

OUR MANDATE, VISION, MISSION, VALUES AND ETHICS

MANDATE The Board has consent to carry out the following functions:

- To regulate the cotton industry
- To grow the Eswatini cotton industry
- To promote cotton production in Eswatini
- To provide market and marketing intelligence
- To provide technical advice to farmers

VISION To be a competent cotton enterprise that adds sustainable value towards the country's economy and its stakeholders.

MISSION

- Conducting industry research;
- Influencing the enactment of enabling legislation and regulatory policies;
- Use of innovative technologies;
- Resource mobilisation;
- Robust marketing;
- Educating and capacitating Emaswati in cotton production; and
- Engaging in Public Private Partnerships.

OUR VALUES AND ETHICS

Integrity

We will ensure honesty and transparency in our operations and will not accept bribes

Professionalism

We will ensure that our staff are well trained to deliver excellent services

Accountability

We will always remain accountable for all our actions

Dependability

Stakeholders can rely on us and our staff to respond promptly and adequately to their interests

Collaboration

We will involve our stakeholders in the planning and execution of our work

Innovation

We will promote the use of latest technologies in all our dealings

Environmental consciousness

We endeavour to use cotton eco-friendly ways in our dealings



Eswatini Cotton Board

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Honourable Mandla Tshawuka

Minister for Agriculture

P.O. Box 162

Mbabane

Dear Sir,

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31st March, 2025

The Board of Directors of Eswatini Cotton Board are pleased to submit the Annual Report and Accounts for the year ended 31st March, 2025 in terms of section 15 (6) of the Cotton Act No. 26 of 1967.

Yours Faithfully,

SAMSON M. MAVUSO

(CHAIRMAN OF BOARD OF DIRECTORS)

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*“The ginnery continued
to produce quality lint for both local
and international spinners”*





Minister of Agriculture
Honourable Mandla Tshawuka

Board of Directors



Mr. Samson Mavuso
Chairman



Mr. Sikelela Fakudze
Vice Chairman



Dr. Daniel M. Khumalo
Chief Executive Officer



Mr. Bhekie A. Nzima
Member



Mr. Victor Masilela
Member



Mrs. Tokky Hou
Member



Mr. Mbuso Mdzebele
Member



Mrs. Thab'sbile Dlamini
Member



Mr. Vusie C. Khumalo
Member



Mr. Samson Mavuso
Chairman of the Board



Chairman's Message

Eswatini's economic outlook for 2025 is generally positive, with projections indicating a rebound in growth, although with some downside risks. The Central Bank projects a growth rate of 7.9% in 2025, driven by large-scale public and private sector projects, particularly in dam construction and energy. However, the World Bank forecasts a slightly lower growth rate of 6.5%, citing a recovery after a period of slower growth in 2024.

1.1 ESWATINI ECONOMIC OUTLOOK

Eswatini's economic outlook for 2025 is generally positive, with projections indicating a rebound in growth, although with some downside risks. The Central Bank projects a growth rate of 7.9% in 2025, driven by large-scale public and private sector projects, particularly in dam construction and energy. However, the World Bank forecasts a slightly lower growth rate of 6.5%, citing a recovery after a period of slower growth in 2024.

Here's a more detailed breakdown:

Growth Projections:

Central Bank of Eswatini: Projects 7.9% growth in 2025, moderating to 5.0% in 2026 and 3.3% in 2027

World Bank: Forecasts: 6.5% growth, with a potential slowdown in 2026

African Development Bank: Anticipates growth of 4.9% in 2024, tapering off in 2025

Key Factors Driving Growth:

Public and private sector investments: Large-scale projects, including dam construction and energy initiatives, are expected to boost activity

Renewed private sector confidence: Improved fiscal discipline and on-going reforms are attracting investment

Digitalization: The World Bank highlights the potential of digital technologies to stimulate productivity and create new industries

Potential Challenges:

Dependence on SACU revenues

Eswatini's economy is heavily reliant on the Southern African Customs Union, making it vulnerable to fluctuations in regional trade.

Climate Change:

Droughts and other climate related events can impact agricultural output, a significant sector.

Global economic conditions:

Challenges in South Africa, a key trading

partner, can affect Eswatini's economy

Inflation:

Planned electricity and water tariff hikes, as well as potential public wage increases, could lead to higher inflation.

Other Notable Developments:

National MSME Policy 2025: Launched to foster entrepreneurship and economic diversification

Eswatini Economic Update 2025: A World Bank report focusing on digital transformation and economic resilience.

Digital Economy Roadmaps: The World Bank is working with Eswatini to chart a roadmap for digital economy.

Overall, while Eswatini's economy is expected to grow in 2025, it faces challenges related to its reliance on SACU revenues, climate change, and global economic conditions. The World Bank and other organizations are working with the government to promote diversification, digital transformation and sustainable growth.

1.2 AGRICULTURE

In 2024, the Agriculture sector in Eswatini contributed 8.1% to the country's GDP. While the sector's share has been declining overtime, It remains a significant part of Eswatini economy, especially in terms of employment and livelihoods.

Here's a more detailed breakdown:

- **Contribution to GDP:**

The agricultural sector's value added is estimated to be 8.091% of Eswatini's GDP for the year ending December 31, 2024.

- **Comparison to other sectors:**

The services sector is the largest contributor to Eswatini's GDP, while manufacturing (including food and beverages) is the second largest. Agriculture, forestry and fishing contribute a smaller, but still notable, portion.

- **Importance of agriculture:**
Agriculture is vital for food security and rural livelihoods in Eswatini, with many citizens relying on subsistence farming.
- **Challenges and Vulnerabilities:**
The sector faces challenges like drought, which can significantly impact crop yields, especially for rain-fed crops like maize.

1.3 COTTON OUTLOOK

INTERNATIONAL

World production continues to be more than world consumption, and world production is currently estimated to be about 25.8 million tonnes, which is about 7% higher than the previous season. Major cotton producing countries like USA, Brazil and China are reporting an increase from the previous season. Consumption is around 25.5 million tonnes of lint, which is 2% higher than the previous season. Consumption in China remains unchanged, while the increase in consumption is seen outside China. There is a decrease import demand from China, which shows a downward trend, reflecting a downward trade of 9.45 million tonnes lint. The effect of tariff escalations on trade, has created expected changes in the trade forecasts for the coming months/seasons. Cotton trade is already facing supply chain issues due to its highly fragmented industry structure, in addition to security issues experienced in the Suez Canal with logistical delays.

China remains the main competitor, with more than half of the world cotton lint stocks remaining with China, serving its consumption needs. China is likely to import less cotton than last season, due to its existing reserves of cotton, domestic supply, and heavy use of manmade fibres. It remains the world's largest consumer of cotton at about 8,3 million tonnes in 2024/2025. Imports from China are revised downward as China has imported around 881,176 metric tonnes of cotton this production season, through February 2025. With five months remaining in the season, the ICAC estimates that China won't come close to last year's import levels. Considering the tariffs that are in place, China is also likely to divert its cotton imports away from the USA and toward countries like Brazil and Australia.

The textile products that primarily use US sourced raw materials could be exempted from increased tariffs. This indicates that all the major countries that export to the USA will soon be scrambling to buy more US cotton which would require that traceability be enforced in the cotton industry. Cotton Consumption has been under pressure for several years, facing heavy competition from cheaply available and widely produced manmade fibres. Adding to this, the cotton industry is also facing regulatory pressure to provide full traceability, sustainability and compliance with labour regulations, among other things. Implementation of all these policy changes will be difficult and would add costs to the value chain.

LOCAL SITUATION

The Cotlook A-Index, NY futures & RSA price Crop estimates vs previous estimates. The weekly average, for the week ending 2 May 2025, Dec'25 NY Futures for STRICT LOW MIDDLING, 1 1 /16", was 68,46 US c/lb, equalling R27, 89 (ave exchange rate R18,5496 to 1 US\$ for the last week).

Local Outlook

The local outlook indicates a slight increase in production from the 596 metric tons to about 600 metric tons resulting from promotional seed offered to farmers and a pre-plating price of E8.00 per kg

1.4 BOARD OF DIRECTORS

The Board of directors of the Board remained unchanged and comprised of Mr. Samson Mavuso Chairperson, Mr. Sikelela Fakudze Vice-Chairperson, Mr. Mbuso Mndzebele, Mrs. Thab'sile Dlamini, Mr. Bhekie Nzima, Mr. Vusie Khumalo, Mr. Victor Masilela, Mrs. Tokky Hou and Dr. Daniel Khumalo Chief Executive Officer.

1.5 BOARD COMMITTEES AND FUNCTIONS

The Board established committees through which it executes its governance processes and activities.

1.5.1 AUDIT AND FINANCE COMMITTEE

The Audit and Finance committee has responsibility of Budget and overseeing the finances of the entity. During the year under

DATE	DETAILS OF MEETING
22 nd January, 2025	Financial Performance for the 3 rd Quarter
24 th April, 2025	Financial Performance for the 4 th Quarter

review, the committee met 3 times and details are as shown on the table below:

1.5.2 RISK COMMITTEE

The purpose of the Board of Directors' Risk Committee is to assist the Board in its oversight of management's responsibility to implement an effective global risk management framework reasonably designed to identify, assess and manage the firm's strategic credit and investment, market and operational risk. This committee comprise of Mr. Mbuso. Mndzebele, Mrs Tokky Hou and Mr. Bhekie Nzima. At the time of compiling this report, the committee had not met as a stand-alone but participated in both the budget and the audit and Finance committee meetings where they advised of the management of risks.

1.5.3 HUMAN RESOURCES COMMITTEE

Members of the committee comprised of Mr. Sikelela Fakudze. Mrs. Thab'sile Dlamini and Mr. Bhekie Nzima. The role of the committee is to review and make recommendations to the Board on: the appropriateness of any new or amended human resources policy, the employment terms and conditions as they relate to matters of policy or an issue of significance, compliance with relevant legislation relating to human resources. This committee did not meet during the period under review.

1.6 BOARD MEETINGS

The Board successfully held all four statutory and one special meeting. Typical agenda items for the Board ordinary meetings included review of operations, budget approvals, review of management accounts, budget approval and approval of external audited financials. The schedule of the ordinary quarterly meetings is outlined above:

QUARTER	DATE
FIRST	31st July, 2024
SECOND	29th October, 2024
THIRD	29th January, 2025
FOURTH	6th May, 2025
SPECIAL	13th May, 2025

1.7 EXTERNAL AUDITOR

Kobla Quashie audited the organization for the period under review. The organisation's control environment was found to be satisfactory and adequate to safeguard the organisation's assets against misappropriation and other unauthorised disposition.

1.8 STRATEGIC REVIEW

The strategic plan formulated in the previous three years of the entity came to an end during the period under review and as such a 3-day workshop to develop a roadmap to set a direction of the entity was held at Happy Valley Motel from the 19th to the 21st April, 2023. The lead consultant was REDI.

