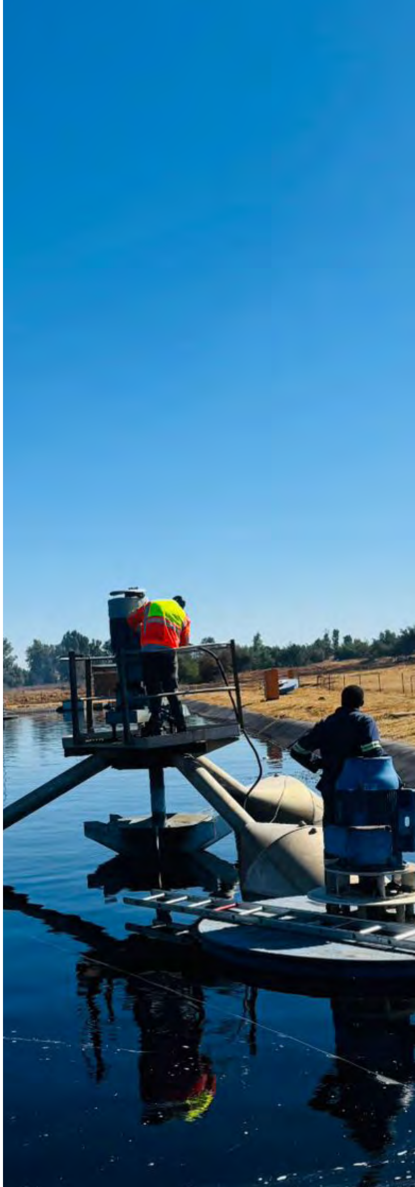

2024-2025
Annual Report


MEGA
MPUMALANGA ECONOMIC GROWTH AGENCY

Table of Content

1. General Information

1 **REGISTERED NAME**
MPUMALANGA ECONOMIC GROWTH AGENCY (MEGA)

2 **REGISTRATION NUMBER** (If Applicable)
NOT APPLICABLE

3 **PHYSICAL ADDRESS**
MEGA OFFICE PARK, 02 EASTERN BOULEVARD
RIVERSIDE, MBOMBELA, MPUMALANGA - 1201

4 **POSTAL ADDRESS**
P.O. BOX 952 - NELSPRUIT - 1200

5 **TELEPHONE NUMBER**
013 492 5818

6 **WEBSITE ADDRESS**
WWW.MEGA.GOV.ZA

7 **EXTERNAL AUDITORS**
AUDITOR- GENERAL SOUTH AFRICA

8 **BANKERS**
FIRST NATIONAL BANK

9 **COMPANY SECRETARY**
ADV. S.P. MORGAN

2. List of Abbreviations

AGSA : AUDITOR-GENERAL OF SOUTH AFRICA
ARAP : AUDIT REMEDIAL ACTION PLAN
APP : ANNUAL PERFORMANCE PLAN
BARCC : BOARD AUDIT, RISK AND COMPLIANCE COMMITTEE
BBBEE : BROAD-BASED BLACK EMPOWERMENT ACT
BRICS : BRAZIL, RUSSIA, INDIA, CHINA AND SOUTH AFRICA
CBDR : COMMON BUT DIFFERENTIATED RESPONSIBILITIES
CCMA : COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION
CEO : CHIEF EXECUTIVE OFFICER
CFO : CHIEF FINANCIAL OFFICER
DBSA : DEVELOPMENT BANK OF SOUTHERN AFRICA
DEDT : DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM
EMIA : EXPORT MARKETING AND INVESTMENT ASSISTANCE
EPWP : EXPANDED PUBLIC WORKS PROGRAMME
ERM : ENTERPRISE-WIDE RISK MANAGEMENT
EXCO : EXECUTIVE COMMITTEE
FDI : FOREIGN DIRECT INVESTMENT
FICA : FINANCIAL INTELLIGENCE CENTRE ACT
FINCOM : FINANCE AND INVESTMENT COMMITTEE
FLISP : FINANCE LINKED INDIVIDUAL SUBSIDY PROGRAMME
GDP : GROSS DOMESTIC PRODUCT
HR : HUMAN RESOURCE
ICT : INFORMATION AND COMMUNICATION TECHNOLOGY
IFRS : INTERNATIONAL FINANCIAL REPORTING STANDARDS
IMF : INTERNATIONAL MONETARY FUND
IPAP : INDUSTRIAL POLICY ACTION PLAN
LDI : LOCAL DIRECT INVESTMENT
MDG : MILLENNIUM DEVELOPMENT GOALS
MEC : MEMBER OF THE EXECUTIVE COUNCIL
MEGA : MPUMALANGA ECONOMIC GROWTH AGENCY
MEGDP : MPUMALANGA ECONOMIC GROWTH AND DEVELOPMENT PATH
MTSF : MEDIUM-TERM STRATEGIC FRAMEWORK
NDP : NATIONAL DEVELOPMENT PLAN
NGP : NATIONAL GROWTH PLAN
NIPF : NATIONAL INDUSTRIAL POLICY FRAMEWORK
OECD : ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT
PAJA : PROMOTION OF ADMINISTRATIVE JUSTICE ACT
PFMA : PUBLIC FINANCE MANAGEMENT ACT
PMDS : PERFORMANCE MANAGEMENT AND DEVELOPENT SYSTEM
PoPIA : PROTECTION OF PERSONAL INFORMATION ACT
SADC : SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
SCM : SUPPLY CHAIN MANAGEMENT
SCOPA : SELECT COMMITTEE ON PUBLIC ACCOUNTS
SDI : SPATIAL DEVELOPMENT INITIATIVES
SDPs : STRATEGIC DEVELOPMENT PARTNERS
SEDA : SMALL ENTERPRISE DEVELOPMENT AGENCY
SEZ : SPECIAL ECONOMIC ZONES
SMME : SMALL, MEDIUM AND MICRO-SIZED ENTERPRISES
SSAS : SECTOR SPECIFIC ASSISTANCE SCHEME
TLP : TAKING LEGISLATURE TO THE PEOPLE
UGCP : UNITED GLOBAL COMPACT PRINCIPLES

3. Foreword
Chairperson of the Board

INTRODUCTION

Over the 2021 – 2025 period, the Board focused on stabilizing the organisation from the corporate governance perspective, which included the filling of positions at executive level, appointment of a full-term Chief Executive Officer as well as addressing legacy issues which affected the entity's ability to attain a clean audit.

MEGA has made significant strides in improving governance, operational efficiency, and developmental impact. The establishment of robust governance structures and the implementation of a clear corporate strategy have been instrumental in driving performance improvements.

The Board is particularly proud of the entity's achievement of its 3rd unqualified audit, a testament to the commitment to accountability and transparency. MEGA improved from a qualified audit opinion in 2020/21 to an unqualified audit opinion in 2021/22 with audit findings. This audit outcome remained the same, but the number of audit findings and audit paragraphs have reduced over the years to only three in 2024/25. For the Audit on Performance Information, in 2024/25, the entity received a clean audit with no material misstatements.

MEGA'S STRATEGY AND PERFORMANCE

The Board's term brought significant improvements in governance, organizational structure, and strategic alignment. Despite financial and operational challenges, the Board laid a strong foundation for MEGA's future growth and development. Its efforts contributed to positioning MEGA as a credible and resilient institution, capable of driving economic growth and reducing unemployment, poverty, and inequality in Mpumalanga.

One of the performance highlights has been the successful implementation of the Premier's Youth Development Fund, which has disbursed over R258 million to youth-owned enterprises, empowering young entrepreneurs and fostering economic participation.

Revenue generation through the property portfolio has been increasing steadily since the 2021/22 financial year, from a low of R62 million in 2021/22 to the recent high of R150.2 million at the end of the 2024/25 financial year. This increase coincided with increased levels of investment towards the improvement of the entity's industrial property portfolio.

STRATEGIC RELATIONSHIPS

MEGA has strengthened partnerships with financial institutions and development agencies, enabling the entity to support SMMEs, cooperatives, and infrastructure projects that are vital to the province's growth.

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CHALLENGES FACED BY THE BOARD

The entity struggled with under-capitalisation, resulting in an inability to implement its mandate fully. The state of the entity's property portfolio, inadequate maintenance resources and poor collection of revenue further hindered its ability to generate the expected revenue from its assets.

MEGA also reported challenges in human capital management, with skills shortages affecting the execution of its key projects.

The entity has commenced with the filling of critical vacant positions, initiated partnerships with development finance institutions and intensified its debt collection efforts. The entity also explored alternative revenue streams, such as leasing or selling non-core assets. These strategies will ensure successful execution of its key projects, improve financial sustainability and position MEGA for long-term success.

3. Foreword
Chairperson of the Board (Continued)

THE YEAR AHEAD

The focus of the entity for the next term is to carry out its bold initiatives which is aimed at delivering massive infrastructure projects as it moves towards the journey of self-sustainability.

To achieve this the entity will continue its quest of forging strategic partnerships with Strategic Development Partners to revitalise the Property Portfolio and access to finance for on-lending. This will ensure access to funding by SMMEs and also enable the entity to attract more clients to its properties to increase own revenue.

ACKNOWLEDGEMENTS /APPRECIATION

The Board would like to express its appreciation to the shareholder for its support and guidance, the strategic leadership demonstrated by management and the dedication of all employees at MEGA. The Board is confident that the entity is on the right path towards the execution of its mandate of stimulating investment in the province.

As we conclude our tenure as the MEGA Board, I reflect on the journey we have undertaken. Over the past years, we have made significant strides in advancing the mandate of MEGA. From improving governance structures to achieving key milestones in infrastructure development and trade promotion, the collective efforts of the Board, management, and staff have been commendable.

While challenges such as financial sustainability, capacity constraints and operational inefficiencies remain, we are confident as the Board .

I extend my gratitude to my fellow Board members, the executive team, and all stakeholders for their unwavering support and dedication. It has been an honour to serve this organization, and I look forward to witnessing its continued success in the years to come

On behalf of the Board:

that the foundation we have laid will enable MEGA to overcome these hurdles and continue driving economic growth and development in Mpumalanga.

I urge the incoming Board to build on these achievements, prioritize areas requiring immediate attention, and remain steadfast in pursuing MEGA's vision of a prosperous Mpumalanga.

J.L. Mahlangu
Chairperson

4. Overview

Chief Executive Officer

GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

Over the past five-year period the entity has been trying to reduce its dependency on grant funding. Achieving self-financial sustainability is a journey and given MEGA's current state of infrastructure, this has not yet been achieved. The grant has always been higher than our own revenue over the past five years, except for 2021 financial year where it was at an almost equilibrium. It must be noted, however, that as much as the grant has been always higher than the own revenue, the revenue collection has also been increasing year on year.

Between 2021 and 2025 financial year management ensured that the entity does not overspend on its budget. This is shown by the variance % which have been maintained below 5% in 2021/22, 2022/23 and 2024/25 financial years.

CAPACITY CONSTRAINTS AND CHALLENGES FACING THE PUBLIC ENTITY

Under-capitalization, reduced operational grants and poor debt collection impacted on resource allocation including human resources which plays an integral part of project implementation necessary to achieve self-sustainability. The infrastructure division and funding division were not properly resourced financially, as a result, approved loans could not be disbursed and maintenance of our infrastructure was moving at a very slow pace.

The intensive debt collection which was implemented over the past years has yielded some positive results and ensured an upward trend in the revenue collection. This will assist the entity to put more resources in its core business. In the 2025/26 financial year, MEGA will allocate R41 million for MSMEs and home loan clients to enhanced support to previously disadvantaged individuals. In addition, the conditional grant allocation of R70 million received from provincial government over the 2024/2025 – 2026/27 MTEF period for the refurbishment of factories will go a long way in contributing towards the maintenance of our infrastructure.

DISCONTINUED ACTIVITIES / ACTIVITIES TO BE DISCONTINUED

MEGA ceased to be an implementing agent for the management of the Premier's Youth Development Fund (PYDF) following the lapse of the agreement between itself and the Office of the Premier. The entity will however remain part of the steering committee to support young people with other support programmes such as exporting, aftercare and other services. Also being in the steering committee will assist in the validity assessment of the youth owned enterprises and also close any gaps that relates to compliance and market linkages.

NEW OR PROPOSED ACTIVITIES

Apart from the continuation of strategic investment projects already being implemented such as the implementation of approved investment development projects (revitalisation and/or construction of investment properties in partnership with Strategic Development Partners (SDPs), establishment of the InvestSA one-stop-shop in partnership with the dtic, and support to MSMEs through financial and not financial support, the entity shall be pursuing the following projects:

a. Acquisition of the Limpopo Economic Development Agency (LEDA) properties located within the Bushbuckridge area. The acquisition is aimed at ensuring that these properties remain within government control and are used as instruments to facilitate revitalization of the economies of the areas within which they are located. The properties will be refurbished and upgraded accordingly to attract and promote development of township-based manufacturing enterprises as well as small and micro enterprises in general.

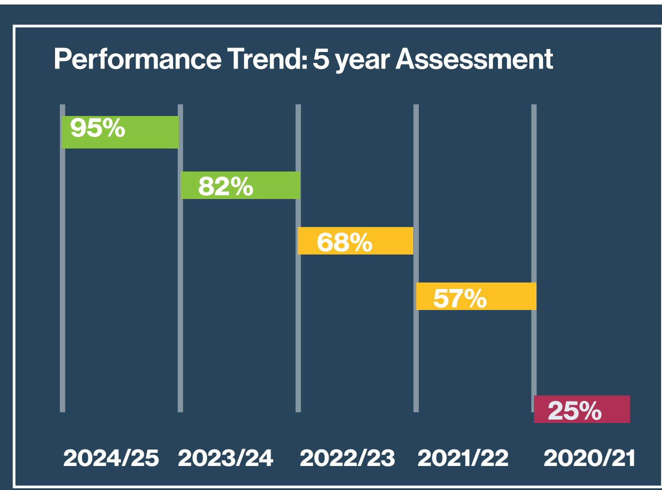
b. Hosting of the 2025 Mpumalanga Investment Summit which will be an essential marketplace platform to stimulate growth of priority sectors in the province and facilitate the participation of small companies and local players in the mainstream activities of the provincial economy.

c. Facilitate the establishment of Co-operative Financial Institutions and Co-operative Banks in the province based on objectives that are built on three pillars, which are to: deepen the financial inclusion of individuals and households, extend access to financial services for small, medium, and micro enterprises (MSMEs) as well as to leverage a more diversified provider and distribution base for financial services in South Africa.

4. Overview

Chief Executive Officer

(Continued)



REQUESTS FOR ROLL OVER OF FUNDS

Requests for roll over of funds does not apply to the entity. However, the entity will continue advocating for recapitalisation from the shareholder as this will contribute towards its self-sustainability which in turn will ensure that it becomes less reliant on government grants.

Despite the implementation of the strategies to address the identified weaknesses, the audit performed by the Auditor General – South Africa (AGSA) during the period under review identified material non-compliance on the procurement and contract management focus area. It is worth noting that there was a reduction in terms of the number of paragraphs from four in the 2023/24 financial year to one in the 2024/25 financial year. The remaining non-compliance on procurement and contract management relates to CIDB requirements. This was already addressed from the second quarter of the 2024/25 financial year.

AUDIT REPORT MATTERS

As outlined in the foreword by the Chairperson, the entity's achievement of its third unqualified audit signifies a testament to the commitment to accountability and transparency. Although the audit outcome remained the same, the number of audit findings and audit paragraphs have reduced over the years to only three in 2024/25.

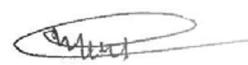
Another significant improvement relates to the Audit on Performance Information where the entity received a clean audit with no material misstatements in the 2024/25 financial year. This audit outcome is in line with consistent improvement in organisational performance year on year, from the entity achieving 25% in 2020/21, 57% in 2021/22, 68% in 2022/23, 82% in 2023/24 and 95% in 2024/25.

ACKNOWLEDGEMENT/S OR APPRECIATION

On behalf of management, I would like to express my appreciation to the shareholder for the support provided to the entity.

The strategic leadership provided to management by the Board is commendable as it ensured that strategic decisions are processed and implemented timeously.

Lastly, we would like to acknowledge and appreciate our dedicated staff for making sure that all activities and initiatives of the entity are implemented.



M.I. Mahlangu
Chief Executive Officer

5. Statement Of Responsibility

Chief Executive Officer

To the best of my knowledge and belief, I 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 IFRS as prescribed in the National Treasury Framework and relevant guidelines specified / issued by the National Treasury.

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 controls which 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 of the public entity for the financial year ended 31 March 2025.

Yours faithfully

Mr. M.I. Mahlangu
Chief Executive Officer
Mpumalanga Economic Growth Agency

6. Strategic Overview

Strategic Objectives

In order to achieve the above strategic goals, MEGA will strive to achieve the following strategic objectives:

i. Provide funding in respect of property development including the granting of housing loans as well as in respect of approved enterprise and agricultural development focusing primarily on previously disadvantaged individuals within the Province.

ii. Deliver massive infrastructure, focusing on project management, property development and management of immovable property.

iii. Promote foreign trade and investment so as to ensure enterprise and agricultural development that will significantly contribute to economic growth and development within the province, with specific emphasis on Black Economic Empowerment;

iv. Progressively increase own revenue generation and collection; and

v. Building a capable, ethical and developmental state.

Mission Enable a sustainable economy for Mpumalanga through facilitating growth and development..

Vision A prosperous Mpumalanga.

Value Our central principles and beliefs that guide our attitudes, character, choices and actions are:

a) Upholding the highest levels of integrity.

b) Have courage to shape a better future.

c) Delivering to our stakeholders.

d) Being loyal, honest and accountable.

e) Growing people's entrepreneurial capabilities.

f) Be a responsible global citizen.

7. Legislative and Other Mandates

Constitutional Mandate

MEGA has been specifically mandated to stimulate growth in various sectors of the provincial economy and therefore provide opportunities to the residents of Mpumalanga through the funding of projects, promotion of MSMES, Co-ops and other businesses thereby contributing to the constitutional imperative in Section 22 of the Constitution, which stipulates that citizens have a right to choose their trade, occupation or profession freely while also focusing on economic activity.

Legislative Mandates

MEGA Act 1 of 2010: Section 3

MEGA's legal mandate in terms of Section 3 of the Act, is articulated, as follows: -

i. To provide funding in respect of property development; approved enterprises; housing loans; and agricultural development; focusing primarily on previously disadvantaged individuals within the Province;

ii. To focus on project management and development; and to manage immovable property;

iii. To promote foreign trade and investment so as to ensure enterprise and agricultural development that will significantly contribute to economic growth and development within the province, with specific emphasis on Black Economic Empowerment; and

iv. To progressively increase its revenue generation and collection in the pursuit of its objectives.

Public Finance Management Act No. 1 of 1999 (PFMA)

MEGA is a public institution listed under PFMA schedule 3D by virtue of being a provincial government business enterprise. PFMA Schedule 3D entities are regulated by Sections 47 and 76(4) of the PFMA.

In terms of the Act, MEGA has a responsibility to adhere to a number of regulations that ensure the achievement of its objectives such as, real financial growth and sustainability, clean and unqualified audits and improved financial management capability maturity.

7. Legislative and Other Mandates (Cont.)

The regulations in the Act include providing for, inter alia:

i. Sound financial management;

ii. The efficient and effective management of all revenue, expenditure, assets and liabilities of the company; and

iii. The provision of responsibilities of persons entrusted with financial management in the organisation.

National Credit Act No. 34 of 2005

The National Credit Act promotes a fair and non-discriminatory marketplace for access to consumer credit and therefore places a responsibility on MEGA, as it provides funding in respect of property development, granting of housing loans and enterprise development focusing on previously disadvantaged individuals within the province, to adhere to the regulations in the Act some of which include:

i. Promoting fair and non-discriminatory practices in the granting of loans.

ii. Promoting black economic empowerment and ownership in its funded MSMEs and Co-operatives by applying fair credit and credit-marketing practices.

iii. Promoting responsible credit granting by giving loans only to qualifying individuals.

iv. Providing debt restructuring and debt counseling services for over-indebted clients (a risk highlighted in programme 4 below).

v. Establishing policies and standards relating to loans management and housing finance; and

vi. Promoting a consistent enforcement framework relating to debt management.

Financial Intelligence Centre Act No. 38 of 2001

The Finance Intelligence Centre Act's objective is to establish a Financial Intelligence Centre and a Money Laundering Advisory Council in order to combat money laundering activities and the financing of terrorist and related activities. The Act therefore imposes certain duties on institutions and other persons who might be used for money laundering purposes.

MEGA, through its various programmes, provides finance that facilitates development in the province and therefore recognises that there may be individuals who may circumvent the regulations in the Act. The Act will be applied, as intended, in MEGA's operations.

Housing Act No. 107 of 1997

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General Information

Registered Address
2 Eastern Boulevard, Riverside,
Mbombela, Mpumalanga, 1201
Tel. 013 492 5818

Website Address
www.mega.gov.za

7. Legislative and Other Mandates
(Cont.)

Agriculture Laws Extension Act No. 87 of 1996

The objective of the Act is to provide for the extension of the application of certain laws relating to agricultural matters to certain territories which form part of the national territory of the Republic of South Africa.

MEGA has a programme that is responsible for the growth and development of the agricultural sector by providing financial and non-financial support to farmers and related agriculture businesses. MEGA has to ensure that its operations are in line with the regulations contained in this Act so as to contribute to the economic development of the province, as mandated.

Other Applicable Acts

The above Acts are legislative mandates that place critical responsibilities on the Board, executive and staff of MEGA in terms of how MEGA's operations are conducted. However, there are other Acts that regulate MEGA's operations that include, inter alia:

i. Basic Conditions of Employment Act, 1997;
ii. Labour Relations Act No. 66 of 1995;
iii. Companies Act of 2008 Act No. 71 of 2008;
iv. Preferential Procurement Policy Framework Act No. 5 of 2000;
v. Employment Equity Act No. 55 of 1998;
vi. Skills Development Act No. 97 of 1998;
vii. Income Tax Act No. 58 of 1962;
viii. Broad-Based Black Economic Empowerment Act No. 53 of 2003.
ix. South African Reserve Bank Act No. 90 of 1989;
x. Co-operative Banks Act No. 40 of 2007;
xi. Customs and Excise Act No. 91 of 1964.

Housing Act No. 107 of 1997

The Housing Act provides for the facilitation of a sustainable housing development process and lays down general principles applicable to housing development. It also defines the functions of national, provincial and local governments in respect of housing and provides for the establishment of a South African Housing Development Board.

The Mpumalanga provincial government has placed the responsibilities outlined in the Act on MEGA. One of MEGA's strategic outcome-oriented goals directly addresses this responsibility as it states that it aims "to increase access to affordable housing". Programme 5's performance delivery objectives will facilitate the achievement of this goal through its Loans Management and Housing Development sub-programmes.

Policy Mandates

National Development Plan

The National Development Plan (NDP) is a government-initiated plan to eliminate poverty and reduce inequality by 2030. The plan sketches out the key structural changes required for sustainable social and economic growth.

MEGA's programmes are aligned to meet the aims of the NDP as MEGA's strategic plan is geared to ensure sustainable development and economic growth in the province that will contribute to job creation, poverty alleviation, redressing the inequalities of the past and the beneficiation of the province's resources. This includes the expansion of infrastructure and the improvement and efficient use of rural spaces through the promotion and development of Co-operatives.

Co-operatives are autonomous associations of persons who entirely co-operate for their mutual social economic and cultural benefits. Co-operatives include non-profit community organisations and businesses that are owned and managed by the people who use the services (consumer co-operative) and by people who work there (worker co-operative) or by people who live there (housing co-operative).

Medium-Term Development Plan (MTDP) 2024-2029

The Medium-Term Development Plan (MTDP) 2024-2029 has three strategic priorities: driving inclusive growth and job creation, reducing poverty and tackling the high cost of living, and building a capable, ethical, and developmental state. Inclusive growth and job creation are considered an apex priority.

The MTDP is a framework that guides South Africa's development priorities for the next five years, aiming to achieve a more inclusive, equitable, and prosperous society. It is a holistic approach that integrates the Government of National Unity's Statement of Intent with the National Development Plan 2030 (NDP 2030).

MEGA's Alignment to the MTDP

MEGA's programmes are aligned to all three priorities of the MTDP.

Timeline

The Evolution of MEGA

The evolution of MEGA

Since 1995, MEGA has been undergoing a number of re-structuring processes typified by mergers and de-mergers.

Each change in 2000, 2005 and 2010 resulted in a change in the entity's mandate.

Every mandate change necessitated a restructuring of the entity's operating model.

Frequent changes resulted in the instability – frequent leadership (Board and CEOs) changes and how that impacted on MEGA Performance.

1995

KEDC, KDC and AWE was combined to form the Mpumalanga Development Corporation (MDC)

2000

MDC was unbundled to establish four separate entities, namely: MHFco, MADC, MEEC and MRTT.

2005

MEEC was combined with the Mpumalanga Investment Initiative (Mii) to form MEGA (MEGA 1).

2010

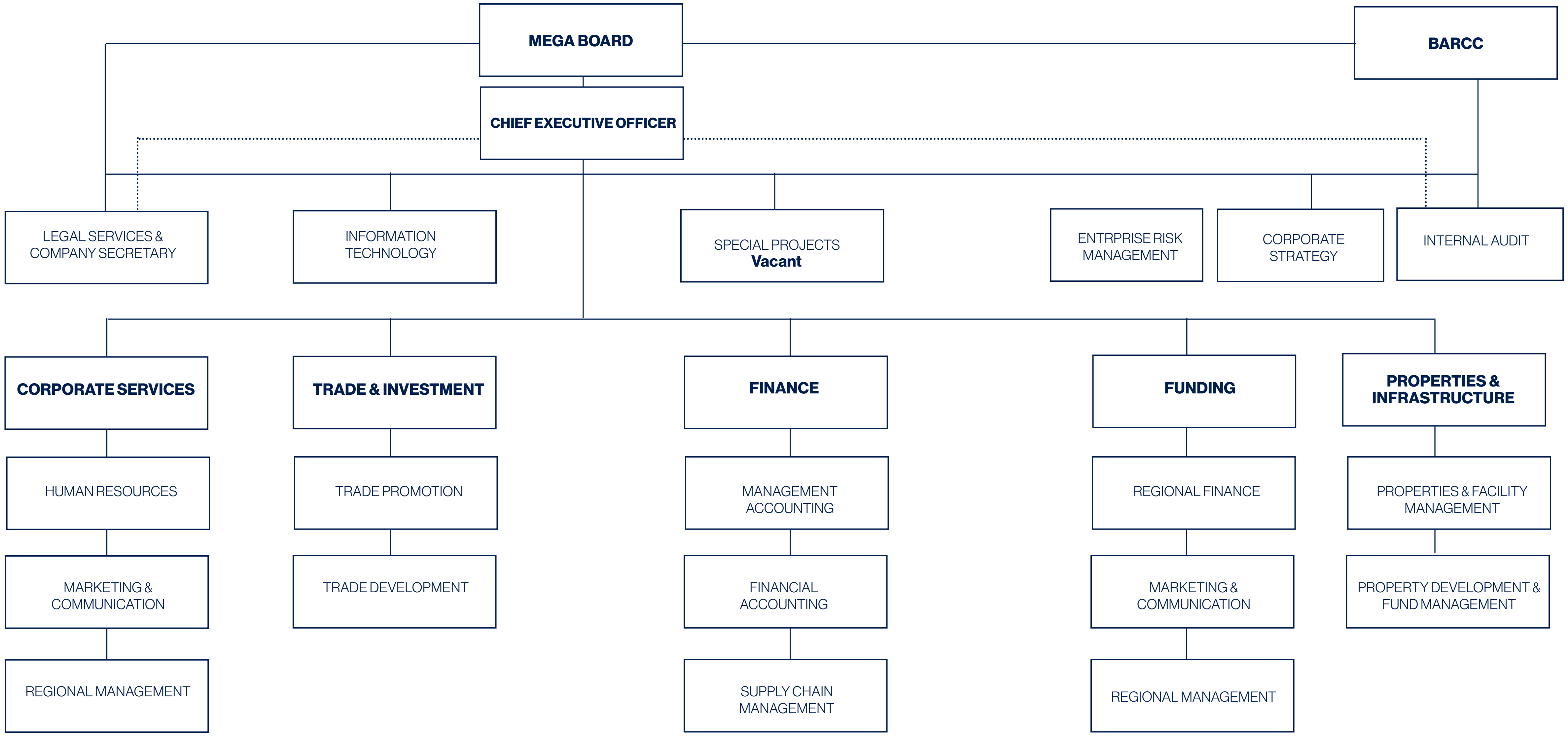
MEGA 1, MHFco and MADC was combined to form the MEGA (MEGA 2)

Based on the Mpumalanga Merger Framework, September 2009, the merger was meant to "establish an agency capable of:

accelerating enterprise development and delivery of massive infrastructure by consolidating the dissipated resources into a bigger and leveraged organisation, which is capable of accessing resources required to deliver large scale infrastructure projects and thus enhance economic development in the Province."

MEGA has made significant strides since its last restructuring to ensure leadership stability, improved corporate governance and good performance

8. Organisational Structure



Executive Authority:

MEGA reports to the Executive Authority on performance in relation to its mandate and targets agreed upon with the Executive Authority in the Shareholder's Compact. In addition, all reports submitted to the Legislature and other government structures are submitted through the Executive Authority (Shareholder).

Board of Directors

The Board is chaired by Mr. J.L. Mahlangu and consist of the following directors: Mr. Mi Mahlangu (CEO); Ms. N Mkhumane; Mr. M Masilela; Mr. D Maimela; Mr. C Pule; Ms. N Lebambo; Ms ZP Bhengu-Makhubu.; Ms. P Mnyambo; Mr. MM Nthali; Adv. P. Morgan (Company Secretary)

Executive Committee

The Executive Committee is chaired by the Chief Executive Officer (CEO) and consists of the CEO, Chief Financial Officer, four General Managers, Company Secretary and Chief Audit Executive. The Chief Risk Officer, Chief Information Officer and Head: Corporate Strategy attend as ex-officios.

Divisional Heads

MEGA consists of five divisions which are headed by Executive Managers. The divisions are as follows:

Office Of The CEO

Headed by the Chief Executive Officer.

The division provides strategic leadership, ensures good corporate governance and assurance thereby enabling MEGA to deliver on its mandate

Finance

Headed by the Chief Financial Officer. The division provides fiscal leadership, safeguarding of assets, ensuring compliance to laws and regulations and providing timely delivery of services to internal and external stakeholders and customers.

Corporate Services

Headed by the GM: Corporate Services. The division render a comprehensive integrated human capital management and administration function, integrated information and communication services

Trade & Investment

Headed by the GM: Trade & Investment. The division promotes the Province as an Investment Destination and Foreign Trade and Logistics Hub, within various sectors and numerous industries.

Properties & Infrastructure

Headed by the GM: Properties & Infrastructure. The division is responsible for property development and management, infrastructure development and project finance.

Funding

Headed by the GM: Funding. The division is responsible for MSME's, Co-operatives, Housing, Agricultural Finance, and Equity Investments.

1. Auditor's Report:
Predetermined Objectives

Key Performance Indicators:

The AGSA performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion.

The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings, if any, being reported under the Report on Audit of the Annual Performance Report section of the Auditor's Report.

Refer to page 86 of the Report of the Auditors Report, published as Part F: Financial Information.

2. Overview:
Of The Entity's Performance

SERVICE DELIVERY ENVIRONMENT

Global Economic Outlook

After enduring a prolonged and unprecedented series of shocks, the global economy appeared to have stabilized, with steady yet underwhelming growth rates. However, the landscape has changed as governments around the world reorder policy priorities and uncertainties have climbed to new highs. Forecasts for global growth have been revised markedly down compared with the January 2025 World Economic Outlook (WEO) Update, reflecting effective tariff rates at levels not seen in a century and a highly unpredictable environment. Global headline inflation is expected to decline at a slightly slower pace than what was expected in January.

Intensifying downside risks dominate the outlook, amid escalating trade tensions and financial market adjustments. Divergent and swiftly changing policy positions or deteriorating sentiment could lead to even tighter global financial conditions. Ratcheting up a trade war and heightened trade policy uncertainty may further hinder both short-term and long-term growth prospects. Scaling back international cooperation could jeopardize progress toward a more resilient global economy.

