space in Mthatha, interest received from commercial banks and interest on loans. Further through the reconciliation of the MAFISA unspent portion, it became necessary to reverse the previously recognised commission revenue and recognise only R3.4 million, majority of which is in prior periods.

Revenue from non-exchange transactions are grants received from DOA and National Skills Fund.

22. Lease rentals on operating lease

Premises

Contractual amounts	2,231,410	2,242,656	2,231,410	2,242,656
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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

24. Investment revenue

Interest received - investments

Interest on cash and cash equivalents	2,149,380	2,739,240	2,092,753	2,673,134
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Total interest revenue included above, calculated using the effective interest method for financial assets that are measured at amortised cost.

25. Transfer and subsidies

Other subsidies

Transfers and subsidies paid	16,293,076	-	16,293,076	-
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These transfers are as a result of the Memorandum of Agreement signed between ECRDA/DOA and LAND BANK. ECRDA subsidises the loans granted to formers by Land Banks through the to up grant as determined by LandBank. ECRDA received invoices from Landbank based on approvals in a particular period and pays accordingly.

26. Bad debts written off – Other

Bad debts written off	1,181,389	1,952	1,181,389	1,952
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The R1.1 million write off relates to the interest incurred on the loan of Kangela Citrus for the 2025/26 that needed to be written off to Rnil as per the settlement agreement reached.

27. Government grants & subsidies

Operating grants

Magwa Government Grants	32,111,000	30,699,000	-	-
Government Grants	214,216,000	160,894,000	214,216,000	160,894,000
National Skills Fund	263,272	180,017	263,272	180,017
	246,590,272	191,773,017	214,479,272	161,074,017

28. Employee related costs

Basic	122,893,592	112,612,654	106,679,887	96,522,433
UIF	300,436	297,249	300,436	297,249
Leave pay provision charge	256,017	1,525,514	256,017	1,525,514
Provident Fund	5,415,336	4,663,061	5,415,336	4,663,061
Travel, motor car, accommodation, subsistence and other allowances	2,117,530	2,111,950	2,117,530	2,111,950
Long-service awards	335,509	1,565	335,509	1,565
Acting allowances	375,527	931,161	375,527	931,161
Severance Package	22,135,341	-	22,135,341	-
Relocation Allowance	84,399	560,983	84,399	560,983
Settlement Lumpsum	-	1,127,402	-	1,127,402
Current Service Cost	688,000	(265,000)	688,000	(265,000)
	154,601,687	123,566,539	138,387,982	107,476,318

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

28. Employee related costs (continued)

Employee relates costs have increased by 28% in the current financial year when compared to the previous financial year. The main reason for the increase is the implementation of Voluntary Severance Package (VSP) of which R22.1 million was recognised as an obligation existed at 31 March 2026. R15 million of the R22.1 million was paid by 31 March 2026 and the remainder is for employees leaving the organisation between 01 April and 31 July 2026.

Short term benefits comprise the normal leave accrued per HR policies of the ECDRA. Teh policy does not cater for any post employment benefits with the exception of R50 000 payout upon retirement of an employee of which none were incurred in the current financial year.

Further increases were as a result of long service payouts which were madu during the financial year, this is in line with section 20 of the policy. The payout is based on a number of years of uninterrupted service at ECRDA, which is equivalent to the number of leave days due.

29. Depreciation and amortisation

Property, plant and equipment	3,558,486	4,262,683	2,589,979	2,456,134
Investment property	38,191	38,217	38,191	38,217
Intangible assets	24,427	39,039	24,427	39,039
	3,621,104	4,339,939	2,652,597	2,533,390

Refer to notes 4, 5 and 6 for depreciation and amortisation.

30. Impairment loss

Impairments

Property, plant and equipment	-	10,236	-	1,124
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Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]

31. Finance costs

Finance Charges	253,741	1,058,984	253,741	1,058,984
Interest Long service	947,000	1,113,000	947,000	1,113,000
	1,200,741	2,171,984	1,200,741	2,171,984

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		2026	2025	2026	2025
32. Debt impairment - Other					
Debt Impairment - Other		38,480	165,637	-	-
Contributions to debt impairment provision - other		7,743,415	7,355,662	7,743,415	7,355,662
		7,781,895	7,521,299	7,743,415	7,355,662

Kindly refer to note on loans and advances for further detail.

33. Project Expenses

This is all expenditure incurred on the projects ECRDA is responsible for.

Expenditure	Group 2026	Group 2025	Agency 2026	Agency 2025
Employee related costs	2,925,380	3,006,226	2,925,380	3,006,226
Inputs & Machanisation	12,993,895	2,014,800	12,993,895	2,014,800
Hemp Seed	-	3,990,000	-	3,990,000
Travel & Accommodation	586,768	1,193,662	586,768	1,193,662
Catering	-	270,302	-	270,302
Stakeholder Awareness	47,475	5,490	47,475	5,490
Procurement of Yello Maize	-	197,010	-	197,010
Maintenance & Repairs	297,927	474,426	297,927	474,426
Electricity	406,669	241,308	406,669	241,308
Security	1,720,809	1,488,610	1,720,809	1,488,610
Fuel	76,170	53,137	76,170	53,137
Refurbishment work	-	220,787	-	220,787
Certification Food Safety	-	98,371	-	98,371
Production input -Veg	-	154,118	-	154,118
Transportation of Assets	-	47,300	-	47,300
Insurance	43,126	48,762	43,126	48,762
Capacity Development	-	955,212	-	955,212
Irrigation Equipment	-	66,205	-	66,205
General Exp	3,713	27,185	3,713	27,185
Professional Fees	2,065,373	-	2,065,373	-
Infrastructure Upgrade	3,026,947	-	3,026,947	-
	24,194,252	14,552,911	24,194,252	14,552,911

Expenditure incurred or recorded above on projects expenditure relates in many instances to training and development of farmers, security services.

34. Contracted Services

These are professional services that were contracted in by the institutions.

Contracted Services	Group 2026	Group 2025	Agency 2026	Agency 2025
Business and Advisory	2,988,887	4,470,278	2,540,418	3,892,226
Legal Services	1,819,905	7,654,344	1,819,905	7,654,344
Infrastructure and planning	748,628	-	748,624	-
	5,557,420	12,124,622	5,108,947	11,546,570

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025
35. General expenses					
Accounting fees		232,098	195,279	232,098	195,279
Advertising		729,066	439,507	638,371	301,199
Assessment rates & municipal charges		592,654	570,537	592,654	570,537
Auditors remuneration		7,219,619	7,923,922	6,955,019	7,671,922
Bank charges		203,423	228,151	157,575	184,630
Cleaning		235,446	217,327	205,713	199,220
Commission paid		25,249	28,439	-	-
Computer expenses		530,986	940,938	523,669	927,222
Consumables		120,385	80,893	-	-
Debt collection		4,072,902	4,036,083	4,072,902	4,036,083
Delivery expenses		174,934	573,349	174,934	573,349
Discount allowed		11,533	19,480	-	-
Fines and penalties		104,436	1,007,005	25,651	944,173
Hire		291,862	280,589	291,862	280,589
Insurance		9,278,597	16,309,106	9,224,521	16,255,475
Marketing		160,072	37,997	160,072	37,997
Horticulture		490,134	1,010,174	-	-
Promotions and sponsorships		88,640	75,900	88,640	75,900
Magazines, books and periodicals		-	283,116	-	283,116
Motor vehicle expenses		228,798	424,389	194,016	369,002
Fuel and oil		997,005	1,133,756	356,428	575,383
Placement fees		53,074	782,005	53,074	773,059
Productions		458,225	638,364	-	-
Postage and courier		64,678	18,399	600	600
Printing and stationery		213,606	128,413	125,377	104,429
Promotions		193,765	198,570	193,765	198,570
Protective clothing		368,612	316,714	-	22,684
Repairs and maintenance		1,410,949	3,070,049	142,035	2,262,927
Security (Guarding of municipal property)		913,520	560,802	913,520	560,802
Staff welfare		339,614	744,336	204,247	596,791
Subscriptions and membership fees		148,165	166,792	44,854	123,794
Telephone and fax		1,603,160	495,304	1,430,247	356,404
Transport and freight		298,712	563,288	-	-
Training		1,354,142	938,325	1,330,446	920,087
Travel - local		3,536,888	4,572,591	3,288,588	4,206,948
Title deed search fees		89,431	279,753	-	4,933
Assets expensed		206,490	128,516	-	-
Electricity		2,743,583	2,307,465	-	-
Water		931,647	822,371	931,647	822,371
Refuse		178,648	168,782	178,648	168,782
Tourism development		382,303	302,398	313,073	180,163
Catering		86,557	287,499	86,557	287,499
Social Facilitation		197,325	-	197,325	-
Uitgawe 3		-	169,749	-	169,749
Storage Costs		318,711	254,498	318,711	254,498
Skills Development Levy		1,345,829	1,516,027	1,082,961	1,244,705
Refreshments		31,606	38,677	31,606	38,677
Refreshments		9,800	390,908	9,800	390,908
Other expenses		700	4,896	700	4,896
		43,267,579	55,681,428	34,771,906	47,175,352