The strategic focus areas objectives and Achievements of the strategy so far are indicated on the table below:

Focus Area	Strategic Objective	Activity	Status	Comments
1. Production	1.1 Facilitate the acquisition and use of GMO seed	1.1.1 Liaise with suppliers for seed supply.	One Supplier have agreed to supply GM seed in the country Conducted a training of Users and Bio-Safety Committee	Application was finally logged by the technology owner and approved by the competent Authority Suppliers of GM seed identified and one have agreed to supply the seed to Eswatini A training of both users and Bio-safety Committee was conducted during the period
		1.1.2 Lobby technology owner to invest in Eswatini.	Technology released in the country	Seed estimates provided to the suppliers for the 2025/26 season
	1.2 Increase seed cotton supply to ginnery	1.2.1 Provide technical training to farmers	Technical Training provided to growers as expected	Trained 575,147 and 48 growers on Crop Establishment , Pest Management and Cotton Picking and grading respectively
		1.2.2 Provide technical training to Extension Officers	Not achieved	No training provided to Extension Officers during the period under review as we concentrated on regional marketing of cotton
		1.2.3 Increase Ginnery Throughput	On-going	Production Increased from 506 to 596 metric tons due to promotional seed offered to farmers and pre-planting price of E8.00/kg
	1.3 Increase large scale production of cotton under irrigation	1.3.2 Engage large scale producers with irrigation for cotton production	On-going	Irrigated area under cotton declined from 172 in the previous season to 140 ha due to unfavourable weather conditions
			Sensitized irrigated estates on using cotton as a rotational crop	Met Agric Manager at Tambankulu Estate to consider cotton a s rotational crop
1.3.3 Increase the number of small scale Growers		105 new growers engage in cotton production	105 new growers engaged in cotton production producing cotton on 100 ha	
2. Human Capital	2.1 Improve Efficiency in Service Delivery	2.1.1 Conduct Staff Evaluation	Achieved	Evaluation Report in place
		2.1.2 Recruit Competent and Qualified Staff	Competent staff recruited	Two Picker operators recruited and an engineer with the required skills

Focus Area	Strategic Objective	Activity	Status	Comments
3. Finance	3.1 Increase Government Subvention to reduce the cost of tractor hiring and other costs	3.1.1 Engage government on Cotton Revolving Fund to increase to five Million Emalangeni	The Board managed to lobby government to increase the subvention from E1.5 Million in 2023/2024 to E2,5 Million in 2024/2025	For the financial period of 2024/2025 a total A total of E2.5Million received by the Board which constitutes 50% of the targeted five Million Emalangeni
	3.2 Data Upgrade	3.2.1 Move Data base to SQL	Research of potential service providers	Researched in the market on potential consultants to provide the services
		3.2.2 Implement the inventory module on both Data Base and	The Board is looking into different approaches to find Experts to assist with the project	Planning at the preliminary stage
	3.3 Engage EEC for prepaid meter for the Ginnyery	3.3.1 Explore other ways of minimizing the use of electricity e.g. solar energy	Pending	
	3.4 Explore other sources of energy	3.4.1 Conduct study on solar efficiency	Planning commenced	Planning at the preliminary stage
	3.5 Sustainable resources mobilization strategy to incorporate diverse sources of fund to support farmers especially in view of climate change support	3.5.1 Source funds for Cotton Board or Donor funding	Identification of donors commenced	To prepare an open document for proposals on diverse sources of funding
4. Quality And Operational Efficiency	4.1 Improve quality of products	4.1.1 Training on pest management cotton picking and grading	Trained 147 and 48 farmers on pest management and cotton picking and grading respectively	Trained 147 farmers on pest management Trained 48 farmers on cotton picking and grading
		4.1.2 Quality Improvement	Graded seed cotton at the ginnyery and fibre testing at Cotton SA	The quality of the crop fell between the 3 top grades resulting from the trainings
	5. Partnership And Decentralization	5.1 Create an enable environment between cotton board and technology suppliers	5.1.1 Engage stakeholder/ supplier on annual basis	Met with Bayer GM Technology Owner
			Met with GM Seed Suppliers and Chemical suppliers for the provision of Inputs for the season	Cotton Seed Enterprises have agreed to supply GM seed in the country

Focus Area	Strategic Objective	Activity	Status	Comments
				Farm Chemicals and Swaziland Agricultural Supplies have secured chemicals to be used by farmers for the season
		5.1.2 Revive local and Regional cotton Associations	Developed a training Structure for the Associations	A meeting was held with the National Umbrella Association to plan for the activity
	5.2 Need to revive and revitalize the cotton farmers' association	5.2.2 Conduct need assessment for cotton association	On-going	Met the SESAFA Executive committee to plan on how the need assessment will be carried out.
		5.2.3 Train Farmers Associations on Business skills	Training plan developed	Training plan developed
		5.2.4 Revive local and regional Cotton associations	Revived 10 Farmers Associations during the period under review	10 farmers associations are up and running
	5.3 Establish distribution centre for inputs around cotton growing region	5.3.1 Engage service centre (Shops) to distribute inputs	12 shops were identified to assist in the distribution of inputs	6 service centres have been secured out of the 12 targeted and contracts are being processed
6.Communication	6.1 Improve communication	6.1.1 Enhance online communication	Cotton Board services and production information shared on our Facebook, twitter and Instagram	Our Facebook page was and Website was busy sharing vital information on cotton prospects and production.
		6.1.2 SMS programme		Radio Programmes were broadcasted periodically via EBIS where services and prices were announced
		6.1.3 Facebook page		We also showcased our services during Agricultural shows and the International Trade fair
		6.1.4 Website		
		6.1.5 Radio Programmes		
		6.1.6 Road Shows		
	6.2 Improve seed cotton prices	6.2.1 Engage farmers to understand their role in seed cotton pricing	Cotton price was increased by 15.88 percent	SESAFA Executives and Local Association's Chairpersons were advised on their role in seed cotton pricing
				Seed cotton price increased from E6.500 to 7500 per ton to attract more farmers to grow cotton the future



1.9 APPRECIATIONS

Sincere gratitude goes to our Line Ministry and Government officials for the support and guidance throughout the year. May I also thank the following stakeholders for their input to the successful operations of the year under review;

- SWAZILAND AGRICULTURAL SUPLIERS (PTY) LTD
- FARM CHEMICALS LTD
- ESNAU
- BOARD AND STAFF
- SEMBULELO SAKOTINI FARMERS ASSOCIATION
- NISELA FARMS

.....
SAMSON M. MAVUSO

Senior Management



Dr. Daniel M. Khumalo
Chief Executive Officer



Mr. Jeconiah M. Msibi
Technical Manager



Dr. Daniel M. Khumalo
Chief Executive Officer



The Chief Executive Officer's Review

The Board fulfilled its mandate and resolutions implemented timely in line with the cotton Act of 1967 and Public Enterprise Act of 1989. Board of Directors successfully held four statutory meetings and one special meeting during the course of the year. Finally, the board effectively applied good governance principles during the period under review.



The Board fulfilled its mandate and resolutions implemented timely in line with the cotton Act of 1967 and Public Enterprise Act of 1989. Board of Directors successfully held four statutory meetings and one special meeting during the course of the year. Finally, the board effectively applied good governance principles during the period under review.

The core mandate of promoting cotton production, regulating the cotton industry in Eswatini, providing extension service to farmers in line with skills development, buying cotton products and single country's cotton market, ginning of seed cotton to supply the cotton value chain with lint and fuzzy seed in the process creating employment for Emaswati continues.

Small-scale growers produced cotton under rain fed conditions even though climate change intensifies threatening production world-wide. Rainfall commenced in October, promoting early planting of cotton. The country experienced a 6 weeks heat wave during the month of November and part of December, destroying the already germinated cotton. Continuous rainfall experience between December and January prohibited farmers from growing cotton, only for rain to stop end of January, thus jeopardising farmers attempt to plant during the reporting period.

The extension department conducted trainings and demonstrations to impart knowledge to

cotton farmers. The government offered a E3.5 million subsidy to cotton farmers managed by the cotton Board. The fund is enough to support 350 cotton farmers who plants 1 hectare per season. The fund assists cotton farmers in planting seed distribution, spraying chemical and herbicides.

The cotton buying process smoothly went through with limited challenges. The bulking exercise was effective as commercial growers supply product within a short space of time prompting early commencement of the ginning exercise. The ginnery continued to produce quality lint and fuzzy seed for local and international spinners.

The Board maintained 18 employees as permanent staff. Seasonal workers increased from 87 to 90 during the peak ginning period. Human resource and accounting department successfully manage personnel issues like supply of personal protective equipment (PPE) and timely payment of all workers.

This report entails Board performance and financial report for 2024/2025 financial year.

Kind regards.

Dr. DANIEL M. KHUMALO

1. HISTORICAL BACKGROUND

The cotton act (Act No. 26 of 1967) received Royal assent on the 20th February, 1968 and was brought into force by the Honourable Minister of Agriculture and Cooperatives on the 19th May, 1968.

The inaugural meeting was held in Manzini on the 17th May, 1968. Previously, cotton affairs were dealt with by the Cotton Advisory Committee, which was set up to advise the Director of Agriculture on matters affecting the Cotton Industry.

2. FUNCTIONS OF THE BOARD

In general terms, the important functions of the Board are:

- To advise the honourable Minister of Agriculture on all matters concerning the Cotton Industry.
- To be responsible for cotton improvement in Eswatini chiefly by controlling planting seed through the administration of the seed improvement scheme.
- To contribute towards the expenses of the Cotton Research Units at the Lowveld Experiment Station, Big Bend.



4. COTTON EXTENSION

The Board continued to provide technical advice to growers as per the mandate. During the year under review field visits were carried out to address production glitches that were encountered by growers. Furthermore, the

- To provide cotton extension service and marketing intelligence.
- To promote cotton growing and processing (ginning and processing) in the country.
- To attend to any other responsibilities relating to the development and the control of the Cotton Industry as stipulated in the Cotton Act

3. HUMAN RESOURCES

Staff Compliment

The Human Resource office continued with the day-to-day management of Human Resources with the aim of improving efficiency in the company's service delivery. 'Recruitment of competent and qualified staff where a Picker Operator and a Engineer were employed with the required skills. The office also conducted annual staff performance evaluation. The report indicates that all staff members performed above the set performance standard. The Cashier retired from company employ having reached the retirement age. Her farewell function was held on the 7th February, 2025



organization trained 575, on crop establishment, 147 Pest Management and 48 on Cotton Picking and grading.

Details are indicated in the table below:

CROP ESTABLISHMENT			PEST MANAGEMENT		COTTON PICKING AND GRADING	
DATE	VENUE	PARTICIPANTS	DATE	PARTICIPANTS	DATE	PARTICIPANTS
01.10.2024	Shaya	22				
02.10.2024	Mkhuzweni	23				
04.10.2024	Fontotje	25				
04.10.2024	Matfuntini	29				
04.10.2024	Mkhweni	23				
04.10.2024	Gucuka	18	05.02.2025	13		
07.10.2024	Ndunayithini	13	10.02.2025	9		
07.10.2024	Lulakeni	12				
07.10.2024	Herefords	26				
08.10.2024	Kuthuleni	44				
09.10.2024	Sithobela	40	05.02.2025	12		
09.10.2024	Mpofu	31				
09.10.2024	Ntshinini	40				
10.10.2024	Matsanjeni	9	11.02.2025	6		
10.10.2024	Makhava	25			07.03.2025	15
10.10.2024	Sitsatsaweni	19	04.02.2025	14		
11.10.2024	Mpolonjeni	15	13.02.2025	6		
11.10.2024	Maphatsindvuku	21	13.02.2025	3		
14.10.2024	Mliba	5	17.02.2025	5		
14.10.2024	Mandlangempisi	8				
17.10.2024	Hlane	6				
18.10.2024	Lomahasha	6	07.02.2025	13		
23.10.2024	Siphofaneni	10				
23.10.2024	Sigcaweni	8				
25.10.2024	Lubuli	5				
	Mngayi	13	03.02.2025	10	27.02.2025	14
	Tsambokhulu	10	07.02.2024	4		
	Ngonini	23	20.02.2025	23		
	Botho	8	20.02.2025	8	21.02.2025	13
	Mayiwane	7	21.02.2025	4	14.03.2025	6
	TOTAL	575		147		48





**Extension Officer Training
Farmers at Ncabeni**



**Technical manager Training
Farmers at Ntshanini**



5. COTTON VARIETIES

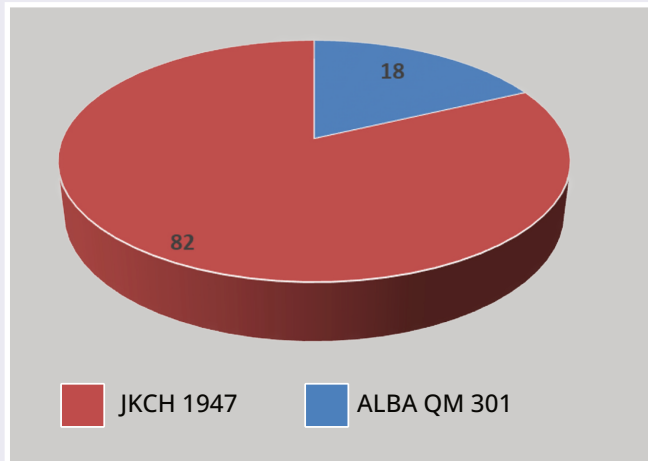
Albar Plus QM 301 continued to dominate planting during the period under review, increasing its share to 92 percent and JKCH

1947 accounting for only 8 percent compared to 82 and 8 percent respectively in the previous season. The JKCH 1947 seed is genetically modified hybrid imported from India.