Global growth is projected to decline after a period of steady but underwhelming performance, amid policy shifts and new uncertainties. Global headline inflation is expected to decline further, notwithstanding upward revisions in some countries. Risks to the outlook are tilted to the downside. Escalating trade tensions and elevated policy-induced uncertainty may further hinder growth. Shifting policies could lead to abrupt tightening of global financial conditions and capital outflows, particularly impacting emerging markets. Demographic shifts threaten fiscal sustainability, while the recent cost-of-living crisis may reignite social unrest. More limited international development assistance could push low-income countries deeper into debt, jeopardizing living standards. At this critical juncture, policies need to be calibrated to foster international cooperation while ensuring internal economic stability, thereby helping reduce global imbalances.

At this critical juncture, countries should work constructively to promote a stable and predictable trade environment and to facilitate international cooperation, while addressing policy gaps and structural imbalances at home. This will help secure both internal and external economic stability. To stimulate growth and ease fiscal pressures, policies that promote healthy aging and enhance labor force participation among older individuals and women could be implemented.

Overview: Entity's Performance

Domestic Economic Outlook

In 2024, South Africa's real GDP, measured by production, saw a 0.6% increase. This growth was primarily driven by strong performance in the finance, real estate, and business services sectors, along with personal services and the electricity, gas, and water industry. However, agriculture, construction, trade, transport, manufacturing, and general government services recorded negative growth in 2024.

SA Real GDP:

2024
0.6%

2025
1.0% - Estimate

2026
1.3% - Estimate

R7.3 trillion
2024 Nominal GDP

$64.8bn
2024 Agricultural Exports

Overall Growth

In 2024, South Africa's real GDP growth was 0.6%. This growth was primarily driven by increased activity in finance, real estate, business services, personal services, and electricity, gas, and water sectors (Stats SA).

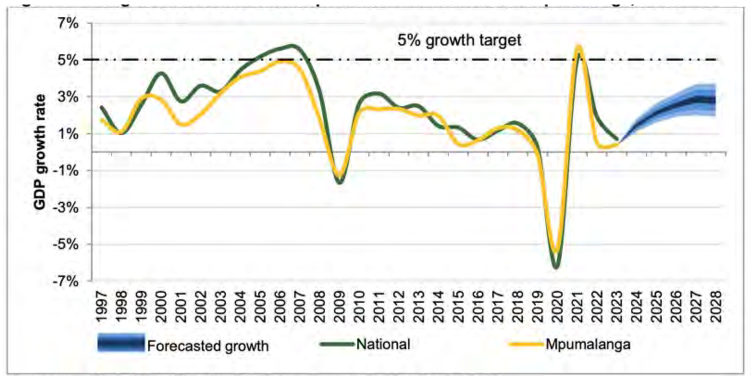
Key Positive Contributors

- Finance, real estate, and business services: Increased by 3.5% and contributed 0.8 percentage points to the GDP growth.
- Personal services: Increased by 1.7% and contributed 0.3 percentage points.
- Electricity, gas, and water: Increased by 3.5% and contributed 0.1 percentage points

Negative Growth Sectors:

Agriculture, construction, trade, transport, manufacturing, and general government services experienced negative growth in 2024.

Table 2: GDP growth rates at constant prices for South Africa and Mpumalanga, 1997-2028



Sources: Stats SA – Provincial Gross Domestic Product, 2023 S&P Global – ReX, December 2024

Table 1: Percentage Change in GDP

(Real GDP, annual percent change)	2024	PROJECTIONS 2025	2026
World Output	3.3	2.8	3.0
Advanced Economies	1.8	1.4	1.5
United States	2.8	1.8	1.7
Euro Area	0.9	0.8	1.2
Germany	-0.2	0.0	0.9
France	1.1	0.6	1.0
Italy	0.7	0.4	0.8
Spain	3.2	2.5	1.8
Japan	0.1	0.6	0.6
United Kingdom	1.1	1.1	1.4
Canada	1.5	1.4	1.6
Other Advanced Economies	2.2	1.8	2.0
Emerging Market and Developing Economies	4.3	3.7	3.9
Emerging and Developing Asia	5.3	4.5	4.6
China	5.0	4.0	4.0
India	6.5	6.2	6.3
Emerging and Developing Europe	3.4	2.1	2.1
Russia	4.1	1.5	0.9
Latin America and the Caribbean	2.4	2.0	2.4
Brazil	3.4	2.0	2.0
Mexico	1.5	-0.3	1.4
Middle East and Central Asia	2.4	3.0	3.5
Saudi Arabia	1.3	3.0	3.7
Sub-Saharan Africa	4.0	3.8	4.2
Nigeria	3.4	3.0	2.7
South Africa	0.6	1.0	1.3
Memorandum			
Emerging Market and Middle-Income Economies	4.3	3.7	3.8
Low-Income Developing Countries	4.0	4.2	5.2

Source: IMF, *World Economic Outlook*, April 2025

Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2024/25 (starting in April 2024) shown in the 2024 column. India's growth projections are 6.5 percent in 2025 and 6.2 percent in 2026 based on calendar year.

Data Source:

The estimates and projections in April 2025 are based on statistical information available through April 14, 2025, but may not reflect the latest published data in all cases

Nominal GDP

The nominal GDP at market prices is R7.3 trillion in South Africa for 2024. This is R312 billion more than the nominal GDP for 2023, which was R6.97 trillion. The nominal GDP reflects the total value of goods and services produced in an economy, measured at current market prices. This includes the effects of inflation or deflation.

Positive Impact on GDP

In 2024, the South African agricultural sector experienced a positive performance, particularly in exports. Agricultural exports reached a record high of $13.7 billion. This was driven by strong demand and increased volumes of key export commodities like citrus, nuts, maize, apples, and pears. The sector also contributed to South Africa's GDP, with the agricultural sector's contribution to value added for the year ending December 31, 2024, estimated at R156.234 billion.

Key Positive Contributors

South Africa's economy is forecast to experience moderate growth in the coming years, with real GDP expected to expand between 1.3% and 1.6% annually from 2025 to 2027, according to S&P Global Ratings. This represents a significant improvement over the 0.6% growth estimated for 2024. The outlook is supported by an expected recovery in household spending as inflation declines and increased energy-related fixed investments

Mpumalanga Economic Outlook

In 2024, Mpumalanga contributed about 7.7% of South Africa's national production. This represents a slight increase from the 7.3% share in 2020, and a moderate increase in Mpumalanga's share of the national GDP, rising from 7.1% in 2010 to 7.7% in 2021.

In general, the economic growth of the province, as measured by growth in the GDP, was lower than SERO, March 2025 national rate (Figure 5). The provincial economy has outperformed the national economy in terms of GDP growth only in 1998, 1999, 2014, 2017 and 2021. The average annual growth rate for the country and Mpumalanga over the period 1996 to 2023 was 2.2% and 1.8%, respectively. It is of great concern that the average annual economic growth for South Africa was only 0.3% between 2019 and 2023, whereas Mpumalanga's economy expanded by only 0.2% per annum over the same period (Table 2). Mpumalanga recorded the joint second lowest annual average GDP growth rate in the 27-year period and the fourth slowest growth between 2019 and 2023. In 2023, Mpumalanga's economy expanded by an estimated 0.4%, which was even slower than the 0.5% growth registered in 2022. In 2022, Mpumalanga's growth was the joint slowest overall and the 2023 estimate is third slowest.

Mpumalanga: Decrease in unemployment rate

37.4% 2024 - Q2

34.7% 2024 - Q4

Organisational Environment

Organisational Environment

The "democratic decentralization" model provided for in the Constitution has given provinces a more meaningful role to play in delivering services and growing regional economies.

To effect pointed and deliberate interventions, the provincial governments needed to establish departments and "agencies" or entities that could be entrusted with resources to realize its objectives and vision, such as "reconstruction and development" and "inclusive growth". Mpumalanga has always had agencies that focused on enterprise development, economic transformation, parks, tourism, gambling, etc.

The Mpumalanga Economic Growth Agency (MEGA) is by all means and purposes a provincial "Regional Development Agency" (RDA), and a regional/subnational Development Finance Institution (DFI).

As we all know, such institutions are not unique to Mpumalanga. In Limpopo, there is Limpopo Economic Development Agency (LEDA), Gauteng has the Gauteng Growth and Development Agency (GGDA), there is also Ithala (in KwaZulu Natal), to name but a few. Such institutions are potentially potent policy instruments for fixing market failures, incubating markets, and promoting structural transformation at the regional level.

As DFI's, they are government-owned "mission-driven institutions", which use financial instruments to execute a public mandate on behalf of their governments.

MEGA's Achievements

MEGA has made many important strides and these are often understated or glossed over because of the failure by many to understand the role of DFIs at the subnational level. These achievements are further elaborated on the next paragraphs below.

Governance

MEGA has stabilized from a governance perspective at both Board and Executive management level through the appointment of experienced individuals who are capable of steering the entity towards operational excellence.

The entity has filled positions of the following executive positions: Chief Financial Officer, General Manager (GM): Properties & Infrastructure. The vacant position of the GM: Trade & Investment, GM: Funding and GM: Corporate Services are also in a process of being filled, which will ensure that all executive positions are filled.

The entity has sustained an "unqualified" audit opinion from the Auditor-General since 2021/22 and working towards achieving a "clean" audit opinion. This, in its history, is signifying an improved financial management and reporting.

Ekandustria and Other Industrial Parks

MEGA has 18 industrial parks, 3 considered to be large industrial parks and 15 small industrial parks.

It can be noted as an achievement that Ekandustria, the largest and most strategic of the industrial parks, remains in the hands of Mpumalanga province despite pressure from Gauteng province and the Department of Trade Industry and Competition (DTIC).

MEGA has to be commended for developing plans to secure and maintain its industrial parks as evident in its budgetary plans for 2024/25.

Overview:
Entity's Performance

2024 Highlights:

75%
Collection rate on Municipal and Rental Income

95%
Organisational Performance

R 173m
Own Revenue Generated

R 7.3bn
Signed MoUs for Investment Projects facilitation

R 41.9m
Disbursed to SMMEs

Strategic partnerships and support to MSMEs and Cooperatives

In the face of reduced fiscal allocations or "grants" from the province, MEGA has continued its drive to forge strategic partnerships with key partners such as financial institutions (e.g. banks), development partners, provincial and national government departments and entities.

It is reported that through this drive, MEGA commenced with the redevelopment of its two major shopping centres, namely: Kabokweni and Siyabuswa Shopping Centres.

MEGA has good working relations with national departments and agencies that has allowed it to facilitate both financial and non-financial support for MSMEs and Cooperatives during the past 5 years.

Investment promotion

MEGA has positioned itself as a one-stop shop for potential investors to the province though it is not easy to produce quantitative measures of success.

During the period under review, the entity facilitated the following investments:

i. The establishment and launch of the Cultivate Trading Avocado Oil Processing Plant in the Mbombela Local Municipality to the value of R20 million creating over 100 jobs and will require further expansion.
ii. The Thembisile Hani Smart City and Cultural Hub in the Nkangala District to the value of R5 billion creating over 10 000 jobs.
iii. Investments attraction from two investors to the value of R 2.3 billion with ASL Global and Energy Venture Capital for the establishment of a mixed used township establishment in Mbombela and a solar energy plant in Ekandustria creating over 550 jobs.
iv. The establishment and launch of the Cultivate Trading Avocado Oil Processing Plant in the Mbombela Local Municipality to the value of R20 million creating over 100 jobs and will require further expansion.
v. The Thembisile Hani Smart City and Cultural Hub in the Nkangala District to the value of R5 billion creating over 10 000 jobs.
vi. Investments attraction from two investors to the value of R 2.3 billion with ASL Global and Energy Venture Capital for the establishment of a mixed used township establishment in Mbombela and a solar energy plant in Ekandustria creating over 550 jobs.

Overview:
Entity's Performance

Special Projects: Nkomazi SEZ and Mpumalanga International Fresh Produce Market (MIFPM)

Mention must be made of the progress made with special projects or tasks that are assigned to MEGA from time to time.

The Nkomazi SEZ entity was registered as a state-owned company in January 2021, and has its own Board independent from MEGA. However, MEGA continues to support the entity through investment facilitation.

The Mpumalanga International Fresh Produce market (MIFPM) is a project that MEGA handed to the Department of Public Works Roads and Transport (DPWRT) to finalize with agreement that it will play a key role in its operationalization.

The Road Ahead For MEGA

Whilst the agency has experienced challenges, there has been a clear turn-around despite the harsh impacts of COVID and an unfavourable economic environment for many businesses in the province, and country as a whole.

We agree that MEGA's developmental impact on the provincial economy and the prosperity of the people in the province can be improved. This needs to viewed in the context of the overall economic situation we have faced as a country.

MEGA's developmental impact should be about making a contribution to the improved provincial economic performance as it relates to long term outcomes as set out in its logic model/theory of change.

Under the provincial government's leadership, we seek to ensure that MEGA contributes in the short-term to the realization of its longer-term goals that include, in no order of priority: human capital development, Improved sector performance and sector contribution, changing apartheid spatial patterns, growth of provincial economy, and finally- a better life for provincial residents.

In particular, I look forward to seeing the MEGA team put shoulder to the wheel and drive programmes, in line with the President's SONA and Premier's SOPA's call for a growing and inclusive economy.

The imperative to grow the economy of the province and create jobs should lead us all to move away from petty sectarian interests and support initiatives. Where necessary let us show them weaknesses or challenges that need to be addressed but not distract their work with petty squabbles..

Operating Profit
10% Growth

19.3 2029
19.0 2028

Revenue
18% Growth

65.8 2029
53.5 2028

3. Achievement: Institutional Impacts And Outcomes

Measuring Performance Through Programme Performance

i. MEGA's programme performance involved the consolidation of performance achieved by divisions on an annual basis in line with the approved Corporate Plan (Annual Performance Plan).

ii. The entity's performance improved by 7% compared to previous financial years which was at 88%.

iii. For the 2024/25 financial year, MEGA planned 19 Programme Target Indicators whilst 42 targets were planned in the previous financial year.

iv. The annual consolidated target achieved for the 2024/25 financial year is 95%.

v. The analysis and calculation of the annual performance achievement are depicted in table 3.

2023/24

The entity achieved 83% organisational performance in the 2023/24.

2024/25

The entity achieved 95% organisational performance in the 2024/25.

Table 3: Consolidated Annual Performance per Programme / Division

		CUMMULATIVE ANNUAL PERFORMANCE		
NO.	PRGRAMMES TARGET INDICATORS	PLANNED ANNUAL TARGETS	ACHIEVED TARGETS	% ACHIEVED
1.	OFFICE OF THE CEO		100%	
1.	Number of regulatory compliance reports prepared and submitted to relevant structure	18	18	100%
2.	Number of Customer Experience Surveys or Impact Assessments Undertaken	1	1	100%
2.	CORPORATE SERVICES		100%	
1.	Number of HR Reports approved by the HR Committee detailing milestones achieved in the implementation of the HR Strategy	4	4	100%
2.	Number of ICT Reports approved by the IT Steering Committee detailing milestones achieved in the implementation of the IT Infrastructure	4	4	100%
3.	Number of Customer Experience Surveys or Impact Assessments Undertaken	1	1	100%
4.	Number of Brand Awareness Assessments conducted	1	1	100%
3.	FINANCE		100%	
1.	% collection rate (rental and municipal debtors)	75%	75%	100%
2	% reduction in fruitless and wasteful expenditure	30%	100%	100%
3	% implementation of approved procurement plan	100%	100%	100%
4.	TRADE & INVESTMENT		100%	
1.	Number of entrepreneurs and companies within the designated groups participating in the mainstream economy	189	209	100%
2.	Rand value contribution to GDP of the Province through export trade and investment opportunities accessed by MEGA supported businesses and investors	610,000,000	7,317,600,000	100%
3.	Number of trade and investment exhibitions, missions and seminars undertaken	13	17	100%
5.	PROPERTIES & INFRASTRUCTURE		87%	
1.	Number of new development or revitalization projects identified, conceptualized and awarded to strategic development partners (where appropriate) or packaged internally	8	8	100%
2.	Average Percentage Delivery of High Impact Infrastructure projects	10	6	60%
3.	Rand value of own revenue generated through existing assets and investments in order to achieve financial sustainability	140,000,000	150,241,735	100%
6.	FUNDING		83%	
1.	Number of business support services provided to SMME and Agricultural loan clients	160	155	97%
2.	Rand Value of funds disbursed for property development, enterprises and agricultural development	63,200,000	41,936,850	66%
3.	Number of Affordable Home Loans for qualifying citizens registered with the Deeds Office or any acceptable form of security of tenure	6	8	100%
4.	Rand Value of Housing Loans disbursed to previously disadvantaged individuals within the province	6,000,000	4,013,202	67%
19	TOTALS		95%	

Note: All achievements above 100% are adjusted back to 100%

Key Policy Developments and Legislative Changes

There were no policy developments or legislative changes affecting the entity during the financial year under review.

4. Institutional Performance Information

Institutional Performance Information

Programme 1: Office of the CEO

Programme Description

The programme provides strategic leadership, ensures good corporate governance and assurance thereby enabling MEGA to deliver on its mandate.

The core purpose of the division is as follows:

i. Ensure that the organisation complies with all statutory and legislative requirements in the delivery of the organisation's mandate.

ii. Ensure an effective administrative, secretarial and advisory services to the Board such that the Board's activities are carried out in line with the PFMA requirements and the Code of Good Practice.

iii. Provide strategic direction to ensure the achievement of short, medium and long-term strategic goals of the organisation's Corporate Strategy.

iv. Provide performance information management services and promote organisational performance through a systematic monitoring and evaluation support functions and systems.

v. Provide a systematic management of the organization's knowledge assets for the purpose of creating value and meeting tactical and strategic requirements.

vi. Assist the entity accomplish its objectives by bringing a disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes.

Highlights / progress made:

100% Achievement in all set targets, which includes monitored compliance to all laws and regulations applicable to the entity through implementation of the MEGA Legislative Universe; implementation of the three (3) year Internal Audit Plan; implementation of Risk Management Plan; MEGA's organisational performance; statutory reports compilation and approval to determine the entity's performance.

Challenges

There were no challenges experienced during implementation of the targets.

18
Regulatory Compliance Reports compiled

1
Impact Assessment conducted

Institutional Performance Information

Annual Performance

Strategic objectives, planned targets and actual achievements

Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target	Reasons for deviations
STRATEGIC GOAL 5: ENHANCED ORGANISATIONAL SUSTAINABILITY								
Enhance Compliance Effectiveness	Approved compliance reports	Number of regulatory compliance reports prepared and submitted to relevant structures	18	18	18	18	0	None
Operational Excellence	Completed Impact Assessments	Number of Customer Experience Surveys or Impact Assessments Undertaken	1	1	1	1	0	None

Linking performance with budget

	2024/2025			2023/2024		
Sub-Programmes	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
	(R'000)	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**
OFFICE OF THE CEO	38 447	38 662	(215)	38 598	39 594	(996)
TOTAL	**38 447**	**38 662**	**(215)**	**38 598**	**39 594**	**(996)**

Strategy to overcome areas of under performance

None

Institutional Performance Information

Programme 2: Corporate Services

Programme Description

The Corporate Services division exists to render a comprehensive integrated human capital management and administration function, integrated Information and communication services as well as Enterprise-Wide Risk Management function to enable the organization to deliver on its mandate as enshrined in the Corporate Strategy. It seeks to:

i. Promote sound employee relations and labour stability.
ii. Promote and practice effective recruitment and retention practices.
iii. Encourage a culture of excellence and high work ethic.
iv. Promote a safe and healthy working environment for all employees.
v. To constantly develop individual employees through training interventions.
vi. Provide an all-inclusive integrated and interoperable business systems and processes that enable the execution of the Corporate Strategy.

Highlights / progress made:

Performance Management and Development System (PMDS)

The implementation of the Performance Management and Development System (PMDS) showed a significant improvement during the financial year, increasing by 47%—from 8% at the start of the financial year to 55%—with valuable support from organised labour.

Enterprise Resource Planning (ERP) System

The target set on the implementation of the IT Infrastructure has been achieved. The Enterprise Resource Planning (ERP) System has been implemented and currently operational.

Marketing and Communication Strategy

The implementation of MEGA's Marketing and Communication Strategy has been achieved, with both internal and external publishing extending beyond the borders of the province that allowed MEGA to regain brand trust.

Challenges

The delayed implementation of the PMDS undermines MEGA's performance and credibility. It is imperative that a clearly defined and enforceable roll-out plan be developed to ensure full compliance and accountability across all division.

Institutional Performance Information

Annual Performance
Strategic objectives, planned targets and actual achievements

Programme 2: Corporate Services

Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target	Reasons for deviations
STRATEGIC GOAL 5: ENHANCED ORGANISATIONAL SUSTAINABILITY								
Improved organizational performance	Approved HR Reports	Number of HR Reports approved by the HR Committee detailing milestones achieved in the implementation of the HR Strategy	4	4	4	4	0	None
Enhanced all-Inclusive and integrated information	Approved ICT Reports	Number of ICT Reports approved by the IT Steering Committee detailing milestones achieved in the implementation of the IT Infrastructure	4	4	4	4	0	None
Operational Excellence	Completed Surveys	Number of Customer Experience Surveys or Impact Assessments Undertaken	1	1	1	1	0	None
Improved Corporate Image of MEGA	Completed Assessments	Number of Brand Awareness Assessments conducted	1	1	1	1	0	None

Linking performance with budget

	2024/2025			2023/2024		
Sub-Programmes	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
	(R'000)	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**
CORPORATE SERVICES	58 080	49 469	8 611	40 325	33 998	6 987
TOTAL	**58 080**	**49 469**	**8 611**	**40 325**	**33 998**	**6 327**

Strategy to overcome areas of under performance

None

Institutional Performance Information

Annual Performance
Strategic objectives, planned targets and actual achievements

Programme 3: Finance

Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target	Reasons for deviations
STRATEGIC GOAL 5: ENHANCED ORGANISATIONAL SUSTAINABILITY								
Enhanced organisational sustainability	Approved debt collection strategy	% collection rate (rental and municipal debtors)	0	0	75%	75%	0	None
Promote good financial management practices	Compiled Register	% reduction in fruitless and wasteful expenditure	0	30%	30%	100%	+70%	Good financial management practices led to the reductions in fruitless and wasteful expenditure
Promote fair, equitable, transparent, competitive and cost-effective procurement processes	Approved procurement plan	% implementation of approved procurement plan	100%	100%	100%	100%	0	None

Linking performance with budget

	2024/2025			2023/2024		
Sub-Programmes	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
	(R'000)	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**
FINANCE	54 840	56 818	(1 978)	55 257	50 640	4 617
TOTAL	**54 840**	**56 818**	**(1 978)**	**55 257**	**50 640**	**4 617**

Strategy to overcome areas of under performance

i. % reduction in fruitless and wasteful expenditure

No strategy required since it's a positive deviation.

Institutional Performance Information

Programme 4: Trade and Investment

Programme Description

The Division is responsible for two main functions, namely, trade & investment promotion. It promotes the Province as an Investment Destination and Foreign Trade and Logistics Hub, within various sectors and numerous industries.

Highlights / progress made:

Investment Promotion and Facilitation

The trade and Investment division signed Memorandum of Understanding with two investors to the value of R 2.3 billion, namely ASL Global and Energy Venture Capital. The investments projects to be facilitated are for the establishment of a mixed used township establishment in Mbombela and a solar energy plant in Ekandustria creating over 550 jobs.

Another major investment is the establishment and launch of the Cultivate Trading Avocado Oil Processing Plant in the Mbombela Local Municipality to the value of R20 million creating over 100 jobs and will require further expansion. Lastly, the Thembisile Hani Smart City and Cultural Hub in the Nkangala District to the value of R5 billion creating over 10 000 jobs. These investment projects will also benefit small businesses that will supply local products and services to the investors.

The Division also hosted and participated in Mpumalanga – Invest SA One Stop Shop stakeholders meeting in Mbombela on 4th February 2025. A benchmarking exercise for the Mpumalanga Investment One-Stop-Shop was undertaken by a visit to the Limpopo Investment One-Stop-Shop in Polokwane, Limpopo by several MEGA and DEDT Officials. T&I participated in Nkomazi – MozParks Technical Team Meetings. The Nkomazi Special Economic Zone (SEZ), MEGA, MozParks (Beluluane Industrial Park) and the Mozambican Agency for the Promotion of Investment and Exports (APIEX) have established a Working Committee to foster closer collaboration and identify joint opportunities for development. Meetings were held on the 19th September 2024, 18th December 2024 and 6th March 2025 and facilitated participation of Eswatini Investment Promotion Authority in the Technical meetings.

MEGA hosted a facilitated meeting for the visit to Mpumalanga by Chinese Investor Mr Zhōng, Chairman of International Resources Limited (IRL) on the 26th and 27th February 2025. MEGA has been requested to extend Investment Facilitation services to IRL of China for their Vanadium Beneficiation Project connected to the Mapochs Vanadium Mine, in Mpumalanga Province. Further investment facilitation provided to the company Force Steels- Eskom to provide electricity to the DRI plant. MEGA also facilitated a potential Investment Project by Peppadew International for the Nkomazi SEZ. This potential investment emanated from our participation in the China International Import Expo 2024. Peppadew International would like MEGA / Nkomazi SEZ to facilitate their investment in a new processing and packaging facility for their export products in Komatipoort Mpumalanga. Officials from the Nkomazi SEZ visited the Peppadew processing facility in the Nkowankowa Industrial Park in Tzaneen Limpopo in February 2025. On February 13th, 2025, the Nkomazi SEZ and MEGA hosted a delegation from DP World, based in Maputo. DP World's focus in Mozambique is centered on expanding the Maputo Container Terminal at Maputo Port and strengthening the Maputo Corridor, which serves as a vital trade gateway for Southern Africa. Their goal is to boost regional trade and economic growth by enhancing logistics and port capacity. Additionally, DP World is working on developing a Dry Port in Komatipoort to facilitate the transition of freight from road to rail. The delegation, which included their CEO and CCO, proposed a joint workshop aimed at introducing the Maputo Corridor freight users to DP World's new service offerings during 2025.

Institutional Performance Information

Programme 4: Trade and Investment

Highlights / progress made: (Continued)

Foreign Trade Promotion and Exporter Development

MEGA's Trade Promotion and Exporter Development Unit continued to render ongoing Foreign Trade Services to Mpumalanga Exporters. These include export marketing advice and assistance, international market information, SARS exporter registration, customs codes and tariff headings determination, foreign trade barriers and documentary requirements for export. Notable activities and meeting during the period of review include:

i. Recruitment for Mpumalanga exporters to participate in the Prosper Africa and USAID Regional Missions and Trade Promotion Activities at MAGIC and Summer Fancy Food Shows in 2025. The funding for these events has, however, substantially been withdrawn.

ii. MEGA participated in and recruited provincial exporters for EU Export Market Analysis Training delivered by the EU–SADC Economic Partnership Agreement Support Programme in partnership with the South African Department of Agriculture. The training took place virtually on the 24th and 26th February 2025.

iii. MEGA participated in and recruited provincial exporters for a Webinar by the Southern African Essential Oil Producers Association (SAEOPA) for the findings launch of an UNIDO commissioned in-depth study on the essential and vegetable oil industry in South Africa on the 11th February 2025.

iv. MEGA continued to foster our relationship with the Consulate General of India, Johannesburg. MEGA attended a talk by the Government of India Chief Economic Advisor, Dr. V. Anantha Nageswaran, hosted by the Consulate General of India in Johannesburg on the 24th February 2025.

v. MEGA promoted to our provincial stakeholders a CBI Webinar on the Regulatory Developments for Essential Oils in the EU Market which took place on the 27th February 2025. CBI, or the Centre for the Promotion of Imports from Developing Countries, is a Dutch governmental agency under the Ministry of Foreign Affairs that supports the transition towards inclusive and sustainable economies by strengthening the sustainability of Small and Medium-sized Enterprises (SMEs) in developing countries.

vi. MEGA participated in and recruited provincial exporters for a meeting with the German Import Promotion Agency (IPD) to present their Trade Promotion Support Opportunity for Small Bio-trade Businesses in South Africa programme. The meeting took place on the 25th February 2025. The IPD programme is targeted at Mpumalanga companies producing natural ingredients for the cosmetics and food industry and with the capacity to expand exports.

vii. MEGA promoted to provincial MSME's the launch of the Digital Innovation Accelerator for African SMEs, an initiative by the International Trade Centre (ITC) designed to support 100 export-ready African SMEs in enhancing their e-commerce capacity. This ITC project will select SMEs from 25 priority countries to receive training, mentorship, and access to Alibaba.com, one of the world's leading B2B e-commerce platforms. This initiative will empower businesses to establish and manage their own online stores, expanding their market reach.

viii. MEGA recruited provincial MSME's for a Webinar "AfCFTA: Unlocking Trade Opportunities" hosted by the Small Enterprise Development and Finance Agency (Sedfa) on the 14th March 2025. The event was aimed at MSME's looking to expand their trade within Africa under the African Continental Free Trade Area (AfCFTA) agreement and emphasised how your business can benefit from expanded market access, reduced tariffs, and trade facilitation mechanisms under the AfCFTA.

Challenges

The delayed implementation of the PMDS undermines MEGA's performance and credibility. It is imperative that a clearly defined and enforceable roll-out plan be developed to ensure full compliance and accountability across all division.

Institutional Performance Information

Annual Performance
Strategic objectives, planned targets and actual achievements

Programme 4: Trade and Investment

Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target	Reasons for deviations
STRATEGIC GOAL 1: INCREASED PARTICIPATION IN THE MAINSTREAM ECONOMY BY ENTREPRENEURS AND COMPANIES WITHIN THE DESIGNATED GROUPS								
Increased participation in the mainstream economy by entrepreneurs and companies within the designated groups	Exporters participation to the EMIA / SSAS programme, EMIA Applications and Reports	Number of entrepreneurs and companies within the designated groups participating in the mainstream economy	145	164	189	209	+20	The over-achievement was influenced by an increased awareness in export opportunities for local producers
STRATEGIC GOAL 4: INCREASED ACCESS TO EXPORT TRADE AND INVESTMENT OPPORTUNITIES FOR MEGA SUPPORTED BUSINESSES AND INVESTORS								
Increased access to export trade and Investment opportunities for MEGA supported businesses and investors	Signed MoUs / MoAs	Rand value contribution to GDP of the Province through export trade and investment opportunities accessed by MEGA supported businesses and investors	0	350 000 000	610 000 000	7 317 600 000	+6 707 600 000	The values of investment projects under facilitation for the first and fourth quarters were more than the values anticipated
Undertake trade and investment exhibitions, missions and seminars in order to contribute to GDP of the Province	Trade and investment exhibitions, missions and seminars undertaken	Number of trade and investment exhibitions, missions and seminars undertaken	171	12	13	17	+4	Over-achievement due to events undertaken which were not initially planned but necessary to partake at the request of MEGA's strategic partners such as DEDT, etc.

Linking performance with budget

	2024/2025			2023/2024		
Sub-Programmes	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**	**Budget**	**Actual Expenditure**	**(Over)/Under Expenditure**
	(R'000)	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**
TRADE AND INVESTMENT	10 400	10 497	(97)	10 949	8 561	2 388
TOTAL	**10 400**	**10 497**	**(97)**	**10 949**	**8 561**	**2 388**

Strategy to overcome areas of under performance

Number of entrepreneurs and companies within the designated groups participating in the mainstream economy

No strategy required since it's a positive deviation.

Rand value contribution to GDP of the Province through export trade and investment opportunities accessed by MEGA supported businesses and investors

No strategy required since it's a positive deviation.

Number of trade and investment exhibitions, missions and seminars undertaken

No strategy required since it's a positive deviation.

Institutional Performance Information

Programme 5: Properties and Infrastructure

Programme Description

The Division is responsible for three main functions, namely, property development and management, infrastructure development as well as project finance.

Highlights / progress made:

Investment Promotion and Facilitation

Revenue collection target was fully achieved since collection for the year amounted to R 150 million against the target of R 140 million planned.

