LAND BANK

Shared Growth Through Development

Annual Report 2005/2006

Contents

Statement by the Minister for Agriculture and Land Affairs

"I am delighted that we can look back today and realise just how much has been accomplished through the implementation of important policy and legislative initiatives."

Thoko Didiza

Thoko Didiza
Minister for Agriculture and Land Affairs

The Land Bank is a major player in the realisation of Government's vision to create an enabling environment for the provision of finance to the agricultural sector and facilitate a prosperous and united agricultural sector.

Hence, Land Bank is required "to make a difference" in development and in poverty alleviation in South Africa. It is also expected to play an active role within the NEPAD structures on the continent in order to ensure a better future for Africa's people. The process began at the time of the birth of our democracy when it was inevitable that we introduce fundamental changes in the political, administrative and delivery systems that governed the Agricultural Sector then; changes that conformed to the principles and ideals that are espoused in the Constitution.

I am delighted that we can look back today and realise just how much has been accomplished through the implementation of important policy and legislative initiatives. While some have emanated from the Strauss Commission and other reform measures such as the Strategic Plan for South African Agriculture, they have helped to successfully streamline service delivery and equitable access to our people.

The issue of the availability of land and land reform in general is of extreme importance to the country. I am proud that the Land Bank has consistently been active in this regard and has channeled vast financial resources through the distribution of various programmes such as the LRAD grants and others. The Bank has ably demonstrated its commitment to ensuring that

Government's Land Restitution Programme is successful.

Although, the year under review has been a challenging one, it has also presented the Land Bank with opportunities to widen its scope. It is a veritable highpoint for the Land Bank that the business process review that was undertaken, will lead to operational improvements that will impact upon the long term sustainability and viability of the Land Bank.

I appreciate the fact that in the process of financial services reform, we have seen an encouraging increase in the number of small and medium previously disadvantaged farmers especially women. In these days when women-headed homes are becoming a growing reality of our society's social fibre, whatever assistance the Land Bank can give to qualifying women, becomes a source of national pride and joy.

Building the capacity of farmers and their organisations remain a critical challenge, particularly within the context of the Joint Initiative on Priority Skills Acquisition. I am delighted that Land Bank has acquitted itself well in this regard, as indicated by the various training programmes initiated by the organisation. The partnerships with NAFU, the National African Farmers Union and with AgriSouth Africa have been most beneficial in helping us collaborate across the entire agricultural value chain. The decision to form strategic partnerships and leverage mutually beneficial results has been a healthy one which the Bank proposes to take forward into the future.

Agricultural Challenges in 2005/06

The agricultural sector is the most affected, especially in times of droughts, severe rains and other natural disasters that hit a country. The Taung disaster, which unfolded early 2006 as a result of heavy rains that fell in the Vryburg catchment area, left enormous ruin and instability. The poultry and ostrich industries which were faced with the threat of avian influenza were greatly challenged. Another looming disruptive situation is that of the decrease in the harvest of grapes which is attributed to the continuous drought and heat conditions that have negatively affected the wine harvest. This has resulted in an estimated 1 245 182 tons for grape harvest in 2006, approximately 2% less than the estimate of January 2006.

A drought management plan, in line with the Disaster Management Act, was approved and is being gazetted for public comment. This plan responds to disasters related to drought that affects more farmers and makes provision for animal feed and water.

I would like to take this opportunity to welcome the new Minister for Agriculture and Land Affairs, Ms. Lulu Xingwana who gracefully accepted the position after the passing away of the late Minister for Public Works, Ms. Stella Sigcau, whose Portfolio I have now occupied.

I am confident she will rise with grace and honour to leveraging new opportunities in the sector in order to fulfill the mandate of the Department.