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025
36. Cash generated from (used in) operations					
Surplus (deficit)		6,624,970	(14,934,929)	7,767,981	(12,771,787)
Adjustments for:					
Depreciation and amortisation		3,621,104	4,339,939	2,652,597	2,533,390
Gain on sale of assets and liabilities		102,824	66,888	81,603	66,888
Tax Expense		(406,343)	(776,760)	-	-
Fair value adjustments		-	571,991	-	571,991
Bad debts recovered		(10,559)	(102,938)	(10,559)	(102,938)
Finance costs		947,000	1,113,000	947,000	1,113,000
Impairment deficit		-	10,236	-	1,124
Debt impairment		7,781,895	7,521,299	7,743,415	7,355,662
Bad debts written off - Other		1,181,389	1,952	1,181,389	1,952
Actuarial losses/gains		(1,222,000)	397,000	(1,222,000)	397,000
Inventory losses or write-downs		8,954,532	7,465,259	3,098	13,130
Insurance Income		(9,338,321)	(16,309,106)	(9,884,245)	(16,525,659)
Insurance Expense		9,338,321	16,309,106	9,884,245	16,525,659
Movement in provisions		(587,491)	(1,058,252)	(587,491)	(1,058,252)
Movement in provisions- Long service award		(1,222,000)	(1,670,000)	(1,222,000)	(1,670,000)
Changes in working capital:					
Inventories		(8,654,518)	(6,874,584)	23,488	(14,676)
Receivables from exchange transactions		3,816,127	2,000,374	3,194,059	(348,783)
Loans and advances to customers		(24,738,940)	(9,040,513)	(24,738,940)	(9,040,513)
Payables from exchange transactions		7,962,187	(1,454,230)	6,636,815	275,451
VAT		(48,201)	(54,724)	-	-
Unspent grants		3,928,099	7,026,688	3,928,099	7,026,688
Liabilities from non-exchange transactions		1,764,321	(1,365,067)	1,764,321	(1,365,067)
Movement in operating lease liability		197,927	163,856	197,927	163,856
		9,992,323	(6,653,515)	8,340,802	(6,851,884)

37. Financial instruments disclosure – pre-revised GRAP 104

Categories of financial instruments

Group - 2026

Financial assets

	At amortised cost	Total
Loans and advances to customers	37,069,098	37,069,098
Trade and other receivables from exchange transactions	6,096,938	6,096,938
Cash and cash equivalents	61,958,812	61,958,812
	105,124,848	105,124,848

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	19,544,343	19,544,343

Group - 2025

Financial assets

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		2026	2025	2026	2025

37. Financial instruments disclosure – pre-revised GRAP 104 (continued)

	At amortised cost	Total
Loans and advances to customers	21,677,963	21,677,963
Trade and other receivables from exchange transactions	7,022,277	7,022,277
Cash and cash equivalents	56,779,154	56,779,154
	85,479,394	85,479,394

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	12,138,809	12,138,809

ECRDA- 2026

Financial assets

	At amortised cost	Total
Loans and advances to customers	37,069,099	37,069,099
Trade and other receivables from exchange transactions	4,489,439	4,489,439
Cash and cash equivalents	61,559,431	61,559,431
	103,117,969	103,117,969

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	18,035,683	18,035,683

2025

Financial assets

	At amortised cost	Total
Loans and advances to customers	21,677,963	21,677,963
Trade and other receivables from exchange transactions	4,749,662	4,749,662
Cash and cash equivalents	56,348,429	56,348,429
	82,776,054	82,776,054

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	11,301,770	11,301,770

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		2026	2025	2026	2025

37. Financial instruments disclosure – pre-revised GRAP 104 (continued)

Financial instruments in Statement of financial performance

Group - 2026

	At amortised cost	Total
Interest income - Loans	5,114,567	5,114,567
Interest received - cash and cash equivalents	2,149,380	2,149,380
Debt Impairment	(7,781,895)	(7,781,895)
	(517,948)	(517,948)

Group - 2025

	At amortised cost	Total
Interest income (calculated using effective interest method) for financial instruments at amortised cost	4,498,781	4,498,781
Interest received- cash and cash equivalents	2,739,240	2,739,240
Debt impairment	(7,521,299)	(7,521,299)
	(283,278)	(283,278)

ECRDA- 2026

	At amortised cost	Total
Interest on loans	5,114,567	5,114,567
Interest received- cash and cash equivalents	2,092,753	2,092,753
Debt Impairment	(7,743,415)	(7,743,415)
	(536,095)	(536,095)

2025

	At amortised cost	Total
Interest on loans	4,498,781	4,498,781
Interest received- cash and cash equivalents	2,673,134	2,673,134
Debt Impairment	(7,355,662)	(7,355,662)
	(183,747)	(183,747)

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		2026	2025	2026	2025

38. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	1,341,116	2,622,262	1,341,116	2,622,262
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Total capital commitments

Already contracted for but not provided for	1,341,116	2,622,262	1,341,116	2,622,262
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This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	2,394,650	2,230,423	2,394,650	2,230,423
- in second to fifth year inclusive	2,586,222	4,460,846	2,586,222	4,460,846
	4,980,872	6,691,269	4,980,872	6,691,269

Operating lease payments represent rentals payable by the economic entity for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

The statement of financial performance details the expenditure incurred by the entity on the operating lease. A total of R2.2 million (2025: R2.2 million) was incurred during the financial year in respect of lease expenses. A net straight lined operating lease liability of R0.6 million (2025: R0.438 mil) exists.

ECRDA entered into a lease agreement with Slip Knot Investment (Pty) Ltd for a period of 5 years commencing on 13 March 20203, however premises were not ready for occupation and ECRDA took occupation in April 2023. The rental escalates at 8% per annum, for five year, thus straight lining has been applied in arriving at the disclosed amount above.

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

39. Contingencies

ECRDA has dealt with numerous legal matter instituted by and in defence of claims brought against the organisation.

Contingent Liabilities	Agency 2026	Agency 2025
ECRDA/BLue Cut Flora	6,000,000	7,273,330
ECRDA/Dladla,Gardner & Simukonda	-	1,500,000
AGRI BEEF FUND/BERLIN BEEF/ECRDA/MEC DRDAR	67,500,000	15,000,000
SKG africa (Pty) Ltd/ECRDA & OTHERS	186,373	-
	73,686,373	23,773,330

Where the possibility of legal fees and/or other reimbursement exists, it is reported below as a contingency.