Kabokweni and Siyabuswa Shopping Centres have already been presented to the Public Investments Corporation (PIC) (amongst other potential investors) during the year under review and have been approved subject to finalization of the financial due diligence exercise.

The following milestones were achieved in relation to Ekandustria Park:

i. The fencing of the park is more than 90% completed and progressing well after it suffered from stoppages instigated by local sub-contractors.

ii. Refurbishment of the wastewater treatment plant is 95% complete. Outstanding work is limited to the installation of new sludge pumps and the commissioning of the entire plant, which is expected to take place within the first quarter of the 2025/26 financial year.

iii. Refurbishment of the Ekandustria office building is 100% complete..

Challenges

The main challenges hindering progress are:

i. Limited capacity within divisions, caused by vacancies in critical positions. This challenge is being addressed through the filling of critical positions in an incremental manner and four positions are planned to be filled in the 2025/26 financial year.

ii. Cash-flow problems faced by the institution as well as lack of required project preparatory funds. This challenge is being addressed by implementing revenue enhancement strategy to increase revenue.

Institutional Performance Information

Annual Performance

Strategic objectives, planned targets and actual achievements

Programme 5: Properties and Infrastructure

Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target	Reasons for deviations
STRATEGIC GOAL 3: INCREASED ATTRACTION AND IMPLEMENTATION OF SUITABLE INVESTMENT PROJECTS IN THE PROVINCE BASED ON AN ATTRACTIVE VALUE PROPOSITION AND ATTRACTIVE INVESTMENT OPPORTUNITIES								
Increased attraction and implementation of suitable investment projects in the province based on an attractive value proposition and attractive investment opportunities	Increase investment attracted to Property Portfolio	Number of new development or revitalization projects identified, conceptualized and awarded to strategic development partners (where appropriate) or packaged internally	0	0	8	8	0	None
Deliver high impact infrastructure, focusing on project management, property development and management of immovable property for industrialization of the province	Property Portfolio	Average Percentage Delivery of High Impact Infrastructure projects	0	0	10%	6%	-4%	Delays in securing funding and establishing viability of the shopping centre
STRATEGIC GOAL 5: ENHANCED ORGANISATIONAL SUSTAINABILITY								
Increase own revenue generation and financial sustainability (income and expenditure)	Approved debt collection strategy	Rand value of own revenue generated through existing assets and investments in order to achieve financial sustainability	120 000 000	130 000 000	140 000 000	150 241 735	+10 241 735	Higher collection rate due to strict collection measures and accurate billing.

Linking performance with budget

Sub-Programmes	2024/2025			2023/2024		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
PROPERTIES & INFRASTRUCTURE	220 758	131 364	89 394	199 505	202 415	(2 910)
TOTAL	**220 758**	**131 364**	**89 394**	**199 505**	**202 415**	**(2 910)**

Strategy to overcome areas of under performance

Average Percentage Delivery of High Impact Infrastructure projects

There have been delays in securing funding and establishing viability of Kabokweni Shopping Centre due to the initial funder withdrawing its commitment.

Processes to secure a replacement funder for commenced.

Rand value of own revenue generated through existing assets and investments in order to achieve financial sustainability

No need for intervention as this is positive deviation.

Institutional Performance Information

Programme 6: Funding

Programme Description

Sub Programme 1: Funding

The Division is responsible for five main functions, namely, MSME's, Co-operatives, Housing, Agricultural Finance, and Equity Investments.

Sub Programme 2: MSMES Development Finance

The sub programme aims to ensure that businesses remain viable, as successful MSMES businesses make a direct contribution to the goals set out in the MEGDP of the Province.

The programme provides the following support to existing MSMES businesses:

Financial Support

Financial support is given to qualifying businesses by providing loans relating to:

i. Bridging finance for construction projects;
ii. Acquisition of plant and equipment;
iii. Financing tenders;
iv. Acquiring equity; and
v. Financing working capital.

Non-financial support

Non-financial support services in the programme are provided by Business Advisors who conduct mentorship programmes that are designed to improve business success, and these services include:

i. Training business owners on how to prepare financial statements and maintain good bookkeeping practices;
ii. Conducting business management seminars;
iii. Facilitating market linkages, by assisting small businesses to register with relevant government departments, so that their services can be used;
iv. Helping businesses brand/ market their products in readiness for selling on the market;
v. By providing regulatory information, and also linking businesses to the relevant authorities or bodies that can regulate their products or services;
vi. Facilitating the preparation of business plans through SEDA for submission to institutions which provide funds to existing and new enterprises.

Beneficiation

The programme aims to achieve beneficiation objectives by setting up incubators where potential entrepreneurs will be trained before they set up their own businesses. Specific industries have been targeted.

The initiative is aimed at reducing the number of businesses that fail at the initial stage while strengthening existing businesses. Initially incubators will be setup in the wood processing and steel manufacturing industries.

Beneficiation programmes involve supporting MSME's and Co-ops across all sectors by providing:

i. Information on improving the packaging of their products and services;
ii. Government Incentives (Grant Funding) for infrastructure and non-financial services.

Agriculture: Emerging Farmer Finance

This sub programme assesses farmer's needs in terms of the ability of the farmer to undertake the proposed business venture. All applications are considered by applying the regulations as required in the National Credit and FICA Acts.

The programme provides the following support to existing businesses:

i. Market linkages for farm produce;
ii. Organising for farming inputs to be obtained at reasonable prices;
iii. Providing mentorship to ensure business success through exchange programmes with established businesses including those in livestock and crop production;
iv. Assisting in financial management and other specialised areas relevant to the business that has been funded;
v. Providing agricultural economics information. MEGA has access to statistics on climatic conditions of the province which it provides to farmers and businesses as a value added service;
vi. Pursue profitable business ventures by identifying opportunities in which MEGA can become a strategic partner.

Home loans

This programme provides loans and access to affordable houses and facilitate access to home ownership through the provision of finance to qualifying Mpumalanga citizens. Funding is provided for the following:

vii. Building loan;
viii. Purchase of a vacant stand;
ix. House improvement loan;
x. Purchase of an existing house; and
xi. Loan size: up to R1.5m.

Equity Investments

The programme has the following projects aimed at facilitating the implementation of high development impact investments resulting in providing additional income streams to fund MEGA's operations namely:

a. Partially Owned Investments Acquisition of plant and equipment

MEGA has shareholdings in other projects or institutions that are intended to contribute to its sustainability by providing income streams that fund MEGA's operations. The investments are as follows:

ii. Mining - shareholding in a mining company.
iii. Agriculture – shareholding in a fruit packer company.

b. Wholly Owned Investments

i. Tekwane Citrus Farm
- The farm produces citrus fruit which is sold to the local and foreign markets. 80% of the fruit is exported to Europe and the Far East.
- Tekwane Citrus Farm has not been able to function optimally and thus generate acceptable revenue. The major reasons for lack of profitability of Tekwane Farm include, inter-alia: huge overhead costs that drain the operation's profitability as a result of historical decisions relating to the employment of staff; incorrect application of fertilizers and other necessary agricultural products for farming; aging mechanical equipment; and limited capital to fund operations.
- The farm has managed to realise profit in this financial year of reporting. This comes as a result of the deployment of resources through the service provider appointed to manage the farm production and market the fruit. This increased the yield and allowed for early harvesting and entry into the market at higher prices.
- MEGA aims at providing interventions for the commercialisation of Tekwane Citrus Farm.
- Financing working capital.

Loopspruit Wine Farm

Loopspruit Wine Farm is a wine producing business operating, on a 430ha with grapes plantation. The farm had a fairly large infrastructure of buildings, including a well-equipped winery with two wine producing cellars, wine laboratory, restaurant and equipment. The land component consists of some 25ha grape vineyards while the remainder of the land consists of natural veld.

Loopspruit Wine Farm has not been able to realize profits due to lack of financial and human resources, and the location which is a non-wine farm resulting in inconsistent and insufficient yield. The vineyards have been growing old with no planting of new trees due to lack of financial resources. The farm has consistently operated at a loss. In 2020, the farm was gutted by fire and destroyed.

MEGA is currently seeking investors for the commercialization of Loopspruit Farm and ensuring its subsequent profitability.

Highlights / progress made:

The main challenges hindering progress are:

i. The target for the value of loans approved to MSMEs using MEGA's own funds was achieved. The total value of business loans approved was R49.1m whilst funding provided to home loan owners amounted to R4m.
ii. Post-investment support services were successfully provided to business and home-owners clients as such target for business support was partially met whilst the target for support provided to home owners was fully met.

Challenges

The discontinuation of the PYDF agreement between MEGA and the Office of the Premier affected the value of funds disbursed to MSMES through partnerships since there were no new approvals and funding in the current financial year.

Institutional Performance Information

Annual Performance
Strategic objectives, planned targets and actual achievements

Programme 6: Funding

Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	Actual Achievement 2024/2025	Deviation from planned target	Reasons for deviations
STRATEGIC GOAL 1: INCREASED PARTICIPATION IN THE ECONOMY BY ENTREPRENEURS AND COMPANIES WITHIN THE DESIGNATED GROUPS								
Improved sustainability of businesses	Post investment support	Number of business support services provided to MSMES and Agricultural loan clients	150	190	160	155	-5	Lapse of the PYDF Agreement negatively affected the post investment; activities
Provide funding in respect of property development as well as in respect of approved enterprise and agricultural development focusing primarily on previously disadvantaged individuals within the province	Funds disbursed	Rand Value of funds disbursed for property development, enterprises and agricultural development	61 000 000	82 650 000	63 200 000	41,936,850	-21 263 150	Underachievement due to the Office of the Premier not providing new approvals and funding in the current financial year
STRATEGIC GOAL 2: INCREASED ACCESS TO AFFORDABLE HOUSES IN MPUMALANGA AND FACILITATE ACCESS TO HOME OWNERSHIP THROUGH THE PROVISION OF FINANCE TO QUALIFYING CITIZENS								
Increased access to affordable houses in Mpumalanga and facilitate access to home ownership through the provision of finance to qualifying citizens	Registered houses	Number of Affordable Home Loans for qualifying citizens registered with the Deeds Office or any acceptable form of security of tenure	New Indicator	5	6	8	+2	Higher than targeted performance
Provide property in respect to granting of housing loans focusing primarily on previously disadvantaged individuals within the province	Housing loans disbursed	Rand Value of Housing Loans disbursed to previously disadvantaged individuals within the province	2 000 000	5 110 000	6 000 000	4 013 202	-1 986 798	Underachievement on disbursements due to outstanding bond registration

Linking performance with budget

Sub-Programmes	2024/2025 Budget	2024/2025 Actual Expenditure	2024/2025 (Over)/Under Expenditure	2023/2024 Budget	2023/2024 Actual Expenditure	2023/2024 (Over)/Under Expenditure
	(R'000)	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**	**(R'000)**
FUNDING	57 619	56 031	1 588	57 645	55 556	2 089
TOTAL	**57 619**	**56 031**	**1 588**	**57 645**	**55 556**	**2 089**

STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

Number of business support services provided to MSMES and Agricultural loan clients

The lapse of the PYDF Agreement negatively affected the post investment activities.

This target will be re-evaluated in the next financial year and adjusted accordingly.

Rand value of own revenue generated through existing assets and investments in order to achieve financial sustainability

There has been lower billing due to long periods of power outages caused by electrical cable faults.

The entity is working on a long-term solution to undertake a comprehensive assessment of the power supply and distribution network and refurbishing it.

5. Financial Performance

Revenue Streams

» **Municipal Services**
» Rental Income
» **Loans**
» Other

R173m
Own Revenue

R 244.9m
Government Grant

Revenue Collection

Sub-Programmes	2024/2025 Budget	2024/2025 Actual Expenditure	2024/2025 (Over)/Under Expenditure	2023/2024 Budget	2023/2024 Actual Expenditure	2023/2024 (Over)/Under Expenditure
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Municipal Services	132 119	140 872	8 753	98 455	106 160	7 705
Rent	29 904	26 832	(3 072)	30 919	25 025	(5 894)
Loans	12 800	11 392	(1 408)	17 600	14 743	(2 857)
Other	22 272	8 550	(13 692)	3 032	11 676	8 644
Total	**197 095**	**187 676**	**9 419**	**146 671**	**123 359**	**(23 312)**

Programme Expenditure

Sub-Programmes	2024/2025 Budget	2024/2025 Actual Expenditure	2024/2025 (Over)/Under Expenditure	2023/2024 Budget	2023/2024 Actual Expenditure	2023/2024 (Over)/Under Expenditure
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Office of the CEO	38 447	38 662	(215)	38 597	39 594	(997)
Corporate Services	58 080	49 469	8 611	40 324	33 398	6 987
Finance	54 840	56 818	(1 978)	55 257	50 640	4 617
Trade & Investment	10 400	10 497	(97)	10 949	8 561	2 388
Properties & Infrastructure	220 758	131 364	89 394	199 505	202 415	(2 910)
Funding	57 619	56 031	1 588	57 645	55 556	2 080
TOTAL	**440 145**	**342 841**	**97 304**	**402 278**	**390 164**	**12 114**

5. Financial Performance (Cont.)

Capital Investment, Maintenance and Asset Management Plan

Highlights on Capital Investment and Asset Management Plan

None.

Infrastructure Projects

Infrastructure Projects	2024/2025 Budget	2024/2025 Actual Expenditure	2024/2025 (Over)/Under Expenditure	2023/2024 Budget	2023/2024 Actual Expenditure	2023/2024 (Over)/Under Expenditure
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Mpumalanga International Fresh Produce Market	0	0	0	0	0	0
Nkomazi Special Economic Zone (SEZ)	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

The Current State of the Public Entity's Capital Assets

Description	% Good	% Fair	% Poor
Plant and machinery		✓	
Office furniture, fixtures and equipment		✓	
Motor vehicles		✓	
IT equipment	✓		

Maintenance Expenditure

Maintenance Expenditure	2024/2025 Budget	2024/2025 Actual Expenditure	2024/2025 (Over)/Under Expenditure	2023/2024 Budget	2023/2024 Actual Expenditure	2023/2024 (Over)/Under Expenditure
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Maintenance – vehicles	263	142	121	31	49	(18)
Maintenance – equipment	66	68	(2)	253	171	82
Maintenance – buildings	1 080	1 127	(47)	5 032	3 086	1 946
Maintenance – infrastructure	25 644	21 570	4 074	803	3 965	(3 162)
Total	**27 053**	**22 907**	**4 146**	**6 119**	**7 271**	**(1 152)**

PART E: Governance

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance in public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King Report on Corporate Governance. Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

2. RISK MANAGEMENT

MEGA has a Risk Management Policy and Strategy in place which is intended to facilitate the embedding of risk management techniques in the day-to-day operations and thus better equip the entity to identify events that affect its objectives and manage risk in a manner that will maximise its ability to meet its objectives in line with its Corporate Strategy.

MEGA uses a seven-stage process for managing its enterprise risks. The process provides a logical and systematic method of establishing the context, identifying, analysing, integrating, evaluating, treating, monitoring, and communicating risks in a way that allows MEGA to make decisions and respond timely to risks and opportunities as they arise. The risk assessment process enables management to understand the probability of risk and potential

Impact on the operations of the Agency, while the risk assessment methodology provides management with a portfolio of risks or risk profiles.

The mandate of the Board Audit, Risk & Compliance Committee established in terms of sections 51(1) (a) (ii) and 76(4) (d) of the PFMA and the Treasury Regulations also involves the evaluation of the effectiveness of risk management and monitors progress by management on the mitigation of unacceptable levels of risk.

The entity registered slight improvement in risk maturity level which was largely attributed to the inclusion of the risk function on Executive management performance scorecard which resulted in the steady improvements in the culture of risk reporting at executive level. The resuscitation of the Risk Champions and the implementation of a universal risk mitigation plan enabled a holistic view of interventions to treat risks facing the entity.

3. FRAUD AND CORRUPTION

The Fraud Prevention Plan is in place and is embedded in various processes which incorporate the consideration of preventative, detective and corrective controls in their execution. During the 2020/21 financial year, the ERM Unit undertook a comprehensive and independently conducted organisation-wide fraud risk assessment. The results enabled the business to focus their attention on high fraud risk areas and ensure the deployment of adequate controls to prevent such risks from materialising or mitigate their effect should they materialise.

With the anticipated capacitation of the ERM Unit in the coming financial year, it is envisaged that greater emphasis will be placed on ensuring full implementation and monitoring of the Fraud Prevention Plan in its entirety.

4. MINIMISING CONFLICT OF INTEREST

In minimising conflict of interest in Supply Chain Management [SCM], all companies that have tendered are screened to ensure that such companies are not controlled, run or owned by MEGA employees, either by association or direct involvement. Declaration of interest forms are circulated to SCM Bid Committee members from specification to adjudication where members are expected to declare if they have any interest with regard to the tender in question, and where interest is declared, the conflicted member is recused from participation.

Annual declaration of interest forms are also circulated to all staff members, with the exception of general workers, as per the requirements of the PFMA, the MEGA Act No. 1. of 2010 and the recommendations of the King Report on Corporate Governance. Further updating of the information is done as and when the need arises.

5. CODE OF CONDUCT

The Business Code of Conduct and Ethics (the Code) is enshrined in the Risk Management policies and breach of the code is dealt with through MEGA's disciplinary procedures. The Code is seen as the organisation's moral compass and promotes a culture of honesty, integrity, transparency and ethical business practices. Given its importance in driving a sound ethical culture, the Code is generally included in various fraud and corruption awareness campaigns that are conducted at least twice per annum.

In the coming financial year, there will be greater focus on the promotion of the Code as the moral compass of the organisation and these will include enlisting employees' commitment to abide by the Code.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

MEGA is committed to operating a best practice yet proportionate health and safety management system, recognising its importance for enabling an efficient organisation, by minimising unnecessary losses and liabilities.

MEGA is also committed to annually reporting its health and safety performance and its plans for proactive development of strategic health and safety management.

Governance (Continued)

The Executive and the Accounting Authority of the public entity are responsible for corporate governance.

7. PORTFOLIO COMMITTEES

The entity appeared before the Portfolio Committee to deliberate on the analysis on its Quarter Performance Reports, Budget, and Annual Performance Plan. During the sittings the entity further provided progress reports on the implementation of the House Resolutions. Dates and purpose of the Committee sittings are reflected below:

Date of the Sitting	Subject	Action Plans Undertaken by the Entity
14 March 2024	Questions emanating from the 2024/25 re tabled Budget and APP analysis.	Implementation of the House Resolutions emanating from the 2023/24 Budget and APP
20 August 2024	Deliberations on the Fourth Quarter Report for 2023/24 Portfolio Committee Oversight	Implementation of the House Resolutions emanating from the third Quarter Report for 2023/24
11 September 2024	Visits to Prelim Logistix (Pty) Ltd Project, Dirkiesdorp	Implementation of the House Resolutions emanating from the Oversight Visit to Prelim Logistix (Pty) Ltd Project, Dirkiesdorp
11 September 2024	Portfolio Committee Oversight Visits to Mphazima Funeral Services, Madadeni Township	Implementation of the House Resolutions emanating from the Oversight Visit to Mphazima Funeral Services
17 September 2024	Implementation of the House Resolutions emanating from the Oversight Visit to Pigro project in Thaba Chweu	Implementation of the House Resolutions emanating from the Oversight Visit to Pigro Project
22 October 2024	Portfolio Committee Oversight Visits to Mohau Engineering and Trading Pty Ltd in Lekwa Local Municipality	Implementation of the House Resolutions emanating from the Oversight Visit to Mohau Engineering and Trading Pty Ltd Implementation of the House Resolutions emanating from the Oversight Visit to Kenneth Mabena Business

Governance (Continued)

7. PORTFOLIO COMMITTEES

Date of the Sitting	Subject	Action Plans Undertaken by the Entity
08 October 2024	Deliberations on the First Quarter Report for 2024/25	Implementation of the House Resolutions emanating from the Fourth Quarter Report for 2023/24
28 November 2024	Analysis of the 2023/24 Annual Report	Implementation of the House Resolutions emanating from the 2022/23 Annual Report
28 November 2024,	Deliberations on the Second Quarter Report for 2024/25	Implementation of the House Resolutions emanating from the First Quarter Report for 2024/25
14 November 2024	SCOPA Hearing on the Auditor General 2023/24 Audit Outcomes	Implementation of the SCOPA House Resolutions emanating from the SCOPA Auditor General 2022/23 Audit Outcomes
12 March 2025	Portfolio Committee Oversight Visits to Bhekfire Holding in Victor Khanye Local Municipality	Implementation of the House Resolutions emanating from the Oversight Visit to Bhekfire Holding
12 March 2025	Portfolio Committee Oversight Visits to Maradebe Pty Ltd in Victor Khanye Local Municipality	Implementation of the House Resolutions emanating from the Oversight Visit to Maradebe Pty Ltd
06 March 2025	Deliberations on the third Quarter Report for 2024/23	Implementation of the House Resolutions emanating from the third Quarter Report for 2024/25

8. SCOPA RESOLUTIONS

The entity appeared before the SCOPA to deliberate on the analysis on its Annual Financial Statements and Oversight Visits. During the sittings the entity further provided progress reports on the implementation of the House Resolutions. Dates and purpose of the Committee sittings are reflected on the table below:

Resolution No.	Subject	Details	Response by the Entity	Resolved? (YES/NO)
N/A	House Resolutions on the 2022/23 Audit Report	Implementation of the House Resolutions on the SCOPA 2022/23 Audit Report	Implementation of Resolutions being implemented	Yes

9. EXECUTIVE AUTHORITY

MEGA reports to the Executive Authority on performance in relation to its mandate and targets agreed upon with the Executive Authority in the Shareholder's Compact. In addition, all reports submitted to the Legislature and other government structures are submitted through the Executive Authority (Shareholder).

Apart from the reports to the Shareholder, the entity also attends and presents progress reports regarding the implementation of strategic initiatives on an ad-hoc basis to various government structures, such as Technical Committees, Provincial Management Committee, EXCO's, Lekgotlas, etc.

The table below, reflects the reports submitted to the Executive Authority during the period under review.

Details	Submission Date
Submission of the 4th Quarter Report for 2023/24	30 April 2024
Submission of the 1st Quarter Report for 2024/25	31 July 2024
Submission of the Annual Report for 2023/24	31 August 2024
Submission of the 2nd Quarter Report for 2024/25	11 October 2024
Submission of the 3rd Quarter Report for 2024/25	30 January 2025
Submission of the Corporate Plan and Strategic Plan for 2025/26	31 March 2025

Governance (Continued)

10. THE ACCOUNTING AUTHORITY / BOARD

Introduction

a. MEGA is a schedule 3D entity by virtue of it being the successor in title of the erstwhile MEGA, which was established by the then MEGA Act 4 of 2005.

b. MEGA is governed by a duly appointed Board of Directors. Schedule 3D entities are regulated by Sections 47 & 76(4) of the PFMA.

c. The Board is the Accounting Authority of the Agency as contemplated in Section 49(2) (a) of the Public Finance Management Act of 1999, and Section 5(1) of the MEGA Act 1 of 2010 (hereafter referred to as the "Act").

d. The Board shall, in respect of the exercise and performance of its powers and functions, be accountable to the Member of the Executive Council. (Section 5 (2) of the MEGA, Act 1 of 2010).

The Accounting Authority / Board

a. The Members of the Board are appointed in terms of the Act by the Member of the Executive Council responsible for Mpumalanga Department of Economic Development and Tourism for a period not exceeding four (4) years, but are eligible for re-appointment as may be determined by the Member of the Executive Council.

b. The composition of the Board is prescribed by the Act which permits a minimum of nine [9] and a maximum of eleven [11] Members, all of whom shall be non-executive directors. In terms of the Act, the CEO is an ex- officio member of the Board without any voting rights at meetings of the Board (Section 5(4) of the MEGA Act 1 of 2010).

The Role of the Board

In accordance with the aforementioned parameters of corporate governance, the Board must specifically:

a. Retain full and effective control over MEGA and monitor management's implementation of the strategic plans and financial objectives as defined by the Board.

b. Define levels of materiality, reserving specific powers to itself and delegating other matters, with the necessary written authority, to management;

c. Continuously monitor and review the exercise by management of delegated powers;

d. Ensure that a comprehensive system of policies and procedures is in place and that appropriate governance structures exist to ensure the smooth, efficient, and prudent stewardship of MEGA;

e. Ensure compliance by MEGA with all relevant laws and regulations, audit and accounting principles, MEGA's Code of Ethics and Conduct, and such other principles as may be established by the Board from time to time;

f. Regularly review and evaluate the risks to the business of MEGA, including information technology ("IT") risks.

g. Ensure the existence of comprehensive, appropriate internal controls to mitigate against such risks, as well as ensure that there is an effective risk-based internal audit;

h. Exercise objective judgment on the affairs of MEGA, independent from management, but with sufficient management information to enable a proper and informed assessment to be made; and

i. Identify and monitor non-financial aspects relevant to the business of MEGA and ensure that MEGA acts responsibly towards all relevant stakeholders having a legitimate interest in its affairs in order to ensure that MEGA is seen to be a responsible corporate citizen.

Board Charter

a. The Board Charter defines the governance parameters within which the Board exists, sets out specific responsibilities to be discharged by the Board and members collectively, as well as certain roles and responsibilities incumbent upon members as individuals.

b. The Charter accordingly embraces the principles of good governance as set out in the King Code V on Good Governance, the Mpumalanga Economic Growth Agency Act, No. 1 of 2010, the Public Finance Management Act, 1999 ("the PFMA"), as amended, as well as the Treasury Regulations, the Promotion of Administrative Justice Act, 2000 ("PAJA"), as well as all applicable laws of the Republic of South Africa.

c. The Charter is reviewed by the Board as and when necessary, to ensure that it remains relevant to the business objectives of MEGA.

Shareholder's Compact

In terms of the Treasury Regulations issued in accordance with the PFMA, MEGA must, in consultation with its relevant Executive Authority (MEC for Economic Development & Tourism) annually conclude a Shareholder's Compact documenting the mandated key performance measures and indicators to be attained by the organization as agreed between the Board and the Shareholder.

Delegation of Authority

a. The Board retains full and effective control over the entity. This responsibility is facilitated by a well-developed governance structure comprising of various Board Committees established in terms of Section 24 of the Act and a comprehensive Delegation of Authority Framework.

b. The Delegation of Authority Framework assists in the control of the decision-making processes and does not dilute the duties and responsibilities of Board Members.

Board Induction and Orientation

Newly appointed Board Members are taken through an induction programme designed to enhance their understanding of MEGA's legislative framework, its governance processes and the nature and operations of the Agency. Continuous training is provided so that Members are able to:

a. Make sensible and informed decisions and contribute independent, value-adding views to Board deliberations.

b. Have an understanding of the legal and fiduciary responsibilities incumbent on Board members; and

c. Discharge their fiduciary responsibilities with due care, skill and diligence so as to ensure that all Members are unequivocally committed to furthering the interests of MEGA.

Governance (Continued)

Board Evaluation and Performance

a. The Board is evaluated collectively and individually through a set of corporate governance questionnaires annexed to the Board Charter.

b. The assessments in the main, serve as tools for improving governance practice thereby assisting the Board to better understand their own roles and responsibilities and how they can more effectively fulfill their fiduciary duties and obligations.

c. The board evaluation also serves as a formal method to facilitate Board development and foster communications among Directors and between the Board and Management and increase accountability within the organization.

Composition of the Board

a. The Members of the Board are appointed in terms of the Act by the Member of the Executive Council responsible for Mpumalanga Department of Economic Development and Tourism for a period not exceeding four (4) years, but are eligible for re-appointment as may be determined by the Member of the Executive Council.

b. The composition of the Board is prescribed by the Act which permits a minimum of nine [9] and a maximum of eleven [11] Members, all of whom shall be non-executive directors. In terms of the Act, the CEO is an ex- officio member of the Board without any voting rights at meetings of the Board (Section 5(4) of the MEGA Act 1 of 2010).

The Role of the Board

a. Members of the Board are appointed in terms of the MEGA Act by the Member of the Executive Council (MEC) responsible for the Department of Economic Development and Tourism (DEDT) in consultation with the Executive Council of the Mpumalanga Province for a period not exceeding four (4) years.

b. Members of the Board are eligible for re-appointment for a 2nd term at the expiry of their term of office which shall be determined by the Member of the Executive Council from time to time.

c. The composition of the Board in terms of the Act, prescribes a minimum number of nine (9) and a maximum number of eleven (11) Board Members, all of whom shall be non-executive members and the Chief Executive Officer, as an ex officio Member.

d. A full-term Board was appointed effective from 01 September 2021 and whose term of office shall not exceed four (4) years as contemplated in section 12(1) of the Act.

e. In so far as remuneration and allowances are concerned, Board Members hold office on terms and conditions determined in accordance with section 12(3) and (4) of the Act.

During the period 01 April 2024 to 31 March 2025, the full-term Board comprised of the following Members

Name	Date appointed	Date resigned	Qualifications	No. of Meetings Attended
Mr. Motau **Chairperson**	01 Sept. 2021	31 Jan. 2025	• Bachelor of Arts (University of Johannesburg) • Bachelor of Arts Honours- Public Management & Governance (University of Johannesburg	6/ 8
Ms D Pule **Deputy Chairperson**	01 Sept. 2021	26 Jun. 2024	• Bachelor of Arts (University of South Africa) • Secondary Teachers Diploma (Elijah Mango College) • Public Relations Certificate (PRISA) • Media Liaison Certificate (PRISA)	2/ 8
Ms M Mothoa **Board Member**	01 Sept. 2021	26 Jun. 2024	• University Diploma in Education (UDE) • Higher Diploma in Education (HED) • Advanced Certificate in Education • BED (HONS)- Management	2/ 8
Mr. C Pule **Board Member**	01 Sept. 2021	N/A	• BSc-Actuarial & Financial Mathematics (University of Pretoria)	8/8
Mr. JL Mahlangu **Board Member**	01 Sept. 2021	N/A	• Diploma in Governance and Public Leadership (Graduate School of Governance-WITS) • Certificate in Governance and Public Leadership (Graduate School of Public and Development Management- WITS) • Certificate (Graduate School of Leadership (UNISA) • Management Development Programme (Graduate School of Management- University of Pretoria) • Marketing Management (Graduate School of Management-University of Pretoria)	8/8
Ms. N Lebambo **Board Member**	01 Sept. 2021	N/A	• Financial Journalism-NQF Level 7 (Rhode University) • Online & social media-NQF Level 5 (Media24, FP & Mseta & AIP) • Media & Journalism (Jeppe College of Commerce & Computer Studies)	8/8
Mr D Maimela **Board Member**	01 Sept. 2021	N/A	• Master's in politics- Cum Laude (University of Johannesburg) • BA Hons-International Relations (University of Pretoria) • B. PoLSci- Political Sciences (University of Pretoria) • United States Studies (Universities of Pretoria & Indiana) • Research Proposal Writing Skills (Wits University) • Seminar on Economic & Social Development (Academy for International Business Officials (AIBO) Beijing, China	8/8
Ms N Mkhumane **Board Member**	01 Sept. 2021	N/A	• Bachelor of Commerce Degree; UNISWA 1997 • Major: Finance and Management Accounting • Chartered Institute of Management Accountants (Diploma in Law and Taxation) IEIC, 2000 • Executive Management Development Programme; Wits Business School, 2003 • Project Management Appraisal (Queens University Canada), 2004 • Certificate in Board Leadership (GIBS Business School), 2009 & 2012 • O level: Saint Michaels Girls School, 1992 (passed in Merit category with distinction)	8/8

Governance (Continued)

During the period 01 April 2024 to 31 March 2025, the full-term Board comprised of the following Members

Name	Date appointed	Date resigned	Qualifications	No. of Meetings Attended
Mr. ZM Masilela **Board Member**	01 Sept. 2021	N/A	• National Diploma (Tshwane University of Technology • B-Tech in Public Administration (Tshwane University of Technology) • Development & Management of Local Government (Wits Business School) • Municipal Finance & Supply Chain Management part 1- NQF Level 6	5/8
Ms. PZ Makhubo **Temporary Board Member**	07 Jul. 2024	N/A	• Secondary Education Certificate (VISTA University) • Junior Degree-B Pead Commerce • Senior Degree- Bachelor of Education; M-Ed- Didactics	6/8
Ms. P Mnyambo **Temporary Board Member**	07 Jul. 2024	N/A	• University of Limpopo: Fundamentals of Business Management; • Project Management NQF Level 4. • Supply Chain Management NQF Level 5	6/8
Mr. MM Nthali **Temporary Board Member**	07 Jul. 2024	N/A	• University of Pretoria: Masters in Theology • Fundani Skills Academy: Certificate in Integrated & Sustainable Development Programme • Supply Chain Management NQF Level 5 • University of South Africa: Bachelor of Theology	1/8

Notes:

1. The board held Four (4) ordinary Board meetings, four (4) special Board meetings which equals eight (8) meetings. (This figure excludes the two days for Board Strategy) Session)
2. Mr. T Motau resigned on 31 Jan. 2025 and Mr. JL Mahlangu appointed Board chairperson on 05 February 2025
3. Ms. D Pule resigned on 26 June 2024
4. Ms. M Mothoa resigned on 26 June 2024
5. Ms. PZ Makhubo appointed as temporary board member on 07 July 2024
6. Ms. P Mnyambo appointed temporary board member on 07 July 2024
7. Mr. MM Mthali appointed temporary board member on 05 February 2025

AREA OF EXPERTISE AS PER THE MPUMALANGA ECONOMIC GROWTH AGENCY ACT NO.1 OF 2010

SECTION 6(d)

The Members shall be-

"Persons who have sufficient knowledge of, or experience in the development, funding, promotion of agriculture, property development including granting of housing loans, trade, industry, sector development or investment in respect of the province, with specific emphasis on Black Economic Empowerment".