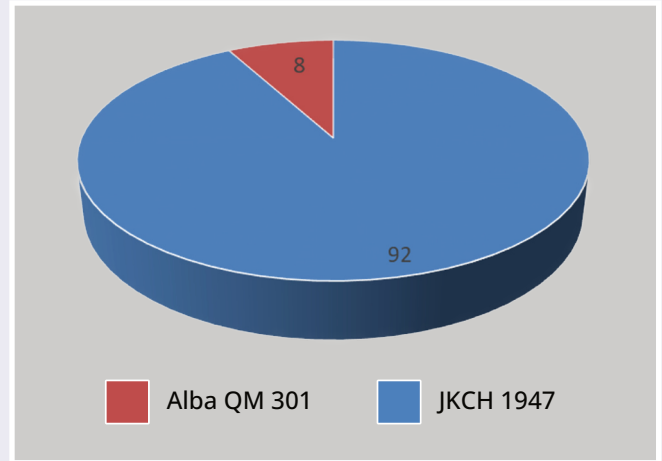


Packages of varieties grown by farmers during the period under review

Eswatini Certified Seed Sales compares of GM seed JKCH 1947 and Alba QM 301 2023/24



Eswatini Certified Seed Sales compares of GM seed JKCH 1947 and Alba QM 301 2024/2025 (Metric Tonnes)



6. COTTON PLANTING SEED SALES

Seed sales for the period under review increased to 13.11 tons compared to 6.47 tons of the previous season. The increase was because of the price increase and promotional

seed of 10kg that offered to farmers at the beginning of the season. The result was an increase in plantings from 482 hectares in 2023/24 to 754 hectares in 2024/25.

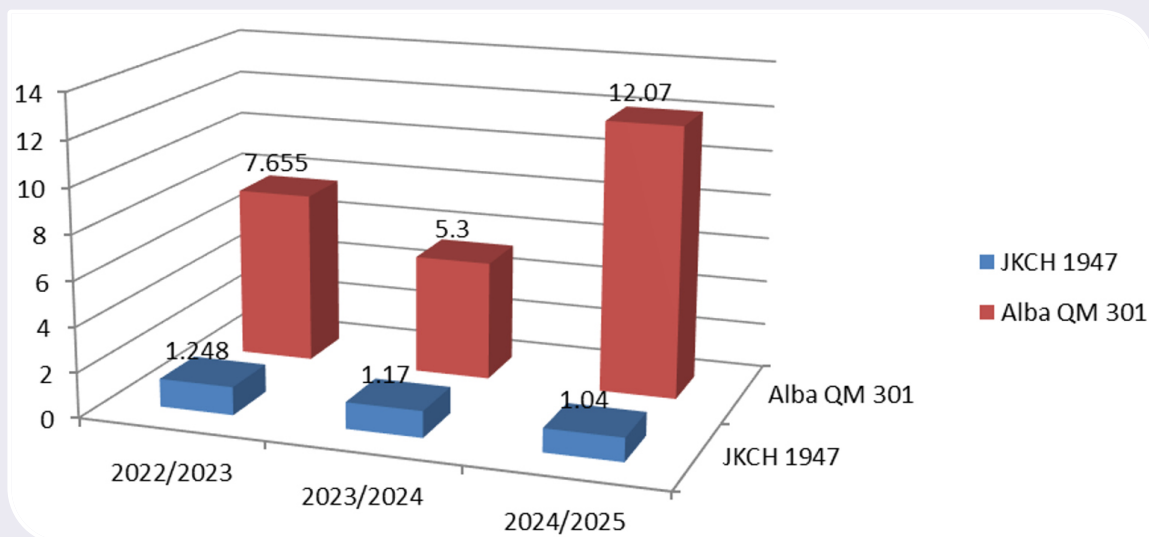


Cotton Team Inspecting a cotton crop at Groblersdal



Cotton Crop at Maximum Bollsplits

Eswatini Certified Seed Sales compares of GM seed JKCH 1947 and Alba QM 301 2022/23, 2023/24 and 2024/25 (Metric Tonnes)



7. THE COTTON SEASON 2024/25

The season under review started on a very good note with the Board offering promotional seed of 10kg per farmer. Further to that, the Board also fixed a pre-planting price to encourage more growers to engage in cotton production. The result was that many farmers received the promotional seed but could not plant because of the unfavourable weather conditions.

Firstly, drought set in as early as October where rainfall was only received at the end of the month. Secondly, Cotton that have been planted was actually cooked because of the high temperatures experienced at the time of planting. The result was very poor germination

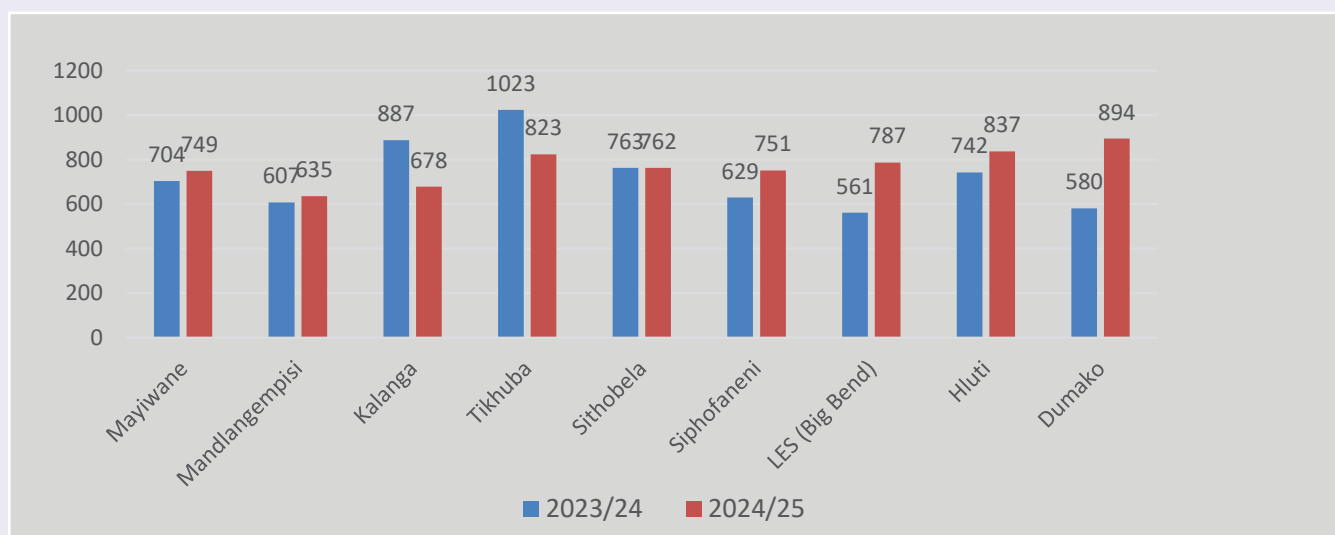
that caused farmers to abandon the poorly germinated crops. Thirdly, The Drought was quickly followed by excessive rains in January that either washed away the seed or stopped farmers from planting cotton. Out of a seed a distribution of 13 tons that was enough to plant 1300 ha only 754 hectares of planted crops produced a crop.

Total rainfall for the various cotton growing regions ranged from a minimum of 634.5mm at Mandlangempisi to 893.6 at Dumako with the means averaging 110 mm over the growing period. Regional rainfall also followed the same pattern as indicated on the Table and Bar chart below:

The table below indicate Months and rainfall in (mm) recorded from the various cotton growing areas September to March 2024/25 season

GROWING REGION	RAINFALL RECEIVED DURING THE PERIOD OF CROP GROWTH(MM)									
	MONTH	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL	MEAN
Mayiwane		33.3	55.1	112.8	125.5	251.7	130.0	41.0	749.4	107
Mandlangempisi		23.0	66.5	2.5	79.5	277.5	131.0	54.5	634.5	91
Kalanga		65.0	21.5	23.3	167.0	170.5	175.0	55.5	677.8	97
Tikhuba		90.5	54.5	44.5	162	239	207.5	25.0	823	118
Sithobela		29.0	77.1	89.1	122.8	286.3	121.4	36.1	761.8	109
Siphofaneni		32.5	50.5	61.0	106.0	347.0	110.0	43.5	750.5	107
LES (Big Bend)		36.0	85.0	113.0	114.9	229.6	183.5	24.8	786.8	112
Hluti		59.2	80.0	86.5	225.0	215.0	104.6	66.8	837.1	120
Dumako		24	80.0	86.0	194.5	279.5	179.6	50.0	893.6	128
TOTAL		392.5	570.2	618.7	1279.2	2366.1	1342.6	397.2	6966.5	110

Rainfall Distribution from September to March Compared between 2023/24 and 2024/25 seasons (mm)



The result was an increase in the number of farmers engaged in cotton production from 299 to 479 with the area under production also increasing from 482 to 754 hectares.

Production is expected to increase slightly to about 600 metric tons up from 506 metric following the complexity of the season.