Claims defended by ECRDA:

AGRI BEEF FUND/BERLIN BEEF//ECRDA/MEC DRDAR: ECRDA was compelled to institute legal proceedings to set aside an unlawful service level agreement which created unfulfillable obligations. With respect of the above matter, none of the costs awarded in ECRDA's favour have been paid despite attorneys having sent letters of demand. The ECRDA had instructed its attorneys to issue a writ in respect of both outstanding bills. The claimant, Berlin Beef who is pursuing the claim of R15 million despite the Constitutional Court judgement issued on February 2023, declaring the service level agreement invalid and enforceable. Attorneys have been instructed to continue defending the matter until finality is reached on the matter. The claimant has issued additional claims of R21.3 million and R31.2 million, which led to to a total claim of R67.5 million in the current financial year.

SKG AFRICA (Pty) Ltd/ECRDA & OTHERS: An interdict was served to ECRDA (prior year financial years) to stop the move from the Beacon Bay Crossing premises to the new leased premises, as well as an interdict to stop the implementation of the awarding of the tender for leased premises and further for the Court to consider the review of the tender awarded. The court ordered in favour of ECRDA with regards to the interdict application, however costs in the matter were reserved for the main review application to be instituted by SKG Africa. The ECRDA's legal costs for the interdict matter were R292 082 (estimated at R1 million). The interdict application was resolved in the 2020 financial year but with no resolution as to legal costs order in the matter. This is to be confirmed upon outcome of the main review application in the review application which is yet to be heard. The matter was argued on 26 January 2023 and is pending judgement.

A judgement on the issue of costs was issued on August 2023, and costs were awarded in favour of SKG against ECRDA and other Respondents to the matter. Parties are to share the costs in this regard. ECRDA accepted advise of counsel not to challenge the costs order as it will imply further litigation costs and that ECRDA should rather comply. Once the costs are determined between the legal representatives ECRDA will pay. The costs therefore were still not known and bill of costs has not been submitted to ECRDA.

ECRDA/BLUE CUT FLORA: In this matter Blue Cut Flora claims to have done work at the Tshabo Red Hub despite the termination of the contract. ECRDA appointed attorneys to analyse correspondence in this regard and advise the ECRDA on the best way forward. The amount claimed is R6 million.

ECRDA/DLADLA,GARDNER & SIMUKONDA: In this matter, there is a claim from the three individuals against ECRDA on alleged defamatory statements by Mr Qobo, who was the CEO, through utterances made in a strategy session that was held during 2022. ECRDA is defending the matter and a please has been sent through the appointed attorneys. The summons is suing for an amount of R500 000 for each individual, which equates to R1.5 million. In the current financial year. the settlement was reached out of court, wherein an amount of R52.291 was paid in relation to the plaintiff attorney costs.

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		2026	2025	2026	2025

39. Contingencies (continued)

CCMA CASES/ECRDA: The matters relate to several cases that have been lodged by the employees with the CCMA. Cases range between unfair labour practices, unilateral change of working conditions, re-instatement of some who claim they were unfairly dismissed. At the date of reporting there was no estimated costs that can be reliably placed on the cases, nor the timing of when they will be concluded is unknown.

Public and Private Sector Union//ECRDA: The union is seeking for review and setting aside of the placement review process. ECRDA through its attorneys demanded security costs to be furnished before the matter can be hears and the union failed to do so. The case was postponed to 04 September 2025 for arguments. Costs of the day are reserved.

QOBO//ECRDA: CCMA referral for unfair dismissal. The case was dismissed, however the matter is still recorded under contingent liabilities as Mr QObono could still exercise his right on the matter and proceed to the Labour Court, Management will assess after a period of a year, from the date which the matter was dismissed. Subsequently Mr Qobo opted not to challenge the arbitration order, the matter is therefore now closed.

Contingent assets

CRADOCK BIOFUEL BY ARENGO: Upon the implementation of the Creadock BIOFUEL Plant by Arengo 316 Investments (Pty) Ltd and the conclusion of IDC's verification of the R12 530 043 incurred on the grant for the furtherance of biofuel received from the Department of Rural development and Agrarian Reform (DRDA), now Department of Agriculture (DOA), by the former ARDA), a receivable can be recognised. The receivable is dependent on the occurrence of factors not within the control of ECRDA. Arengo 316 Investments (Pty) Ltd is currently in a business rescue process, of which ECRDA has indicated the amounts owed by Arengo, based on the last confirmation of debt in 2026. Subsequent engagements took place in April and May 2024 between ECRDA and IDC, wherein ECRDA submitted an affidavit of the amounts that are to be recovered from Arengo to be included in the business rescue process being undertaken by IDC. These amounts are R7 469 957.

SLABBERT BOERDERY CLAIM: Claim against Slabbert Boerdery for an outstanding amount of over R1 million for sale and delivery of lecerne by the then ARDA. Matter has since been withdrawn. Management accepted the offer to settle that matter to the value of R200 000 by signing a deed of settlement proposed by the debtor's attorneys. The debtor has been making payments towards the settlement. Further instructions to tax bills of costs and collect the taxed costs due to ECRDA from the defendants were given to the attorneys. These taxes on bills of costs are not yet determined.

Contingent Assets	Agency 2026	Agency 2025
Cradock Biofuel - Arengo 316 Investments	7,469,957	7,469,957

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		2026	2025	2026	2025

40. Related parties

Relationships
Directors
Controlled entities
Members of key management

Refer to note 41
Magwa Tea Enterprise
Mr S Somdyala - CEO
Ms V Ntsodo-Boyce - CFO
Mr N Simukonda - Executive IPM
Ms A Nomtshongwana - Corporate
Services Executive
Mr B Giyose- Executive Structured Rural
Finance
Mr M Zilimbola - Executive Stakeholder
Relations and Regional Coordination
Ms V Xaxa -
Company Secretary
Mr N Quvile - Acting
IPM Executive

Related party transactions

Grants Received/Paid to Related Parties		
Magwa Tea Enterprise	(32,111,000)	(30,699,000)
DOA (Operating and transfer payments)	248,577,000	227,144,000
DOA EPWP Administered Funds	14,100,234	12,571,570

A total of R32.1 million was allocated to the MET as per the provincial budget allocation from the Department of Rural development and Agrarian Reform (DRDAR), now Department of Agriculture (DOA). The full amount was disbursed to the entity in the 2025/26 financial year.

The shares of Magwa Tea Enterprise (Pty) Ltd was transferred to ECRDA on 18 September 2020 as a transfer under common control. No consideration was paid for the funds transferred, and no assets were given up as consideration thereof. The operations of Magwa Tea Enterprise are funded through government grants, paid to the Tea Estate via ECRDA as per the approved budget. The ECRDA as shareholder, fully consolidates the balances and transactions of Magwa Tea Enterprise (Pty) Ltd on a line by line basis. The company has its own Board of Directors. The ECRDA is not involved in the daily operations of Magwa Tea.

EPWP relates to funds received from DOA for the administration of the salaries for the EPWP workers. The remaining funds are also included in note 10, as mentioned above.