Board Committees

a. The Board is empowered in terms of Section 24 of the Act to establish Board Committees. Section 24 (1) of the Act further provides that the Board may establish committees, with the power to co-opt other persons, for the purpose of assisting it with due and proper exercise and performance of any of its powers and functions, and may likewise dissolve, extend, enlarge or limit any committee established.

b. The Board during its term of office, constituted various Committees in order to assist the Board in discharging its responsibilities. This assistance is rendered in a form of recommendations and reports submitted to Board meetings ensuring transparency and full disclosure of Committee activities. All Committee Members are Non-Executive Directors and the Board during the period under review, consisted of four [4] Committees namely:

   i. Human Resources & Remuneration Committee (HR)
   ii. Finance & Investment Committee (FINCOM)
   iii. Loans Committee
   iv. Board Audit, Risk & Compliance Committee (BARCC)

Human Resources & Remuneration Committee

a. The Members of the Board are appointed in terms of the Act by the Member of the Executive Council responsible for Mpumalanga Department of Economic Development and Tourism for a period not exceeding four (4) years, but are eligible for re-appointment as may be determined by the Member of the Executive Council.

b. The composition of the Board is prescribed by the Act which permits a minimum of nine [9] and a maximum of eleven [11] Members, all of whom shall be non-executive directors. In terms of the Act, the CEO is an ex- officio member of the Board without any voting rights at meetings of the Board (Section 5(4) of the MEGA Act 1 of 2010).

The Role of the Board

a. The Human Resources and Remuneration Committee is comprised of four [4] Non-Executive Directors.

b. The objectives of the Committee are to:

   i. Oversee the development and implementation of a comprehensive Human Resources Strategy that supports the entity's values, vision, mission and aspirations.
   ii. Review the organization's Human Resource Policies and recommend same for Board approval.
   iii. Ensure that the organization has an effective organizational structure, and competitive human resources and practices.
   iv. Recommend for approval by the Board, a system to monitor and measure organizational development and performance.
   v. Make recommendations to the Board on the selection and appointment processes for the Chief Executive Officer.
   vi. Review at least annually, and recommend to the Board for approval, the CEO's compensation based on the evaluation of the CEO's performance in light of corporate and individual objectives.

Governance (Continued)

Social Responsibilities (Regulation 43 of the Companies Act)

a. The Committee shall perform all the functions that are necessary to fulfill its role as stated above and including the following duties:

b. Monitoring the Agency's activities, having regard to any relevant legislation, other legal requirements, or prevailing codes of best practice, with regard to matters relating to:

   i. Social and economic development including the Agency's standing in terms of the goals and purposes of-

      (aa) the 10 principles set out in the United Global Compact Principles ("the UGCP").

      (bb) the OECD recommendations regarding corruption.

      (cc) the Employment Equity Act; and

      (dd) the Broad-Based Black Economic Empowerment Act.

   ii. Good corporate citizenship including the Agency's standing in terms of the goals and purposes of-

      (aa) promotion of equality, prevention of unfair discrimination, and reduction of corruption.

      (bb) contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed; and

      (cc) record of sponsorship, donations and charitable giving.

   iii. Environment, Health and Safety including the impact of the Agency's activities and of its products or services.

   iv. Consumer Relationships including the Agency's advertising, public relations and compliance with consumer protection laws.

   v. Stakeholder relations including community development, stakeholder engagements, Management of Brand and Reputational Risks.

   vi. Labour and employment including-

      (aa) the Agency's standing in terms of the International Labour Organization Protocol on decent work and working conditions; and

      (bb) the Agency's employment relationships, and its contribution towards the educational development of its employees.

   vii. Drawing matters within its mandate to the attention of the Board as occasion requires.

Finance and Investment Committee

a. The Finance and Investment Committee is comprised of five [5] Non-Executive Directors.

b. The objectives of the Committee are inter alia to:

   i. Provide inputs on the Strategic Plan of the organization for approval by the Board.

   ii. Review the accuracy of the draft budget as submitted by management and ensure that the budget is aligned to the approved Strategic Plan.

   iii. Review the financial quarterly performance reports as submitted by management and recommend same for Board approval.

   iv. Ensure that MEGA has and maintains sound financial policies.

   v. Ensure proper control over MEGA's investment projects.

Loans Committee

a. The Loans Committee is comprised of four [4] Non-Executive Directors.

b. The objectives of the Committee are inter alia to:

   i. Consider loan applications for Business Development, Agriculture and Housing between the values of R5m – R10m in terms of the Delegations of Authority Framework approved by the Board.
   ii. Recommend all loans above R10m to the Board for approval.
   iii. Recommend the design, selection, implementation, oversight and performance of any rating systems employed by the Agency.
   iv. Recommend any debt write-offs to the Board, Audit Risk & Compliance Committee in line with MEGA's policies.
   v. Recommend debt restructuring to the Board with regards to clients affected by economic/climate conditions and any other conditions that may warrant Board's intervention.
   vi. Recommend to the Board, any new lending product area, market or lending jurisdiction.
   vii. Annually review the loan policies and procedures and present them to the Board for approval.
   viii. Regularly analyse the loan portfolio and monitor lending areas for alignment to the Agency's risk appetite.
   ix. Update the Board with regards to the market credit risks and any other matters connected therewith.

During the period 01 April 2024 to Board Committees during the period 01 April 2024 to 31 March 2025

Committee	No. of meetings held	No. of members	Name of members
LOANS	4	5	Ms. D Pule (Chairperson)[1] Ms. N Lebambo[2] Mr. M Masilela Ms. M Mothoa Ms. PZ Makhubo Ms. P Mnyambo Mr. MM Nthali
HR	4	5	Mr. D Maimela (Chairperson) Mr. M Masilela Ms. Lebambo Ms. M Mothoa[3] Ms. PZ Makhubo Ms. P Mnyambo
BARCC	7	4	Ms. N Mkhumane (Chairperson) Mr. J Mahlangu[4] Mr. C Pule Ms. D Pule Mr. MM Nthali Mr. MM Nthali
FINCOM	4	5	Mr. JL Mahlangu (Chairperson)[5] Mr. D Maimela Ms. N Mkhumane Mr. C Pule[6] Ms. D Pule Mr. MM Nthali

Remuneration of Board Members

a. Board Members are remunerated in accordance with the rate as determined by National Treasury from time to time.
b. The Board's travel and subsistence allowances are also paid for by MEGA in line with the MEGA HR Policy.
c. A detailed remuneration table of each Board member is reflected under Part E of this report

1 Ms. D Pule resigned on 26 June 2024
2 Ms. N Lebambo appointed Chairperson of Loans Committee on 27 February 2025.
3 Ms. M Mothoa Resigned 26 June 2024
4 Mr. JL Mahlangu: Resigned as member of BARCC & Chairperson of FINCOM on 05 February 2025 following his appointment as board chairperson.
5 Mr. JL Mahlangu: Resigned as member of BARCC & Chairperson of FINCOM on 05 February 2025 following his appointment as board chairperson.
6 C Pule appointed chairperson of FINCOM on 27 February 2025.

Governance (Continued)

11. INTERNAL AUDIT

a. The functions of Internal Audit Unit are embedded in supporting divisions within the entity as follows:

b. Risk assessment: located within the Enterprise Risk Management Unit;

c. Internal Audit: located within the Internal Audit Unit;

d. Policies and procedures:

i. Each division ensures that all policies applicable and necessary for its functioning are developed and reviewed. Monitoring of compliance with policies and relevant prescripts are performed by the Legal Unit.

12. INTERNAL AUDIT AND AUDIT COMMITTEES

Key activities and objectives of the internal audit:

b. MEGA's Internal Audit Function consists of in-house and co-sourced capacity. The co-sourced capacity is performed by Thabi Consulting.

c. The Internal Audit function is established by the Board of MEGA. The Internal Audit function's responsibilities are defined by the Board as part of their oversight role and reports functionally to the Board Audit, Risk and Compliance Committee.

d. The purpose of the MEGA's Internal Audit Function is to provide independent, objective assurance and consulting services designed to add value and improve the MEGA's operations. The mission of Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

e. The Internal Audit Function helps MEGA accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

f. Internal Audit did review all major areas through an in-depth follow up audit conducted in 2024/25 of all reported areas from both the AGSA Management Report and the various Internal Audit reports concluded in 2024/25. This allowed appropriate coverage of key areas within MEGA.

Specify summary of audit work done

The following internal audits were performed during the financial period under review:

a. Trade and Investment.
b. Audit of Performance Information 4th quarter of 2023/24.
c. Review of Annual Financial Statement and Annual Performance Report.
d. Risk Management (Including Occupational health and safety).
e. Audit of Performance Information 1st quarter of 2024/25.
f. Human Resource Management.
g. IT General controls and Application Control Review (new system project governance activity, cyber security), and business continuity).
h. Funding – Equity Investment and Loans (SMMEs, Agriculture, Co-operative & Housing).
i. Interim Financial Statements.
j. Audit of Performance Information 2nd quarter of 2024/25.
k. Property Development and Infrastructure.
l. Supply Chain Management, compliance with SCM policies, procedures and contract management.
m. Audit of Performance Information 3rd quarter of 2024/25.
n. Assets Management Review.
o. Follow up AG / IA report.

Key activities and objectives of the Board Audit, Risk and Compliance committee:

a. The BARCC must function in accordance with Treasury Regulations 27.1

b. BARCC must, amongst others, review the following:

i. the effectiveness of the internal control systems;
ii. the effectiveness of internal audit;
iii. the risk areas of the entity's operations to be covered in the scope of internal and external audits;
iv. the adequacy, reliability and accuracy of financial information provided to management and other users of such information;
v. any accounting and auditing concerns identified as a result of internal and external audits;
vi. the entity's compliance with legal and regulatory provisions; and
vii. the activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations; and
viii. where relevant, the independence and objectivity of the external auditors.

c. Further to the above, Treasury Regulation 27.1.9 states that the BARCC must have explicit authority to investigate matters within its powers, as identified in the written BARCC Charter.

d. The BARCC must –

i. report and make recommendations to the accounting authority;
ii. report on the effectiveness of internal controls in the annual report of the institution; and
iii. comment on its evaluation of the financial statements in the annual report.

e. With regards to the Internal Audit Function, the BARCC has to specifically:

i. Approve the internal audit charter.
ii. Approve the risk based internal audit plan.
iii. Approve the internal audit budget and resource plan.
iv. Receive communications from the Chief Audit Executive on the internal audit activity's performance relative to its plan and other matters.
v. Approve decisions regarding the appointment and removal of the Chief Audit Executive.
vi. Make appropriate inquiries of management and the Chief Audit Executive to determine whether there is inappropriate scope or resource limitations.
vii. Approve the Internal Audit Function's resource plan

Governance (Continued)

The table below discloses relevant information on the Board Audit, Risk & Compliance Committee Members from 01 April 2024 to 31 March 2025:

Name	Qualifications	Internal / External	If internal, position in the public entity	Date appointed	Date resigned	No. of Meetings
Ms N Mkhumane	• Bachelor of Commerce Degree; UNISWA 1997 • Major: Finance and Management Accounting • Chartered Institute of Management Accountants (Diploma in Law and Taxation) IEIC, 2000 • Executive Management Development Programme; Wits Business School, 2003 • Project Management Appraisal (Queens University Canada), 2004 • Certificate in Board Leadership (GIBS Business School), 2009 & 2012 • O level: Saint Michaels Girls School, 1992 (passed in Merit category with distinction)	External	N/A	01 Sept. 2021	Current	7/7
Mr. JL Mahlangu	• Diploma in Governance and Public Leadership (Graduate School of Governance-WITS) • Certificate in Governance and Public Leadership (Graduate School of Public and Development Management- WITS) • Certificate (Graduate School of Leadership (UNISA) • Management Development Programme (Graduate School of Management- University of Pretoria) • Marketing Management (Graduate School of Management- University of Pretoria)	External	N/A	01 Sept. 2021	Resigned: 27 Feb. 2025	6/7
Mr. C Pule	• BSc-Actuarial & Financial Mathematics (University of Pretoria)	External	N/A	01 Sept. 2021	Current	7/7
Ms D Pule	• Bachelor of Arts (University of South Africa) • Secondary Teachers Diploma (Elijah Mango College) • Public Relations Certificate (PRISA) • Media Liaison Certificate (PRISA)	External	N/A	01 Sept. 2021	Resigned: 27 Feb. 2025	2/ 7
Ms. N Lebambo	• Financial Journalism-NQF Level 7 (Rhode University) • Online & social media-NQF Level 5 (Media24, FP & Mseta & AIP) • Media & Journalism (Jeppe College of Commerce & Computer Studies)	External	N/A	27 Feb. 2025	Current	4/7
Mr. MM Nthali	• University of Pretoria: Masters in Theology • Fundani Skills Academy: Certificate in Integrated & Sustainable Development Programme • Supply Chain Management NQF Level 5 • University of South Africa: Bachelor of Theology	External	N/A	05 Feb. 2025	Current	1/7

Notes:
1. BARCC held four [4] ordinary meetings & three [3] special meetings.
2. Mr. JL Mahlangu appointed Board Chairperson on 05 February 2025 & had to relinquish his membership in BARCC

Governance (Continued)

13. COMPLIANCE WITH LAWS AND REGULATIONS

a. As a Provincial Government Business Enterprise, MEGA is subject to numerous laws, rules and regulations. The entity must at all times, comply with all applicable legislative prescripts as well as internal policies that are approved by the Accounting Authority.

b. The PFMA and the MEGA Act are the basis on which MEGA must start with compliance, followed by all other legislation that regulates MEGA's operations in relation to the different business units.

c. A compliance checklist has been developed, and compliance is monitored on a quarterly basis, in line with the reporting framework which is included with the submission of quarterly reports. The year under review has not resulted in any penalties nor reprimands for non-compliance with statutes, and therefore we can conclude that the Entity did generally comply with applicable laws and regulations except in areas where non-compliance was identified during the audit.

d. The Board carries the overall responsibility at a strategic level to ensure that the MEGA fulfill its legal obligations and effectively manages any risk exposure that may result from legal compliance failures. The Board is assisted in this regard through monitoring by the Board Audit, Risk and Compliance Committee, as well as assurance provided by Management.

14. COMPANY SECRETARY

The Company Secretary, together with other assurance functions, monitors MEGA's compliance with the requirements of the PFMA, Companies Act No.71 of 2008 (as amended), King Report on Corporate Governance, MEGA Act 1 of 2010 and other relevant legislation and reports to the Board on key areas within MEGA.

15. SOCIAL RESPONSIBILITY

MEGA is committed to occupying an impactful role as a socially responsible corporate citizen. To this end, the entity has put in place a Social Responsibility Policy which seeks to proactively invest in the social development needs of the communities within which it operates.

16. AUDIT COMMITTEE REPORT

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

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 77 of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The Effectiveness of Internal Control

a. Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the MEGA revealed certain weaknesses, which were then raised with the MEGA.

b. The following internal audit work was completed during the year under review:
   i. Trade and Investment.
   ii. Audit of Performance Information 4th quarter of 2023/24.
   iii. Review of Annual Financial Statement and Annual Performance Report.
   iv. Risk Management (Including Occupational health and safety).
   v. Audit of Performance Information 1st quarter of 2024/25.
   vi. Human Resource Management.

Governance (Continued)

The Effectiveness of Internal Control - Continued

vii. Human Resource Management.
viii. IT General controls and Application Control Review (new system project governance activity, cyber security), and business continuity).
ix. Funding – Equity Investment and Loans (SMMEs, Agriculture, Co-operative & Housing).
x. Interim Financial Statements.
xi. Audit of Performance Information 2nd quarter of 2024/25.
xii. Property Development and Infrastructure.
xiii. Supply Chain Management, compliance with SCM policies, procedures and contract management.
xiv. Audit of Performance Information 3rd quarter of 2024/25.
xv. Assets Management Review.
xvi. Follow up AG / IA report.

c. We are satisfied that the internal control systems in operation at MEGA pertaining to financial management were satisfactory, with need of some improvements.

Financial Statements, In-Year Management and Monthly/Quarterly Report

The Agency has submitted financial statements, monthly and quarterly reports to the Executive Authority.

Evaluation of Financial Statements

a. We have reviewed the annual financial statements prepared by the Agency.

b. We have also evaluated the expertise and experience of the Chief Financial Officer and finance function and recommended certain improvements especially in the areas relating to the capacitation of the supply chain management and credit control functions.

Auditor's Report

a. The Audit Committee is responsible for ensuring that the Internal Audit function is independent and has the necessary resources, standing and authority within the entity to enable it to discharge its duties. Its duties are focused on the evaluation and improvement of the effectiveness of risk management control and governance processes. The Internal Audit function reports centrally, with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all the MEGA's operations. The Chief Audit Executive is responsible for reporting the findings of the internal audit work against the agreed Internal Audit Plan to the Audit Committee on a regular basis. The Chief Audit Executive has a functional reporting line to the Audit Committee, primarily through its chairperson, and reports administratively to the Chief Executive Officer. The Audit Committee is also responsible for the assessment of the performance of the Chief Audit Executive and the Internal Audit function.

b. The Audit Committee acknowledges the latest update on King V, report which is presenting a simpler version for all users to be encouraged by the reduced technical language which might have been the case in the past. This is an important point for us as an organisation that creates capacity across a broad spectrum of stakeholders, if positioned well within the organisation it may contribute valuable possibilities.

c. We have reviewed the public entity's implementation plan for audit issues raised in the prior year and we are satisfied that the internal control systems in operation at MEGA pertaining to financial management were satisfactory with sporadic legacy challenges, however there is still a need effectiveness and efficiency on Supply Chain Management to be strengthened at all levels of the organisation.

d. The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.

Ms. N Mkhumane
Chairperson of the Audit Committee
Mpumalanga Economic Growth Agency

Governance (Continued)

14. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade and Industry.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion (Include a discussion on your response and indicate what measures have been taken to comply)**
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	N/A
Developing and implementing a preferential procurement policy?	N/A	N/A
Determining qualification criteria for the sale of state-owned enterprises?	N/A	N/A
Developing criteria for entering into partnerships with the private sector?	N/A	N/A
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	N/A	N/A

PART D:
Human Resource Management

1. INTRODUCTION

a. The Corporate Services division exists to render a comprehensive integrated human capital management and administration function, integrated information and communication services as well as Enterprise-Wide Risk Management function to enable the organization to deliver on its mandate as enshrined in the Corporate Strategy. It seeks to:

   i. Promote sound employee relations and labour stability.
   ii. Promote and practice effective recruitment and retention practices.
   iii. Encourage a culture of excellence and high work ethic.
   iv. Promote a safe and healthy working environment for all employees.
   v. Encourage development of employees through training interventions.
   vi. Provide an all-inclusive integrated and interoperable business systems and processes that enable the execution of the Corporate Strategy.
   vii. Promote MEGA's corporate image

Deliverables

Implementation of the HR Strategy:

a. MEGA continues to improve organizational performance, by ensuring the successful implementation of its HR Strategy. The moratorium placed on the recruitment of all positions delayed the filling in of critical positions. MEGA managed to fill in 40% of the prioritized positions.

b. The implementation of the PDMS showed a significant improvement during the financial year, increasing by 47%—from 8% at the start of the financial year to 55%—with valuable support from organised labour. Retraining of core business on the development of scorecards will ensue in the first quarter of the next financial year, with the intention to enforce continuous monitoring.

Implementation of the IT Infrastructure

MEGA continues to monitor the ICT infrastructure. No issues have been identified. The ERP system was implemented and is currently operational.

Implementation of the IT Infrastructure

a. MEGA's corporate image was successfully enhanced through active participation in multiple exhibitions, events and having a consistent social media presence.

b. External publications further solidified MEGA's reputation and trust among government, private sector, and the public.

c. The customer satisfaction and brand awareness survey was completed during one of the exhibitions.

d. The process of re-branding MEGA Properties in the Lowveld area, encompassing Ehlanzeni and Gert Sibande District Municipalities, has been completed.

e. Exercise objective judgment on the affairs of MEGA, independent from management, but with sufficient management information to enable a proper and informed assessment to be made; and

f. Identify and monitor non-financial aspects relevant to the business of MEGA and ensure that MEGA acts responsibly towards all relevant stakeholders having a legitimate interest in its affairs in order to ensure that MEGA is seen to be a responsible corporate citizen.

Human Resource Management (Continued)

Skills Programme: National Skills Fund (NSF) artisan apprenticeship programme

a. MEGA continues to monitor the implementation of the three (3) artisan programs - welding, plumber, and electrician - with its training partners. The theoretical part of the training has been finalized and learners are currently doing their practical work with host employers under the supervision of the service provider (FOREK Institute of Technologies). The programme will be finalised in August 2025, including a module in Business Venture to prepare learners to start businesses.

b. The Department of Employment and Labour (DEL), through the UIF Labour Activation Programme, has allocated funding to MEGA for the implementation of fourteen (14) learnership programmes for the 2025/2026 financial year. A Memorandum of Understanding (MoU) has been signed between MEGA and the DEL to formalize this partnership for the duration of the programme.

Human Resource Management (Continued)

2. HUMAN RESOURCE OVERSIGHT STATISTICS

The following are the statistics related to personnel expenditure and staff complement, movements and Employment Equity status of the entity:

Personnel Cost by programme/ activity/ objective

Programme	Total Expenditure for the entity R'000	No. of employees @ 31 Mar 25	Personnel exp. as a % of total exp.	Average personnel cost per employee
CEO'S office	20 666	12	14%	1 722
Finance	25 388	25	17%	1 016
Corporate Services	25 250	40	17%	631
Properties	20 774	24	14%	866
Trade and Investment	9 092	7	6%	1 299
Funding	41 863	49	28%	854
Main Total	**143 033**	**157**	**95%**	**911**
Disability	660	1	0%	660
Board	1 237	11	1%	112
EPWP	871	26	1%	34
Tekwane	3 778	79	3%	48
Interns	645	5	0	129
Total 2	**7191**	**122**	**5%**	**59**
GRAND TOTAL	**150 224**	**279**	**100%**	**538**

Note:

The total number of employees when accounting on personnel expenditure includes terminated employees because expenditure was incurred during the reporting period.

Human Resource Management (Continued)

2. HUMAN RESOURCE OVERSIGHT STATISTICS

(Continued)

Personnel cost by salary band

Level	Personnel Expenditure R'000	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
Top Management	21 869	15%	10	2 187
Senior Management	14 780	10%	8	1 848
Professional qualified	24 005	16%	17	1 412
Skilled	65 379	43%	69	948
Semi-skilled	6 645	4%	14	475
Unskilled	10 355	7%	39	266
SUB TOTAL	**143 033**	**95%**	**157**	**911**
Interns and fixed term	645	0%	5	129
Disability	660	0%	1	660
EPWP	871	1%	26	33
Tekwane	3 778	3%	79	48
Board	1 237	1%	11	112
GRAND TOTAL	**150 224**	**100%**	**279**	**538**
GRAND TOTAL	**150 224**	**279**	**100%**	**538**

Human Resource Management (Continued)

Performance Rewards

Performance Management and Development system was implemented at Executive level and currently being rolled out at lower levels.

Training Costs

Programme	Total Expenditure for the entity (R 0000)	Training cost	No. of employees trained per programme	Training Expenditure as a % of Personnel Cost.	Average training cost per employee (R 0000
CEO'S office	20 666	251	10	1.21%	25
Finance	25 388	202	11	0.80%	18
Corporate Services	25 250	140	14	0.55%	10
Properties	20 774	12	3	0.05%	4
Trade and Investment Promotions	9 092	56	4	0.62%	14
Funding	41 863	23	13	0.05%	2
TOTAL	**143 033**	**685**	**55**	**0.48%**	**73**
Interns	645	9 913	1		9

Employment and Vacancies

DIVISION	TOTAL NUMBER OF POSITIONS	FILLED POSITIONS	Vacancies	Vacancy in %
Office of the CEO	15	10	5	33
Corporate services	56	37	19	34
Finance	36	25	11	31
Trade investment promotion	14	8	6	43
Funding	58	47	11	19
Properties and infrastructure	31	19	12	39
TOTAL	**210**	**146**	**64**	**30**

HUMAN RESOURCES

Performance Rewards

(Continued)

Employment Changes

Salary Band	Employment at beginning of period	Appointments and placements	Terminations Placement employees	Employment at end of the period
Top Management	10	1	1	10
Senior Management	18	0	0	18
Professional qualified	19	0	0	19
Skilled	58	3	0	61
Semi-skilled	6	1	3	4
Unskilled	39	0	5	34
TOTAL	**150**	**5**	**9**	**146**

The following table provides information on changes in employment over the financial year including turnover rates:

Reasons for staff leaving

Reason	Number	Total no. of staff leaving
Death	0	0
Resignation	1	1
Contract expired	0	0
Dismissal	0	0
Medical Boarding	0	0
Retirement	8	8
TOTAL		**9**

Human Resource Management (Continued)

3. LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

The following table illustrates the number of disciplinary actions taken against employees and Labour litigations against MEGA:

Disciplinary cases

There were no disciplinary cases during the period under review.

Labour Litigation

Occupational level	No. of employees	Description	Status
All employees in the Bargaining unit	125	Unilateral implementation of Cost-of-Living Salary increase	Organised Labour discontinued further pursuit of the matter, at the CCMA.
Skilled	1	Unfair Labour practice	Arbitration is scheduled for the 1st quarter of the ensuing financial year
Unskilled	2	Unfair dismissal	Matter was settled at conciliation
TOTAL	**128**		

4. EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

The target as per the Employment Equity Plan was partially met due to budgetary constraints, only three positions were filled in the period under review.

Levels	FEMALES							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	2	1	0	0	0	0	0
Senior Management	2	2	0	0	0	0	0	1
Professional qualified	4	0	1	0	0	1	0	2
Skilled	27	3	2	1	0	0	0	1
Semi-skilled	9	1	0	0	0	0	0	0
Unskilled	24	0	0	0	0	0	0	0
TOTAL	**68**	**8**	**4**	**1**	**0**	**1**	**0**	**4**

Human Resource Management (Continued)

4. EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

(Continues)

Levels	MALES							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	4	0	0	0	0	1	0	1
Senior Management	6	0	0	0	0	0	0	0
Professional qualified	11	1	0	0	0	0	1	0
Skilled	38	1	0	0	0	0	1	0
Semi-skilled	1	0	0	0	0	0	0	0
Unskilled	8	0	0	0	0	0	0	0
TOTAL	**68**	**2**	**0**	**0**	**0**	**1**	**2**	**1**
TOTAL								**160**

5. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Occupational Health and Safety (OHS)

The OHS committee and OHS representative are actively involved in monitoring and ensuring compliance with the OHS Act. MEGA continues to liaise with the Department of Employment and Labour to ensure timeous reporting of injuries on duty.

Employee Wellness Programme)

MEGA continues to facilitate the Employee Wellness program, through Reality Wellness Group (RWG) which includes on-line services, information sharing and awareness workshops and sessions. Further reinforcement of the use of the online programme as a tool to address issues is required. MEGA's promotion of a healthy lifestyle in the workplace has yielded positive results. Employees have formed a social sports club that meet and compete every month.

PART E:
PFMA COMPLIANCE REPORT

1. PART E: PFMA COMPLIANCE REPORT

a. Information on Irregular, Fruitless and Wasteful Expenditure and Material Losses

i. Reconciliation of irregular expenditure.