Seed Distribution at Lomahasha



Crop emergence at Nisela Farms

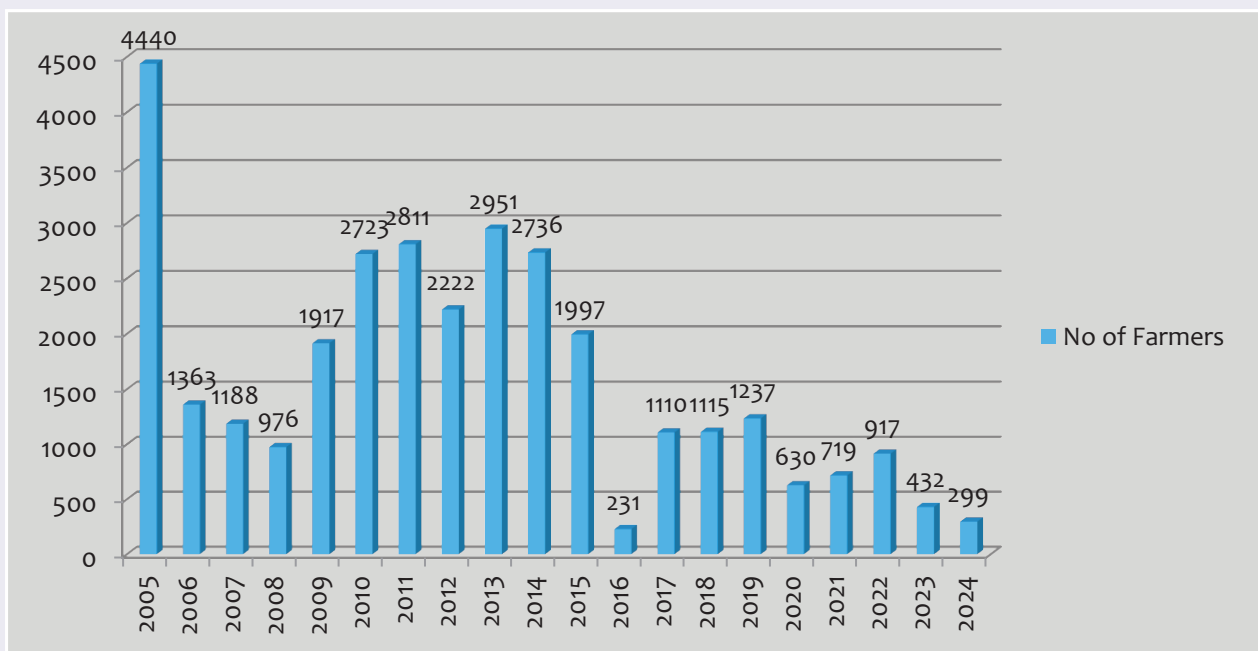


Google Picture of Irrigated Cotton Plantings at Nisela

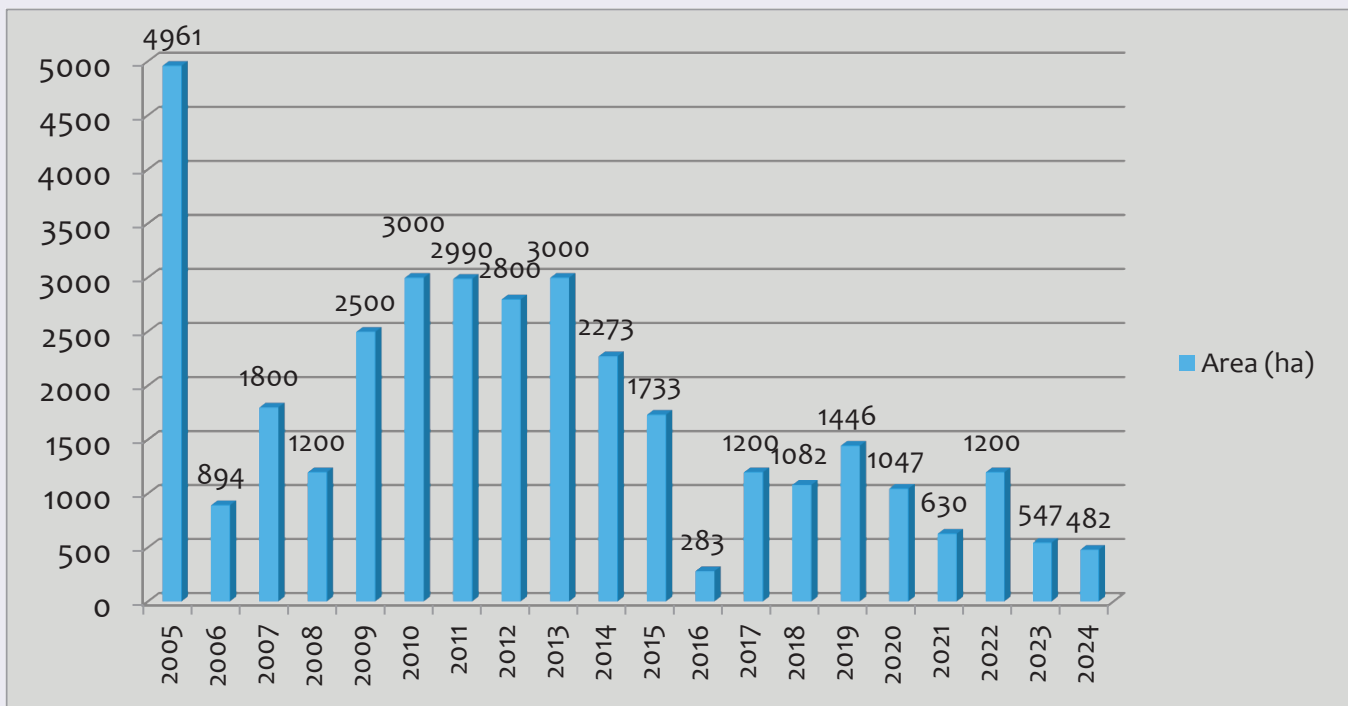


Irrigated crop at commencement of Boll Formation

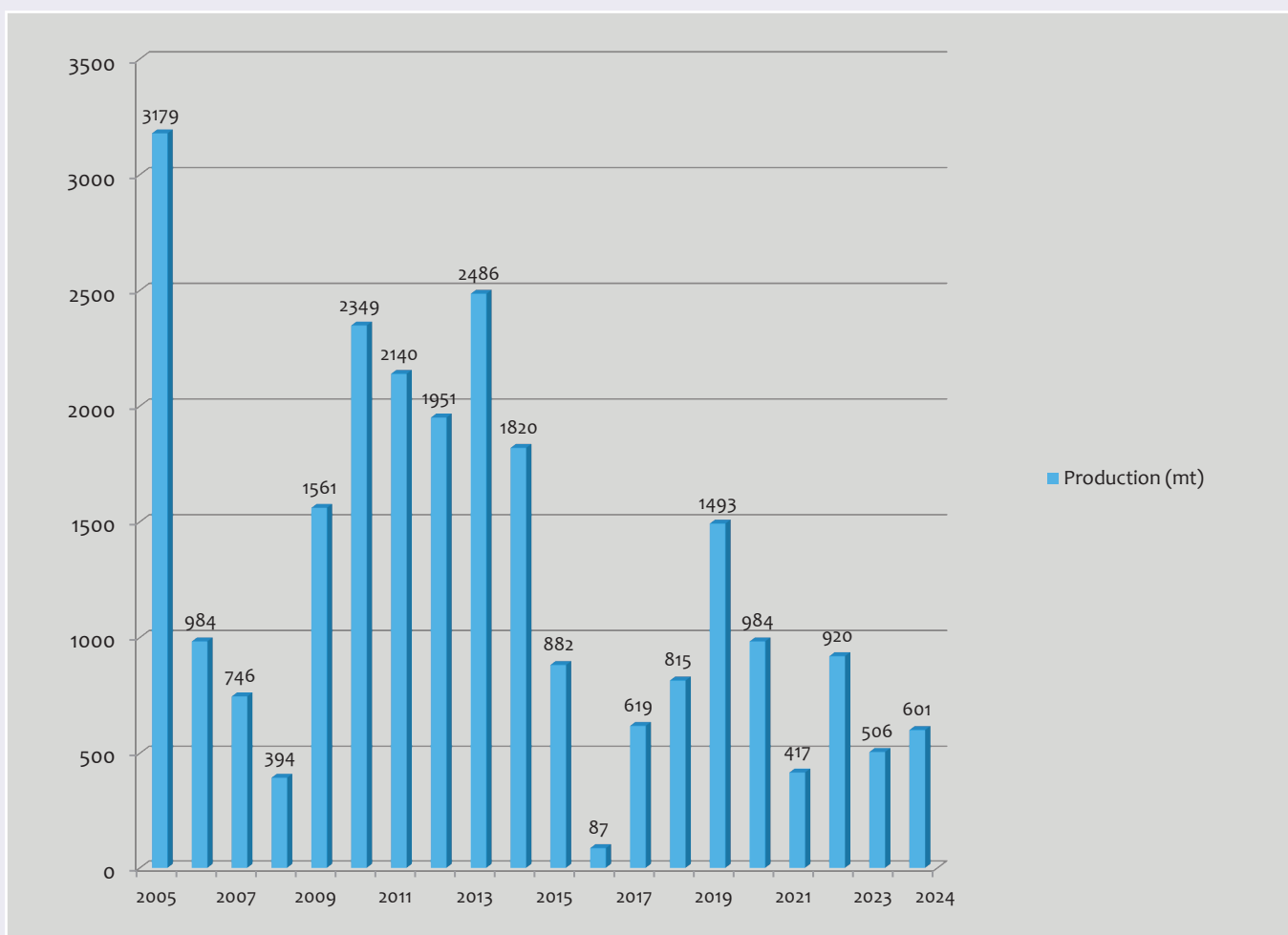
Number of farmers engaged in cotton production in the past 20 years



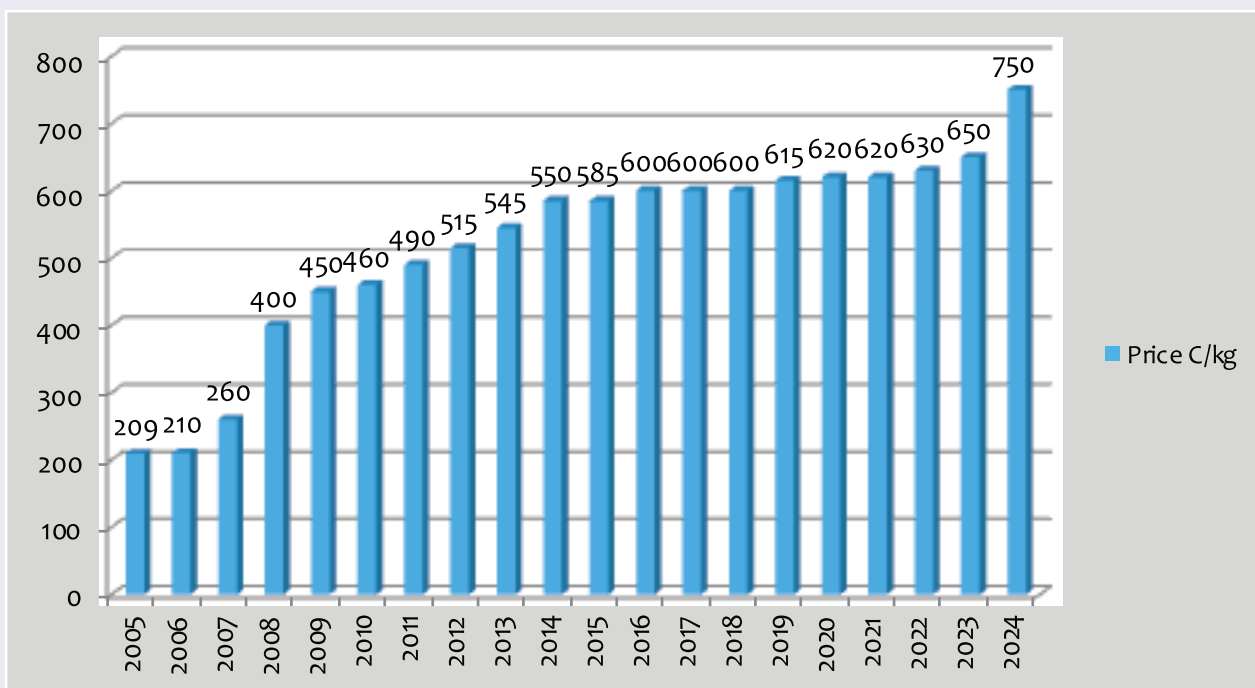
Area under production for the past 20 years



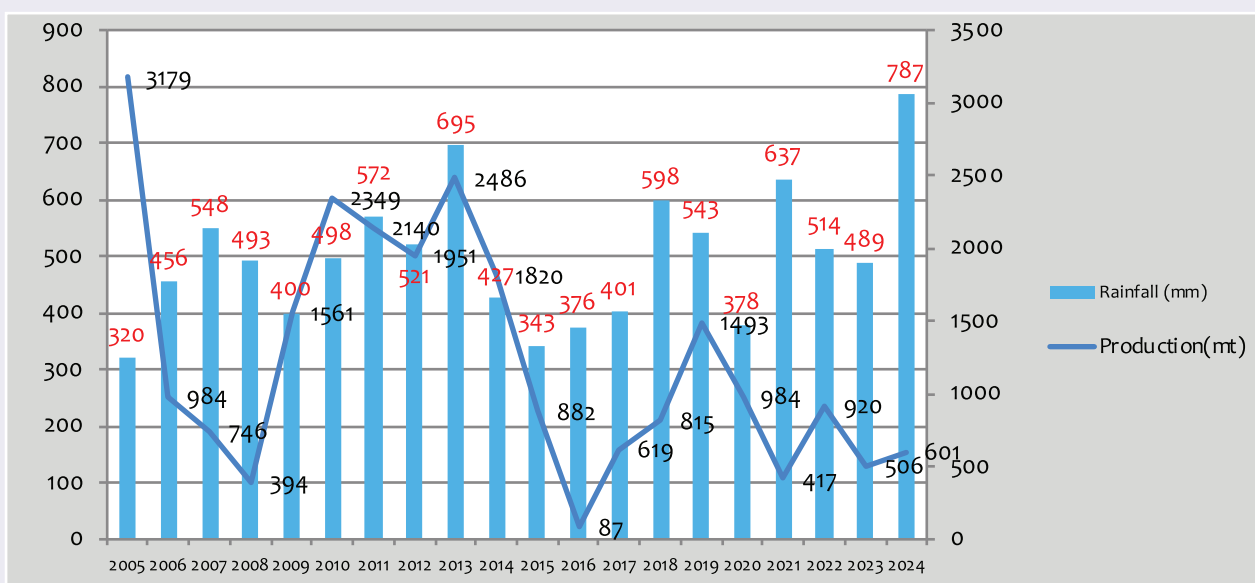
Seed cotton production trends for 20 years in metric tonnes



Seed cotton price trends (cents/kg)



Seed cotton production compared to rainfall patterns



8. REGIONAL PRODUCTION

Seed cotton production increased 601 metric tons compared to 506 metric tons of the previous season. The Lubombo region continued to contribute the highest production contributing 89.52% of the national production, Shiselweni region on the other hand declined from the previous year' 15.45%, to 9.81 % a really course for concern. Manzini and Hhohho contributed lowest at 0.5 and 0.17 respectively. However, when considering the production per hectare Lubombo produced the highest yield of 1450 kg/ha followed by Manzini and Hhohho

locked at 1000kg/ha and lastly Shiselweni 551 kg/ha.

The national average for the 2024 season stood at 1247 increasing slightly from the 923 kg/ha of the previous season. The national average fell not far of the global average of 750 kg/ha. The Lubombo region continued to dominate the area under cotton production at 371 hectares down from 454 hectares of the previous season. The Shiselweni followed this at 107, Hhohho, and Manzini at 3 and 1 hectares respectively.