Key management information

Class	Description	Number
Non-executive board members	Board of Directors	11
Executive Management	Executive Committee	6
Remuneration of management		
Management class: Councillors		



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		Economic entity		Controlling entity	
Figures in Rands	Note(s)	2026	2025	2026	2025

40. Related parties (continued)

Management class: Executive management

2026

	Basic salary	Acting Allowance	Reimbursive S&T Claims	Voluntary Severance Package	Other benefits received	Total
Name						
Mr S Somdyala - CEO	2,874,431	-	47,257	-	156,858	3,078,546
Ms V Ntsodo-Boyce - CFO	2,328,137	-	5,807	-	127,047	2,460,991
Mr N Simukonda - Executive IPM	2,212,827	-	17,672	2,622,726	120,586	4,973,811
Ms A Nomtshongwana - Executive Manager Corporate Services	2,523,595	-	-	-	137,713	2,661,308
Mr B Giyose - Executive Structured Rural Finance	1,758,258	-	10,982	-	94,115	1,863,355
Mr M Zilimbola - Executive Stakeholder Relations and Regional Coordination	1,887,609	-	41,851	-	101,174	2,030,634
Ms V Xaxa - Company Secretary	2,251,140	-	2,456	-	122,845	2,376,441
Mr N Quvile - Acting Executive IPM	-	13,061	-	-	-	13,061
	15,835,997	13,061	126,025	2,622,726	860,338	19,458,147

2025

	Basic salary	Acting Allowance	Re-imbursive claims	Other benefits received	Total
Name					
Mr S Qobo - CEO Terminated April 2024	207,129	-	-	338,581	545,710
Mr G Qotywa - ICEO Terminated September 2024	1,613,666	-	-	207,949	1,821,615
Mr S Somdyala - CEO	664,806	-	-	132,013	796,819
Ms J Baxter- Terminated May 2024	365,806	-	-	291,008	656,814
Ms V Ntsodo- Boyce	2,116,050	-	-	152,359	2,268,409
Mr C Gardner	168,861	-	-	233,772	402,633
Mr R De Beer	319,573	-	-	206,857	526,430
Ms B Koya - Acting Corporate Services Executive	-	102,016	-	-	102,016
Ms A Nomtshongwana - Executive Manager Strategy	1,381,437	57,736	-	147,262	1,586,435
Mr L Qongqo- Acting Executive Rural Financial Services & Trade and Investment	-	130,674	-	-	130,674
Mr B Giyose - Executive Structured Rural Financial Services	405,577	-	-	8,400	413,977

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		2026	2025	2026	2025
40. Related parties (continued)					
Mr M Zilimbola - Executive Stakeholder Relations and Regional Coordination	1,034,111	-	-	131,669	1,165,780
Ms V Xaxa - Company Secretary	2,156,061	-	-	5,679	2,161,740
Mr N Simukonda	2,292,341	-	142,012	63,656	2,498,009
	12,725,418	290,426	142,012	1,919,205	15,077,061

*Refer to note "Employee related costs"

Included in the remuneration of Executive Management for the prior year is the remuneration of both the Interim CEO and CFO for six and five months respectively. A settlement agreement was reached with the former CFO in May 2024, and the position was subsequently advertised and filled in September 2024. The Agency filled all the Executive Management positions by January 2025 with the appointment of the CEO, Mr S Somdyala.

Management class: Key advisors/Sub committees

2026

Name	Member Fees	Re-imbursive S&T	Total
Mr V Pangwa (Chairperson)	165,125	2,414	167,539
Mr S Bosire	66,973	-	66,973
	232,098	2,414	234,512

2025

Name	Fees	Total
Mr V Pangwa	145,893	145,893
Mr S Bosire	55,189	55,189
	201,082	201,082

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		2026	2025	2026	2025

41. Remuneration of Directors

Executive

2026

	Members' fees	Reimbursive S&T Claims	Total
Dr Nondumiso Maphazi (Chairperson)	43,242	-	43,242
Ms Nomathandazo Mbete (Deputy Chairperson)	41,979	-	41,979
Ms Nolitha Pietersen	31,031	-	31,031
Mr Gcinumzi Qotywa	31,637	793	32,430
Dr Andile Nontso	185,625	7,178	192,803
Ms Ntuthu Mbiko	196,543	9,858	206,401
Ms Nokhanyo Maceba	217,274	11,981	229,255
Ms Nondumiso Ngonyama	31,031	9,628	40,659
Mr Senzeni Zokwana	31,031	-	31,031
Adv John Korkie	31,031	-	31,031
Mr Phumzile G Zitumane (Chairperson)	288,863	1,668	290,531
Dr Noncedo PD Kewu (Deputy Chairperson)	242,299	2,155	244,454
Mr Simphiwe F Ndzungu	161,334	579	161,913
Ms Phoebe N Abraham	169,352	9,549	178,901
Ms Yvonne T Badi	199,673	1,736	201,409
Ms Bongeka Jojo	230,597	12,961	243,558
Ms Nancy N Sihlwayi	160,818	-	160,818
Chief Ntsika Joyi	125,504	6,864	132,368
	2,418,864	74,950	2,493,814

2025

	Members' fees	Re-imbursive S% T Claims	Total
Dr Nondumiso Maphazi (Chairperson)	518,904	-	518,904
Ms Nomathandazo Mbete (Deputy Chairperson)	503,748	-	503,748
Ms Nolitha Pietersen	374,796	-	374,796
Mr Gcinumzi Qotywa	189,822	5,422	195,244
Dr Andile Nontso	372,372	12,652	385,024
Ms Ntuthu Mbiko	376,008	13,430	389,438
Ms Nokhanyo Maceba	372,372	22,961	395,333
Ms Nondumiso Ngonyama	376,008	24,810	400,818
Mr Senzeni Zokwana	372,372	3,088	375,460
Adv John Korkie	379,644	-	379,644
Mr Phumzile G Zitumane	93,093	-	93,093
Mr Mxolisi Koyo	126,548	-	126,548
	4,055,687	82,363	4,138,050

The remuneration paid to Board members constitutes fees paid to individuals to oversee the governance of the entity. All payments to Board members are considered to be part of the normal operating parameters of the ECRDA as per the legal mandate.

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		2026	2025	2026	2025

42. Prior-year adjustments

Following the qualified audit opinion that was received in the 2024/25 financial year, the entity made adjustments or corrections to the qualified balances and transactions that were reported in the 2024/25 financial year. The qualification necessitated the adjustment mainly relates to unspent grants, payables from exchange transactions and the accumulated surplus.

Unspent grants: The root cause of the qualification on unspent grants was lack of proper accounting records that could reconcile to the MAFISA bank balance at 31 March 2025. There was a material difference between the two. In resolving the issue ECRDA engaged the National department of Agriculture as they funded the scheme, wherein balances were reconciled. This also led to the reversal of commission that was initially recognised by ECRDA. ECRDA recognised the commission based on the terms of the contract, however the department clarified the issue that commission is due one recoveries made on loans issued.

Payables from exchange transactions: Payables from exchange is made up of several payables accounts which include staff related payables, trade payables, which were the line items within payables that let to a qualification. In relation to staff related payables, the major issue was the listings of the amounts reported as they had opening balances that could not unpacked at the time. The population was revisited and reviewed and necessary adjustments were passed.

Receivables from exchange transactions: Management had in the current year identified that there are discrepancies on rental debtors and requested Internal Audit to revie for accuracy, completeness and existence of rental debtors. The opening balances were therefore affected.

Provisions: Management identified an error in the current year in relation to an employee's leave that was understated in the previous financial year. The error was corrected and impacted the prior year leave provision.

Segment Information: Management corrected and disclosed the segment information for pervious financial year after resolving through engagements that Structured Rural Finance is a reportable segment. Management further included Magwa as a reportable segment.