Description	2024/2025	2023/2024
	(R'000)	(R'000)
Opening balance	248 669	230 527
Add: Irregular expenditure confirmed	24 847	18 142
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	(248 669)	-
Closing balance	**24 847**	**248 669**

Reconciling notes

Description	2024/2025	2023/2024
	(R'000)	(R'000)
Irregular expenditure that was under assessment in 2021/22	0	0
Irregular expenditure that relates to 2022/23 and identified in 2023/24	248 669	0
Irregular expenditure for the current year	24 847	18 142
Total	**273 516**	**18 142**

b. Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2024/2025	2023/2024
	(R'000)	(R'000)
Irregular expenditure under assessment	24 847	18 142
Irregular expenditure under determination	-	230 527
Irregular expenditure under investigation	-	-
Total	**24 847**	**248 669**

PFMA Compliance Report
(Continued)

Details of current and previous year irregular expenditure condoned

Description	2024/2025	2023/2024
	(R'000)	(R'000)
Irregular expenditure condoned	-	-
Total	**-**	**-**

d. Details of current and previous year irregular expenditure removed - (not condoned)

Description	2024/2025	2023/2024
	(R'000)	(R'000)
Irregular expenditure NOT condoned and removed	-	-
Total	**-**	**-**

e. Details of current and previous year irregular expenditure recovered

Description	2024/2025	2023/2024
	(R'000)	(R'000)
Irregular expenditure recovered	-	-
Total	**-**	**-**

f. Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2024/2025	2023/2024
	(R'000)	(R'000)
Irregular expenditure written off	248 669	-
Total	**248 669**	**-**

Additional disclosure relating to Inter-Institutional Arrangements

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

Description
N/A
Total

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

Description	2024/2025	2023/2024
	(R'000)	(R'000)
N/A	-	-
Total	**-**	**-**

Details of current and previous year disciplinary or criminal steps taken as a result of irregular expenditure

Description	2024/2025	2023/2024
	(R'000)	(R'000)
N/A	-	-

Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Description	2024/2025	2023/2024
	(R'000)	(R'000)
Theft	-	-
Other material losses	-	-
Less: Recovered	-	-
Less: Not recovered and written off	-	-
Total	**-**	**-**

PFMA Compliance Report
(Continued)

Details of other material losses

Description	2024/2025	2023/2024
	(R'000)	(R'000)
N/A	-	-
Total	**-**	**-**

Other material losses recovered

Description	2024/2025	2023/2024
	(R'000)	(R'000)
N/A	-	-
Total	**-**	**-**

Other material losses written off

Description	2024/2025	2023/2024
	(R'000)	(R'000)
N/A	-	-
Total	**-**	**-**

Information on late and / or non-payment of suppliers

Description	2024/2025	2023/2024
	(R'000)	(R'000)
Valid invoices received	2 326	351 862
Invoices paid within 30 days or agreed period	2 309	191 493
Invoices paid after 30 days or agreed period	7	7 523
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	10	152 846

Information on Supply Chain Management

Procurement by other means (Deviations)

Project description	Name of supplier	Type of procurement by other means	Value of contract R'000
Advertising and Marketing	African Petrochemicals	Deviation	18
Advertising and Marketing	Arena Holdings	Deviation	30
Advertising and Marketing	Global Africa Networking	Deviation	209
Advertising and Marketing	Media 24 (City Press)	Deviation	68
Advertising and Marketing	Top Media Communications Pty Ltd	Deviation	97
Chemicals - Biomectin / Pyraclostrobin/ Kynobuff/Lannate	Wenkem Nelspruit	Deviation	347
Consultation fees	Prosperity Link Financial Solutions	Deviation	30
Consultation fees	Winmar	Deviation	12
Diesel	Oiltrek Mpumalanga	Deviation	228
Employee wellness	Dr Ss Mothapo Practice	Deviation	3
Govt Proj – DTI	Arena Holdings	Deviation	38
Govt Proj – MYDF	Rise Fm Mpumalanga Azishe	Deviation	15
Harvela Multipurpose Oil (Engine oil)	Evron Lubricants	Deviation	12
Irrigation Maintenance	Agrico	Deviation	21
Irrigation Maintenance	P.C. Smit Pompe	Deviation	12
Irrigation Maintenance	Power Rush Trading 40 Cc	Deviation	34
IT Software & Licences	Eset -South Africa	Deviation	106
LAN FERTILIZER	Constantia Kunsmis	Deviation	725
Marketing Expenses - Advertising	Arena Holdings	Deviation	25
Marketing Expenses - Advertising	Manufacturing Indaba Exhibitor Stand	Deviation	509
Marketing Expenses - Advertising	Midas Lowveld Garage Equipment	Deviation	13
Pesticide chemicals	Aeci Plant Health	Deviation	234
Pesticide chemicals	Laeveld Agrochem	Deviation	77
Professional Fees	Lka Laboratories	Deviation	3
Professional Fees	Lsp Inc	Deviation	125
Professional Fees	Laeveld Agrochem	Deviation	21
Professional Fees	Lka Laboratories	Deviation	31

Information on Supply Chain Management

Procurement by other means (Deviations)

Project description	Name of supplier	Type of procurement by other means	Value of contract R'000
Protective Clothing	Pienaar Bros.	Deviation	32
Recruitment incl Advertising	Aeci Plant Health	Deviation	11
Recruitment incl Advertising	Arena Holdings	Deviation	124
Recruitment incl Advertising	Media 24 (City Press)	Deviation	41
Small Tools/Cipron-Bacoil	Laeveld Agrochem	Deviation	8
Springbok/Clear out	Wenkem Nelspruit	Deviation	55
Subscriptions and Licences	Caseware Africa	Deviation	112
Subscriptions and Licences	D-Bit Systems (Pty) Ltd	Deviation	19
Subscriptions and Licences	Global Africa Networking	Deviation	179
Subscriptions and Licences	Itr Technology (Pty)Ltd	Deviation	67
Subscriptions and Licences	Kruger Lowveld Chamber of Business	Deviation	11
Subscriptions and Licences	Middelburg Chamber of Commerce & Industry	Deviation	2
Subscriptions and Licences	NCR	Deviation	39
Subscriptions and Licences	Quantec Research (Pty) Ltd	Deviation	86
Subscriptions and Licences	Sage Pastel A Div of Sage South Africa	Deviation	425
Subscriptions and Licences	Sage Vip A Division of Sage South Africa (Pty)Ltd	Deviation	303
Subscriptions and Licences	SAPOA	Deviation	31
Subscriptions and Licences	The Institute of Directors in Southern Africa Npc	Deviation	4
Subscriptions and Licences	Transunion Credit Bureau	Deviation	8
Training Costs	The Institute of Directors in Southern Africa Npc	Deviation	195
Vehicles Maintenance	Bearings International	Deviation	10
Bearings International	Nelspruit Auto	Deviation	7
Workshops & Seminars	CCMA	Deviation	97
Workshops & Seminars	Evron Lubricants	Deviation	486
TOTAL			**5 395**

Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	VValue of current contract expansion or variation
				(R'000)	(R'000)	(R'000)
Catering Services	Semaphephetse (Pty) Ltd	Variation	PO40700	21	-	5
Catering Services	Daisy Lee Events (Pty) Ltd	Variation	PO40949	86	-	4
Property Valuation	I@Consulting (Pty) Ltd	Variation	MEGA/2021/07	1 998	-	44
Banking Services	First National Bank	Expansion	MEGA/2018/02	225	-	32
Insurance Services	Praeto Financial Services (Pty) Ltd	Expansion	MEGA/2021/05	26 310	-	4 065
TOTAL				**28 640**	**-**	**4 105**

PART F:

Financial Information

1 REPORT OF THE EXTERNAL AUDITOR

Report of the auditor-general to the Mpumalanga Provincial Legislature on Mpumalanga Economic Growth Agency

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Mpumalanga Economic Growth Agency set out on pages 96 to 177, which comprise the statement of financial position as at 31 March 2025, statement of profit or (loss) and other comprehensive income or (loss), statement of changes in equity and the statement of cash flows for the year then ended, as well as notes to the financial statements, including material accounting policy information.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Mpumalanga Economic Growth Agency as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board 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 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.

Emphasis of matters

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

Material loss allowance

7. As disclosed in note 8 to the financial statements, the entity incurred material loss allowances of R58,5 million (2023-24: R110,1 million) because of the provision for impairment of loans receivable.

8. As disclosed in note 9 to the financial statements, the entity incurred material loss allowances of R106,6 million (2023-24: R164,0 million) because of the provision for impairment of trade and other receivables.

Uncertainty relating to the future outcome of a pending dispute

9. With reference to note 29 to the financial statements, as at 31 March 2025, the City of Tshwane Metropolitan Municipality issued a statement reflecting an outstanding balance of R336 million allegedly owed by the entity. The entity has formally disputed the amount claimed and the municipality has acknowledged the dispute. The entity is actively engaging with the municipality to resolve the matter and is confident the process will result to a materially lower liability, if any. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

Restatement of corresponding figures

10. As disclosed in note 32 to the financial statements, the corresponding figures for 31 March 2024 were restated because of an error in the financial statements of the entity, at and for the year ended, 31 March 2025.

Responsibilities of the accounting authority for the financial statements

11. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

12. In preparing the 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 financial statements

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

14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 95, forms part of my auditor's report.

Report on the audit of the annual performance report

15. 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 against predetermined objectives for the selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

16. I selected the following programmes presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected programmes that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Programme 4: Trade and investment	34 -37	The division is responsible for two main functions, namely, Trade and investment promotion and corporate strategy.
Programme 5: Properties and infrastructure	38 - 39	The core purpose of the division is to utilise the MEGA / provincial property portfolio and infrastructure assets to advance growth and economic development within the Mpumalanga province. The division is responsible for three main functions, namely, property development, property management and infrastructure development.
Programme 6: Funding	40 - 43	The division is responsible for provision of finance and non-financial support to small, medium and micro enterprises (SMMEs); cooperatives; housing; agricultural enterprises; equity investments; project management; and administration of regional networks. The core purpose of the division is: • providing access to affordable housing and facilitating home ownership through financing of qualifying Mpumalanga citizens who are unable to obtain finance through the mainstream commercial system • promoting and facilitating growth and development by providing financial support to SMMEs, agricultural enterprises and cooperatives in all prioritised sectors of the economy • providing non-financial support through training, capacity-building, mentorship, counselling, market facilitation and linkages.

17. I evaluated the reported performance information for the selected programmes 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.

18. 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 and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

19. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

20. I did not identify any material findings on the reported performance information for the selected programmes.

Other matter

21. I draw attention to the matter below.

Achievement of planned targets

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

23. The tables that follow provide 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 34 to 43.

Programme 5: properties and infrastructure

Targets achieved: 67%
Budget spent: 60%

Key indicator not achieved	Planned target	Reported achievement
Average percentage delivery of high impact infrastructure projects	10%	6%

Programme 6: funding

Targets achieved: 25% Budget spent: 97%		
Key indicator not achieved	**Planned target**	**Reported achievement**
Number of business support services provided to micro, small and medium enterprises (MSMEs) and agricultural loan clients	160	155
Rand value of funds disbursed for property development, enterprises and agricultural development	R63 200 000	R41 936 850
Rand value of housing loans disbursed to previously disadvantaged individuals within the province	R6 000 000	R4 013 202

Report on compliance with legislation

24. 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.

25. 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.

26. 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.

27. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

28. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

29. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 37 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 SCM related legislation.

Procurement and contract management

30. I was unable to obtain sufficient appropriate audit evidence that construction contracts were awarded to contractors that were registered with the Construction Industry Development Board and qualified for the contract in accordance with section 18(1) of the CIDB Act and CIDB Regulations 17 and 25(7A). Similar limitation was also reported in the prior year.

Other information in the annual report

31. The accounting authority is responsible for the other information included in the annual report which includes the directors' report and the audit committee's report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

32. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

33. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

34. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

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

36. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.

37. Oversight responsibility was not fully exercised over financial reporting as the financial statements were not adequately reviewed, and compliance monitoring was inadequate.

Material irregularities

38. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Material irregularities in progress

39. 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, the response of the accounting authority was not yet due. This material irregularity will be included in next year's auditor's report.

Status of previously reported material irregularities

Payment for services not received on the Government Nutrition Programme

40. In 2017, the entity was appointed to implement the Government Nutrition Programme. On 3 May 2017, the entity entered into a three-year service-level agreement and appointed a service provider to act as a strategic partner in the implementation of the programme.

41. The entity put the programme on hold in March 2019 and subsequently discontinued the programme. The entity did not proactively enter into negotiations with the service provider to terminate the agreement, taking into account the resolution to discontinue implementation of the programme. The entity continued paying the service provider a management fee of R1 771 958,33 per month until August 2019. On 10 October 2019, the entity and the service provider concluded a settlement agreement which obligated the entity to pay the service provider R8 000 000 for management fees for the remaining months of the three-year appointment. No services were rendered by the service provider for the management fees paid, resulting in non-compliance with section 57(b) of the PFMA. The non-compliance is likely to have resulted in a material financial loss for the entity.

42. The accounting authority was notified of the material irregularity on 9 December 2021 and was invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting authority responded with the actions taken to resolve the material irregularity.

43. Based on the accounting authority's written response, I concluded that appropriate actions were not being taken to address the material irregularity.

44. I recommended that the accounting authority should take the following actions to address the material irregularity, which had to be implemented by 23 September 2023:

    - Appropriate action should be taken to investigate the non-compliance with section 57(b) of the PFMA to determine the circumstances that led to the non-compliance for the purpose of taking appropriate corrective actions and to address control weaknesses in terms of the applicable instruction note(s) issued by the National Treasury dealing with fruitless and wasteful expenditure.
    - The financial loss should be quantified.
    - All persons, including juristic persons, liable for the losses should be identified and appropriate action should commence to recover the financial loss. The recovery process should not be unduly delayed.

    - Effective and appropriate disciplinary steps should be initiated, without undue delay, against all officials that the investigation found to be responsible, as required by section 51(1)(e) of the PFMA.

45. On 7 September 2023, the accounting authority submitted a written response and substantiating documentation on the implementation of the recommendations. I evaluated the response and substantiating documentation and identified shortcomings in the investigation conducted. The shortcomings were communicated to the accounting authority on 5 April 2024. The accounting authority submitted a supplementary response with a revised investigation report on 10 May 2024, where the shortcomings were addressed.

46. I noted the progress made in addressing the matter and decided to grant the accounting authority additional time up to 10 September 2024 to implement the recommendations. On 19 July 2024, the accounting authority provided a progress update detailing the progress made with the actions taken to address the recommendations together with a request for an extension of time.

47. I considered the representations made and substantiating documents provided in the progress update and concluded that satisfactory progress was being made with the implementation of the recommendations. I decided to grant the accounting authority additional time up to 30 October 2024 to implement the recommendations as the action committed to was in progress and not yet completed.

48. On 2 October 2024, the accounting authority provided a legal opinion relating to the prospect in recovering the financial loss. I considered the legal opinion and requested further clarity during an engagement on the conclusion reached in the legal opinion. On 28 October 2024, the accounting authority submitted a final response with substantiating documentation in respect of the implementation of the recommendations. During the assessment of the recommendations, supplementary responses were provided between 2 November 2024 and 13 May 2025 to clarifying aspects relating to the actions taken to implement the recommendations.

49. The responses and substantiating documentation received were assessed and the accounting authority took the following actions to implement the recommendations and to address the material irregularity:

    - The non-compliance was investigated to determine the circumstances that led to the non-compliance, to quantify the financial loss and to identify the responsible officials.
    - Disciplinary actions against the identified the responsible officials for the non-compliance and resultant financial loss were considered but could not be taken since the officials had left the employ of the entity.
    - A legal opinion was sourced to determine the prospect of recovering the financial loss from the former officials identified and the service provider but the legal opinion concluded that the prospects in recovering the financial loss were slim considering the risk of prescription of the financial loss, the terms and conditions of the contract with the service provider as well as circumstances under which the financial loss was suffered.

50. The actions taken by the accounting authority to implement the recommendations are deemed appropriate and have addressed the recommendations.

51. The material irregularity is therefore resolved.

Auditor-General

Mbombela

31 July 2025

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999	Section 50(3)(b); 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 52(b); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(d); 66(5); 67
Treasury Regulations, 2005	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1; 31.1.2(c); 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); 32.1.1(c); 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second Amendment to National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.2
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.1; 3.4(b); 3.9
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); f2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Paragraph 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)

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2023

MPUMALANGA ECONOMIC GROWTH AGENCY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

GENERL INFORMATION

Country of incorporation and domicile:

South Africa

Nature of business and principal activities:

An official development finance institution and the trade and investment promotion arm of the Provincial Government of Mpumalanga, dedicated to positioning the province as an investment destination of choice and a regional trade hub.

Directors:

Mr JL Mahlangu (Chairperson); Ms ZP Bhengu-Makhubu; Ms P Mnyambo; Mr MM Nthali; Mr CJ Pule;
Ms N Lebambo; Mr DM Maimela; Ms NH Mkhumane; Mr ZM Masilela; Mr. MI Mahlangu (Chief Executive Officer);
Adv. P Morgan (Company Secretary).

Registered office:

MEGA Office Park, 02 Eastern Boulevard, Riverside, Mbombela, 1200

Business address:

MEGA Office Park, 02 Eastern Boulevard, Riverside, Mbombela, 1200

Postal address:

P.O. Box 952, Nelspruit, 1200.

Bankers:

ABSA Bank Limited; Standard Bank Limited; First National Bank.

Auditors:

Auditor-General of South Africa

Company secretary:

Advocate SP Morgan

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Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2025

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa 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 their responsibility 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, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

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

The external auditors are responsible for independently auditing and reporting on the entity's annual financial statements. The annual financial statements have been audited by the entity's external auditors and their report is presented on pages 6 to 5.

The annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the Board on 31 July 2025 and were signed on their behalf by:

Mr JL Mahlangu (Chairperson)

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2025

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Mpumalanga Economic Growth Agency for the year ended 31 March 2025.

1. Nature of business

Mpumalanga Economic Growth Agency was incorporated in South Africa and is a Government Business Enterprise classified as a schedule 3D entity in terms of the PFMA Act, no. 1 of 1999.

Mpumalanga Economic Growth Agency operates principally in Mpumalanga, South Africa. The entity provides development funding to qualifying businesses and individuals for housing purposes. MEGA also manages and develops the property portfolio owned and controlled by the organisation in order to generate sufficient surplus income to fund new developments and also to use the portfolio as collateral to obtain more finance from the financial markets.

There have been no material changes to the nature of the entity's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the MEGA Act no. 1 of 2010 and PFMA Act no. 1 of 1999. The accounting policies have been applied consistently compared to the prior year.

The entity recorded a net loss for the year ended 31 March 2025 of R (50 154 462). This represented an increase in loss from the net profit of the prior year of R23 580 410.

Entity revenue increased by 18% from R146 152 052 in the prior year to R173 048 404 for the year ended 31 March 2025.

Entity cash flows from operating activities decreased from R28 447 814 in the prior year to R(21 894 529) for the year ended 31 March 2025.

3. Directorate

The directors in office at the date of this report are as follows:

Directors	Designation	Nationality	Changes
Mr TP Motau	Non-executive Independent	South African	Resigned Thursday, 30 January 2025
Ms DD Pule	Non-executive Independent	South African	Resigned Sunday, 23 June 2024
Ms MM Mothoa	Non-executive Independent	South African	Resigned Wednesday, 26 June 2024
Mr JL Mahlangu (Chairperson)	Non-executive Independent	South African	
Mr CJ Pule	Non-executive Independent	South African	
Ms N Lebambo	Non-executive Independent	South African	
Mr DM Maimela	Non-executive Independent	South African	
Ms NH Mkhumane	Non-executive Independent	South African	
Mr ZM Masilela	Non-executive Independent	South African	
Ms P Mnyambo	Non-executive Independent	South African	Appointed Wednesday, 17 July 2024
Ms ZP Bhengu-Makhubu	Non-executive Independent	South African	Appointed Wednesday, 17 July 2024
Rev MM Nthali	Non-executive Independent	South African	Appointed Wednesday, 05 February 2025

4. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the entity had an interest and which significantly affected the business of the entity.

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2025

Directors' Report

5. Events after the reporting period

The MEGA Board approved the write-off and derecognition of the Zeder shares (Investment at fairvalue) at the Board sitting of the 29th of April 2025. The write-off results from the limitation of share certificates which should confirm the existence of MEGA's investment.

Three (3) properties classified as non-current assets held for sale, was sold in April/May 2025. The properties were not transferred to the new owner by date of publication.

6. Going concern

The directors believe that the entity has adequate financial resources, including projected collections from MEGA's property portfolio and anticipated receipts of government grants, to continue its operations for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going concern basis.

While certain conditions and events may raise concerns about the entity's ability to continue as a going concern, including the disputed municipal charges with the City of Tshwane amounting to R488.7 million. Management has taken active steps to address these matters. A formal dispute was submitted and acknowledged by the City, and the directors are confident that the resolution will result in a significantly reduced liability, if any.

The entity has also implemented mitigating measures, including improved financial controls and strengthened engagement with key stakeholders. These actions, together with available resources, support management's assessment that MEGA remains a going concern.

7. Auditors

Auditor-General of South Africa continued in office as auditors for the entity for 2024/25 in accordance with section 55 of the MEGA Act and the PFMA Act.

8. Secretary

The company secretary is Advocate SP Morgan.

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Position as at 31 March 2025

Figures in Rand	Note(s)	2025	2024 Restated *	2023 Restated *
Assets				
Non-Current Assets				
Investment property	3	438 240 000	438 100 000	420 630 000
Property, plant and equipment	4	401 371 213	420 502 785	408 611 836
Right-of-use assets	5	205 144 233	216 866 760	228 589 288
Intangible assets	6	9 201 866	9 201 866	9 209 506
Investments in associates	7	1 994 812	8 730 539	9 105 543
Loans receivable (at amortised cost)	8	28 355 798	31 753 298	33 430 250
Investments at fair value through profit/(loss)	10	11 423 493	12 805 490	11 270 173
		1 095 731 415	**1 137 960 738**	**1 120 846 596**
Current Assets				
Inventories	11	46 649 924	47 528 939	46 778 235
Loans receivable (at amortised cost)	8	11 831 362	14 249 269	12 738 100
Trade and other receivables	9	58 473 235	41 993 885	53 169 732
Cash and cash equivalents	12	67 624 954	89 764 948	61 718 239
		184 579 475	**193 537 041**	**174 404 306**
Non-current assets held for sale	13	5 960 000	5 180 000	5 260 000
Total Assets		**1 286 270 890**	**1 336 677 779**	**1 300 510 902**
Equity and Liabilities				
Equity				
Reserves		144 612 402	157 374 769	143 042 409
Retained income		745 378 880	782 770 975	773 522 925
		889 991 282	**940 145 744**	**916 565 334**
Liabilities				
Non-Current Liabilities				
Lease liabilities	5	234 513 744	228 176 165	221 286 967
Provisions	14	1 518 415	1 523 296	1 577 692
		236 032 159	**229 699 461**	**222 864 659**
Current Liabilities				
Trade and other payables	15	63 212 915	40 800 714	59 666 438
Lease liabilities	5	17 875 157	16 551 071	15 325 065
Unspent conditional grants	16	63 093 272	95 779 023	74 110 157
Provisions	14	16 066 105	13 701 766	11 979 249
		160 247 449	**166 832 574**	**161 080 909**
Total Liabilities		**396 279 608**	**396 532 035**	**383 945 568**
Total Equity and Liabilities		**1 286 270 890**	**1 336 677 779**	**1 300 510 902**

Mpumalanga Economic Growth Agency

Annual Financial Statements for the year ended 31 March 2025

Statement of Profit or (Loss) and Other Comprehensive Income or (Loss)

Figures in Rand	Note(s)	2025	2024 Restated *
Revenue	17	173 048 404	146 152 052
Cost of sales	18	(94 337 902)	(69 895 346)
Gross profit		**78 710 502**	**76 256 706**
Other operating income	19	248 063 353	238 880 541
Other operating gains	20	11 315 486	19 879 285
Employee costs	25	(150 222 668)	(141 191 760)
Other operating expenses		(205 162 214)	(173 254 352)
Operating (loss) profit	21	**(17 295 541)**	**20 570 420**
Investment income	22	4 486 523	5 910 747
Finance costs	23	(24 418 102)	(23 598 364)
Loss from equity accounted investments	7	(6 735 726)	(375 004)
(Loss) profit for the year		**(43 962 846)**	**2 507 799**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
(Losses) gains on property revaluation		(6 191 616)	21 072 611
Other comprehensive income or (loss) for the year	24	**(6 191 616)**	**21 072 611**
Total comprehensive (loss) income for the year		**(50 154 462)**	**23 580 410**

* See Note 2 & 32

Mpumalanga Economic Growth Agency

Annual Financial Statements for the year ended 31 March 2025

Statement of Changes in Equity

Figures in Rand	Revaluation reserve	Retained income	Total equity
Opening balance as previously reported	129 205 435	509 065 777	638 271 212
Adjustments			
Prior period error	13 836 974	(13 836 974)	-
Prior year adjustments	-	278 294 122	278 294 122
Restated* Balance at 01 April 2023 as restated	**143 042 409**	**773 522 925**	**916 565 334**
Profit for the year	-	2 507 799	2 507 799
Other comprehensive income	21 072 611	-	21 072 611
Total comprehensive income for the year	**21 072 611**	**2 507 799**	**23 580 410**
Transfer between reserves	(6 740 251)	6 740 251	-
Total transfers recognised directly in equity	**(6 740 251)**	**6 740 251**	**-**
Opening balance as previously reported	149 629 981	488 572 762	638 202 743
Adjustments			
Prior period errors	7 744 788	(7 744 788)	-
Prior year adjustments	-	301 943 001	301 943 001
Balance at 01 April 2024 as restated	**157 374 769**	**782 770 975**	**940 145 744**
Loss for the year	-	(43 962 846)	(43 962 846)
Other comprehensive income	(6 191 616)	-	(6 191 616)
Total comprehensive Loss for the year	**(6 191 616)**	**(43 962 846)**	**(50 154 462)**
Transfer between reserves	(6 570 751)	6 570 751	-
Total transfers recognised directly in equity	**(6 570 751)**	**6 570 751**	**-**
Balance at 31 March 2025	**144 612 402**	**745 378 880**	**889 991 282**
Note(s)	24	24&32	

The accounting policies on pages 10 to 27 and the notes on pages 28 to 80 form an integral part of the annual financial statements.

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2025

Statement of Cash Flows

Figures in Rand	Note(s)	2025	2024 Restated *
Cash flows from operating activities			
Cash receipts from customers		89 646 084	91 431 002
Cash receipts from grants		280 508 000	259 500 406
Cash receipts from conditional grants		25 753 003	44 407 289
Cash paid to suppliers and employees		(388 344 758)	(345 664 693)
VAT paid		(22 464 092)	(17 935 658)
Cash (used in)/generated from operations	27	(14 901 763)	31 738 346
Interest income - Investments	22	4 486 523	5 902 250
Finance costs	23	(16 551 071)	(15 325 066)
Interest income - Loans		3 606 285	4 692 581
Interest income - Services		1 465 497	1 439 702
Net cash from operating activities		**(21 894 529)**	**28 447 814**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(14 524 366)	(2 584 060)
Proceeds from sales of investment property	3	13 911 674	-
Cash advanced in loans receivable (at amortised cost)	8	(6 659 754)	(7 164 090)
Cash receipts on repayments of loans receivable (at amortised cost)	8	7 026 981	9 347 045
Net cash from investing activities		**(245 465)**	**(401 105)**
Cash flows from financing activities			
Total cash movement for the year		**(22 139 994)**	**28 046 709**
Cash and cash equivalents at the beginning of the year		89 764 948	61 718 239
Cash and cash equivalents at the end of the year	12	**67 624 954**	**89 764 948**

* See Note 2 & 32

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

Corporate information

Mpumalanga Economic Growth Agency is a Schedule 3D public entity incorporated and domiciled in South Africa.

The annual financial statements for the year ended 31 March 2025 were authorised for issue in accordance with a resolution of the directors on Saturday, 31 May 2025.

1. Material accounting policies

Management has considered the principles of materiality in IFRS Practice Statement 2 Making Materiality Judgements, and only those accounting policies which are considered material have been presented in these annual financial statements.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these annual financial statements and the MEGA Act no. 1 of 2010 and PFMA Act no. 1 of 1999 of South Africa, as amended.

The annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the material accounting policies set out below. They are presented in Rands, which is the entity's functional currency and rounded to the nearest Rand.

These accounting policies are consistent with the previous period.

1.2 Material judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Material judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Revenue recognition

In making their judgement, management considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the entity had transferred control of the goods to the customer. Following the detailed quantification of the entity liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, management are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate.

Consolidation of entities in which the entity holds less than half the voting rights

MEGA has between 25.1% and 40% shareholding in various unlisted entities. Refer to note 8 for a list of these entities. Management has considered the existence of significant influence such as representation on the board of directors, participation in the policy-making process, including participation in decisions about dividends or other distributions, material transactions between the entity and the investee, interchange of managerial personnel, or provision of essential technical information in determining the level of influence exercised over its investments. Management considers that it has significant influence over these entities and is therefore of the view that classification of these investments as associates is appropriate.

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.2 Material judgements and sources of estimation uncertainty (continued)

Lease classification

The entity is party to leasing arrangements, both as a lessee and as a lessor. The treatment of leasing transactions in the annual financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

MEGA has entered into commercial property leases on its investment property portfolio. The entity has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Water rights

MEGA has water rights for 221.42 ha for Tekwane registered with Manchester Noordwyk Irrigation Board (22.82 ha) and Crocodile River Irrigation Board (198.6 ha) respectively. MEGA also has water rights for 56.13 ha in White River registered with White River Valley Conservation Board (45 ha) and White River Estates Irrigation Board (11.13 ha). Management recognised these water rights as an intangible asset with an indefinite useful life. Water rights are measured at cost.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The entity uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the entity's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

Fair value estimation

Several assets and liabilities of the entity are either measured at fair value or disclosure is made of their fair values.

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Impairment testing

Intangible assets that have an indefinite useful life are not subject to amortisation and are annually tested for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment exists when the carrying value of an assets or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset.

The value in use calculation is based on a discounted cash flow model which is an estimation process. The cash flows estimated do not include restructuring activities that the entity is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested.

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1.2 Material judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on entity replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 14.

MEGA has recognised a provision for decommissioning obligations associated with its landfill site at Ekandustria. In determining the provision amount, assumptions and estimates are made in relation to discount rates, the expected cost to rehabilitate the environment and the expected timing of those costs as detailed in note 14.

Revaluation of property, plant and equipment and investment property

Investment properties are recorded at fair value, with changes in fair value being recognised in the statement of profit or loss. In addition, land and buildings and bulk infrastructure are measured at revalued amounts with changes in fair value being recognised in other comprehensive income and accumulated in the revaluation reserve. The entity engaged an independent valuation specialist to assess fair value of bulk infrastructure assets as well as land and buildings as at 31 March 2025. Land and buildings are revalued with sufficient regularity to ensure that the carrying value does not differ significantly from fair value.

The fair values of investment properties were based on the market comparable approach that reflects recent transaction prices for similar properties, where there is an active market and depreciated replacement cost for properties that do not have an active market. In estimating the fair values of the properties, the highest and best use of the properties is their current use.

Land and buildings were revalued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Bulk infrastructure was revalued with reference to the consumer price index (CPI) and a re-assessment of useful lives. The key assumptions used to determine the fair value for property, plant and equipment and investment property are further explained in notes 3 and 4 respectively.

Useful lives of intangible assets

Annual reviews are conducted for intangible assets with indefinite useful lives to determine whether events and circumstances still continue to support an indefinite useful life assessment for the asset. If the indefinite useful life is no longer appropriate the useful life of the asset changes to finite useful life, this will be accounted for as a change in accounting estimate.

1.3 Investment property

Investment property consists of commercial properties, industrial properties, residential properties, farms and vacant land. These properties are held to earn rentals and for capital appreciation rather than being occupied by the entity.

Investment property is initially recognised at cost, including transaction costs.

Cost for additions to or replacement of parts of investment property, are included in the costs of the investment property when they will result in future economic benefits. The carrying amount of replaced parts are derecognised.

Subsequent to initial measurement, investment property is measured at fair value, with changes in fair value and reflects market conditions at the reporting date.

Gains or losses arising from a change in fair value, as well as gains or losses on disposal of investment property are included in profit or loss for the period in which they arise.

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Accounting Policies

1.3 Investment property (continued)

Fair values are determined based on an annual evaluation performed by an accredited external, independent valuer, applying general accepted valuation methods.

Transfers are made to (or from) investment property only when there is a change in use. Repossessed properties will only be classified as investment property if it is management's intention to retain the properties to earn rentals or for capital appreciation. If management's intention is to dispose of the repossessed properties, such properties will be classified as housing inventory until sold. The fair value at the date of reclassification to housing inventory becomes its cost for subsequent accounting.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss in the period of derecognition.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the entity holds for its own use or for rental to others and which are expected to be used for more than one year.

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

Bearer plants are included in property, plant and equipment. Bearer plants are living plants which are used in the production or supply of agricultural produce and are expected to bear produce for more than one period. They only qualify as bearer plants if there is only a remote likelihood of them being sold as agricultural produce.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

The initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the company 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.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria 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.

Major spare parts and stand by equipment which are expected to be used for more than one year are included in property, plant and equipment.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation and impairment losses, except for land and buildings and bulk infrastructure which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year.

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

On revaluation, the accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

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1.4 Property, plant and equipment (continued)

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current year. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation reserve in equity.

The revaluation reserve related to a specific asset is transferred directly to retained income as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the entity. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Buildings	Straight line	20-30 years
Plant and machinery	Straight line	5-15 years
Motor vehicles	Straight line	3-7 years
Office equipment	Straight line	3-15 years
IT equipment	Straight line	3-5 years
Bearer plants	Straight line	25-30 years
Bulk infrastructure	Straight line	4-100 years
Land		Infinite

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.5 Intangible assets

Intangible assets are initially recognised at cost.

MEGA has water rights for 221.42 ha for Tekwane registered with Manchester Noordwyk Irrigation Board (22.82 ha) and Crocodile River Irrigation Board (198.6 ha) respectively. MEGA also has water rights for 56.13 ha in White River registered with White River Valley Conservation Board (45 ha) and White River Estates Irrigation Board (11.13 ha). Management recognised these water rights as an intangible asset with an indefinite useful life. Water rights are measured at cost.

Other intangible assets are subsequently measured at cost less any accumulated amortisation and impairment losses.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

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Accounting Policies

1.5 Intangible assets (continued)

Expected future reduction in the selling price of an item that was produced using an intangible assets could indicate the expectation of technical or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

An amortisation method that is based on the revenue generated by an activity that includes the use on an intangible asset is inappropriate. The revenue generated by an activity that includes the use of an intangible asset typically reflects factors that are not directly linked to the consumption of the economic benefit embodied in the intangible asset.

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

Item	Average useful life
Computer software	3 years
Water rights	Indefinite

1.6 Investments in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost adjusted to recognise the changes in the entity's share of net assets of the associate since acquisition date.

The entity's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in an associate in excess of the group's interest in that associate, including any other unsecured receivables, are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

After application of the equity method, the entity determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the entity determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the entity calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit of an associate' in profit or loss.