The table below indicates region, area, production in MT and average yield in kg/ha

REGION	AREA (HA)		PRODUCTION (METRIC TONS)		AVERAGE YIELD (KG/HA)		% CONTRIBUTION	
	2023	2024	2023	2024	2023	2024	2023	2024
Hhohho	3	1	3	1	1000	1000	0.59	0.17
Manzini	83	3	4	3	500	1000	0.79	0.50
Shiselweni	82	107	78	59	951	551	15.45	9.81
Lubombo	454	371	420	538	925	1450	83.17	89.52
Total	547	482	505	601	923	1247	100	100



Cotton Crop at the squaring stage

9. SEED COTTON BUYING

Seed cotton buying commenced on 1 April 2024 and continued to the end of March 2025. The bulk of the crop was received between June and July 2024. The seed cotton price paid to the farmers increased to E7.50 per kilogram up from E6.50 of the previous season. The crop was bought with the Overdraft facility extended by Eswatini Bank. The price comparison for 2022/23 and 2023/24 is shown on the table below:

Seed Cotton Price Breakdown for 2022/23 compared to 2023/24 season

Grade	Seed Cotton Price Breakdown	
	Price/kg	
	2022/23	2023/24
A+	6.50	7.50
A	6.35	7.35
B	5.95	6.95
C	5.55	6.55
D	5.15	6.15
E	4.75	5.75
BSG	4.35	5.35

The table below indicates the quality profile for the 2024 compared to 2023 crop

Seed Cotton Production per Grade				
Grade	2024 Weight (kg)	%	2023 Weight (kg)	%
A++	428 880	71.33	287 900	56.87
A+	140 148	23.31	125 247	24.74
A	30 788	5.12	87 419	17.27
B	1 390	0.23	5 528	1.09
C	63	0.01	193	0.04
D	0	0	0	0
E	0	0	0	0
BSG	0	0	0	0
Total	601 269	100	506 278	100

The quality of the crop fell within the acceptable limits as no seed cotton that fell below the standard grades. This is because farmers were able to separate the clean cotton from the dirty cotton, which resulted from the technical training given to the farmers by the department.



Cotton Module picked up by a crane to deliver at the Ginnery



Cotton Bales transported to the Ginnery

The value of the crop increased proportionate to the increased production to E4 804 290.95 compared to E3 735 111.75 of the previous season. Farmer's income also increased from E3 380 615.48 to E4 529 580.72. Transport for bringing the cotton to the ginnery was borne by the Board and stood at E73 739.70 with E61 962.00 paid to transport contractors and E11

777.70 paid to farmers who used their own transport to deliver the seed cotton to the ginnery. This kind of scenario impacted positively to livelihoods of both the farmers and their families and also transporters and the local businesses that depend on the crop for their survival.

10. GINNING AND MARKETING

Cotton Ginning commenced on 1st July, 2024 to the 8th August, 2024. 586 843 kg of Seed cotton was ginned producing 230 297 kg of lint and 322 900 kg of fuzzy seed resulting to a ginning out-turn of 39.24 and 55.02 percent respectively. The seed cotton ginned increased by 1.56 from the previous year indicating a positive movement. The quality of the lint fell

between Middling (MIDD), Strict Low middling (SLM) and Low Middling accounting for 12.7%, 50.9%, and 36.4% respectively. When considering the micronire values most of the lint fell between 4.09 and 4.14 indicating that it was within the acceptable range for proper utilization. Details of the Grading results are indicated on the charts below and compared over a 10 year period.



Cotton bales staked in readiness for ginning



Cotton sucked at the Bulk Offloading into the Blending rooms

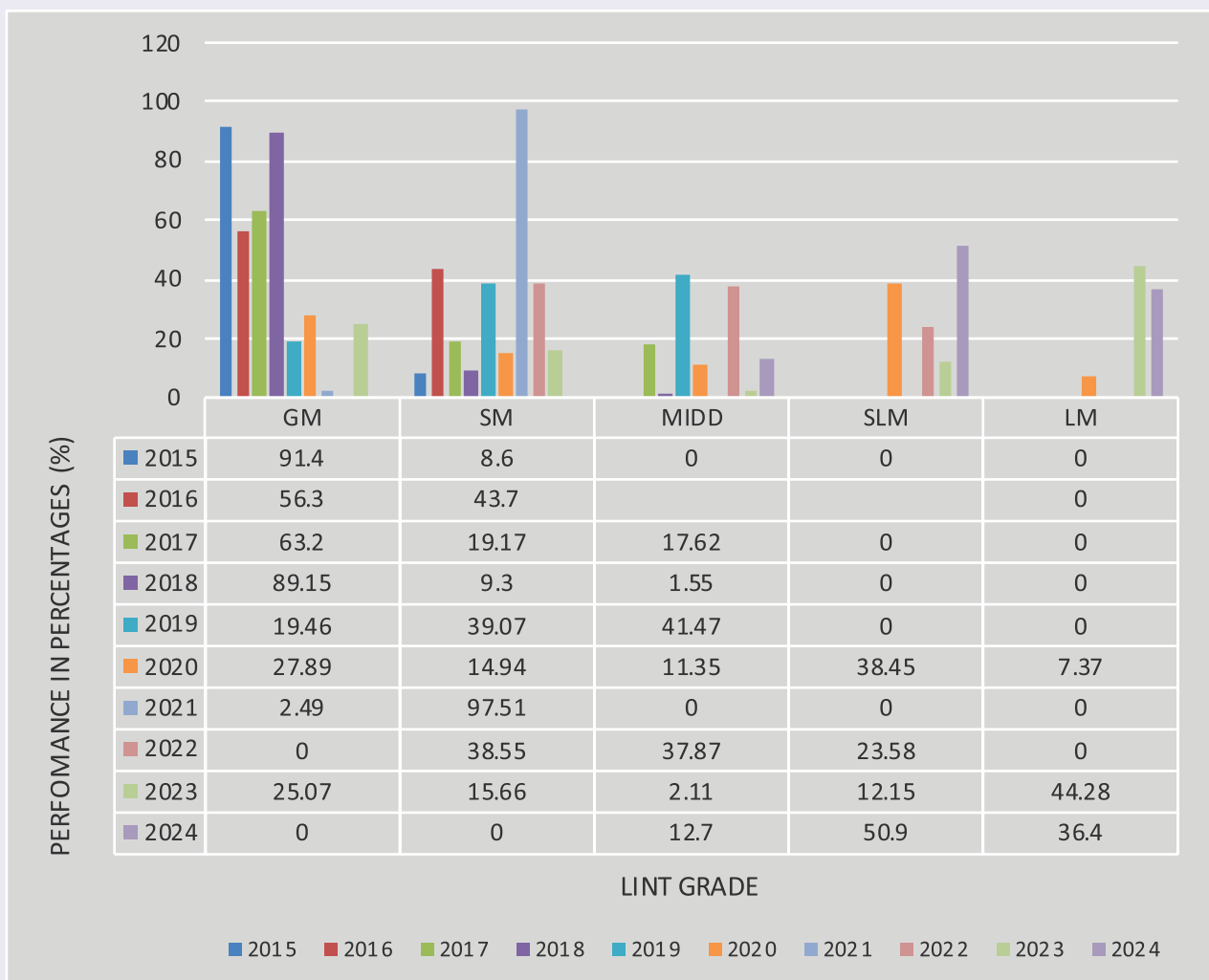


Cotton sucked from blending rooms into the gins

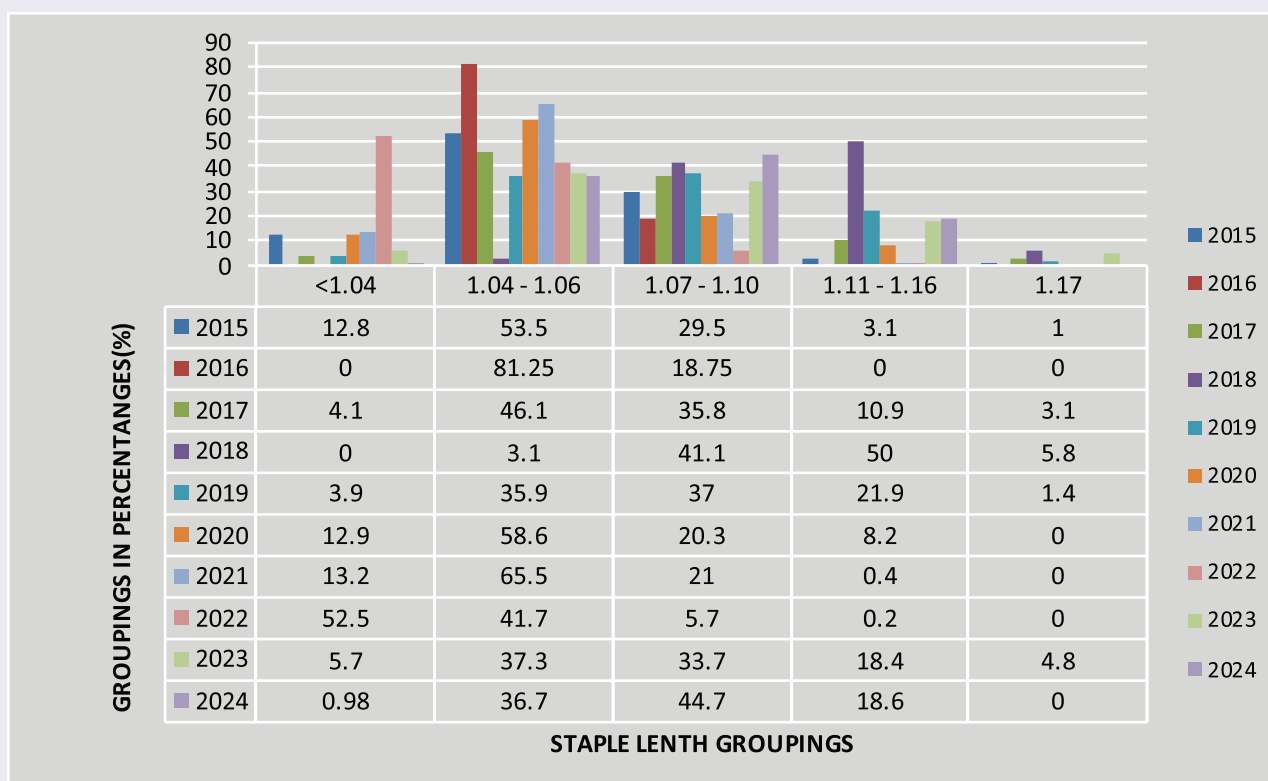


Cotton Ginning Process

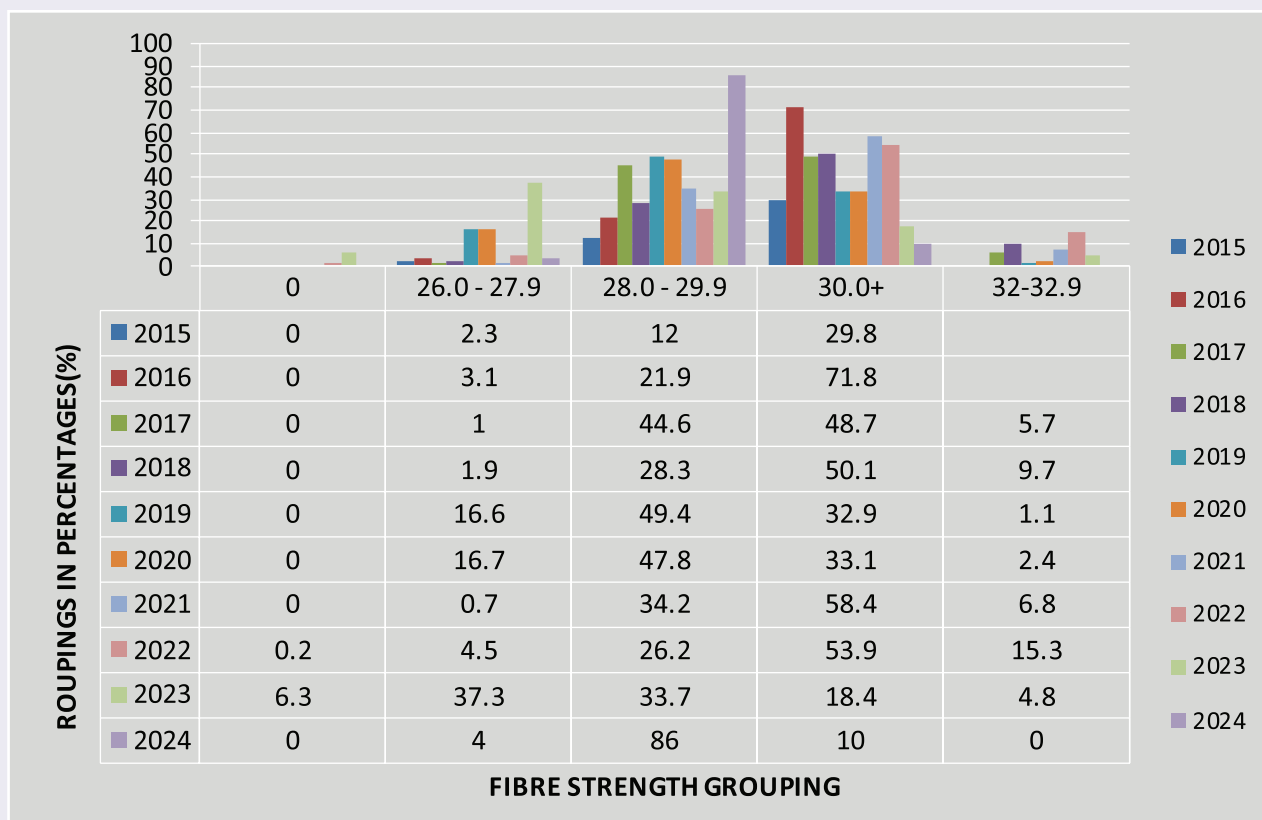
Lint grade performance in % compared for season 2015 to 2024