Statement of financial position 2024

Group 2024	As previously reported	Correction of error	Restated
Receivables from exchange transactions	12,583,731	3,478,563	16,062,294
Payables from exchange transactions	(14,857,952)	1,264,121	13,593,831
Liabilities arising from non-exchange transactions	(2,162,678)	325,194	(1,837,484)
Unspent Grants	(31,352,559)	(12,615,354)	(43,967,913)
Accumulated Surplus	(17,450,651)	7,547,476	(9,903,175)
	-	-	-
Controlling 2024	As previously reported	Correction of error	Restated
Receivables from exchange transactions	7,656,154	3,478,563	11,134,717
Payables from exchange transactions	(12,083,651)	1,055,480	(11,028,171)
Liabilities arising from non-exchange transactions	(2,162,678)	325,194	(1,837,484)
Unspent Grants	(31,352,559)	(12,615,354)	(43,967,913)
Accumulated Surplus	(3,409,792)	(7,756,217)	(11,166,009)
	(41,352,526)	(15,512,334)	(56,864,860)

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		2026	2025	2026	2025

42. Prior-year adjustments (continued)

2025

Group 2025	As previously reported	Correction of error	Restated
Receivables from exchange transactions	10,595,330	3,403,891	13,999,221
Payables from exchange transactions	(11,686,095)	(452,714)	(12,138,809)
Liabilities arising from non-exchange transactions	(379,182)	(93,235)	(472,417)
Unspent Grants	(35,211,044)	(15,783,557)	(50,994,601)
Provisions	(6,229,811)	(88,303)	(6,318,114)
Accumulated surplus	(7,982,164)	13,013,918	(5,031,754)
	(50,892,966)	-	(60,956,474)

Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions	8,180,595	3,403,891	11,584,486
Payables from exchange transactions	(10,849,056)	(452,714)	(11,301,770)
Liabilities arising from non-exchange transactions	(379,182)	(93,235)	(472,417)
Unspent Grants	(35,211,044)	(15,783,557)	(50,994,601)
Provisions	(6,229,811)	(88,303)	(6,318,114)
Accumulated surplus	(10,923,878)	(13,013,918)	(23,937,796)
	(55,412,376)	(26,027,836)	(81,440,212)

Statement of financial performance

2025

Group 2025	Note	As previously reported	Correction of error	Restated
Rental of facilities and equipment		2,260,675	(96,567)	2,164,108
Sundry Income		212,926	20,243	233,169
Commission received		2,658,203	(2,653,174)	5,029
Employee related costs		(123,478,236)	(88,303)	(123,566,539)
Project Expenses		(14,629,262)	76,351	(14,552,911)
Finance costs		(2,162,681)	(9,303)	(2,171,984)
Contracted services		(11,661,833)	(462,789)	(12,124,622)
General Expenses		(54,964,324)	(717,104)	(55,681,428)
Deficit for the year		(201,764,532)	(3,930,646)	(205,695,178)

ECRDA

	As previously reported	Correction of error	Restated
Rental of facilities and equipment	2,260,675	(96,567)	2,164,108
Sundry Income	212,926	20,243	233,169
Commission received	2,658,203	(2,653,174)	5,029
Employee related costs	(107,388,015)	(88,303)	(107,476,318)
Project Expenses	(14,629,262)	76,351	(14,552,911)
Finance costs	(2,162,681)	(9,303)	(2,171,984)
Contracted services	(11,083,781)	(462,789)	(11,546,570)
General Expenses	(46,454,344)	(721,008)	(47,175,352)
	(176,586,279)	(3,934,550)	(180,520,829)

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		2026	2025	2026	2025

43. Risk management - pre-revised GRAP 104

Financial risk management

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

Liquidity risk

The group’s risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities. As a result of significant increase in defaulting repayments on the loans to customers over the past few years and an increase in operating expenses, the group has been under heavy liquidity strain. Repayment of agricultural loans tend to follow a seasonal trend rather than scheduled dates, hampering reliance on repayments to further advances.

The entity is not in a position to fund the operations of the subsidiary companies that have been transferred to it by DRDAR and is therefore dependent on the financial support by the provincial government for the ongoing support of Magwa Tea Enterprise.

Payables from exchange transactions

These are primarily trade payables that arise from the Agency's operational activities, staff related payables, debtors with credit balances and others. These payables are typically settled within 30 days. The payables are non - interest bearing and are settled in the normal course of business.

Payables from non- exchange transactions

These payables consist of funds transferred to the ECRDA from the parant department DOA, with the intention that ECRDA transfers the funds to identified entities or farmers. These funds are generally transferred within 30 days of receipt.

The table below summariese the maturity profile of the agency's financial liabilities based on contractual undiscounted payments. It further unpacks the ageing of trade payables.

Financial liability type	Group 2026	Group 2025	Agency 2026	Agency 2025
Payables from exchange transactions	19,544,343	12,138,809	18,035,683	11,301,770
Liabilities from non - exchange transactions	2,236,738	472,417	2,236,738	472,417
	21,781,081	12,611,226	20,272,421	11,774,187

Controlling entity

	On demand / < 3 months	3– 12 months	1 – 5 years	Carrying Amount
At 31 March 2026				
Trade and other payables	6,014,873	-	-	6,014,873
Liabilities from non exchange transactions	2,236,738	-	-	2,236,738

Liquidity is managed through ongoing review of the commitments of the institution. ECRDA has no committed credit facility; cash of R61 million, included unspent grants of R54.9 million and administered funds which are not available for general operations and payables balance includes balances that are beyond 30 days, describing the financial constraints the institution is experiencing.to the contractual maturity date. The amount disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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		2026	2025	2026	2025

43. Risk management - pre-revised GRAP 104 (continued)

Credit risk

Credit risk is the risk that the counterparts will not repay obligations on times and in full as expected or contracted, resulting in a financial loss to the group. the entity manages credit risk through a credit

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

The core business on the entity is to support rural development within the Eastern cape province. The target market is at the upper end of credit risk fragility in the agricultural sector and small business sector with high sensitivity to climate conditions and redictable agricultural commodity prices. The lending activities of the group are regulated by the National Credit Regulator. The default rate on loan obligations is higher in this industry and to mitigate this, the group encourages mentorship programmes to assist farmers in managing their crops and markets for their harvests and finances.

The group uses various techniques to reduce credit risk. The most fundamental is performing an assessment on the borrower's ability to service the amount advanced and obtaining collateral (i.e security based lending). In line with its mandate the group has a concentration risk in its profile, given that its loan book is in the Eastern Cape only and largely in the agricultural sector.

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

Financial instrument	Group - 2026	Group - 2025	ECRDA- 2026	Group 2025
Loans and advances to customers	81,031,498	154,647,746	81,031,498	154,647,746
Expected credit losses	(43,962,240)	(132,969,784)	(43,962,240)	(132,969,784)
Receivable from exchange transactions	4,489,439	4,749,662	4,489,439	4,749,662
Impairment	(2,814,537)	(2,336,147)	(2,814,537)	(2,336,147)

From receivables from exchange transactions, only rental debtors expose the entity to credit risk. The revised GRAP 104 impact was assessed and was determined to be insignificant.

Market risk

Interest rate risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will change or fluctuate as a result of changes in market prices. Market risk comprises three types of risks: currency risk, interest rate risk and other price risk. The group does not have the exposure to currency and other price risk. The group has little exposure to market risk, other than interest rate risk, but to a limited extent due to the significant loans impairment and the historical loans disbursed at a fixed interest rate.

Below is the sensitivity analysis of the interest rate risk on the financial instruments listed below:

Variable interest rate instrument	Carrying amount	Assumed effective rate (%)	Interest earned (approx.)	+100 bps effect on surplus	-100 bps effect on surplus
Cash on call and deposits with commercial banks	41,384,574	8	3,310,766	413,846	(413,846)
Cash on current accounts at commercial banks	20,574,238	2	411,485	205,742	(205,742)
Loans and advances – reference-linked portion (net)	37,069,099	14	5,189,674	370,691	(370,691)
	99,027,911	-	8,911,925	990,279	(990,279)

The analysis assumes a 100 basis point parallel shift in market rates applied to the closing balances of the financial instruments exposed to interest rate risk.

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		2026	2025	2026	2025

44. Going concern

We draw attention to the fact that at 31 March 2026, the entity had an accumulated surplus (deficit) of R (16,589,321),(2025:R23,937,796) and that the entity's total liabilities exceed its assets by R 25,399,725. (2025:R18,051,250).

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the Board continues to procure funding for the ongoing operations for the entity and that this is further confirmed by the annual allocations voted to the entity by the Eastern Cape Provincial Government over the medium term expenditure framework. Even though ECRDA is struggling to generate own revenue through its loan debtors, 90% of its budget is funded by the parent department.