When the entity reduces its level of significant influence or loses significant influence, the entity proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.7 Financial instruments

Financial instruments are recognised when the entity becomes a party to the contractual provisions. They are measured, at initial recognition, at fair value plus transaction costs, if any, except for financial instruments at fair value through profit or loss which exclude transaction costs.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial Assets

The entity classifies financial assets according to the following categories:
- Financial assets at amortised cost: Loans receivable, trade receivables and cash and cash equivalents
- Financial assets held at FVPL: Investments at fair value and investments in associates

The material accounting policies for each type of financial asset held by the entity are presented below:

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Accounting Policies

1.7 Financial instruments (continued)

Loans receivable at amortised cost

Management have assessed and classified loans to group companies, loans to shareholders, loans to directors, managers and employees, and loans receivable as financial assets at amortised cost.

The amortised cost, calculated using the effective interest method, is the amount recognised initially, minus principal repayments, plus cumulative amortisation of interest, adjusted for any loss allowance.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the loan in the application of the effective interest method. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

An exception to the above applies to loans which have become credit impaired. The effective interest rate on these loans is applied to the amortised cost rather than the gross carrying amount in the determination of interest. The interest calculation reverts to applying the effective interest rate to the gross carrying amount when the loan is no longer credit impaired.

Refer to the loss allowances and write offs accounting policy for impairment of loans receivable.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise of cash at banks and on hand and short-term deposits with a maturity of three months or less which are subject to an insignificant risk of changes in value. These are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest method.

Trade and other receivables

Trade and other receivables, excluding, when applicable, VAT and prepayments, are measured, subsequent to initial recognition, at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

The accounting policy for impairment of trade and other receivables is set out in the loss allowances and write offs accounting policy.

Investments in equity instruments

The entity holds investments in listed shares, unlisted shares and associates. Refer to notes 7 and 10.

Investments at fair value through profit or loss

Investments measured at fair value through profit or loss (FVPL) are valued at their current market price at each reporting date, with any changes in fair value recognised directly in the Statement of Profit or Loss.

Investments in associates

The investment is recognised at cost and the carrying amount is then increased or decreased to recognise the investor's share of the subsequent profit of loss of the investee.

Dividends received on equity investments are recognised in profit or loss when the entity's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost, using the effective interest rate method. The effective interest rate amortisation is recognised in the statement of comprehensive income as finance costs.

Financial liabilities, other than lease liabilities, measured at amortised cost on the statement fo financial position including borrowings and trade and other payables.

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Accounting Policies

1.7 Financial instruments (continued)

Borrowings and loans from related parties

Loans from group companies and borrowings are classified as financial liabilities subsequently measured at amortised cost.

Borrowings are classified as current liabilities unless the entity has the unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Interest expense on borrowings is calculated on the effective interest method, and is included in profit or loss.

Trade and other payables

Trade and other payables, excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Trade and other payables primarily consist of amounts owed to suppliers for goods and services received, as well as other short-term liabilities like accrued expenses or payroll liabilities. These are typically short-term, non-interest bearing liabilities that a company owes.

Impairment - Expected credit losses and write offs

A provision matrix is used as a practical expedient when determining expected credit losses. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast conditions.

The measurement of expected credit losses incorporates the probability of default, loss given default and the exposure at default, taking the time value of money, historical data and forward-looking information into consideration.

The movement in credit loss allowance is recognised in profit or loss with a corresponding adjustment to the carrying amount of the instrument through a loss allowance account.

The entity writes off an instrument when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Instruments written off may still be subject to enforcement activities under the entity's recovery procedures. Any recoveries made are recognised in profit or loss.

Derecognition

The entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The entity derecognises financial liabilities when its obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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Accounting Policies

1.7 Financial instruments (continued)

Reclassification

The entity only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

Financial liabilities are not reclassified.

1.8 Leases

The entity assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the entity has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

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1.8 Leases (continued)

Entity as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the entity is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the entity recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the entity has elected not to separate the non-lease components for leases of land and buildings.

Lease liability

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the entity incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

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Accounting Policies

1.8 Leases (continued)

Entity as lessor

Leases for which the entity is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease.

1.9 Inventories

Inventories consist of work-in-progress on housing developments and consumables. Inventory on hand is recognised as an asset where it is controlled by the organisation as a result of a past event from which probable future benefits will flow and it has a cost which can be measured reliably.

Inventories are measured at the lower of cost and net realisable value on the weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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. Where inventories are acquired at no cost or for nominal consideration, the cost is deemed to be the fair value as at the date of acquisition. Direct costs relating to unsold properties are accumulated for each separately identifiable development.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value 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, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Non-current assets (disposal groups) held for sale or distribution to owners

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The assets are not depreciated while classified in this manner.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale (distribution to owners) are recognised in profit or loss.

1.11 Impairment of assets

The entity assesses intangible assets that have an indefinite useful life annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets are assessed at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also:

- Tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

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1.11 Impairment of assets (continued)

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 recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. If the recoverable amount cannot be determined for an individual asset, then it is determined for the cash generating unit to which the asset belongs.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Impairment losses are recognised immediately in profit or loss, except for impairment losses of revalued assets, which are treated as a revaluation decrease.

Management assesses, at each reporting date, whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated and the impairment reversal is recognised in the reverse manner and never in excess of the original impairment loss. Such reversal also never increases the carrying amount of an asset in excess of what it would have been if the asset had never been impaired. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.12 Share capital and equity

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

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

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Accounting Policies

1.13 Employee benefits (continued)

Termination benefits

Termination benefits are recognised as an expense when the entity is committed without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the entity has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Long-term service employee benefits

The entity has an obligation to provide long-term service allowance benefits to all of its employees.

For long-term service benefits the cost of providing the benefits is determined using the projected unit credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries.

Current service costs is the increase in the liability resulting from eligible members having worked for an additional year. An additional year of service increases the proportion of their total liability that is regarded as accrued under the Projected Unit Credit Method. Current service costs are recognised in the year in which they arise, in other comprehensive income.

The value of the liability will change over the year due to changes in actuarial assumptions as well as actual membership experience (withdrawals, deaths, retirements, etc.) being different from that assumed at the previous valuation date. The changes are accounted for as actuarial gains and losses. Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

Net interest expense represents the increase in the liability resulting from the future benefits being one year closer to the valuation date. It is calculated as the opening liability plus the current service cost less benefit payments expected during the year multiplied by the discount rate used in the previous valuation. Net interest expense is recognised in other comprehensive income.

The entity determines the appropriate discount rate at the end of each year. In determining the appropriate discount rate, the entity considers current market practice government bond yields, as the South African corporate bond market is not considered to be sufficiently developed. The discount rate is set to be equal to a single point estimate on the BESA zero-coupon yield curve, with a term corresponding to the expected duration of the liabilities, based on the current membership data, as at the valuation date.

Benefits paid is the actual amount paid to eligible members during the valuation period.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

1.14 Provisions and contingencies

The entity recognises provisions in circumstances where it has a present obligation resulting from past events, which can be measured reliably and for which it is probable that the entity will be required to settle the obligation.

There is always a degree of estimation uncertainty involved with provisions as they are measured at management's best estimate of the amount which will be required to settle the obligation. When the effect of discounting is material, the provision is measured at the present value of such amounts.

Provisions are recognised when:
- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Mpumalanga Economic Growth Agency
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Accounting Policies

1.14 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Restructuring provisions

A constructive obligation to restructure arises only when an entity has a detailed formal plan for the restructuring, identifying at least:
- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- 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.

Contingencies

Contingencies are disclosed in 29.

Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity. An example is litigation against the entity when it is uncertain whether the entity has committed an act of wrongdoing and when it is not probable that settlement will be needed.

Contingent liabilities also include obligations that are not recognised because their amount cannot be measured reliably or because settlement is not probable. Contingent liabilities do not include provisions for which it is certain that the entity has a present obligation that is more likely than not to lead to an outflow of cash or other economic resources, even though the amount or timing is uncertain.

A contingent liability is not recognised in the statement of financial position. However, unless the possibility of an outflow of economic resources is remote, a contingent liability is disclosed in the notes.

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets and contingent liabilities are not recognised.

Before a provision is established, the entity recognises any impairment loss on the assets associated with the contract.

Decommissioning liability

The entity records a provision for decommissioning costs of a landfill site. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at the current rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

Leave provision

The annual leave provision is expected to be settled within 12 months after the end of the period in which the employees render the related service. The provision is not discounted and is measured at the expected cost to settle the obligation using the accrued leave days at reporting date multiplied by the rate per day. Leave, if not taken, is forfeited 6 months after the end of the employee's leave cycle. Leave is only paid out on resignation or death.

Mpumalanga Economic Growth Agency
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Accounting Policies

1.15 Government grants

Government grants are recognised when there is reasonable assurance that:
- the entity will comply with the conditions attaching to them; and
- the grants will be received.

When the grant relates to an expense item, it is recognised as other income in the same period as the period during which the related expenses qualifying for the grant have been incurred. Where the grant relates to an asset, it is recognised as other income in a systematic manner over the expected useful life of the related asset.

When the entity receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income in arriving at the carrying amount of the asset.

1.16 Revenue from contracts with customers

The entity recognises revenue from the following major sources:
- Sales of goods - wholesale
- Income from municipal services rendered
- Rental income
- Interest income (Trading)

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognises revenue when it satisfies performance obligaitons and transfers control of a product or service to a customer at an amount that reflects the consideration the company expects to be entitled to in exchange for these goods or services, allocated to each specific performance obligation.

Sale of goods - wholesale

For sales of goods to the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location. Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility of selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the entity when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

The entity's sales of goods consist of lemon sales.

Income from municipal services rendered

Revenue is recognised based on the actual service provided to the end of the reporting period. This is determined based on the actual municipal services consumed.

The transaction price allocated to these services is recognised as a debtor at the time of the initial sales transaction and is recognised as revenue.

The entity's municipal services rendered consist of supply of electricity, water, sewerage and refuse removal.

Rental income

Income from operating leases in respect of property is recognised in profit or loss on a straight-line basis over the lease term.

The entity's rental income consist of lease of property to natural and legal persons.

Water rights

Revenue is derived from the leasing of water rights for JU 65 Waterval and White River Estates (Central Section) Agricultural Holdings 52.

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.16 Revenue from contracts with customers (continued)

Interest income (Trading)

Interest income from financial assets at Fair value through profit or loss is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at fair value through profit or loss calculated using the effective interest method is recognised in the statement of profit or loss as part of revenue related to contracts with customers.

Interest income is calculated monthly by applying the effective interest rate to the gross carrying amount of a financial asset. All financial assets, including financial assets that subsequently became credit impaired, are treated this way. For creditimpaired financial assets the effective interest rate is applied to the gross carrying amount of the financial asset (before deduction of the loss allowance).

1.17 Other operating income

Government grants

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Dividends

Dividends are recognised, in profit or loss, when the entity's right to receive payment has been established, which is generally when shareholders approve the dividend. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in Other Comprehensive Income if it relates to an investment measured at fair value through other comprehensive income.

1.18 Cost of sales

Cost of sales comprises of direct costs incurred in lemon and wine sales, direct farming costs as well as municipal services, electricity and water consumption for bulk infrastructure under lease agreements at Ekandustria.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:
- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.19 Income Tax and Value Added Tax

Income Tax

The entity is not subject to income taxation as it is a Government Business Enterprise registered as a Schedule 3D Public Entity.

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of VAT except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2025
Accounting Policies

1.20 Related party disclosure

A related party is a person or entity that is related to MEGA. A person or an entity is related to MEGA if that person or entity:
- is a member of the key management personnel of MEGA;
- has control or significant influence over MEGA;
- is an associate; or
- is a Department within the national Sphere of Government because they operate together to achieve a common objective determined by Cabinet and Provincial Legislature.

Related party transactions are transfers of resources, services or obligations between MEGA and a related party irrespective of whether the transaction took place on arm's length basis or not.

1.21 Commitments

A commitment represents goods and services that have been approved and/or contracted for, but where delivery has not taken place at the reporting date. A commitment converts to a liability when the delivery of the contracted goods or services has taken place.

Capital commitments arise when the entity has entered into a contract on or before the end of the financial year to incur expenditure during subsequent accounting periods relating to the construction of infrastructure assets, the purchase of major items of property, plant and equipment and commitments made to provide funding to the entity's clients.

Approved and contracted for capital commitments are where the expenditure has been approved and the contract has been awarded at the reporting date.

Approved and not yet contracted for capital commitments are where the expenditure has been approved, but the contract has not yet been awarded or is awaiting finalisation at the reporting date.

Commitments are not recognised in the statement of financial position and statement of financial performance but are included in the disclosure notes.

1.22 Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the irregularity unless it is impracticable to determine, in which case reasons therefore are provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority or transferred to receivables for recovery. Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are derecognised when settled or subsequently written-off as irrecoverable.

1.23 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and wasteful expenditure incurred. Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are derecognised when settled or subsequently written off as irrecoverable.

1.24 Unauthorised expenditure

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:
- approved by Parliament or the Provincial Legislature with funding and the related funds are received; or
- approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or
- transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2025

Accounting Policies

1.25 Deviations

Deviations arise when a procurement process was implemented which is not in line with the PFMA, either through a sole provider (firm has experience of exceptional worth) or an emergency (a rapid selection is essential). Deviations are disclosed in the notes to the financial statements when approved by the Accounting Officer and the reasons are justifiable and do not constitute Irregular Expenditure. Deviations are disclosed when the affected transaction has occurred as per the accrual basis of accounting (i.e. services received).

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

2. Changes in accounting policies and disclosures

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Lease liabilities and Sale and Leaseback transactions - Amendments to IFRS 16

Lease liabilities shall be recognised at the commencement date of the lease. The entity shall also apply IFRS 16 guidance to assess whether a sale in a sale and leaseback transaction qualifies as a sale under IFRS 15 and account for it accordingly.

No impact on the annual financial statements as MEGA has not entered into a sale and leasback transactions.

Disclosure of accounting policies: Amendments to IAS 1 and Practice Statement 2

The entity adopted the amendments to IAS 1 and Practice Statement 2, which now require that only material accounting policy information shall be disclosed in the annual financial statements. The amendment did not result in changes to measurement or recognition of financial statement items, but management reviewed the accounting policies and made changes to ensure that only material accounting policy information is disclosed.

Presentation of financial statements: Amendments to IAS 1 Classification of liabilities as current or non-current

Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. This has no impact on the MEGA financial statements as the liabilities are classified as current or non-current.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The accounting and disclosure treatment of supplier finance arrangements (also referred to as reverse factoring or structured payables) in accordance with IAS 7 and IFRS 7. These arrangements are designed to provide suppliers with the option of receiving early payment from a financial institution, while the entity retains its original payment terms.

No impact on the annual financial statements as MEGA has not entered into a supplier finance arrangement.

Lack of Exchangeability - Amendments to IAS 21

When an entity estimates a spot exchange rate because a currency is not exchangeagle into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. To meet this objective, an entity is required to disclose information about:

- The nature and financial effects of the currency not being exchangeable into the other currency
- The spot exchange rate(s) used
- The estimation process, and
- The risks to which the entity is exposed because of the currency not being exchangeable into the other currency.

MEGA is not impacted by the amendments as it has not entered into a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

2. Changes in accounting policies and disclosures (continued)

New standards and interpretations not yet adopted

The entity has not applied the following new amended pronouncements that have been issued by the International Accounting Standards Board (IASB) as they are not yet effective for the annual financial year beginning 1 January 2026. The board of directors anticipates that the new or amended IFRS Accounting Standards will be adopted in the entity Annual Financial Statements when they become effective. The entity has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

Name of Standard	Nature	Impact	Mandatory application date
Amendments to IFRS 7 Financial Instruments Disclosure	- Amendment: Gain or loss on derecognition (Changes in wording and reference to IFRS 13 included) - Implementation guidance: Disclosure of deferred difference between fair value and transaction price (Improved consistency with IFRS 13) Implementation guidance: Introduction and Credit Risk disclosure	Amendments will result in the entity's improved consistency with IFRS 13 and simplifying some explanations	Financial years beginning on or after 1 January 2026
Amendments to IFRS 9 Financial Instruments Disclosure	- Amendment: Derecognition of financial liabilities	No impact on the entity's financial statements	Financial years beginning on or after 1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	The new standard presentation and disclosure of information in general purpose financial statements. The requirements include: - New mandatory totals or subtotals within the statement of financial performance - Disclosure regarding management defined performance measures - Aggregation and disaggregation of financial information based on the identified roles of the primary financial statements and the notes	IFRS 18 will result in the company's statement of comprehensive income being reclassified into categories namely, operating, investing, financing and discontinued operations. The disclosure of management-defined performance measures (MPM) will be introduced in the notes to the financial statements. MPM will constitute subtotals of income and expenses to communicate management's perspective of an aspect of the company's performance	Financial years beginning on or after 1 January 2026

Mpumalanga Economic Growth Agency
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Notes to the Annual Financial Statements

3. Investment property

	2025			2024			2023		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	438 240 000	-	438 240 000	438 100 000	-	438 100 000	420 630 000	-	420 630 000

Reconciliation of investment property - 2025

	Opening balance	Additions resulting from substance over form	Disposals	Transfer to Non-current assets held for sale	Fair value adjustments	Total
Investment property	438 100 000	750 000	(5 250 000)	(750 000)	5 390 000	438 240 000

Reconciliation of investment property - 2024

	Opening balance	Additions resulting from substance over form	Disposals	Fair value adjustments	Total
Investment property	420 630 000	14 470 000	(1 770 000)	4 770 000	438 100 000

Reconciliation of investment property - 2023

	Opening balance	Additions resulting from capitalised subsequent expenditure	Disposals	Transfer to Non-current assets held for sale	Fair value adjustments	Total
Investment property	469 040 000	386 333	(41 530 000)	(5 500 000)	(1 766 333)	420 630 000

Pledged as security

No investment property is pledged as security.

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

3. Investment property (continued)

Other disclosures

MEGA is currently administering 21 buildings valued at R17 160 000 (2024: 21 buildings at R16 970 000) on land belonging to tribal authorities which are not currently included as investment properties. These properties will be recognised when MEGA's rights and obligations have been confirmed by the Department of Co-operative Governance and Traditional Affairs.

In addition to the aforesaid there are 39 residential properties with a fair value of R22 350 000 (2024: 35 properties at R20 550 000) and 16 commercial properties with a fair value of R17 720 000 (2024: 16 properties of R18 250 000) which are neither controlled by MEGA nor registered in the entity's name and are consequently not recognised as investment property by MEGA. These properties would only be recognised once MEGA has rental agreements in place and there is evidence of maintenance being assumed by MEGA, then only will these properties indicate substantive rights by MEGA. Most of these properties were bought back and/or repossessed by MEGA due to clients not settling their housing loan agreement.

There are 32 residential properties with a fair value of R14 870 000 (2024: 31 properties of R14 460 000) which are still registered in the entity's name but are not controlled by MEGA. There is 1 industrial property with a fair value of R800 000 (2024: R800 000) which is still registered in the entity's name but not controlled by MEGA.

There are a total of 633 residential properties registered in MEGA's name. Of these, 339 are under review with 39 earmarked for reclassification as investment property and 298 identified for transfer to their rightful beneficiaries. An additional 296 properties were recently identified and are scheduled for investigation during the 2025/26 financial year.

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the entity.

Amounts recognised in profit and loss for the year

Figures in Rand	2025	2024
Rental income from investment property	26 884 852	38 931 894
Direct operating expenses from rental generating property	(8 724 990)	(3 083 375)
	18 159 862	**35 848 519**

Mpumalanga Economic Growth Agency
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Notes to the Annual Financial Statements

3. Investment property (continued)

Details of valuation

The most recent valuation was performed at 31 March 2025 by i@consulting. The fair value of investment property was determined by external, independent professional property valuer, Mr Nel, registered with the South African Council for the Property Valuers Profession (SACPVP 6990/2). Mr Nel and i@consulting are not connected to the entity and have recent experience in the location and category of the properties being value. The independent valuer provide the fair value of the entity's investment property portfolio at every financial year-end.

The entity's investment property consists of commercial, industrial, farming and residential properties and vacant land. Management determined that the investment properties consist of five classes of assets commercial, industrial, farming and residential properties and vacant land based on the nature, characteristics and risks of each property. Fair value is determined using a combination of rental capitalisation method and comparable sales method.

Fair value hierarchy of assets at fair amounts are as follows:

- Level 1 represents those assets which are measured using unadjusted quoted prices in an active market
- Level 2 applies inputs which are based on observable market data
- Level 3 applies inputs which are based on significant unobservable inputs

Figures in Rand	2025	2024	2023
Level 3			
Commercial	40 160 000	41 130 000	43 200 000
Farms	21 290 000	25 830 000	17 040 000
Industrial	276 770 000	276 480 000	271 460 000
Land	94 540 000	88 940 000	88 930 000
Residential	5 480 000	5 720 000	-
	438 240 000	**438 100 000**	**420 630 000**

Desription of valuation techniques used and key input to valuate investment properties:

Significant unobservable data	**Rate per square meter**
Category	
Commercial properties	R13.34/m² to R49.56/m²
Industrial properties	R5.44/m² to R37/m²
Vacant land	R23/m² to R120/m²
Residential properties	R81.32/m² to R470/m²
Farms	R1.42/m² to R28/m²

Mpumalanga Economic Growth Agency
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Notes to the Annual Financial Statements

4. Property, plant and equipment

Summary of property, plant and equipment

	2025			2024			2023		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	42 254 586	-	42 254 586	44 614 137	-	44 614 137	44 614 137	-	44 614 137
Buildings	47 714 041	-	47 714 041	59 274 257	(5 744 378)	53 529 879	59 274 257	(2 872 189)	56 402 068
Plant and machinery	14 446 595	(7 028 747)	7 417 848	14 735 249	(6 442 569)	8 292 680	14 850 013	(5 339 579)	9 510 434
Motor vehicles	2 334 571	(1 584 996)	749 575	3 062 760	(1 838 072)	1 224 688	3 062 760	(1 309 378)	1 753 382
Office equipment	5 117 723	(2 149 201)	2 968 522	4 264 749	(2 074 685)	2 190 064	4 106 982	(2 130 351)	1 976 631
IT equipment	6 293 375	(3 177 575)	3 115 800	7 117 507	(4 283 458)	2 834 049	8 546 191	(4 595 563)	3 950 628
Bearer plants	17 056 573	(11 092 332)	5 964 241	17 056 573	(10 469 966)	6 586 607	17 056 573	(8 698 123)	8 358 450
Bulk infrastructure	287 817 950	(63 077)	287 754 873	300 147 188	(54 575)	300 092 613	282 092 179	(46 073)	282 046 106
Capital - Work in progress	3 431 727	-	3 431 727	1 138 068	-	1 138 068	-	-	-
Total	**426 467 141**	**(25 095 928)**	**401 371 213**	**451 410 488**	**(30 907 703)**	**420 502 785**	**433 603 092**	**(24 991 256)**	**408 611 836**

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Impairment loss	Total
Land	44 614 137	-	-	-	(2 359 551)	-	-	42 254 586
Buildings	53 529 879	1 660 150	-	-	(4 584 486)	(2 891 502)	-	47 714 041
Plant and machinery	8 292 680	815 041	(475 069)	-	-	(1 214 804)	-	7 417 848
Motor vehicles	1 224 688	-	(13 710)	-	-	(461 403)	-	749 575
Office equipment	2 190 064	1 258 460	(31 840)	-	-	(448 162)	-	2 968 522
IT equipment	2 834 049	1 271 091	(54 526)	-	-	(934 814)	-	3 115 800
Bearer plants	6 586 607	-	-	-	-	(592 048)	(30 318)	5 964 241
Bulk infrastructure	300 092 613	4 799 346	(412 925)	-	(1 955 914)	(14 768 247)	-	287 754 873
Capital - Work in progress	1 138 068	3 431 727	-	(1 138 068)	-	-	-	3 431 727
	420 502 785	**13 235 815**	**(988 070)**	**(1 138 068)**	**(8 899 951)**	**(21 310 980)**	**(30 318)**	**401 371 213**

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Impairment loss	Total
Land	44 614 137	-	-	-	-	-	44 614 137
Buildings	56 402 068	-	-	-	(2 872 189)	-	53 529 879
Plant and machinery	9 510 434	-	(40 842)	-	(1 176 912)	-	8 292 680
Motor vehicles	1 753 382	-	-	-	(528 694)	-	1 224 688
Office equipment	1 976 631	1 016 837	(314 687)	-	(488 717)	-	2 190 064
IT equipment	3 950 628	572 723	(449 429)	-	(1 239 873)	-	2 834 049
Bearer plants	8 358 450	-	-	-	(716 755)	(1 055 088)	6 586 607
Bulk infrastructure	282 046 106	8 134 919	(3 894 090)	26 699 531	(12 893 853)	-	300 092 613
Capital - Work in progress	-	1 138 068	-	-	-	-	1 138 068
	408 611 836	**10 862 547**	**(4 699 048)**	**26 699 531**	**(19 916 993)**	**(1 055 088)**	**420 502 785**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Impairment loss	Total
Land	44 614 137	-	-	-	-	-	-	44 614 137
Buildings	59 274 257	-	-	-	-	(2 872 189)	-	56 402 068
Plant and machinery	10 715 254	-	(352)	(223 117)	-	(981 351)	-	9 510 434
Motor vehicles	1 978 985	-	-	-	-	(225 603)	-	1 753 382
Office equipment	1 876 484	374 835	-	(491)	-	(274 197)	-	1 976 631
IT equipment	3 794 824	1 089 163	(41 635)	-	-	(891 724)	-	3 950 628
Bearer plants	10 466 751	-	-	-	-	(823 727)	(1 284 574)	8 358 450
Bulk infrastructure	267 010 821	-	(870 089)	-	27 459 458	(11 554 084)	-	282 046 106
	399 731 513	**1 463 998**	**(912 076)**	**(223 608)**	**27 459 458**	**(17 622 875)**	**(1 284 574)**	**408 611 836**

Property, plant and equipment encumbered as security

None of the property, plant and equipment is encumbered as security for borrowings.

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Notes to the Annual Financial Statements

4. Property, plant and equipment (continued)

Revaluations

The date of the most recent revaluation that was performed by i@consulting for bulk infrastructure and land and buildings was 31 March 2025. The valuation was determined by external, independent professional property valuer, Mr Nel, registered with the South African Council for the Property Valuers Profession (SACPVP 6990/2). Mr Nel and i@consulting are not connected to the entity and have recent experience in the location and category of the properties being valued.

The entity uses the revaluation model of measurement of land and buildings and bulk infrastructure. Management determined that these constitute classes of asset under IFRS 13 Fair Value Measurement, based on the nature, characteristics and risks of the property.

Fair value is determined using a market comparable method. Valuations performed by the valuer are based on active market prices, significantly adjusted for any difference in the nature, location or condition of the specific property.

Fair value hierarchy of assets at revalued amounts through revaluation reserve

- Level 1 represents those assets which are measured using unadjusted quoted prices in an active market
- Level 2 applies inputs which are based on observable market data
- Level 3 applies inputs which are based on significant unobservable inputs

Figures in Rand	2025	2024	2023
Level 3			
Land	42 254 586	44 614 137	44 614 137
Buildings	47 714 042	53 529 878	56 402 068
Bulk infrastructure	287 754 872	300 092 613	282 046 105
	377 723 500	**398 236 628**	**383 062 310**

There are 2 commercial properties with a fair value of R3 602 810 (2024: R3 655 570) which are controlled by MEGA but not registered in the entity's name, and consequently not recognised as property, plant and equipment by MEGA.

Details of bearer plants

The vineyards of 21.1 hectares at Loopspruit Estate is situated on the banks of the Loopspruit river, 30km north of Bronkhorstspruit. The vineyard was lost in a fire and no longer producing any grapes.

The lemon orchard of 118.5 hectares is at Tekwane Estate in the Mbombela District.

Other information

If land and buildings and bulk infrastructure were measured using the cost model, the carrying amount would be as follows:

Buildings			
Cost	45 073 166	43 413 016	43 413 016
Accumulated depreciation and impairment	(9 238 571)	(8 355 224)	(7 480 852)
	35 834 595	**35 057 792**	**35 932 164**
Bulk infrastructure			
Cost	291 401 575	287 039 222	282 864 868
Accumulated depreciation and impairment	(87 831 680)	(77 147 486)	(68 597 275)
	203 569 895	**209 891 736**	**214 267 593**
Land			
Cost	11 222 296	11 222 296	11 222 296

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5. Right-of-use assets

MEGA has entered into a lease agreement for its office space. The lease of the Head Office building is for a period of 10 years. The lease agreement offers an option of renewal after the intial period of 10 years and it also offers MEGA an option to purchase the building at any given time during the lease period.

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5. Right-of-use assets (continued)

	2025			2024			2023		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Buildings	234 450 552	(29 306 319)	205 144 233	234 450 551	(17 583 791)	216 866 760	234 450 551	(5 861 263)	228 589 288

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Figures in Rand	2025	2024	2023
Buildings	205 144 233	216 866 760	228 589 288

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 21).

Buildings	11 722 528	11 722 528	5 861 263

Other disclosures

Interest expense on lease liabilities	24 212 735	23 440 270	9 529 300
Short-term lease - buildings	951 621	867 913	3 086 791
Short-term lease - equipment	398 332	315 074	286 927

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5. Right-of-use assets (continued)

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Figures in Rand	2025	2024	2023
Within one year	17 875 157	16 551 071	15 325 066
Two to five years	86 991 253	80 547 457	94 580 979
More than five years	530 221 465	554 540 418	557 057 967
	635 087 875	651 638 946	666 964 012
Less finance charges component	(382 698 974)	(406 911 710)	(430 351 980)
	252 388 901	**244 727 236**	**236 612 032**
Non-current liabilities	234 513 744	228 176 165	221 286 967
Current liabilities	17 875 157	16 551 071	15 325 065
	252 388 901	**244 727 236**	**236 612 032**

Future cash outflows not reflected in lease liabilities

The Entity is exposed to the following potential future undiscounted cash outflows which are not included in the measurement of the lease liability:

Purchase options not reasonably assured	157 952 827	157 952 827	157 952 827

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6. Intangible assets

	2025			2024			2023		
	Cost / Valuation	**Accumulated amortisation**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation**	**Carrying value**
Computer software	-	-	-	1	(1)	-	11 412	(3 772)	7 640
Water rights	9 201 866	-	9 201 866	9 201 866	-	9 201 866	9 201 866	-	9 201 866
Total	**9 201 866**	**-**	**9 201 866**	**9 201 867**	**(1)**	**9 201 866**	**9 213 278**	**(3 772)**	**9 209 506**

Reconciliation of intangible assets - 2025

	Opening balance	Total
Water rights	9 201 866	9 201 866

Reconciliation of intangible assets - 2024

	Opening balance	Disposals	Amortisation	Total
Computer software	7 640	(5 729)	(1 911)	-
Water rights	9 201 866	-	-	9 201 866
	9 209 506	**(5 729)**	**(1 911)**	**9 201 866**

Reconciliation of intangible assets - 2023

	Opening balance	Disposals	Amortisation	Total
Computer software	9 573	(23)	(1 910)	7 640
Water rights	9 201 866	-	-	9 201 866
	9 211 439	**(23)**	**(1 910)**	**9 209 506**

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6. Intangible assets (continued)

Pledged as security

No intangible assets are pledged as security.

Other information

The water rights have not been impaired as no indicators of impairment were identified.

The water rights were assessed as having an indefinite useful life as they are granted in perpetuity, with no legal or contractual expiry, and are expected to generate economic benefits indefinitely. The entity has a long-standing history of usage and compliance with regulatory conditions, and there are no factors indicating that the rights will be revoked or lose value in the foreseeable future.

7. Investments in associates

The following table lists all of the associates in the entity:

Name of company	**Carrying amount 2025**	**Carrying amount 2024**	**Carrying amount 2023**
Hi-Veld Fruit Packers (Pty) Ltd	8 318 598	8 636 569	9 105 543
KaNgwane Anthracite (Pty) Ltd	492 628	492 628	492 628
Fuma Investments (Pty) Ltd	121 916	93 970	-
Dalamba Victorius Trading Enterprise and Projects (Pty) Ltd	-	-	-
	8 933 142	9 223 167	9 598 171
Impairment of investments in associates	(6 938 330)	(492 628)	(492 628)
	1 994 812	8 730 539	9 105 543

KaNgwane Anthracite (Pty) Ltd had accumulated losses in the prior years and impairment of R492 628 has therefore been recognised against the investment.