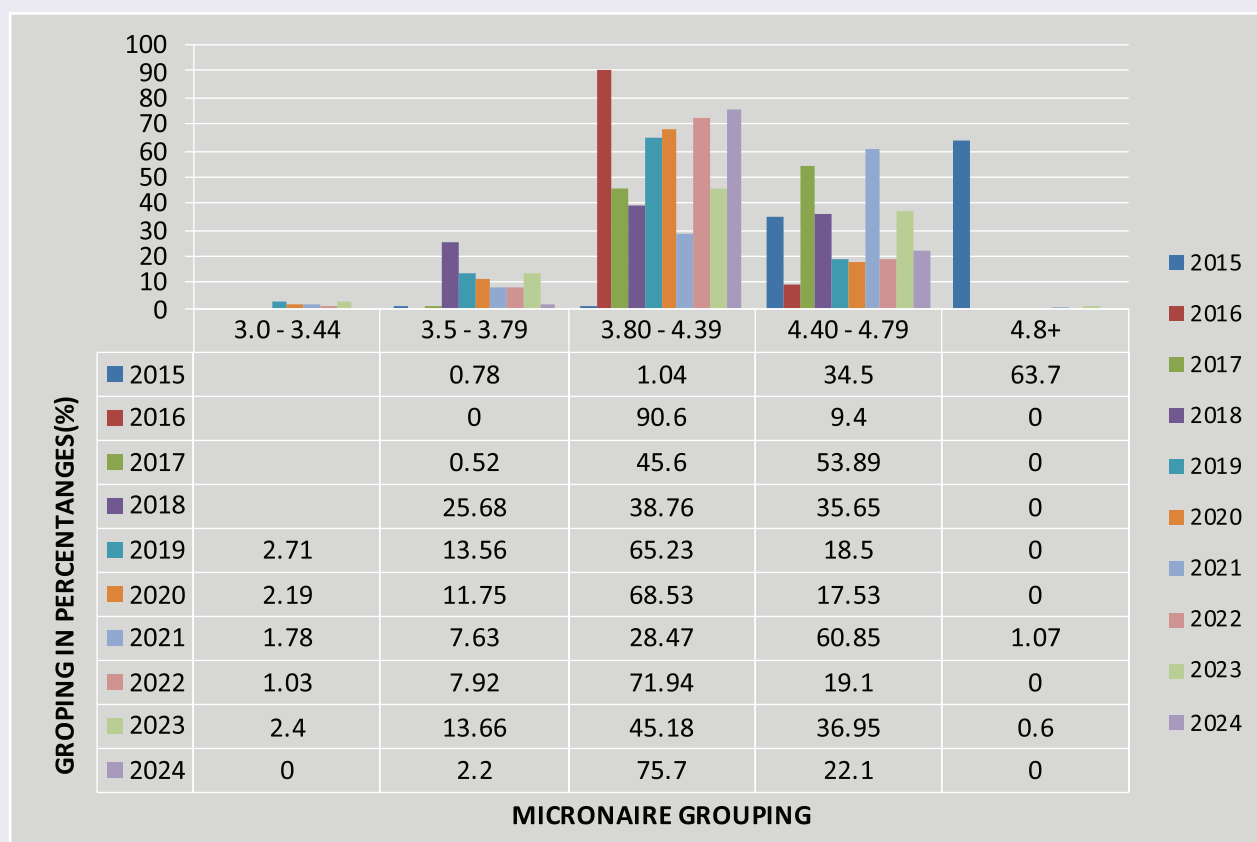
Staple groupings in % to 2024 (inches)



Fibre strength grouping from 2015 to 2024



Micronaire grouping in % compared from 2015 to 2024



The whole lint was exported to the Republic of South Africa to GWK who purchased the product on an average price of E30.00 per kg.

The fuzzy seed on the other hand was consumed by Grains For Africa also based in South Africa at E5 000 per ton.



Fuzzy seed being packed on a stack



Lint Packed in the warehouse and ready for Market

11. COTTON PESTS AND DISEASES

During the season under review, the following pests were most prevalent: Jassids and aphids, Red Spider Mites, and Mealy Bugs at a lesser extent. The control of pests was relatively good. With slight problems experienced in the control

of Aphids. Further to that the Board gazetted the dates for the “Cotton closed season” (30th August, 2024 to the 15th October, 2024) This is the period by which no cotton plants are allowed on top of the ground which prevents the overwintering of cotton pests



Drone Filled with Insecticide in control of Pests



Chemical Application using a Drone at Nisela

12. CHEMICALS USED BY THE INDUSTRY IN THE SEASON 2024/25

As per the dictates of the Cotton Act together with regulations, the Board continued to track During the chemicals used by the cotton industry during the period under review. The chemicals ranged from foliar feed, herbicides, insecticides and miticides for the control of the various pests in cotton. Rondo was used for post emergence weed control, Dimethoate for the control of Mealy bugs, Mulan for the control

of Jassids and aphids, Cypermethrin for the control of Bollworms and Cotton stainers and Biomectin for the control of red spider mites. Cotton feed a foliar fertilizer was also distributed to improve plant nutrition, which contains major nutrients in a composition of 3:2:1(19). Details are indicated on the table below:

Table showing inputs distributed

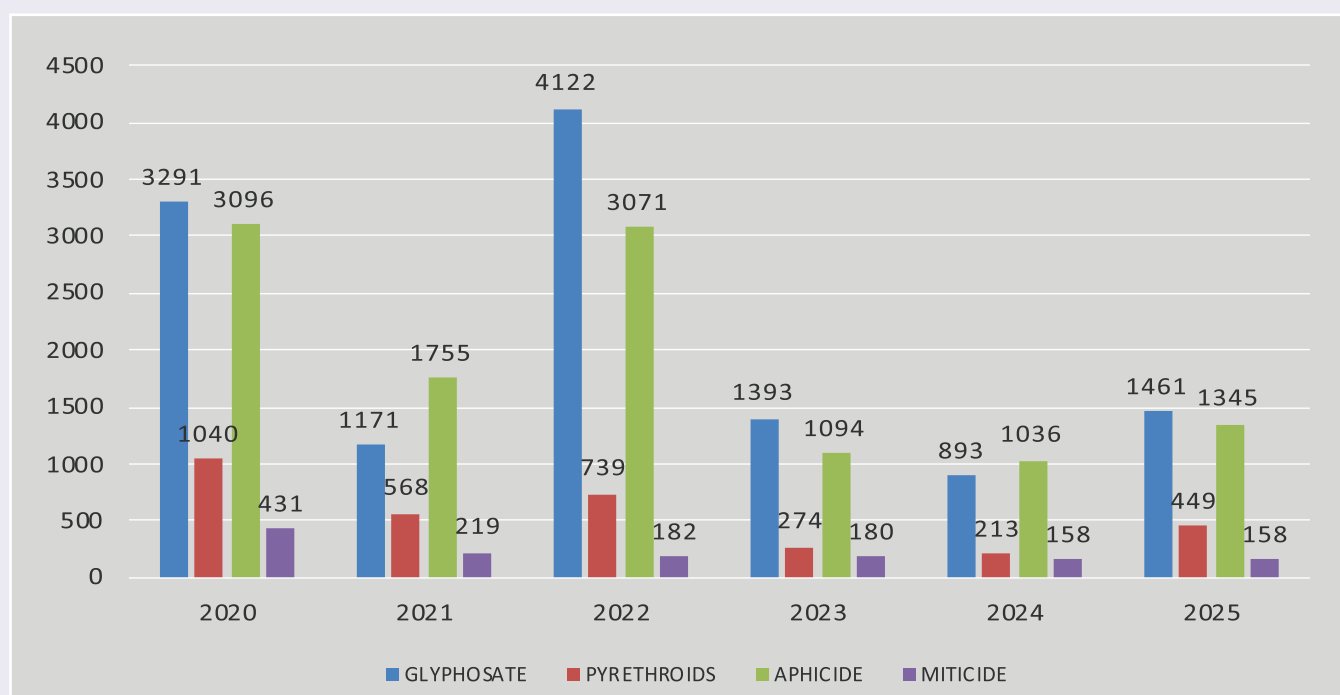
Chemical Name	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Cumulative Total
Rondo (1kg)	27	0	649	785	1461
Cypermethrin (1l)	28	0	83	338	449
Mulan (50g)	51	14	366	914	1345
Biomectin (1L)	17	0	27	114	158
Hamba Aphids (200 ml)	10	2	37	230	279
Cotton Feed	5	0	125	256	386

13. GENETICALLY MODIFIED ORGANISMS (GMOs)

The Board continued to make strides in the introduction of genetically modified cotton in the country. The persistent meetings held with the Bayer the technology owner gave a remarkable progress. The Technology Owner applied using the simplified procedure to place the GMO products in the Swazi Market. The Competent Authority approved the application. Further to that a Seed Supplier in Cotton Seed Enterprises was given permission by the Bayer to supply cotton seed to Eswatini Cotton Board. This move will allow the country to enjoy the full benefit of genetically modified cotton.

As a result, orders for GM planting seed were placed with Cotton Seed Enterprises a technology with both Bt and Roundup ready genes. During the 2024/25 season a total of 140 hectares of genetically modified cotton was grown down from 172 hectares of the previous season. The crop was planted by Nisela Farms and has projected yield of 350 metric tonnes of seed cotton. Other benefit included the reduction of chemical usage in cotton. Trends are indicated in the Bar Chart below:

Chemical Usage Trends





Google map of the fields where the GM crop in 2024 and 2025 was planted

14. ESWATINI COTTON GINNERY

The Eswatini Cotton Board manages the Eswatini Cotton Ginnery. The Ginnery has become the major source of income for both the regulatory and Developmental function of the Board. The Board has been running the ginnery for Seventeen years now with success. It is however, still struggling to operate to its full capacity due to insufficient throughput. Operation has been consistently under 10 percent capacity and great effort is exerted to improve operational capacity.

Genetically Modified cotton remains one major factor that can contribute to the turnaround strategy of the cotton industry in Eswatini. Coupled with this technology is embarking on irrigated cotton. This will mitigate the challenges posed by climate change on small-scale growers producing cotton under rain fed conditions.