In assessing whether the entity is a going concern, an assessment of its statement of financial position at the reporting date may suggest that the going concern assumption is not appropriate, however the going concern issues will generally only arise when the shareholder (DOA) announces that it intends to cease the funding of the Agency. Despite this the following considerations were taken into cognisance:

Financial position analysis: The current ratio for the group is 1.01:1 and ECRDA is 0.96:1. The debt ratios are 0.93:1 for the group and 0.88:1 for the ECRDA. This is a reflection that the current ratio is below the expected norm, where at lease the ratio should be 1:1.

Adverse conditions/events that may cast significant doubt on the assumptions:

- Payment of suppliers took longer than the 30 days
- Use of ring fenced funds for the payment of salaries of employees
- Cash coverage ration below 1 month
- Decrease in grants received from the department when compared from the prior years
- Cash coverage ration below 1 month
- Even though the entity has improved the collection rates on current active loans, the revenue enhancement the collections are still not at an expected level, thus including revenue on rental debtors.

Plans to prevent these conditions: Management has at the beginning of the 2026/27 financial year, took a decision to reduce the expenditure to be incurred by R17 million to ensure that the cash flow challenges experienced are reduced. Cost containment measures which include freezing of vacancies except for the critical areas e.g Finance etc. A service level agreement has been signed with Office of the Premier (OTP) on the implementation of the National Skills Fund programme.

The entity anticipates to generate own revenue of about 5% of the payrolls processed per month. Estimated payroll is R16 million each month until 31 March 2027.

Material uncertainty: Management is of the view that it will continue to operate as going concern, based on a number of decisions e.g ECRDA moving in the near future from DOA to OTP. Signed new MOA with OTP to implement the NSF programme by disbursing the stipends of students. From this arrangement, ECRDA will received about three (3) to fice(5) % of the monthly payroll processed through management fees.

Based on the factors above, management therefore confirms that ECRDA will continue as a going concern.

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		2026	2025	2026	2025

45. Events after the reporting date

Management has assessed the operations of the entity, the ongoing business operations and all correspondence and contractual obligations that have been exercised during the financial year. The Board approved the write off of Kangela Citrus Farm amounting R14 million and the ECRDA through the settlement agreement will receive R2.6 million of the funds that Kangela held in its bank account before being transferred to the trustees accounts.

46. Fruitless and wasteful expenditure

Add: Fruitless and wasteful expenditure identified - current	1,640,688	448,343	1,377,821	385,511
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Fruitless and wasteful expenditure is presented inclusive of VAT. This is as a result of interest charged on late payment of invoices and penalties from SARS on submission of EMP201 returns and late payment. In the current year, the SIU cases wherein employees has signed the acknowledgement of debt agreements have been included in the amount disclosed above. In addition, included in the group amount is R262,868, relating to fruitless and wasteful expenditure incurred by Magwa Tea Enterprise as a result of SARS penalties.

47. Irregular expenditure

Opening balance as restated	-	-	-	-
Irregular Expenditure - current	2,144,013	46,675	2,144,013	46,675
Add: Irregular Expenditure identified in current year, however incurred in prior year	2,348,437	-	2,348,437	-
Closing balance	4,492,450	46,675	4,492,450	46,675
Irregular expenditure is presented inclusive of VAT				

In the current financial year, ECRDA is reporting on irregular expenditure that was identified during the audit of the 2024/25 financial year, which amounts to R2.3 million. This relates to the renewal of the Loan management system license, wherein the vendor was not tax compliant at the time of paying for the license. In addition thewer were three other contracts that were awarded by 31 March 2025, wherein the auditors had concluded that they were irregular, whilst the entity had applied the objective criteria as outlined in the PPPFA, hence the inclusion in the current year, because the expenditure in incurred in the current year. This irregular expenditure was investigated during the current financial year, however the report was concluded in June 2026. This report will be processed by the oversight structured and implement consequence management if recommended by the report. The report will be tabled in quarter 2 Board meeting. I

IlIn addition, the auditors have concluded that the procurement that was done by the entity for the support of the Hemp farmers resulted into irregular expenditure, as there was no competitive bidding process undertaken. ECRDA supported the farmers on the basis that there entity has an MOU with the hemp association and therefore the farmers supported are affiliated to the association as the formal request through the Hemp Association.

Irregular expenditure relating to the 2022/23 and 2023/24 ECRDA was investigated and concluded. Consequence management was implemented where these were the recommendations of the report. The Board approved the condonation of the irregular expenditure that was covered by the investigation and this was reported to the COA and Treasury for noting.

Irregular expenditure for the periods before 2022/23 financial year is currently being investigate, anticipating that the work will be finalised before the end of September 2026.

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		2026	2025	2026	2025

48. Deviation from supply chain management regulations

Supply Chain Regulations Government gazette No.38565 issued on 17 March 2015 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 11(a) of the same gazette states that the Accounting Officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviation and reports them to the next meeting of the Board and Treasury and also disclose in the annual financial statements.

Goods and services were procured during the financial year under review and the process followed in procuring those goods was through the deviations procurement route. The reasons for these deviations were documented and reported to the Board who considered them and subsequently noted the deviation from the normal procurement processes, In total deviations amounted to R19.8 million (2025: R7.3 million) and can be summarised as follows:

Deviation Summary	Amount in R
Single Source	13,917,925
Urgent Procurement	666,564
Local based newspaper	118,335
Sole source	5,189,987
	19,892,811

49. Segment information

General information

Identification of segments

Following the adoption of the ECRDA 5 year strategy document, ECRDA organises and reports to management on the basis of three major functional areas: Administration, Intergrated Programme Management and Structured Rural Finance. Management has documented its methodology in arriving at the decision that Structured Rural Finance, is its reportable segment. The decision was mainly driven by the application of GRAP18, paragraph 5 to 13 definition of a reportable segment, wherein the Integrated Programme Management was assessed not to be reportable segment.

Management has restrospectively assessed the application of GRAP 18 Segment Reporting to its activities and has concluded that the previously identified programmes do not meet the definition of a segment as per paragraph 5 of GRAP 18.

Through further deliveries, and interpretation of GRAP18, the entity has prepared this disclosure note at consolidation and thus included Magwa Tea Enterprise and Structured Rural Finance as reportable segments. The entity has therefore prepared the disclosure of Magwa Tea Enterprise and Structured Rural Finance as reportable segments, however there are limitations in relation to the information disclosed in relation to the expenditure items the Structured Rural Finance, which in management's view these amounts are not material.

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		2026	2025	2026	2025

49. Segment information (continued)

There are other units within the entity and also the Annual Operational Plan such as Programme 1: Administration which has 3 sub-programmes namely; Office of the CEO, Office of the CFO and Corporate Services that upon assessment and application of GRAP 18.8; it was noted that they do not undertake activities of the entity that generate significant economic benefits or service potential and therefore were not identified as reportable segments.

The basis for the conclusion of the two segments is as follows:

Structured Rural Finance: Management considered the fact that it allocates financial resources for the granting of loans to customers. Management facilitates after-care programmes to customers to ensure that they service their loans timeously. On a quarterly basis, management reviews the performance of the unit through reports received on disbursements, repayments and further assesses the collectability of each of the debtors. The reports informs the management decisions in relation to the unit.

Magwa Tea enterprise: This is a GRAP requirement. Even though ECRDA is not directly involved in the operations of Magwa, it however have some management oversight as a result through its consolidation, it is accountable for the affairs of the entity.

Aggregated segments

There were no segments of the entity that were aggregated for this disclosure.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Structured Rural Finance	Financial Services through issue of financing instruments (Loans)
Magwa Tea Enterprise	Subsidiary of ECRDA

Segment surplus or deficit, assets and liabilities

Measurement of segment surplus or deficit, assets and liabilities

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. plan.