An impairment of R6 445 702 was recognised in 2024/2025 as Hi-Veld Fruit Packers (Pty) Ltd is in the process of liquidation. The next Annual General Meeting is scheduled in May 2025 whereby the dispersal of funds to the shareholders will be discussed.

Material associates

The following associates are material to the entity:

	Country of incorporation	**Method**	**% Ownership interest 2025**	**% Ownership interest 2024**	**% Ownership interest 2023**
Hi-Veld Fruit Packers (Pty) Ltd	Ermelo/RSA	Equity	26 %	26 %	26 %
KaNgwane Anthracite (Pty) Ltd	Johannesburg/ RSA	Equity	40 %	40 %	40 %
Fuma Investments (Pty) Ltd	Bushbuckridge/ RSA	Equity	25 %	25 %	25 %
Dalamba Victorius Trading Enterprise and Projects (Pty) Ltd	Kinross/RSA	Equity	25 %	25 %	25 %

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7. Investments in associates (continued)

Associates with different reporting dates

The end of the reporting year of Mpumalanga Economic Growth Agency is 31 March.

The end of reporting year of Hi-Veld Fruit Packers (Pty) Ltd is 31 October.

The end of reporting year of Fuma Investments (Pty) Ltd and Dalamba Victorius Trading Enterprise and Projects (Pty) Ltd is 28 February.

MEGA did not use a different reporting date or period to recognise the profit / (loss) share in an associate.

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7. Investments in associates (continued)

Restrictions relating to associates

No significant restrictions are applicable to all the associates as presented.

Unrecognised share of losses of associates

Figures in Rand	2025	2024	2023
KaNgwane Antracite (Pty) Ltd	2 004 382	2 001 549	4 034 407
Fuma Investments (Pty) Ltd	-	-	51 620
Dalamba Victorious Trading Enterprise and Projects (Pty) Ltd	1 061 083	1 061 083	1 061 083
	3 065 465	**3 062 632**	**5 147 110**

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7. Investments in associates (continued)

Nature of relationship with the associates

Associate	**Nature of relationship**
Hi-veld Fruit Packers (Pty) Ltd	MEGA has a 26% shareholding in Hi-Veld Fruit Packers (Pty) Ltd, acquired in 2006. MEGA provided finance for the expansion and restructuring of Hi-veld Fruit Packers (Pty) Ltd to allow for its continued positive economic impact in the surrounding communities of Ermelo. Hi-Veld Fruit Packers (Pty) Ltd is currently in the process of liquidation. As reported in the Associate's Annual Financial Statements, it is no longer operating as a going concern.
KaNgwane Anthracite (Pty) Ltd	KaNgwane Anthracite (Pty) Ltd was acquired in 2011 . MEGA has a 40% shareholding in KaNgwane Anthracite (Pty) Ltd, mainly for income generation and to stimulate economic growth in the surrounding communities in Nkomazi. However, the investment is under care and maintenance.
Fuma Investments (Pty) Ltd	A loan of R9 210 702 was issued to Fuma Investments (Pty) Ltd for the construction of a shopping mall (creating economic hubs) in Bushbuck Ridge. The loan was in the form of preference shares redeemable over a period of 12 years. 921 preference shares were issued by Fuma (Pty) Ltd to MEGA. In addition, subscribed to 251 Ordinary shares, resulting in the 25.1% shareholding, to allow MEGA to influence the direction of the company.
Dalamba Victorious Trading Enterprise and Projects (Pty) Ltd	A loan of R6 390 000 was issued in 2015 to Dalamba Victorious Trading Enterprise and Projects (Pty) Ltd (Dalamba Enterprise) for the construction of a shopping mall in Kinross, to support the township revitalisation initiative. The loan was in the form of preference shares redeemable over a period of 12 years. 639 preference shares were issued by Dalamba Enterprise to MEGA. In addition, MEGA subscribed to 335 Ordinary shares resulting in the 25.1% shareholding, to allow MEGA to influence the direction of the company and future development. The Associate was meant to secure alternative financing should Dalamba Enterprise plan to operate the Franchise business than leasing out the facility. Dalamba Enterprise could not raise funding to trade operate the franchise business and Dalamba Enterprise applied for a second loan which was orignally approved, and a Deed of Settlement was negotiated and concluded with MEGA. In the process of raising the requisite capital from the market amounting to R8 million, Dalamba Enterprise were found to be in breach of the Deed of Settlement Agreement which negatively affected the process of capital raising. MEGA resolved to terminate the Agreement and the matter is under legal action to recover the debt owed by Dalamba Enterprise under the loan facility.

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Figures in Rand	2025	2024	2023

8. Loans receivable

Loans receivable are presented at amortised cost, which is net of loss allowance, as follows:

	2025	2024	2023
Housing loans Housing loans are generally repayable over 20 years at 10% interest per annum, which is fixed over the term of the loan.	22 306 487	23 276 646	22 910 102
Small, medium and micro enterprises (SMME) loans The loans entail business capital funding and bridging finance over a maximum of 5 years. Interest rates are charged at the prevailing variable lending rates.	7 562 424	12 227 555	12 254 689
Agricultural loans The loans are for the financing of livestock and crops, with repayment terms varying from 3 months to 8 years. Interest is charged at variable percentages per annum.	(1)	5 778	510 971
Govan Mbeki Housing Company loan The principal debt is repayable in monthly instalments for a period of 120 months (10 years), calculated from 01 January 2025. Interest will accrue from this date at at fixed rate of 7%.	9 825 662	10 000 000	10 000 000
KaNgwane Anthracite intercompany loan The loan is unsecured, interest free and repayable on demand. The loan have been subordinated until such time as KaNgwane Anthracite's asset exceed the liabilities which will provide sufficient funds to pay both existing and future debts as they become due.	492 588	492 588	492 588
	40 187 160	**46 002 567**	**46 168 350**

Split between non-current and current portions

	2025	2024	2023
Non-current assets	28 355 798	31 753 298	33 430 250
Current assets	11 831 362	14 249 269	12 738 100
	40 187 160	**46 002 567**	**46 168 350**

Loans pledged as security

Loans receivable are not pledged as security.

Exposure to credit risk

Loans receivable inherently exposes the entity to credit risk, being the risk that the entity will incur financial loss if counterparties fail to make payments as they fall due.

Loans receivable are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for loans receivable is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

In determining the amount of expected credit losses, the entity has taken into account any historic default experience and the financial positions of the client. This information has been obtained through engagements with the clients. Financial analyst reports and various external sources of actual and forecast data and is applied to estimate a probability of default occurring as well as estimating the loss upon default.

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8. Loans receivable (continued)

Credit rating framework

For purposes of determining the credit loss allowances, management determine the credit rating grades of each loan at the end of the reporting period. These ratings are determined either externally through ratings agencies or internally where external ratings are not available.

The table below sets out the internal credit rating framework which is applied by management for loans for which external ratings are not available. The abbreviation "ECL" is used to depict "expected credit losses."

Internal credit grade	Description	Basis for recognising expected credit losses
Performing	Low risk of default and no amounts are past due	12m ECL
Doubtful	Either 30 to 60 days past due or there has been a significant increase in credit risk since initial recognition.	12m ECL
In default	Either 90 days past due or there is evidence that the asset is credit impaired, but still paid in the last year.	12m ECL
Non-performing	Either 180 days past due or there is evidence that the asset is credit impaired and made no payments in the last year.	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.	Amount is written off

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8. Loans receivable (continued)

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for loans receivable by credit rating grade:

2025

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Housing loans	Performing	12m ECL	40 066 249	(17 759 762)	22 306 487
SMME loans	Non-performing	Lifetime ECL (credit impaired)	41 265 847	(33 703 423)	7 562 424
Agricultural loans	Non-performing	Lifetime ECL (credit impaired)	6 676 223	(6 676 224)	(1)
Govan Mbeki Housing Company loan	N/A	12m ECL	10 173 597	(347 935)	9 825 662
KaNgwane Anthracite	N/A	Other	492 588	-	492 588
			98 674 504	**(58 487 344)**	**40 187 160**

2024

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Housing loans	Performing	12m ECL	42 180 481	(18 903 835)	23 276 646
SMME loans	Non-performing	Lifetime ECL (credit impaired)	80 459 668	(68 232 113)	12 227 555
Agricultural loans	Non-performing	Lifetime ECL (credit impaired)	23 008 282	(23 002 504)	5 778
Govan Mbeki Housing Company loan	N/A	Other	10 000 000	-	10 000 000
KaNgwane Anthracite	N/A	Other	492 588	-	492 588
			156 141 019	**(110 138 452)**	**46 002 567**

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8. Loans receivable (continued)

2023

Instrument	Internal credit rating (where applicable)	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortised cost
Housing loans	Performing	12m ECL	42 559 295	(19 649 193)	22 910 102
SMME loans	Non-performing	Lifetime ECL (credit impaired)	92 204 612	(79 949 923)	12 254 689
Agricultural loans	Non-performing	Lifetime ECL (credit impaired)	30 463 706	(29 952 735)	510 971
Govan Mbeki Housing Company loan	N/a	Other	10 000 000	-	10 000 000
KaNgwane Anthracite	N/a	Other	492 588	-	492 588
			175 720 201	**(129 551 851)**	**46 168 350**

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Figures in Rand	2025	2024	2023

8. Loans receivable (continued)

Reconciliation of loss allowances

The following tables show the movement in the loss allowances for loans receivable. The movement in the gross carrying amounts of the loans are also presented in order to assist in the explanation of movements in the loss allowance.

Housing loans: Loss allowance measured at 12 month ECL:

	2025	2024	2023
Opening balance	18 903 836	19 649 194	25 661 029
Increase/(decrease) in loss allowance recognised in profit/loss during the year	(1 102 237)	(745 358)	(6 011 835)
Closing balance	**17 801 599**	**18 903 836**	**19 649 194**

Housing loans are generally repayable over 20 years at 10% interest per annum, which is fixed over the term of the loan.

MEGA measure the expected credit loss as the difference between the asset's gross carying amount and the present value of estimated future cashflows discounted at the financial assets's effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

SMME loans: Loss allowance measured at lifetime ECL (credit impaired):

	2025	2024	2023
Opening balance	68 232 113	79 949 923	82 288 808
Increase/(decrease) in loss allowance recognised in profit/loss during the year	(32 699 929)	(11 717 810)	(2 338 885)
Closing balance	**35 532 184**	**68 232 113**	**79 949 923**

The loans entail business capital funding and bridging finance over a maximum of 5 years. Interest rates are charged at the prevailing variable lending rates.

MEGA measure the expected credit loss as the difference between the asset's gross carying amount and the present value of estimated future cashflows discounted at the financial assets's effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Agricultural loans: Loss allowance measured at lifetime ECL (credit impaired):

	2025	2024	2023
Opening balance	23 002 504	29 952 735	31 567 964
Increase/(decrease) in loss allowance recognised in profit/loss during the year	(16 326 280)	(6 950 231)	(1 615 229)
Closing balance	**6 676 224**	**23 002 504**	**29 952 735**

The loans are for the financing of livestock and crops, with repayment terms varying from 3 months to 8 years. Interest is charged at variable percentages per annum.

MEGA measure the expected credit loss as the difference between the asset's gross carying amount and the present value of estimated future cashflows discounted at the financial assets's effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

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Figures in Rand	2025	2024	2023

8. Loans receivable (continued)

Govan Mbeki Housing Company:: Loss allowance measured at 12 month ECL:

Opening balance	-	-	-
Increase/(decrease) in loss allowance recognised in profit/loss during the year	347 935	-	-
Closing balance	**347 935**	**-**	**-**

The principal debt is repayable in monthly instalments for a period of 120 months (10 years), calculated from 01 January 2025. Interest will accrue from this date at at fixed rate of 7%.

MEGA measure the expected credit loss as the difference between the asset's gross carying amount and the present value of estimated future cashflows discounted at the financial assets's effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Fair value of loans receivable

The fair values are not materially different to the carrying amounts, since the interest levied on these financial assets is either close to current market rates or the financial assets are of a short-term nature.

Detail of other financial assets at amortised cost

MEGA classifies its loan receivables as at amortised cost only if both of the following criteria are met:
- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

9. Trade and other receivables

Financial instruments:			
Trade receivables	143 801 445	190 196 890	245 691 430
Loss allowance	(106 587 356)	(164 001 529)	(220 406 290)
Trade receivables at amortised cost	37 214 089	26 195 361	25 285 140
Deposits	9 056 679	8 775 618	8 848 100
Sundry debtors	1 208 314	624 355	(1 063 287)
Operating lease straight-lining asset	3 817 755	3 514 708	2 857 240
Other receivable	2 281 805	2 398 501	182 985
Non-financial instruments:			
VAT	-	-	16 830 387
Prepayments	4 894 593	485 342	229 167
Total trade and other receivables	**58 473 235**	**41 993 885**	**53 169 732**

Split between non-current and current portions

Current assets	58 473 235	41 993 885	53 169 732

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	53 578 642	41 508 543	36 110 178
Non-financial instruments	4 894 593	485 342	17 059 554
	58 473 235	**41 993 885**	**53 169 732**

Trade and other receivables pledged as security

Trade and other receivables are not pledged as security.

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Figures in Rand	2025	2024	2023

9. Trade and other receivables (continued)

Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amounts are assumed to be the same as their fair value.

10. Investments at fair value

Investments held by the entity which are measured at fair value, excluding derivatives are as follows:

Equity investments at fair value through profit or loss	11 423 493	12 805 490	11 270 173
At fair value through profit or loss:			
Listed shares Afrimat Limited shares @R58.13/share, number of shares 196 429 (2024:R57.83/share)	11 418 418	11 359 489	9 683 950
Unlisted shares Onderberg Verwerkingskooperasie Beperk (20 300) shares @R0.25/share (2024:R0.25, number of shares (5 800))	5 075	1 446 001	1 586 223
	11 423 493	**12 805 490**	**11 270 173**

Split between non-current and current portions

Non-current assets	11 423 493	12 805 490	11 270 173

Fair value information

Financial assets at fair value through profit and loss are recognised at fair value, which is therefore equal to their carrying amounts.

The following classes of investments at fair value through profit or loss are measured to fair value using the quoted market prices:
- Class 1 - Listed shares
- Class 2 - Unlisted shares

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10. Investments at fair value (continued)

Fair value hierarchy of financial assets at fair value through profit or loss - designated

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

There were no transfers between level 1 and level 2 for recurring fair value measurements during the year. The entity's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The entity has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

Investments held at reporting date

	2025	2024	2023
	Fair value	**Fair value**	**Fair value**
Afrimat Limited	11 418 418	11 359 489	9 683 950
Onderberg Verwerkingskoopersie Beperk	5 075	1 450	13 025
Capespan Group Limited	-	1 444 550	1 444 550
KWV Holdings	-	-	13 025
Afgri	-	-	94 548
Total	**11 423 493**	**12 805 490**	**11 270 173**

Investments disposed of during the reporting period

The MEGA Board approved the write-off and derecognition of the Zeder (Capespan) shares at the Board sitting of the 29th of April 2025. The write-off results from the limitation of share certificates which should confirm the existence of MEGA's investment.

11. Inventories

Consumables	1 221 173	2 185 188	1 480 484
Work in progress	45 428 751	45 343 751	45 297 751
	46 649 924	**47 528 939**	**46 778 235**

Other information

The valuators i@consulting assisted MEGA with assessing the net realisable value of WIP housing inventory as on 31 March 2025.

Inventory pledged as security

None of the inventory is pledged as security.

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12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2 359	5 707	2 792
Bank balances	67 622 595	89 759 241	61 715 447
	67 624 954	**89 764 948**	**61 718 239**

13. Non-current assets held for sale

A decision was taken to dispose 5 properties with a fair value of R5 140 000 (2024: R5 180 000) in MEGA's investment property portfolio due to the fact of the poor financial performance and/or poor physical condition of these properties. The sale process on these properties have not yet finalised at year end and will remain as non-current assets held for sale until these properties are registered to the new owner.

Three (3) properties are in the process to be disposed with a fair value of R820 000 (2024: R0.00) during the current financial year as these properties continue to drain the financial resources of the entity where as no future economical benefits expected through rental income. A local investor which owns the adjoining piece of land has requested MEGA to sell these 3 properties which are currently unused. The properties were sold and money received in April and May 2025.

Assets and liabilities

Non-current assets held for sale			
Investment property	5 960 000	5 180 000	5 260 000

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14. Provisions

Reconciliation of provisions - 2025

	Opening balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	1 102 996	-	-	-	44 119	1 147 115
Leave provision	13 701 766	12 948 526	(10 724 966)	-	-	15 925 326
Provision for Workman's Compensation	-	140 779	-	-	-	140 779
Long service award	420 300	23 400	(133 060)	22 760	37 900	371 300
	15 225 062	**13 112 705**	**(10 858 026)**	**22 760**	**82 019**	**17 584 520**

Reconciliation of provisions - 2024

	Opening balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	1 060 573	-	-	-	42 423	1 102 996
Leave provision	11 979 249	12 830 486	(11 107 969)	-	-	13 701 766
Long service award	517 119	29 229	(101 950)	(66 717)	42 619	420 300
	13 556 941	**12 859 715**	**(11 209 919)**	**(66 717)**	**85 042**	**15 225 062**

Reconciliation of provisions - 2023

	Opening balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	1 019 781	-	-	-	40 792	1 060 573
Leave provision	9 538 927	12 233 617	(9 793 295)	-	-	11 979 249
Long service award	592 422	33 540	(115 380)	(39 824)	46 361	517 119
	11 151 130	**12 267 157**	**(9 908 675)**	**(39 824)**	**87 153**	**13 556 941**

Non-current liabilities	1 518 415	1 523 296	1 577 692
Current liabilities	16 066 105	13 701 766	11 979 249
	17 584 520	**15 225 062**	**13 556 941**

Environmental rehabilitation

The provision is made for the estimated cost of rehabilitating the landfill site. The provision has been estimated using the valuation report of the provision for the final closure and rehabilitation costs of the Ekandustria landfill site. The valuation was prepared by Environmental and Sustainability Solutions CC, a specialist in environmental accounting, that was appointed by MEGA, for 31 March 2019.

A discounted rate of 4% (2024: 4%) has been applied to discount the current prices.

Leave provision

The provision is measured at the expected cost to settle the obligation using the accrued leave days at reporting date multiplied by the rate per day.

The rate per day is calculated as follows:
- Permanent and temporary staff - gross remuneration per month divided by 21.75 days
- Seasonal / contract staff - minimum wage as determined by the Department of Labour

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14. Provisions (continued)

Annual leave days entitlement is calculated as follows:
- Permanent staff: 2.0833 days for every 25 days worked
- Temporary staff: 1.75 days for every 21 days worked
- Seasonal staff: 1 day for every 17 days worked

Long service awards

The entity has an obligation to provide long service awards benefits to all its permanent employees. An employee is eligible for a long service award for the first five years of continuous service, and every five years continuous service subsequent to that. The actuarial valuation of the present value of the obligation at 31 March 2025 was carried out by ARCH Actuarial Consulting (Pty) Ltd on behalf of Bonakude.

Assumptions used on last valuation on 31 March 2024:	**2025**	**2024**	**2023**
Discount rate	10,34%	10,34%	9,03%
CPI	N/A	N/A	4,60%
Net discount rate	10,34%	10,34%	4,24%
Expected retirement age	63 years	63 years	63 years

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Figures in Rand	2025	2024	2023

15. Trade and other payables

	2025	2024	2023
Financial instruments:			
Trade payables	15 799 620	2 591 960	-
Other payables	8 869 575	8 445 572	9 349 571
Accrued expense	3 162 186	1 241 857	45 224 875
Deposits received	4 830 737	5 275 825	5 091 992
Non-financial instruments:			
VAT	30 550 797	23 245 500	-
	63 212 915	**40 800 714**	**59 666 438**

Trade payables are usually paid within 30 days of recognition. The carrying amount approximate the fair value.

Financial instrument and non-financial instrument components of trade and other payables

	2025	2024	2023
At amortised cost	32 662 118	17 555 214	37 334 282
Non-financial instruments	30 550 797	23 245 500	-
	63 212 915	**40 800 714**	**37 334 282**

Exposure to liquidity risk

Refer to note 33 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Exposure to interest rate risk

Refer to note 33 Financial instruments and financial risk management for details of interest rate risk management for trade and other payables.

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Figures in Rand	2025	2024	2023

16. Unspent conditional grants

	2025	2024	2023
Total unspent conditional grants	63 093 272	95 779 023	74 110 157
Details of unspent conditional grants			
Office of the Premier (Premier Youth Development Fund) The Youth Development Fund is a strategic intent and commitment of the Mpumalanga Provincial Government as an intervention measure to mitigate youth unemployment and economic participation of youth (18 - 35 years).	11 081 233	51 773 544	26 636 654
Department of Public Works (Expanded Public Works Program) Funds were received from the Department of Public Works to create work opportunities in the infrastructure, non-state, environmental and culture and social sectors.	17 358	32 082	247 480
Industrial Development Corporation (IDC) Funds were received from the IDC for the purpose of upgrading the factory sites located at the Kabokweni industrial area.	871 805	871 805	871 805
Department of Arts and Culture (Bushbuckridge craft project) Funds were received from the Department of Arts and Culture to support crafters in the Bushbuckridge area and to address developmental needs of crafters in the Ga-Mathibela community.	720 000	720 000	720 000
Department of Arts and Culture (Promoting sports and culture project) Funds were received from the Department of Arts and Culture to support socio-economic development by establishing sport and culture as an economic investment and to promote existing cultural facilities for communities.	2 304 273	2 304 273	2 304 273
National Department of Education (NSF Project) MEGA has been allocated descretionary grant funding by the National Skills Fund to implement an Artisan Skills Programme.	100 231	100 231	-
Department of Economic Development and Tourism (DEDT) Funds were received from the Department of Economic Development and Tourism in relation to the Nkomazi Special Economic Zone.	133 316	-	349 568
COVID relief funding	30 000	30 000	30 000
Department of Trade Industry and Competition investSA One Stop Shop (OSS) The OSS Mpumalanga will be offering a multitude of services to domestic and foreign investors. The OSS Mpumalanga will provide a convenient and efficient service for local and foreign businesses whilst focusing on all aspects related to their development needs from various tiers and agencies of government in a convenient location.	8 000 000	-	-

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Figures in Rand	2025	2024	2023
16. Unspent conditional grants (continued)			
Department of Agriculture, Forestry and Fisheries MAFISA Mafisa was started to assist emerging farmers to access loans. It also helps emerging farmers to access a wide range of other financial services, such as savings, credit and insurance. Beneficiaries of loans must show that they will be able to repay loans.	14 905 522	14 905 522	14 905 522
Department of Economic Development and Tourism (MIFPM) MEGA was involved in the construction and development of the MIFPM. The MIFPM is expected to provide food, security, job creation and improved nutritional standards.	24 088 397	24 088 397	24 088 397
Department of Employment and Labour (Unemployment Insurance Fund (UIF))	-	112 032	3 115 321
Department of Public Works	841 137	841 137	841 137
	63 093 272	**95 779 023**	**74 110 157**

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Figures in Rand		2025	2024
17. Revenue			
Revenue from contracts with customers			
Sale of lemons - local		90 860	7 490
Municipal services		140 524 266	101 016 276
		140 615 126	**101 023 766**
Other revenue			
Rental Income		27 187 899	38 931 894
Interest received (trading)		5 245 379	6 196 392
		32 433 278	**45 128 286**
		173 048 404	**146 152 052**

Disaggregation of revenue from contracts with customers

The entity disaggregates revenue from customers as follows:

Sale of goods			
Sale of lemons - local		90 860	7 490
Rendering of services			
Municipal services		140 524 266	101 016 276
Total revenue from contracts with customers		**140 615 126**	**101 023 766**
18. Cost of sales			
Purchase of goods		1 796 502	206 697
Purchase of bulk services		92 537 430	69 684 953
Inventories lost or written off		3 970	3 696
		94 337 902	**69 895 346**
19. Other operating income			
Administration and management fees received		92 866	91 730
Fees earned		141 753	1 039 590
Commissions received		1 367 832	2 887 681
Bad debts recovered		407 720	2 038 570
Conditional grants		1 012 407	4 217 916
Reversal of impairment		84 999	46 000
Government grants		244 955 776	228 559 054
		248 063 353	**238 880 541**

Government grants of R244 955 776 (2024: R228 559 054) are included in other operating income. There are no unfulfilled conditions or other contingencies attaching to these grants.

20. Other operating gains (losses)			
Gains (losses) on disposals, scrappings and settlements			
Investment property	3	11 000 000	12 700 000
Property, plant and equipment	4	(3 722 517)	922 143
		7 277 483	**13 622 143**

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Notes to the Annual Financial Statements

Figures in Rand	Note	2025	2024

20. Other operating gains (losses) (continued)

Fair value gains (losses)			
Investment property	3	5 420 000	4 690 000
Financial assets designated as at fair value through profit or loss		(1 381 997)	1 567 142
		4 038 003	**6 257 142**
Total other operating gains (losses)		**11 315 486**	**19 879 285**

21. Operating profit (loss)

Operating (loss) profit for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external		
Audit fees	6 589 521	5 797 583
Auditor's remuneration - internal	**6 852 705**	**6 718 390**
Remuneration, other than to employees		
Consulting and professional services	27 894 153	24 950 560
Leases		
Premises	951 621	867 913
Equipment	398 332	315 074

22. Investment income

Interest income		
Loans to:		
Directors, managers and employees	45 747	29 771
Investments in financial assets:		
Bank and other cash	4 440 776	5 880 976
Total interest income	**4 486 523**	**5 910 747**

23. Finance costs

Lease liabilities	24 212 735	23 440 270
Interest paid	123 347	73 052
Unwinding of discount on provisions and other liabilities	44 120	42 423
Unwinding of discount on long-term employee benefit obligation	37 900	42 619
Total finance costs	**24 418 102**	**23 598 364**

24. Other comprehensive income

Components of other comprehensive income - 2025

	Gross	Tax	Net
Items that will not be reclassified to profit (loss)			
Movements on revaluation			
Gains (losses) on property revaluation	(6 191 616)	-	(6 191 616)

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Figures in Rand	2025	2024

24. Other comprehensive income (continued)

Components of other comprehensive income - 2024

	Gross	Tax	Net
Items that will not be reclassified to profit (loss)			
Movements on revaluation			
Gains (losses) on property revaluation	21 072 611	-	21 072 611

25. Employee costs

Employee costs		
Basic	142 252 067	134 036 420
WCA	19 504	121 275
Leave pay provision charge	2 958 663	2 425 237
Directors' fees	1 237 104	1 194 426
Other short-term costs	3 709 170	3 451 890
Long-term benefits - incentive scheme	46 160	(37 488)
	150 222 668	**141 191 760**

26. Depreciation, amortisation and impairment losses

Depreciation		
Property, plant and equipment	21 310 980	19 916 993
Right-of-use assets	11 722 528	11 722 528
	33 033 508	**31 639 521**
Amortisation		
Intangible assets	-	1 911
Impairment losses		
Property, plant and equipment	30 318	1 055 088
Total depreciation, amortisation and impairment		
Depreciation	33 033 508	31 639 521
Amortisation	-	1 911
Impairment losses	30 318	1 055 088
	33 063 826	**32 696 520**

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Figures in Rand	2025	2024

27. Cash (used in)/generated from operations

	2025	2024
Loss for the year	(43 962 846)	2 507 799
Adjustments for non-cash items:		
Depreciation, amortisation, impairments and reversals of impairments	33 063 826	32 696 520
Gains on sale of assets and liabilities	(7 277 483)	(13 622 143)
Fair value gains	(4 038 003)	(6 257 142)
Movements in provisions	2 359 458	1 668 121
Share of profit or loss of equity accounted investments	6 735 726	375 004
Adjust for items which are presented separately:		
Interest income	(9 731 902)	(12 107 139)
Finance costs	24 418 102	23 440 270
Changes in working capital:		
(Increase) decrease in inventories	879 015	(750 704)
(Increase) decrease in trade and other receivables	(14 066 872)	(2 305 914)
Increase (decrease) in trade and other payables	22 412 201	(18 865 724)
Increase (decrease) in unspent conditional grants	(32 685 751)	21 668 866
	(21 894 529)	**28 447 814**

28. Commitments

Authorised capital expenditure

	2025	2024
Already contracted for but not provided for		
• Loans approved but not yet paid	3 238 605	8 185 582
• Supplier commitments	13 965 364	729 763
	17 203 969	**8 915 345**

Operating leases – as lessee (expense)

The entity leases IT equipment and machinery with contract terms of one to three years.

These leases are short-term and/or leases of low-value items. The entity has selected not to recognise right-of-use assets and lease liabilities for these leases.

	2025	2024
Minimum lease payments due		
- within one year	387 484	387 484
- in second to fifth year inclusive	193 742	581 226
	581 226	**968 710**

Operating leases – as lessor (income)

	2025	2024
Minimum lease payments due		
- first year	11 508 830	18 616 728
- second year	9 056 806	15 732 084
- third year	6 462 471	12 490 046
- fourth year	5 307 515	6 265 424
- fifth year	2 760 823	4 653 712
- sixth year and onwards	311 245	4 621 153
	35 407 690	**62 379 147**

Certain of the entity's property is held to generate rental income. Lease agreements vary from month-to-month, indefinite to 20 years. There are no contingent rents receivable.

Mpumalanga Economic Growth Agency

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29. Contingencies

1. Roadspan - Claim amount: R4,784,315 (2024: R4,784,315)

On or about 28 February 2020, Roadspan instituted action proceedings claiming that MEGA owes it R4 784 315 plus interest of 9.5% per annum for work done at the Mpumalanga International Fresh Produce Market.

MEGA only had a contract with Liviero Civils (Pty) Ltd, which has since been terminated following Liviero's inability to complete the works as per provisions of the contract. MEGA is opposing Roadspan's claim.

MEGA is opposing Roadspan's claim. Our response thereto was communicated to applicant on 23 April 2020 wherein we denied being indebted to Roadspan nor Liviero Civils in respect of the amount claimed.

2. Mr. EL Potgieter - Claim amount: R1,930,217 (2024: R1,930,217)

Mr. Potgieter, former CFO lodged a grievance after the expiry of his 5 years fixed term of employment contract on the 31st January 2021, wherein he alleged unfair dismissal due to non-renewal of the fixed-term employment contract.

The Applicant subsequently referred a dispute for unfair dismissal and unfair labour practice to the CCMA and an arbitration award was rendered on 16 August 2021, in terms of which MEGA was ordered to pay the Applicant R1 930 217 compensation in respect of unfair dismissal. On 23 September 2021, MEGA instituted an application to the labour court to review and set aside the arbitration award in relation to the unfair dismissal dispute.

The matter was heard at the Labour Court on 28 November 2024. We are currently awaiting judgement.

3. Coega Development Corporation (Pty) Ltd - Claim amount: R4,774,394 (2024: R4,774,394)

COEGA Development Corporation (Pty) Ltd instituted action proceedings against MEGA on 21 April 2022, in which they claim payment of an amount of R 3 206 549 plus interest of R 1 567 8456. The claim is predicated upon a written agreement for the provision of technical services, including program management fees. MEGA is defending the matter. COEGA has since proposed mediation as a form of dispute resolution to which MEGA agreed to. COEGA will initiate the mediation process.

4. LONA Citrus (Pty) Ltd - Claim amount: R26,851,227 (2024: R26 851 227)

LONA Citrus Ltd has instituted action proceedings seeking for a judgement on the allegations that MEGA owes the company an amount of R26 851 227. This is allegedly a cumulative debt from the funds the company has used in the management of Tekwane Citrus Farm. MEGA is defending the matter on the grounds that there is no agreement on the total amount allegedly owed to LONA.

The matter is currently under arbitration review with both parties' legal representatives, as at year end the matter had not been concluded.