Ginnery performance since 2008 – 2024

Year	Area (HA)	No Of Farmers	Production (MT)	Production Value (SZL)	Lint Produced (MT)	Lint Value (SZL)	Fuzzy Seed (MT)	Fuzzy Seed Value (SZL)	Turn-Over (SZL)
2008	1 200	976	394	1 567 432	138	1 518 000	212	423 720	1 941 720
2009	2 500	1 917	1 561	6 639 351	590	6 486 898	774	1 392 480	7 879 378
2010	3 000	2 723	2 349	10 207 532	794	7 691 562	1329	2 093 648	9 785 209
2011	2 990	2 811	2 140	9 834 163	866	12 334 401	1193	1 998 610	14 333 011
2012	2 800	2 222	1 951	9 680 928	786	11 195 285	1079	2 158 000	13 353 285
2013	3 000	2 921	2 486	13 058 999	952	16 060 105	1355	3 116 638	19 176 743
2014	2 273	2 736	1 820	10 264 873	790	13 797 738	992	2 677 496	16 475 234
2015	1 733	1 997	882	4 401 581	359	6 213 265	484	1 501 020	7 714 285
2016	283	231	87	504 066	31	764 869	48.72	168 084	932 953
2017	774	1 110	619	3 535 077	268	5 905 909	328	979 236	6 885 145
2018	1 257	1 115	815	4 599 307	306	7 338 696	425	1 148 135	8 486 831
2019	1 446	1 258	1493.5	8 360 800	600.5	14 411 592	876.3	2 278 250	16 689 842
2020	1047	959	984	6 023 617	399	8 803 225	604	2 174 400	10 977 625
2021	630	719	417	2 426 693	167	5 406 968	225	1 015 743	6 422 710
2022	1200	917	920	5 979 822	361	14 570 057	468	2 248 223	16 818 280
2023	547	482	506	3 697 970	199	6 662 365	270	1 568 320	8 230 684
2024	482	299	601	4 807 300	228	6 799 606	273	1 368 352	8 167 958

15. INTERNATIONAL TRADE FAIR

The Company participated in the 2024 International Trade Fair that started on the 30th of August 2024 to the 10th of September, 2024, under the Theme: “Accelerating Business growth through digital migration” We had an opportunity to Market our services and our current production strategy We also received a steady stream of visitors, and 133 expressed their surprise at our continued existence in the cotton industry. Visitors comments revealed a common misconception that the cotton industry in our country had largely disappeared, and they emphasized the importance of increasing brand awareness and visibility in order to dispel these misconceptions like having adverts on the radio, Eswatini TV.

They also provided valuable feedback on our training programs, suggesting that scheduling trainings on weekends or evenings would allow for greater attendance from those who are unable to attend during traditional business hours.

We were able to share with these individuals the numerous improvements that have been made in the cotton industry in recent years, including the variety of the seed, mechanization (large- scale growers) of certain processes and increased efficiency, which has made cotton production more profitable for farmers and reduced the amount of manual labor required.





16. CONCLUSION

Rainfall was erratic resulting to poor turnout by cotton farmers. The country experienced 6 weeks of heat wave in November 2024 destroyed the emerging cotton plants. Continuous rainfall from December to end of January jeopardise the promotional strategy executed by the board. Few farmers engaged in cotton production as the weather prohibited planting from November to end of January 2025. This is a clear sign of the threatening climate change in the agriculture sector.

The Board continued to provide extension service with assistance from government and Non-Governmental Organization. Crop management was enhanced by continuous training in all cotton producing areas. Pest management took a significant of the time due to over cast weather condition resulting in high population of sucking pest.

The Cotton Revolving Fund continued to be a source of finance for farmers in the sector as

financial institution continued to shy away from dryland cotton production sighting high risk. Escalating input prices remains a challenge, reducing the number famers financeable through the Cotton Revolving Fund.

The Cotton Board continued to provide market for all cotton in Eswatini. Cotton buying price increase after fruitful discussion with the cotton association. A number of strategies were implemented to motivate production at different Tinkhudla centres. Ginnery throughput remains a challenge. The implementation of long awaited Mkhondvo Ngwavuma with 4,000 ha under irrigation in 2026 /27 season is anticipated to increase seed cotton supply. The predicted outcome is 60 percent increases to the ginnery throughput, a positive contribution to the cotton supply chain in Eswatini.



KOBLA QUASHIE AND ASSOCIATES

ESWATINI COTTON BOARD

**Annual Financial
Statements**

for the year ended 31 March 2025



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GENERAL INFORMATION

Country of incorporation and domicile	Eswatini
Nature of business and principal activities	Managing Cotton Industry in Eswatini
Directors	Chairperson: Mr. Samson Mavuso Vice Chairperson: Sikelela Fakudze
Members	Mr. Mbuso Mndzebele Mrs. Thabsile Dlamini Mr. Bheki Nzima Mr. Vusie Khumalo Mr. Victor Masilela Mrs. TeKK Hou
Chief Executive Officer	Dr. Daniel M Khumalo
Postal address	Eswatini Cotton Board P. O. Box 230 Manzini M200
Business address	Eswatini Cotton Ginnery P. O. Box 118 Matata L312
Bankers	Eswatini Development and Savings Bank Standard Bank Eswatini Limited Swaziland Building Society
Auditors	Kobla Quashie and Associates Chartered Accountants (Eswatini) Manzini



DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Eswatini Cotton Act of 1967 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 board 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 for Small and Medium-sized Entities (IFRS for SMEs) 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 for Small and Medium-sized Entities (IFRS for SMEs) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the directors and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the board and all employees are required to maintain the highest ethical standards in ensuring the board's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the board is on identifying, assessing, managing and monitoring all known forms of risk across the board. While operating risk cannot be fully eliminated, the board 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 board's cash flow forecast for the year to 31 March 2026 and, in the light of this review and the current financial position, they are satisfied that the board has or has access to adequate resources to continue in operational existence for the foreseeable future. The external auditors are responsible for independently reviewing and reporting on the board's annual financial statements. The annual financial statements have been examined by the board's external auditors and their report is presented on pages 4 to 5.

The annual financial statements set out on pages 7 to 24, which have been prepared on the going concern basis, were approved by the board of directors on 30 July 2025 and were signed on its behalf by:

Director

Director

KOBLA QUASHIE AND ASSOCIATES



CHARTERED ACCOUNTANTS

Partners: Kobla Quashie, Daniel Bedlako

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Eswatini
Tel : +268 2505-4974
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E-mail: infr@kq.co.sz
Website: www.koblaquashie.com

INDEPENDENT AUDITORS' REPORT

To the members of Eswatini Cotton Board

Report on the Audit of the annual Financial Statements

Opinion

We have audited the annual financial statements of Eswatini Cotton Board as set on pages 6 to 17, which comprise the statement of financial position as at 31 March 2025, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Board as at 31 March 2025 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs) and in a manner required by the Eswatini Cotton Act of 1967.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the annual Financial Statements section of our report. We are independent of the Board in accordance with International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the annual financial statements in Eswatini, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention note 13 in the financial statements which indicates that for the year ended 31 March 2025, the Board had accumulated losses of E (3 334 852). Based on the events and conditions stated in note 13, these financial statements have been prepared on the assumption that the funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The ability of the Board to continue as a going concern is dependent on a number of factors. The most significant of these is that the Board continues to procure funding for the ongoing operations of the Board and support for any operational costs of the Board's parent, where applicable. Our opinion is not modified in respect of this matter.

Partners: Kobla Quashie (Chairman), Daniel Bediako (Managing), Farai Machakata



Responsibilities of the Board and Those Charged with Governance for the annual Financial Statements

The Board is responsible for the preparation and fair presentation of the annual financial statements in accordance with IFRS for SMEs and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Board is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditors' Responsibilities for the Audit of the annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 our 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements

Partners: Kobla Quashie (Chairman), Daniel Bediako (Managing), Farai Machakata



or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Board to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kobla Quashie and Associates
Chartered Accountants
(Eswatini)
Manzini
Per: Daniel Bediako

31 July 2025

Partners: Kobla Quashie (Chairman), Daniel Bediako (Managing), Farai Machakata



DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2025.

1. Review of activities General review

The Eswatini Cotton Board was launched on the 19th April 1968 in terms of the Eswatini Cotton Act of 1967 promulgated on the 20th February 1968. The main business of the board is to manage the cotton industry in Eswatini.

The operating results and state of affairs of the board are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Directors

The directors of Eswatini Cotton Board during the year and to the date of this report are as follows:

Mr. Samson Mavuso: Chairman
Mr. Sikelela Fakudze: Vice Chairman
Mr. Mbuso Mndzebele: Member
Mrs. Thabsile Dlamini: Member
Mr. Bheki Nzima: Member
Mr. Vusie Khumalo: Member
Mrs. Tokky Hou: Member
Mr. Victor Masilela: Member
Dr. Daniel M Khumalo: CEO/Board Secretary

3. Auditors

Kobla Quashie and Associates
Chartered Accountants (Eswatini)
Mallya House, Lot 137, Esser Street, Manzini.



STATEMENT OF FINANCIAL POSITION

Figures in Emalangeni	Note(s)	2025	2024
Assets			
Non-Current Assets			
Property, plant and equipment	2	3,335,551	3,646,449
Current Assets			
Inventories	3	1,101,850	1,074,995
Trade and other receivables	4	4,343,762	5,150,441
Cash and cash equivalents	5	3,523,806	2,805,156
		8,969,418	9,030,592
Total Assets		12,304,969	12,677,041
Equity and Liabilities			
Equity			
Credit revolving fund	6	2,500,973	2,914,305
General reserves		(3,334,852)	134,009
Revaluation reserves	7	2,121,928	2,121,928
		1,288,049	5,170,242
Liabilities			
Current Liabilities			
Finance lease obligation	8	125,880	200,598
Provisions	9	1,415,307	1,244,962
Trade and other payables	10	1,507,680	1,416,842
Bank overdraft	5	7,968,053	4,644,397
		11,016,920	7,506,799
Total Equity and Liabilities		12,304,969	12,677,041



STATEMENT OF COMPREHENSIVE INCOME

Figures in Emalangeni	Note(s)	2025	2024
Revenue		12,452,790	11,275,763
Cost of sales		(6,003,937)	(4,812,929)
Gross profit		6,448,853	6,462,834
Other income		465,559	242,855
Operating expenses		(8,322,626)	(8,553,841)
Operating profit/ loss		(1,408,214)	(1,848,152)
Finance costs		(958,284)	(835,375)
Profit/ loss for the year		(2,366,498)	(2,683,527)
Other comprehensive income		-	-
Total comprehensive income/ loss		(2,366,498)	(2,683,527)
Total Comprehensive income/ loss		(2,366,498)	(2,683,527)



STATEMENT OF CHANGES IN EQUITY

Figures in Emalangeni	Credit revolving fund	Revaluation reserves	General reserves	Total
Balance at 01 April 2023	2,914,305		1,130,357	4,044,662
Changes in equity				
Total comprehensive income for the year		2,121,928	(2,683,527)	(561,599)
Prior year adjustment			1,687,179	1,687,179
Total changes		2,121,928	(996,348)	1,125,580
Balance at 01 April 2024	2,914,305	2,121,928	134,009	5,170,242
Changes in equity				
Total comprehensive income for the year			(2,366,498)	(2,366,498)
Prior year adjustment			(24,765)	(24,765)
Write-off of irrecoverable VAT			(1,077,598)	(1,077,598)
Provision for doubtful debts	(413,332)			(413,332)
Total changes	(413,332)		(3,468,861)	(3,882,193)
Balance at 31 March 2025	2,500,973	2,121,928	(3,334,852)	1,288,049



STATEMENT OF CASH FLOWS

Figures in Emalangeni	Note(s)	2025	2024
Cash flows from operating activities			
Cash used in operations	11	(1,190,780)	(2,591,307)
Finance costs		(958,284)	(835,375)
Net cash from operating activities		(2,149,064)	(3,426,682)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(17,639)	(777,642)
Sale of property, plant and equipment	2	49,747	-
Net cash from investing activities		32,108	(777,642)
Cash flows from financing activities			
Movement in Credit revolving fund	6	(413,332)	-
Finance lease payments		(74,718)	(64,685)
Net cash from financing activities		(488,050)	(64,685)
Total cash movement for the year		(2,605,006)	(4,269,009)
Cash at the beginning of the year		(1,839,241)	2,429,768
Total cash at end of the year	5	(4,444,247)	(1,839,241)



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

Eswatini Cotton Board is a Government parastatal established in terms of the Eswatini Cotton Act of 1967. It is a corporate body with perpetual succession capable of suing and being sued, subject to the provisions of the Act.

The addresses of the office and principal place of business are disclosed in the introduction of the annual report on page 1.

The following are the principal accounting policies adopted in the preparation of these financial statements as set out below.

1.1 Basis of Preparation

a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized entities (IFRS for SMEs).

b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

c) Functional and presentation currency

These financial statements are presented in Emalangeni, which is the organization's functional currency. All financial information presented in the Emalangeni have been rounded to the nearest Lilangeni.

d) Significant Judgements

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

1.2 Property, plant and equipment

The cost of 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 board; and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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



Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

1.2 Property, plant and equipment (continued)

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the diminishing balance method over their expected useful lives to their estimated residual value.

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

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

Item	Average useful life
Buildings	2%
Ginnery Equipment	10%
Furniture and equipment	10%
Motor vehicles	20%
Computer equipment	33.33%

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

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

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

Assets which the organization holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.