Information about geographical areas

The economic entity's operations are within the Eastern Cape Province.
The table below indicates the relevant geographical information after eliminating inter segmental transfers:

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		2026	2025	2026	2025

49. Segment information (continued)

Consolidated segment report of financial position 2026

	Economic		Entity	Breakdown	
	Non-Segment Information R	Magwa Tea Enterprise R	Structured Rural Finance R	Segment Total R	Total R
Assets					
Inventories	70,965	4,166,259	-	4,166,259	4,237,224
Receivables from exchange transactions	8,400,986	1,754,188	-	1,754,188	10,155,174
VAT receivable	-	126,311	-	126,311	126,311
Loans and advances to customers	-	-	16,144,447	16,144,447	16,144,447
Cash and cash equivalents	17,113,365	399,381	44,446,067	44,845,448	61,958,813
Biological assets that form part of an agricultural activity	-	4,180,794	-	4,180,794	4,180,794
Investment property	1,422,540	-	-	-	1,422,540
Property, plant and equipment	8,358,935	2,131,182	314,477	2,445,659	10,804,594
Intangible assets	122,105	-	-	-	122,105
Deferred tax	-	6,868,932	-	6,868,932	6,868,932
Loans and advances to customers	-	-	20,924,652	20,924,652	20,924,652
Total Assets	35,488,896	19,627,047	81,829,643	101,456,690	136,945,586
Liabilities					
Finance lease obligation- Current	1,417,295	-	-	-	1,417,295
Operating lease liability	636,853	-	-	-	636,853
Payables from exchange transactions	18,035,687	1,508,657	-	1,508,657	19,544,344
Liabilities arising from non-exchange transactions	2,236,738	-	-	-	2,236,738
Long service awards obligation - Current	185,000	-	-	-	185,000
Unspent grants	-	-	54,922,700	54,922,700	54,922,700
Provisions	5,730,623	-	-	-	5,730,623
Finance lease obligation - Non current	144,917	-	-	-	144,917
Long service awards obligation - Non current	8,609,000	-	-	-	8,609,000
Total Assets less Total Liabilities	(1,507,217)	18,118,390	26,906,943	45,025,333	43,518,116
Share capital / contributed capital	41,989,146	-	-	-	41,989,146
Accumulated surplus	(16,589,321)	18,118,284	-	18,118,284	1,528,963
Total Net Assets	25,399,825	18,118,284	18,118,284	18,118,284	43,518,109

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

49. Segment information (continued)

2025

	Economic		Entity	Breakdown	
	Non-Segment Information R	Magwa Tea Enterprise R	Structured Rural Finance R	Segment Total R	Total R
Assets					
Inventories	97,551	4,439,687	-	4,439,687	4,537,238
Receivables from exchange transactions	8,105,923	2,414,735	3,478,563	5,893,298	13,999,221
VAT receivable	-	78,110	-	78,110	78,110
Loans and advances to customers - Current	-	-	5,206,018	5,206,018	5,206,018
Cash and cash equivalents	5,863,828	430,725	50,484,601	50,915,326	56,779,154
Biological assets that form part of an agricultural activity	-	3,083,948	-	3,083,948	3,083,948
Investment property	1,457,801	-	-	-	1,457,801
Property, plant and equipment	9,887,633	2,820,662	101,899	2,922,561	12,810,194
Intangible assets	48,866	-	-	-	48,866
Deferred tax	-	6,475,314	-	6,475,314	6,475,314
Loans and advances to customers - Non current	-	-	16,471,945	16,471,945	16,471,945
Total Assets	25,461,602	19,743,181	75,743,026	95,486,207	120,947,809
Liabilities					
Finance lease obligation - Current	1,128,838	-	-	-	1,128,838
Operating lease liability	438,926	-	-	-	438,926
Payables from exchange transactions	11,301,770	837,039	-	837,039	12,138,809
Liabilities arising from non-exchange transactions	472,417	-	-	-	472,417
Long service awards obligation - Current	2,126,000	-	-	-	2,126,000
Unspent grants	-	-	50,994,601	50,994,601	50,994,601
Provisions	6,318,114	-	-	-	6,318,114
Bank overdraft	23,067	-	-	-	23,067
Finance lease obligation - Non Current	2,184,645	-	-	-	2,184,645
Long service awards obligation - Non current	8,165,000	-	-	-	8,165,000
Total Assets less Total Liabilities	(6,697,175)	18,906,142	24,748,425	43,654,567	36,957,392
Share capital / contributed capital	41,989,146	-	-	-	41,989,146
Accumulated surplus	(23,937,796)	18,906,042	-	18,906,042	(5,031,754)
Total Net Assets	18,051,350	18,906,042	-	18,906,042	36,957,392

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

49. Segment information (continued)

Consolidated segment report of financial performance

Agency 2026

Figures in Rand	Non-Segment Information R	Economic Magwa Tea Enterprise R	Entity Segment Structured Rural Finance R	Breakdown Segment Total R	Total R
Income					
Revenue from exchange transactions					
Sale of goods	-	2,217,464	-	2,217,464	2,217,464
Rental of facilities and equipment	2,188,021	-	-	-	2,188,021
Sundry Income	3,418,819	-	-	-	3,418,819
Fees earned	-	-	121,100	121,100	121,100
Commissions received	-	-	596	596	596
Recoveries - Bad debts	-	-	10,559	10,559	10,559
Other income	-	2,207,024	-	2,207,024	2,207,024
Interest Received- Rentals	61,893	-	-	-	61,893
Actuarial gains	1,222,000	-	-	-	1,222,000
Interest on loans	-	-	5,114,567	5,114,567	5,114,567
Insurance Income	-	-	16,473,839	16,473,839	16,473,839
Interest received - investment	2,092,753	56,627	-	56,627	2,149,380
Total revenue from exchange transactions	8,983,486	4,481,115	21,720,661	26,201,776	35,185,262
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	190,067,859	32,111,000	24,411,413	56,522,413	246,590,272
Total revenue	199,051,345	36,592,115	46,132,074	82,724,189	281,775,534
Expenses					
Employee related costs	122,754,734	16,213,705	15,633,248	31,846,953	154,601,687
Remuneration of Board Members	2,418,860	348,400	-	348,400	2,767,260
Administration	15,992	-	-	-	15,992
Project Expenses	24,194,250	4,194	-	4,194	24,198,444
Depreciation and amortisation	2,561,525	968,507	91,072	1,059,579	3,621,104
Finance costs	1,200,741	-	-	-	1,200,741
Lease rentals on operating lease	2,231,410	-	-	-	2,231,410
Debt Impairment	478,391	38,480	7,265,024	7,303,504	7,781,895
Bad debts written off	-	-	1,181,389	1,181,389	1,181,389
Bulk purchases	-	612,793	-	612,793	612,793
Contracted services	5,108,951	448,469	-	448,469	5,557,420
Transfers and Subsidies	16,293,076	-	-	-	16,293,076
Loss on disposal of assets and liabilities	81,603	21,221	-	21,221	102,824
Inventories losses/write-downs	3,098	8,951,434	-	8,951,434	8,954,532
Surrender of surpluses	1,130,168	-	-	-	1,130,168
Cost of Sales	-	2,025,868	-	2,025,868	2,025,868
General Expenses	34,346,859	8,495,673	425,047	8,920,720	43,267,579
Total expenditure	212,819,658	38,128,744	24,595,780	62,724,524	275,544,182
Surplus/(Deficit) before taxation	(13,768,313)	(1,536,629)	21,536,294	19,999,665	6,231,352
Taxation	-	(393,618)	-	(393,618)	(393,618)
Surplus/(Deficit) for the year	(13,768,313)	(1,143,011)	21,536,294	20,393,283	6,624,970