5. Slip Knot Investments (Pty) Ltd - Claim amount: R22,833,009 (2024: R22,833,009)

SLIP KNOT Investments (Pty) Ltd instituted action proceedings against MEGA on 19 April 2023 for alleged breach of contract by MEGA in respect of the ABSA Square Building lease agreement which MEGA officially terminated on 30 September 2023 prior to moving to the new MEGA Head offices situated at No. 02 Eastern Boulevard, Riverside, Mbombela.

The Plaintiff alleges that MEGA is still liable for the rentals and all other charges that the Plaintiff would have been entitled to receive from the Defendant (MEGA) from 01 October 2022 to date of termination of the lease renewal by effluxion of time which is December 2025. MEGA is disputing the allegation and thus defending the matter.

6. Rayal Industries (Pty) Ltd - Claim amount: R4,343,950

On 15 July 2024, Rayal Industrial (Pty) Ltd instituted summons against the City of Tshwane Metropolitan Municipality and MEGA claiming damages in the amount of R4 343 950, which they allege was caused by the disconnection of the electricity supply that was carried out by the Municipality due to MEGA's failure to pay the Municipality. MEGA has filed a notice of intention to defend. No further correspondence has received from the Applicant (Rayal).

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29. Contingencies (continued)

7. ENZA Construction (Pty) Ltd - Claim amount: R0 (2024: R662,113 excl. VAT @11.25 from 5 Dec 2020 to date of payment)

ENZA Construction (Pty) Ltd instituted legal proceedings (combined summons) against MEGA as 1st Defendant and the Department of Public Works as 2nd Defendant for breach of contract with regards to provision of professional engineering/construction services at the Mpumalanga International Fresh Produce Market. MEGA's contention is that the contract was ceded to Public Works through an agreement that was signed on 14 March 2023 hence, MEGA should not be enjoined on the matter. MEGA together with Public Works have since filed court papers defending the matter. A notice of set-down has been issued and the matter will be heard at the High Court on a date yet to be determined.

The Contingencies could not be reliably measured by management; therefore, the filed summons has been relied upon.

8. City of Tshwane Metropolitan Municipality - Claim amount: R336 million (2024: R278 million)

As at 31 March 2025, the City of Tshwane Municipality (the City) issued a statement reflecting an outstanding balance of R336 million allegedly owed by the Mpumalanga Economic Growth Agency (MEGA). However, MEGA has formally dispured the amount claimed.

Following a meeting held on 11 March 2025 between MEGA and The City to address the identified discrepancies, it was agreed that MEGA would submit a formal dispute. The dispute was acknowledge by the City.

The total amount under dispute is R488.7 million, and it relates to the following components:

- Property Rates (R45.6 million) - MEGA disputes the charges levied for property rates on the basis that Ekandustria is not a proclaimed area, and as such, the property rate charges are not applicable.
- Electricity Charges (R27.5 million) - MEGA contends that the electricity charges imposed by The City from 2023 exceed the Eskom rate, which contradicts the terms of the 1994 agreement between MEGA and The City, under which electricity should be billed at the prevailing Eskom rate.
- Surcharges (R74.1 million) - In 2023, MEGA raised objections to surcharges applied by The City. The City subsequently ceased applying the surcharges but did not refund the amounts previously charged, which remain in dispute.
- Other Charges ("Demand Charges", R341.5 million) - The City has applied additional charges intitially described as "other charges" and later referred to as "demand charges". MEGA disputes the legality and applicability of these charges and has not received a satisfactory explanation or legal basis for their imposition.

Due to the materiality and uncertainty surrounding the outcome of the dispute and given that MEGA has not accepted liability for the claimed amounts, the balance is disclosed as a contingent liability in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. Management is actively engaging with the City of Tshwane to resolve the matter and is confident that the process will result in a materially lower liability, if any.

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30. Related parties

Relationships	
Board members and key management emoluments	Refer to note 31
Associates	Refer to note 7
Government departments	Department of Economic Development and Tourism
All government institutions are subject to the same accounting authority in terms of the sphere of government and are also under the same executive leadership and are therefore related parties to MEGA	Department of Public Works
	Department of Human Settlements
	Department of Trade and Industry and Competition
	Office of the Premier
	Nkomazi Special Economic Zone (Nkomati SEZ)

Figures in Rand	2025	2024
Related party balances		
Loan accounts - Owing (to) by related parties		
Dalamba Victorius Trading Enterprise and Projects (Pty) Ltd	11 182 730	11 182 730
Fuma Investments (Pty) Ltd	6 322 504	6 761 724
Amounts included in (Trade Payable) regarding related parties		
Office of the Premier (PYDF)	(11 081 233)	(51 773 544)
Department of Public Works (EPWP)	(17 357)	(32 082)
Department of Public Works	(841 137)	(841 137)
Department of Economic Development and Tourism (MIFPM)	(24 088 397)	(24 088 397)
Department of Trade Industry and Competition (investSA One Stop Shop)	(8 000 000)	-
Nkomazi Special Economic Zone (Nkomati SEZ)	(133 316)	-
Amounts included in Trade receivable regarding related parties		
KaNgwane Anthracite (Pty) Ltd	492 558	492 558
Department of Economic Development and Tourism	8 350 985	8 534 643
Department of Human Settlement	5 528 326	5 528 326
Related party transactions		
Loans repaid		
Fuma Investments (Pty) Ltd	1 000 000	1 150 000
Dalamba Victorius Trading Enterprise and Projects (Pty) Ltd	-	70 000
Conditional grants received		
Department of Economic Development and Tourism (EPWP)	1 000 000	1 108 000
Office of the Premier (PYDF)	-	107 763 419
Department of Economic Development and Tourism (SEZ)	5 087 448	2 894 519
Department of Economic Development and Tourism (Donkerhoek)	-	1 982 500
Department of Trade Industry and Competition	8 000 000	-
Operational grant received		
Department of Economic Development and Tourism (Operational grant)	279 508 000	256 776 000
Administration fees paid to (received from) related parties		
Office of the Premier (PYDF)	(1 367 832)	(2 885 341)
Compensation to directors and other key management		
Directors' fees	1 237 104	1 194 426

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31. Directors' and key management emoluments

Non-executive

2025

Directors' emoluments	Emoluments	Reimbursement	Total
Services as director or prescribed officer			
Mr TP Motau (former Chairperson)	80 028	-	80 028
Ms G Khoza	26 676	-	26 676
Mr JL Mahlangu (Chairperson)	245 708	45 911	291 619
Mr CJ Pule	145 692	5 034	150 726
Ms N Lebambo	140 296	3 872	144 168
Mr DM Maimela	116 014	823	116 837
Ms NH Mkhumane	181 754	1 500	183 254
Mr ZM Masilela	53 960	-	53 960
Ms P Mnyambo	86 336	3 301	89 637
Ms ZP Bhengu-Makhubu	83 638	5 769	89 407
Rev MM Nthali	10 792	-	10 792
	1 170 894	**66 210**	**1 237 104**

2024

Directors' emoluments	Emoluments	Reimbursement	Total
Services as director or prescribed officer			
Mr TP Motau (former Chairperson)	106 188	-	106 188
Ms DD Pule	162 444	3 712	166 156
Ms MM Mothoa	104 748	8 606	113 354
Mr JL Mahlangu (Chairperson)	137 440	20 442	157 882
Mr CJ Pule	129 504	11 305	140 809
Ms N Lebambo	115 698	3 468	119 166
Mr DM Maimela	121 094	14 983	136 077
Ms NH Mkhumane	161 654	2 662	164 316
Mr MSK Masilela	59 356	-	59 356
	1 098 126	**65 178**	**1 163 304**

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31. Directors' and key management emoluments (continued)

Key management

2025

Key management emoluments	Emoluments	Reimbursement	Total
Mr MI Mahlangu (CEO)	3 764 863	14 567	3 779 430
Mr BL Maseko (CFO)	711 926	13 507	725 433
Mr SE Lekhuleni (ACFO)	1 896 346	19 171	1 915 517
Mr E Nyathikazi (GM: Properties & Infrastructure)	2 737 223	68 621	2 805 844
Adv SP Morgan (Company Secretariat)	2 447 271	88 270	2 535 541
Ms LC Tshabalala (AGM: Corporate Services)	2 387 482	44 642	2 432 124
Ms RF Masuku (CAE)	2 130 076	83 645	2 213 721
Ms CA Nkuna (GM: Funding)	1 598 077	43 194	1 641 271
Ms Z Sibanda (AGM: Funding)	1 218 528	35 933	1 254 461
Mr TS Nobela (AGM: Trade & Investment)	2 521 721	43 923	2 565 644
	21 413 513	**455 473**	**21 868 986**

The following table represents the appointments and terminations occurend in the year:

Key management	Position	Changes
Mr BL Maseko	CFO	Appointed, 02 January 2025
Mr SE Lekhuleni	Acting CFO	Appointed from 01 April 2024 to 31 December 2024
Ms CA Nkuna	GM: Funding	Resigned, 31 October 2024
Ms Z Sibanda	Acting GM: Funding	Appointed, 01 November 2024
Mr TS Nobela	Acting GM: Trade and Investment	Appointed from 01 April 2024 to 31 March 2025

2024

Key management emoluments	Emoluments	Reimbursement	Total
Mr MI Mahlangu (CEO)	3 659 163	15 414	3 674 577
Mr ZM Macu (ACFO)	2 535 573	50 636	2 586 209
Mr E Nyathikazi (GM: Properties & Infrastructure)	2 463 035	75 158	2 538 193
Adv SP Morgan (Company Secretariat)	2 332 537	91 058	2 423 595
Mr MS Mkhabela (AGM: Corporate Services)	2 548 825	75 671	2 624 496
Ms RF Masuku (CAE)	2 030 300	56 280	2 086 580
Ms CM Nkambule (AGM: Funding)	1 137 100	60 382	1 197 482
Ms CA Nkuna (GM: Funding)	1 463 429	11 757	1 475 186
Mr TS Nobela (AGM: Trade & Investment)	2 522 339	44 433	2 566 772
	20 692 301	**480 789**	**21 173 090**

The following table represents the appointments and terminations occurend in the year:

Key management	Position	Changes
Ms CM Nkambule	Acting GM: Funding	Appointed from 01 April 2023 to 31 August 2023
Ms CA Nkuna	Acting GM: Funding	Appointed, 01 September 2023
Mr TS Nobela	Acting GM: Trade and Investment	Appointed from 01 April 2023 to 31 March 2024

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Notes to the Annual Financial Statements

32. Prior period errors

1. Correcting the transfer portion of revaluation reserve to retained earnings as per IAS.16.41 (The calculation erroneously transferred from retained earnings to revaluation reserve).

2. Correcting the recognition of revaluation suplus (deficit) as per IAS.16.39 and IAS.16.40 (The calculation erroneously recognised the total revaluation (deficit) through OCI)

3. Reversal of COEGA as accrual. A contingent liability exists and MEGA is defending the matter from 2022/23.

4. Reversal of LONA as trade and other payable. A contingent liability exists and MEGA is defending the matter from 2022/23.

5. Recognition of water rights erroneously not included as part of intangible assets in prior years.

6. Bulk electricity and property rates were derecognised from 2022 due to the dispute MEGA has with the rates the City of Tshwane Municipality is charging. A contingent liability has been disclosed accordingly.

7. Accounting for MAFISA bank account as part of MEGA's cash and cash equivalents.

8. Accounting of fair value of the unlisted share (Onderberg) for 2023/24.

9. Correction of lease liability and right-of-use asset due to the incorrect inclusion of VAT in the calculation.

10. Derecognise the accrual for Hi-Veld Fruit Packer (Pty) Ltd, the Investment in Associate is in the process of liquidation and no contribution is required to them.

11. National Departments were correctly excluded from the Related Parties disclosure note.

12. Reallocation of statement of cashflows from cash received from customers to be disclosed seperately as cash received from conditional grants and interest income from services.

13. Reallocation of statement of cashflows from cash paid to suppliers to be disclosed seperately as VAT payments and finance cost.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position		
Reserves		
Balance previously reported	(149 629 982)	(129 205 435)
Transfer portion of revaluation reserve to retained earnings	(7 744 788)	(13 836 974)
	(157 374 770)	**(143 042 409)**

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

32. Prior period errors (continued)

Statement of Financial Position		
Retained income		
Balance previously reported	(488 572 762)	(509 065 777)
Reversal of accrual - Coega	(4 002 243)	(4 002 243)
Reversal of accrual - Hi-Veld Fruit Packers (Pty) Ltd	(626 445)	(626 445)
Reversal of trade payable - CoT bulk electricity	(259 313 818)	(242 787 032)
Reversal of other payable - LONA	(25 391 706)	(25 391 706)
Recognition of water rights	(771 855)	(771 855)
Correction of Right-of-use asset	(2 637 567)	(879 190)
Correction of Lease liability	(4 945 436)	(1 429 395)
Recognition of fair value for unlisted share	(1 450)	-
Recognition of MAFISA bank account	(2 850 859)	(2 851 029)
Derecognition of CRDP loans	(1 401 622)	444 773
Transfer portion of revaluation reserve from retained earnings	7 744 788	13 836 974
	(782 770 975)	**(773 522 925)**

Statement of Financial Position		
Trade and other receivables		
Balance previously reported	51 070 990	52 243 814
VAT movement due to reversal of CoT, accruals, lease liability & right-of-use asset	(9 077 105)	2 772 312
Reversal of other receivables	-	(1 846 394)
	41 993 885	**53 169 732**

Statement of Financial Position		
Trade and other payables		
Balance previously reported	(364 242 787)	(355 436 836)
Reversal of accrual - Coega	4 602 580	4 602 580
Reversal of accrual - Hi-Veld Fruit Packers	720 412	720 412
Reversal of other payable - LONA	25 391 706	25 391 706
Reversal of accrual - CoT rates	-	1 500 629
Reversal of trade payable - CoT bulk electricity	294 346 052	238 924 960
Reversal and reallocation of other creditors to unspent conditional grants (UIF)	112 032	3 115 320
Reversal and reallocation of other creditors to unspent conditional grants (MIFPM)	24 088 397	24 088 397
Reversal and reallocation of other creditors to unspent conditional grants (Department of Public Works)	841 137	841 137
Derecognition of CRDP loans	1 401 621	1 401 621
Recognition of Thaba Chwue, allocated from other financial liabilities	(4 816 364)	(4 816 364)
VAT movement due to reversal of CoT, accruals, lease liability & right-of-use asset	(23 245 500)	-
	(40 800 714)	**(59 666 438)**

Statement of Financial Position		
Cash and cash equivalents		
Balance previously reported	86 914 089	58 867 210
Recognition of MAFISA bank account	2 850 859	2 851 029
	89 764 948	**61 718 239**

Statement of Cash Flows		
Cash and cash equivalents - Cash receipts from customers		
Balance previously reported	137 277 993	-
Cash received from conditional grants	(44 407 289)	-
Interest income - Services	(1 439 702)	-
	91 431 002	**-**

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Notes to the Annual Financial Statements

32. Prior period errors (continued)

Statement of Cash Flows
Cash and cash equivalents - Cash paid to suppliers and employees

Balance previously reported	(378 925 246)	-
VAT paid	17 935 658	-
Finance cost	15 325 066	-
Bank charges - MAFISA bank account bank charges	(171)	-
	(345 664 693)	**-**

Statement of Financial Position
Intangible assets

Balance previously reported	8 430 011	8 430 011
Recognition of water rights	771 855	771 855
	9 201 866	**9 201 866**

Statement of Financial Position
Other financial liabilities (Non-current and current)

Balance previously reported	(19 721 886)	(19 721 886)
Derecognition of Thaba Chweu, allocated to other payables	4 816 364	4 816 364
Derecognition of MAFISA, allocated to Unspent conditional grants	14 905 522	14 905 522
	-	**-**

Statement of Financial Position
Unspent conditional grants

Balance previously reported	(55 831 935)	(31 159 781)
Recognition of MAFISA	(14 905 522)	(14 905 522)
Recognition of Mpumalanga International Fresh Produce Market (MIFPM)	(24 088 397)	(24 088 397)
Recognition of Department of Public Works	(841 137)	(841 137)
Recognition of Department of Employment and Labour (UIF)	(112 032)	(3 115 320)
	(95 779 023)	**(74 110 157)**

Statement of Financial Position
Investments at fair value through profit or loss

Balance previously reported	12 804 040	11 270 173
Recognition of fair value for unlisted share	1 450	-
	12 805 490	**11 270 173**

Statement of Financial Position
Right-of-use asset

Balance previously reported	249 396 774	262 877 681
Correction of calculation due to inclusion of VAT	(32 530 014)	(34 288 393)
	216 866 760	**228 589 288**

Statement of Financial Position
Lease liabilities (Non-current and current)

Balance previously reported	(281 436 322)	(272 103 837)
Correction of calculation due to inclusion of VAT	36 709 086	35 491 805
	(244 727 236)	**(236 612 032)**

Statement of Profit or Loss and Other Comprehensive Income
Other comprehensive income
Gains on property revaluation

Amount previously reported	26 699 531	-
Correcting the recognition of revaluation suplus/(deficit) recognised to revaluation	(5 626 920)	-

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Notes to the Annual Financial Statements

32. Prior period errors (continued)

	21 072 611	**-**

Statement of Profit or Loss and Other Comprehensive Income
Other operating gains (losses)

Amount previously reported	14 250 915	-
Correcting the recognition of revaluation suplus/(deficit) recognised to revaluation	5 626 920	-
Recognition of fair value for unlisted share	1 450	-
	19 879 285	**-**

Statement of Profit or Loss and Other Comprehensive Income
Cost of sales

Amount previously reported	(86 687 155)	-
Derecognition of bulk electricity	16 791 809	-
	(69 895 346)	**-**

Statement of Profit or Loss and Other Comprehensive Income
Finance costs

Amount previously reported	(27 114 405)	-
Lease liability (Correction of calculation due to inclusion of VAT)	3 516 041	-
	(23 598 364)	**-**

Statement of Profit or Loss and Other Comprehensive Income
Other operating expenses

Amount previously reported	(176 593 930)	-
Right-of-use asset depreciation (correction of calculation due to VAT)	1 758 377	-
Bank charges (recognition of MAFISA bank account)	(170)	-
Derecognition of rates (City of Tshwane)	1 581 371	-
	(173 254 352)	**-**

Disclosure
Related parties - Balances included in Trade Payable

Balance previous reported	(18 060 026)	(18 172 058)
Department of Arts and Culture (Promoting Sports and Culture)	3 054 273	3 054 273
Department of Education (NSF Project)	100 231	100 231
Department of Agriculture, Forestry and Fisheries (MAFISA)	14 905 522	14 905 522
Department of Employment and Labour (UIF Programme)	-	112 032
	-	**-**

Related parties - Conditional grants received

Amount previously reported	12 632 505	13 518 988
Department of Education (NSF Project)	(12 632 505)	(13 518 988)
	-	**-**

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

33. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2025

	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Leases	Total	Fair value
Loans receivable	8	-	40 187 160	-	40 187 160	-
Investments at fair value	10	11 423 493	-	-	11 423 493	11 423 493
Trade and other receivables	9	-	53 578 642	4 894 593	58 473 235	53 578 642
Cash and cash equivalents	12	-	67 624 984	-	67 624 984	67 624 984
		11 423 493	**161 390 786**	**4 894 593**	**177 708 872**	**132 627 119**

2024

	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Leases	Total	Fair value
Loans receivable	8	-	46 002 567	-	46 002 567	-
Investments at fair value	10	12 805 490	-	-	12 805 490	12 805 490
Trade and other receivables	9	-	41 508 543	485 342	41 993 885	41 508 543
Cash and cash equivalents	12	-	89 765 264	-	89 765 264	-
		12 805 490	**177 276 374**	**485 342**	**190 567 206**	**54 314 033**

2023

	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Leases	Total	Fair value
Loans receivable	8	-	46 168 350	-	46 168 350	-
Investments at fair value	10	11 270 173	-	-	11 270 173	11 270 173
Trade and other receivables	9	-	36 110 178	229 167	36 339 345	36 110 178
Cash and cash equivalents	12	-	61 718 240	-	61 718 240	61 718 240
		11 270 173	**143 996 768**	**229 167**	**155 496 108**	**109 098 591**

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Notes to the Annual Financial Statements

33. Financial instruments and risk management (continued)

Categories of financial liabilities

2025

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	15	32 662 118	-	32 662 118	-
Finance lease obligations	5	-	252 388 901	252 388 901	-
		32 662 118	**252 388 901**	**285 051 019**	**-**

2024

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	15	17 555 214	-	17 555 214	-
Finance lease obligations	5	-	244 727 236	244 727 236	-
		17 555 214	**244 727 236**	**262 282 450**	**-**

2023

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	15	37 334 282	-	37 334 282	-
Finance lease obligations	5	-	236 612 032	236 612 032	-
		37 334 282	**236 612 032**	**273 946 314**	**-**

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Notes to the Annual Financial Statements

33. Financial instruments and risk management (continued)

Gains and losses on financial instruments

Gains and losses on financial assets

2025

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total
Recognised in profit or loss:				
Interest income	22	-	4 486 523	4 486 523
Gains (losses) on valuation adjustments	20	(1 381 997)	-	(1 381 997)
Net gains (losses)		**(1 381 997)**	**4 486 523**	**3 104 526**

2024

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total
Recognised in profit or loss:				
Interest income	22	-	5 910 747	5 910 747
Gains (losses) on valuation adjustments	20	1 567 142	-	1 567 142
Net gains (losses)		**1 567 142**	**5 910 747**	**7 477 889**

2023

	Note(s)	Fair value through other comprehen-sive income - debt instruments	Fair value through profit or loss - Designated	Amortised cost	Total
Recognised in profit or loss:					
Interest income	22	-	-	2 095 451	2 095 451
Gains (losses) on valuation adjustments	20	-	(3 651 479)	-	(3 651 479)
Gains (losses) on reclassification adjustments from other comprehensive income - debt instruments	20	(240 000)	-	-	(240 000)
Net gains (losses)		**(240 000)**	**(3 651 479)**	**2 095 451**	**(1 796 028)**

Gains and losses on financial liabilities

2025

	Note(s)	Amortised cost	Leases	Total
Recognised in profit or loss:				
Finance costs	23	(161 247)	(24 212 735)	(24 373 982)

2024

	Note(s)	Amortised cost	Leases	Total
Recognised in profit or loss:				
Finance costs	23	(115 671)	(23 440 270)	(23 555 941)

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

33. Financial instruments and risk management (continued)

2023

	Note(s)	Amortised cost	Leases	Total
Recognised in profit or loss:				
Finance costs	23	(148 268)	(9 529 300)	(9 677 568)

Mpumalanga Economic Growth Agency
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Notes to the Annual Financial Statements

33. Financial instruments and risk management (continued)

Capital risk management

The entity's objective when managing capital (which includes borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the entity's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The entity monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity. The entity's targeted gearing ratio is 25% – 50%.

The capital structure and gearing ratio of the entity at the reporting date was as follows:

Figures in Rand		2025	2024	2023
Lease liabilities		252 388 901	244 727 236	236 612 032
Trade and other payables	15	63 212 915	40 800 714	37 334 282
Total borrowings		**315 601 816**	**285 527 950**	**273 946 314**
Cash and cash equivalents	12	(67 624 954)	(89 764 948)	(61 718 239)
Net borrowings		**247 976 862**	**195 763 002**	**212 228 075**
Equity		889 991 282	940 145 744	916 565 334
Gearing ratio		28 %	21 %	23 %

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Notes to the Annual Financial Statements

33. Financial instruments and risk management (continued)

Financial risk management

Overview

The entity is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The Board has overall responsibility for the establishment and oversight of the entity's risk management framework. The Board has established the risk committee, which is responsible for developing and monitoring the entity's risk management policies. The committee reports quarterly to the Board on its activities.

The entity's risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the entity's activities.

The entity audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee and the risk committee.

Credit risk

Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The entity is exposed to credit risk on loans receivable (at amortised cost), debt instruments at fair value through other comprehensive income, trade and other receivables, contract receivables, lease receivables, cash and cash equivalents, loan commitments and -.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The entity only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss.

Customer credit risk is managed by the risk control unit subject to the entity's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. Outstanding customer receivables are regularly monitored.

The requirement for an impairment is analysed at each reporting date on an individual basis. The calculation is based on actual incurred historical data. The entity does not hold collateral as security. The entity evaluates the concentration of risk with respect to trade receivables as high due to the volatility of the current market conditions.

Mpumalanga Economic Growth Agency
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Notes to the Annual Financial Statements

33. Financial instruments and risk management (continued)

		2025			2024			2023		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Loans receivable	8	98 674 504	(58 487 344)	40 187 160	156 141 019	(110 138 452)	46 002 567	175 720 201	(129 551 851)	46 168 350
Trade and other receivables	9	181 586 371	(123 113 136)	58 473 235	222 522 680	(180 528 795)	41 993 885	292 621 468	(239 451 736)	53 169 732
Cash and cash equivalents	12	67 624 984	-	67 624 984	89 765 264	-	89 765 264	61 718 240	-	61 718 240
		347 885 859	**(181 600 480)**	**166 285 379**	**468 428 963**	**(290 667 247)**	**177 761 716**	**530 059 909**	**(369 003 587)**	**161 056 322**

Liquidity risk

The entity is exposed to liquidity risk, which is the risk that the entity will encounter difficulties in meeting its obligations as they become due.

The entity manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

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

Mpumalanga Economic Growth Agency
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Notes to the Annual Financial Statements

33. Financial instruments and risk management (continued)

2025

		Carrying amount
Non-current liabilities		
Lease liabilities		234 513 744
Current liabilities		
Trade and other payables		32 662 118
Lease liabilities		17 875 157
		285 051 019

2024

		Carrying amount
Non-current liabilities		
Lease liabilities		228 176 165
Current liabilities		
Trade and other payables	15	17 555 214
Lease liabilities		16 551 071
		262 282 450

2023

		Carrying amount
Non-current liabilities		
Lease liabilities		221 286 967
Current liabilities		
Trade and other payables	15	37 334 282
Lease liabilities		15 325 065
		(273 946 314)

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The entity's potential exposure to the risk of changes in market interest rates relates primarily to the entity's long-term debt obligations. The entity's long term debt obligations are both interest free and fixed term borrowings. The entity manages its interest rate risk by having a balanced portfolio of interest free and fixed rate loans and borrowings.

Interest rate sensitivity is not analysed as the organisation is borrowing at fixed interest rates.

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Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

33. Financial instruments and risk management (continued)

Price risk

Commodity price risk

The entity's operating activities involve leasing of residential and industrial properties, Housing, Agricultural and SMME financing and sale of lemons. The nature of the products are such that they are not significantly affected by volatility as they are not volatile in nature.

Equity price risk

The entity's unlisted shares are susceptible to market-price risk arising from uncertainties about future values of the investment. The organisation manages the equity price risk by limiting such investment to shares necessary to carry out its agricultural activities.

At the reporting date, the exposure to unlisted shares at fair value was R5 075 (2024: R1 446 001), the unlisted shares with Capespan Group Limited were written of in 2024/25.

Equity price risk, in the context of listed shares, refers to the chance that the value of the entity's shares will decline due to market fluctuations or company-specific events. This risk is inherent in investing in stocks and can lead to potential losses for MEGA.

The risk exposure to the Afrimat Limited shares was R11 418 418 at the reporting date (2024: R11 359 489).

Refer to note 10 for details on exposure to price risk.

34. Going concern

The directors believe that the entity has adequate financial resources, including projected collections from MEGA's property portfolio and anticipated receipts of government grants, to continue its operations for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going concern basis.

While certain conditions and events may raise concerns about the entity's ability to continue as a going concern, including the disputed municipal charges with the City of Tshwane amounting to R488.7 million. Management has taken active steps to address these matters. A formal dispute was submitted and acknowledged by the City, and the directors are confident that the resolution will result in a significantly reduced liability, if any.

The entity has also implemented mitigating measures, including improved financial controls and strengthened engagement with key stakeholders. These actions, together with available resources, support management's assessment that MEGA remains a going concern.

Mpumalanga Economic Growth Agency
Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024

35. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

36. Fruitless and wasteful expenditure

Current year expenditure incurred	-	95 204

Details pertaining to the fruitless and wasteful expenditure incurred are included in the Annual Report.

37. Irregular expenditure

Current year expenditure incurred	24 847 046	18 141 861

Details pertaining to the Irregular expenditure incurred for the year are included in the Annual Report.

38. Deviations from Supply Chain Management Regulations

The Accounting Officer may under certain circumstances deviate from following normal procurement processes. Any such deviations are reported on a monthly basis to Provincial Treasury and can be summarised as follows:

Media coverage	1 102 435	-
Single sourcing of quotations due to emergencies	21 143	-
Sole supplier	1 687 524	4 131 555
Impractical SCM processes	2 587 037	-
	5 398 139	**4 131 555**

Mpumalanga Economic Growth Agency
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Detailed Income Statement

Figures in Rand	Note(s)	2025	2024 Restated *
Revenue			
Sale of lemons - local		90 860	7 490
Municipal services		140 524 266	101 016 276
Rental income on investment property		27 129 566	38 931 894
Other rental income		58 333	-
Interest received (trading)		5 245 379	6 196 392
	17	**173 048 404**	**146 152 052**
Cost of sales			
Purchases		(94 337 902)	(69 895 346)
Gross profit		**78 710 502**	**76 256 706**
Other operating income			
Administration and management fees received		92 866	91 730
Fees earned		141 753	1 039 590
Commissions received		1 367 832	2 887 681
Bad debts recovered		407 720	2 038 570
Conditional grants		1 012 407	4 217 916
Reversal of impairment		84 999	46 000
Government grants		244 955 776	228 559 054
	19	**248 063 353**	**238 880 541**
Other operating gains (losses)			
Gains on disposal of assets or settlement of liabilities		7 277 483	13 622 143
Fair value gains		4 038 003	6 257 142
	20	**11 315 486**	**19 879 285**
Expenses (Refer to page 82)		**(355 384 882)**	**(314 446 112)**
Operating (loss) profit	21	**(17 295 541)**	**20 570 420**
Investment income	22	4 486 523	5 910 747
Finance costs	23	(24 418 102)	(23 598 364)
Loss from equity accounted investments		(6 735 726)	(375 004)
(Loss) profit for the year		**(43 962 846)**	**2 507 799**

* See Note 2 & 32

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Detailed Income Statement

Figures in Rand	Note(s)	2025	2024 Restated *
Other operating expenses			
Advertising		(739 562)	(1 153 355)
Amortisation		-	(1 911)
Auditor's remuneration - external audit	21	(6 589 521)	(5 797 583)
Auditor's remuneration - internal audit	21	(6 852 705)	(6 718 390)
Bad debts		(35 349 307)	(14 808 484)
Bank charges		(136 646)	(103 183)
Cleaning		(1 041 266)	(820 003)
Consulting and professional fees		(15 727 581)	(16 762 809)
Consumables		(175 266)	(132 292)
Depreciation		(33 033 508)	(31 639 521)
Employee costs		(150 222 668)	(141 191 760)
Entertainment		(291 592)	(138 642)
Grant expenditure		(1 525 227)	(4 217 916)
Legal fees		(12 166 572)	(8 187 751)
Management fee		(4 894 169)	-
Gifts		(21 768)	(13 766)
IT expenses		(7 142 687)	(6 948 183)
Impairment		(30 318)	(1 055 088)
Insurance		(9 649 211)	(8 671 330)
Short term leases - equipment		(398 332)	(315 074)
Motor vehicle expenses		(64 513)	(127 280)
Municipal expenses		(18 131 708)	(20 666 905)
Other expenses		(2 241 479)	(3 518 253)
Placement fees		(193 711)	(210 014)
Postage		(32 007)	(32 399)
Printing and stationery		(347 795)	(255 889)
Protective clothing		(48 628)	(41 265)
Repairs and maintenance		(8 731 429)	(7 460 453)
Security		(33 648 013)	(28 269 955)
Short-term leases - buildings		(951 621)	(867 913)
Staff welfare		(93 800)	(146 599)
Subscriptions		(1 893 471)	(1 166 349)
Telephone and fax		(1 217)	(30)
Training		(1 171 663)	(1 137 404)
Travel - local		(1 351 766)	(1 432 530)
Travel - overseas		(494 155)	(435 833)
		(355 384 882)	**(314 446 112)**

* See Note 2 & 32

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