1.2 Financial instruments

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the board establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

1.3 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the board's accounting policy for borrowing costs.

1.4 Inventories

Inventories are measured at the lower of cost and net realisable value.



Inventories are measured at the lower of cost and net realisable value on the first-in-first-out 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.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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.

1.5 Impairment of assets

The board assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the board estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the board 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.
- Tests goodwill acquired in a business combination for impairment annually.

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 or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

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.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may



have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.6 Equity

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

1.7 Provisions

Provisions are recognised when:

- The board 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.

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.

1.8 Government grants

Government grants are recognised when there is reasonable assurance that:

- the board will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or loss already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

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 or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.



Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

1.7 Revenue

Revenue from the sale of Cotton lint, Fuzzey seeds, Motes, Insecticides, Wool packs and Levies is recognised when all the following conditions have been satisfied:

- the board has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the board retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the board; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the board;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

1.9 Revenue (continued)

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax. Interest is recognised, in profit or loss, using the effective interest rate method.

1.10 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.



- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Emalangeni

2025

2024

2. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land and Buildings	1,720,000	-	1,720,000	1,720,000	-	1,720,000
Ginnery equipment	2,376,979	(1,894,961)	482,018	2,376,979	(1,841,403)	535,576
Machinery	624,000	(118,560)	505,440	624,000	(62,400)	561,600
Furniture and equipment	482,262	(317,850)	164,412	482,262	(299,582)	182,680
Motor vehicles and trailers	1,699,057	(1,326,181)	372,876	1,963,825	(1,440,330)	523,495
Computer equipment	288,858	(198,053)	90,805	271,219	(148,121)	123,098
Total	7,191,156	(3,855,605)	3,335,551	7,438,285	(3,791,836)	3,646,449

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Land and Buildings	1,720,000	-	-	-	1,720,000
Ginnery equipment	535,576	-	-	(53,558)	482,018
Machinery	561,600	-	-	(56,160)	505,440
Furniture and equipment	182,680	-	-	(18,268)	164,412
Motor vehicles and trailers	523,495	-	(49,747)	(100,872)	372,876
Computer equipment	123,098	17,639	-	(49,932)	90,805
	3,646,449	17,639	(49,747)	(278,790)	3,335,551

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Depreciation	Total
Land	1,720,000	-	-	1,720,000
Ginnery equipment	595,085	-	(59,509)	535,576
Machinery	-	624,000	(62,400)	561,600
Furniture and equipment	197,943	4,607	(19,870)	182,680
Motor vehicles and trailers	654,369	-	(130,874)	523,495
Computer equipment	20,592	149,035	(46,529)	123,098
	3,187,989	777,642	(319,182)	3,646,449

Land and Building is reflected at market value and it consists of freehold land with a residential building erected thereon. The property is described as Lot No. 410, situated in Jacaranda Avenue, Coates Valley, Manzini. The valuation was done by Mabuza Masina Property Consultants on the 31 March 2022.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Emalangeni	2025	2024
3. Inventories		
Stock in hand	1,101,850	1,074,995
Stock on hand is detailed as below		
Factory materials	525,599	655,235
Ginnery stock	224,045	128,202
Cotton seeds	235,950	55,000
Chemicals	82,332	166,620
Production stock	33,924	69,938
	1,101,850	1,074,995

Inventories are measured at lower of cost and net realisable value.

4. Trade and other receivables

Farm debtors	4,139,564	3,862,664
VAT	204,198	1,287,777
	4,343,762	5,150,441

Funds are made available out of the Credit Revolving Fund for the purpose of lending to the farmers.

Farm debtors are detailed as below

Farm debtors	4,626,796	4,407,371
Provision for farm debtors	(487,232)	(544,707)
	4,139,564	3,862,664

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	532	1,612
Bank balances	3,523,274	2,803,544
Bank overdraft	(7,968,053)	(4,644,397)
	(4,444,247)	(1,839,241)
Current assets	3,523,806	2,805,156
Current liabilities	(7,968,053)	(4,644,397)
	(4,444,247)	(1,839,241)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Emalangeni

2025

2024

5. Cash and cash equivalents (continued)

Bank balances are detailed as below

Eswatini Development and Savings Bank - Call account	1,023,621	1,127,477
Eswatini Development and Savings Bank -Current account	(7,968,053)	(4,644,397)
Eswatini Development and Savings Bank- Cotton Levy account	1,142,611	90,574
Stanlib - Money Market Fund	568,136	522,410
Standard Bank Eswatini Limited - Current account	5,000	5,000
Standard Bank Eswatini Limited - Call account	31,587	405,562
African Alliance	548,558	499,419
Swaziland Building Society	145,221	140,224
MTN Momo Pay	58,541	12,878
	(4,444,778)	(1,840,853)

Overdraft Facility

Eswatini Cotton Board entered into an Acknowledgement of Debt Agreement with the Eswatini Development & Savings Bank, for an overdraft facility to fund working capital requirement amounting to E8,000,000. Interest on the overdraft is at prime rate plus 2% calculated on the balance owing as advised by Eswatini Bank. The Overdraft is payable on demand, no later than 30 June 2025.

Required Security**Cession Over Government Subvention**

Eswatini Cotton Board has agreed to cede and make over to the cessionary (Eswatini Bank) all proceeds from the the government subvention of E2.5 million to be deposited into their current account No. 77400533604

Cession Over Proceeds from the Sale of Cotton

Eswatini Cotton Board has agreed to cede and make over to the cessionary (Eswatini Bank) all proceeds from the sale of the cotton to be deposited into their current account No. 77400533604.

Cession of Call Account

Eswatini Cotton Board has agreed to cede and make over to the cessionary (Eswatini Bank) monies in the call account No. 77400004466 with a balance that should not be less than E1,000,000. The balance in this account as at 31 March 2025 was E1,023,621.

6. Credit revolving fund

Revolving fund	2,500,973	2,914,305
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The Credit Revolving Fund is utilised for the purpose of providing Crop finance to the cotton farmers. The fund was established in 2003 through a government grant. The capitalization grant was E6 million.

7. Revaluation Reserves

The property is situated on Lot No.410, Jacaranda Avenue, Coates Valley, Manzini. Motor vehicles, trailers and other equipments are located in Potion 2, farm 1080 Big Bend, Eswatini.

The valuation was done by Mabuza Masina Property Consultants on the 31 March 2022.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Emalangeni

2025

2024

8. Finance lease obligation

Minimum lease payments due

- within one year

125,880

200,598

Eswatini Bank Loan Facility

The loan bear interest at a rate equal to prime lending rate plus 3.5% per annum, compounded monthly. The prime lending rate is currently 11% so the current applicable rate is 14.5%

Interest is calculated on a daily balance of the amount of the loan, plus any interest thereon outstanding from time to time.

Required Security

As part of the requirement of the Finance Facility Agreement, the borrower hereby offers the following items as the Bank's security for the overdraft facility:

1. Public Enterprise Guarantee for the loan amounting to E1 625 000.00.
2. Government subvention E1,500,000

9. Provisions

Reconciliation of provisions - 2025

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Gratuity and severance pay	1,244,962	544,158	(8,550)	(365,263)	1,415,307

Reconciliation of provisions - 2024

	Opening balance	Additions	Utilised during the year	Total
Gratuity and severance pay	1,310,484	304,458	(369,980)	1,244,962

10. Trade and other payables

Accruals	266,269	336,246
Eswatini Government Ministry of Agriculture	1,142,611	983,796
Audit fees	98,800	96,800
	1,507,680	1,416,842



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Emalangeni	2025	2024
11. Cash used in operations		
Loss before taxation	(2,366,498)	(2,683,527)
Adjustments for:		
Depreciation and amortisation	278,790	319,182
Finance costs	958,284	835,375
Movements in provisions	170,345	(65,522)
Prior year adjustment	(24,765)	1,687,179
Irrecoverable VAT receivable written Off	(1,077,598)	-
Changes in working capital:		
Inventories	(26,855)	(219,681)
Trade and other receivables	806,679	(1,818,709)
Trade and other payables	90,838	(645,604)
	(1,190,780)	(2,591,307)

12. Risk management

Financial risk management

The board's activities expose it to a variety of financial risks: credit risk, liquidity risk and cash flow interest risk.

The board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the board's financial performance.

Risk management is carried out under policies approved by the directors. The finance department identifies, evaluates and hedges financial risks in operation with the board's operating units. The board provides written principles for overall risk management, as well as for specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments, and investing excess liquidity.

Market risk

Market risk includes currency risk, interest rate risk and equity price risk. From time to time derivative financial instruments are entered into to reduce this exposure to market risk.

(i) Currency risk

The board was not exposed to significant currency risk at the reporting date.

(ii) Interest rate risk

The board's income and operating cashflows are substantially independent of changes in market interest rates and the board primarily borrows and lends at variable rates, and its exposure to interest rate risk is reflected under the respective borrowings.

(iii) Legal risk

Legal risk is the risk that the board will be exposed to contractual obligations which have not been provided for.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The board remains confident that the available cash resources and overdraft facilities will be sufficient to meet its funding requirements.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

12. Risk management (continued)

(v) Credit risk

Credit risk arises from cash and cash equivalents, deposits with bank and financial institutions, as well as credit exposures to corporate, government and individual customers, including outstanding receivables and committed transactions.

(vi) Operational risk

Operational risk is the risk of direct or indirect loss resulting from adequate or failed internal processes, people and systems or from external events. The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are argueded by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning.

13. Going concern

For the year ended 31 March 2025, the Board made a loss of E2,366,498 with accumulated losses at E3,334,852.

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

Eswatini Cotton Board is a Statutory body that was established by an Act of Parliament, The Eswatini Cotton Act of 1967. The Board's funding is a statutory funding requirement, where the government is unlikely to default on the subventions and there is currently no indication to suggest that the government will not fulfil its obligation in providing the subvention of E3 500 000 committed for the 2026 financial year to the Board.

The ability of the Board to continue as a going concern is dependent on the continued support from the Government of Eswatini and the Board of directors continuance to procure funding for the ongoing operations for the Board.

**DETAILED STATEMENT OF FINANCIAL PERFORMANCE**

Figures in Emalangeni	2025	2024
Income		
Revenue	9,874,608	9,710,293
Government subvention	2,500,000	1,500,000
Levies	78,182	65,470
	12,452,790	11,275,763
Cost of sales		
Opening stock	(1,074,995)	(855,314)
Purchases	(6,030,792)	(5,032,610)
Closing stock	1,101,850	1,074,995
	(6,003,937)	(4,812,929)
Gross profit	6,448,853	6,462,834
Other income		
Canteen Income	36,665	21,640
Rental received	72,725	72,725
Sundry Income	356,169	148,490
	465,559	242,855
Operating expenses		
Accounting fees	6,013	42,880
Advertising	69,754	60,193
Auditors remuneration	104,261	98,800
Bank charges	56,375	50,973
Canteen expenses	33,118	31,435
Cleaning expenses	51,382	80,878
Computer expenses	26,018	107,025
Consulting expenses	4,400	239,890
Depreciation	278,790	319,182
Donations	11,989	12,088
Electricity and Water	772,781	692,049
Employee costs	4,448,803	4,290,552
Insurances	194,473	289,647
Motor vehicle expenses	552,810	576,765
PEU Management fees	89,760	76,464
Promotions	373,200	-
Printing and stationery	57,431	148,289
Protective clothing	869	11,217
Rates paid	6,768	6,726
Repairs and maintenance	544,139	769,088
Retainer fees	318,281	174,016
Marketing and distribution expenses	129,581	275,805
Staff training and welfare	3,478	12,044
Subscriptions	89,796	71,007
Telephone and fax	45,029	69,708
Travelling expenses	53,327	47,120
	8,322,626	8,553,841
Operating loss	(1,408,214)	(1,848,152)
Finance costs	(958,284)	(835,375)
Loss for the year	(2,366,498)	(2,683,527)



TAX COMPUTATION

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Net loss per income statement	(2,366,498)
Add Backs:	
Donations	11,989
Assessed loss for 2025 - carried forward	(2,354,509)
Assessed loss brought forward	(10,589,357)
Tax loss carried forward	(12,943,866)
Tax thereon @ 25%	-
Tax liability	



SUPPLEMENTARY INFORMATION

1. Cotton Improvement fund

Levies	78,182
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2. Auditor's remuneration

Kobla Quashie and Associates	104,260
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3. Rates paid

Manzini City Council	6,768
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4. Repairs and maintenance

Various spares for the Ginnery plant	544,139
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