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

49. Segment information (continued)

2025

Figures in Rand	Non-Segment Information R	Economic Magwa Tea Enterprise R	Entity Segment Structured Rural Finance R	Breakdown Segment Total R	Total R
Revenue from exchange transactions					
Sale of goods	-	3,064,696	-	3,064,696	3,064,696
Rental of facilities and equipment	2,164,108	-	-	-	2,164,108
Miscellaneous other revenue	233,169	-	-	-	233,169
Fees earned	-	-	76,500	76,500	76,500
Commissions received	-	-	5,029	5,029	5,029
Recoveries	-	-	102,938	102,938	102,938
Other income	-	2,465,664	-	2,465,664	2,465,664
Interest Received- Rentals	53,180	-	-	-	53,180
Interest on loans	-	-	4,498,781	4,498,781	4,498,781
Insurance Income	-	-	16,525,659	16,525,659	16,525,659
Interest received - investment	2,673,134	66,106	-	66,106	2,739,240
Total revenue from exchange transactions	5,123,591	5,596,466	21,208,907	26,805,373	31,928,964
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	150,810,017	30,699,000	10,264,000	40,963,000	191,773,017
Total revenue	155,933,608	36,295,466	31,472,907	67,768,373	223,701,981
Expenses					
Employee related costs	95,933,774	16,090,221	11,542,544	27,632,765	123,566,539
Remuneration of Board Members	4,055,687	399,700	-	399,700	4,455,387
Administration	15,687	-	-	-	15,687
Project Expenses	14,552,911	-	-	-	14,552,911
Depreciation and amortisation	2,491,782	1,806,549	41,608	1,848,157	4,339,939
Reversal of impairments	1,124	9,112	-	9,112	10,236
Finance costs	2,171,984	-	-	-	2,171,984
Lease rentals on operating lease	2,242,656	-	-	-	2,242,656
Debt Impairment	506,107	165,637	6,849,555	7,015,192	7,521,299
Bad debts written off	-	-	1,952	1,952	1,952
Bulk purchases	-	512,346	-	512,346	512,346
Contracted services	11,546,570	578,052	-	578,052	12,124,622
Loss on disposal of assets and liabilities	66,888	-	-	-	66,888
Fair value adjustments	-	-	571,991	571,991	571,991
Actuarial losses	397,000	-	-	-	397,000
Inventories losses/write-downs	13,130	7,452,129	-	7,452,129	7,465,259
Cost of Sales	-	3,715,546	-	3,715,546	3,715,546
General Expenses	46,789,308	8,506,076	386,044	8,892,120	55,681,428
Total expenditure	180,784,608	39,235,368	19,393,694	58,629,062	239,413,670
(Deficit) surplus before taxation	(24,851,000)	(2,939,902)	12,079,213	9,139,311	(15,711,689)
Taxation	-	(776,760)	-	(776,760)	(776,760)
(Deficit) surplus for the year	(24,851,000)	(2,163,142)	12,079,213	10,692,831	(14,158,169)

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Figures in Rands	Note(s)	Economic entity		Controlling entity	
		2026	2025	2026	2025

50. Budget differences

Differences between budget and actual amounts basis of preparation and presentation

The Eastern Cape Rural development Agency (ECRDA)'s published budget is prepared on a cash basis whilst the financial statements are prepared on an accrual basis. The budget is classified per strategic goal regardless of the underlying operating expenditure items, whereas the entity's annual financial statements are based per income and expenditure items in line with GRAP 1 requirements. Both the financial statements and the budget cover the period 01 April 2025 to 31 March 2026. the comparison of budget and actual amounts is based on the MTEF budget narrative as presented to the Department of Agriculture (DOA) and the Provincial Treasury.

Changes from the approved budget to the final budget

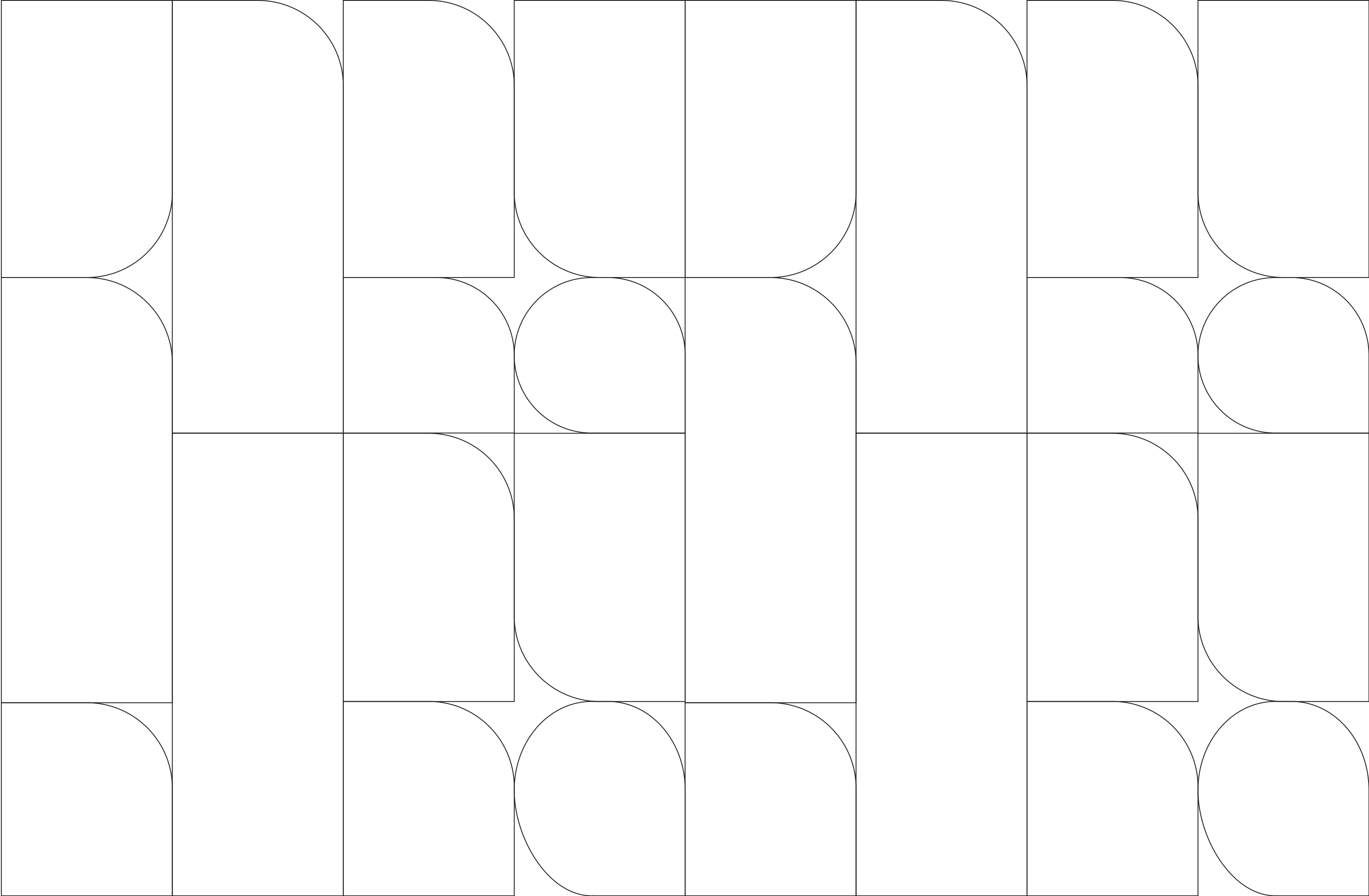
The changes were approved by Board and submitted to the department.

51. Investment in Subsidiaries

Below is the detail of ECRDA's subsidiary of the group at the reporting date and the groups effective holding therein.

All shares (100) issued by the Magwa Enterprise Tea (Pty) Ltd, transferred to the ECRDA on 18 September 2020. The company is a tea estate operating from land owned by the government on which land claims have not been finalised. The transfer of the shares is a common control transaction. The company registration number is 2004/014891/07 and has a March year - end.

Heading	Agency 2026 (%)	Agency 2025(%)
Magwa Enterprise Tea (Pty) Ltd	100	100





ECRDA

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