I will conclude by expressing my sincere and heartfelt gratitude to the Board of Directors, previous and current, who uncompromisingly gave off their time and energy to execute the objectives of the Bank and of the agricultural sector as a whole. I would also like to thank the Executive Committee of the Bank, for providing guidance and leadership to the staff. My appreciation also goes to the loyal and dedicated employees who continue to contribute to the growth and development, not only of the Bank but also to the entire agricultural sector.

Ms. Thoko Didiza (MP)
Outgoing Minister: Agriculture and Land Affairs

Report of the Chairperson

"In addressing the pressing skills constraints within the country, as intended by the Deputy President's JIPSA Initiative, Land Bank invested about R3.2million to finance the tertiary education of 42 previously disadvantaged students..."

Lungile Mazwai

L Mazwai
Chairperson of the Land Bank

The foundation for the transformation of Land Bank and consequently the broad transformation of the agricultural sector was laid through the recommendations of the Strauss Commission of Inquiry into the Provision of Rural Financial Services. This broadening of Land Bank's mandate has had the impact of effectively positioning the Bank as a major player in the financial services sector, with particular emphasis on development.

Key factors impacting on results

The primary agricultural sector has been under pressure for the past three years resulting in a squeeze on profit margins. Growth in the sector, for the period under review, has as a result been marginal in a macro-economic context.

The key factors affecting the performance of the agricultural sector, and with it, agricultural finance in the calendar year ended December 2005 are:

- decline in net farm income by 22.8% year-on-year;
- 5.5% decline in average producer prices for agricultural products;
- decline in gross fixed capital investment in real terms by 8% signifying reduced investment by farmers;
- fierce competition in the export market and strengthening rand against US dollar affected operations export orientated sectors of agriculture;
- and deliberate reduction of planting of summer grain crops due to surplus production in 2004/05 and low maize prices.

Milestones

Land Bank has since crossed a number of important milestones in gearing ourselves for the realisation of a better Land Bank. The key goals include the establishment of a harmonious corporate culture, a new business strategy, better systems, an improved brand and a better relationship with the stakeholders.

Business processes

Of course, the Bank is conscious of the need to improve business processes to ensure that it is capable to better serve the agricultural sector. For this reason, the management of the organisation is putting a lot of effort into improving the business processes while at the same time promoting teamwork, participation and systematic improvements.

Contribution to a Sustainable Growth Economy

Land Bank, as an implementing agency for Government's Development Agenda, has successfully aligned its approach to a number of our national development objectives such as Broad-based Black Economic Empowerment (BBBEE), Accelerated Shared Growth Initiative for South Africa (ASGISA) and Joint Initiative on priority Skills Acquisition (JIPSA). It is therefore with a great sense of achievement that we state the fact that the Bank has provided financing to a number of Black Economic Empowerment Consortia in the agricultural sector.

Bursaries

In addressing the pressing skills constraints within the country, as intended by the Deputy President's JIPSA Initiative, Land

Break down of bursaries for the financial year 2005/6

Province	Race	Gender		Total Number
		Male	Female	
Eastern Cape	African	-	4	4
	Coloured	1	-	1
Western Cape	African	-	1	1
	Coloured	-	-	0
Limpopo	African	3	1	4
	Coloured	-	-	0
Mpumalanga	African	4	-	4
	Coloured	-	-	0
Free State	African	-	3	3
	Coloured	2	-	2
KZN	African	-	4	4
	Coloured	-	-	0
	Indian	1	-	1
Norhtern Cape	African	0	0	0
	Coloured	-	-	0
North West	African	2	-	2
	Coloured	-	-	0
Gauteng	African	4	9	13
	Coloured	3	-	3
Total Number of Students		**20**	**22**	**42**

Bank invested about R3.2million to finance tertiary education of 42 previously disadvantaged students through the Bank's Bursary Scheme during the year under review.

Future prospects

Although 2005/6 proved to be a difficult financial year for the agricultural industry in general, there are indications that 2006/7 will turn out to be more conducive to sound growth and financial recovery:

- the country in general experienced good rains and droughts are not expected to affect production in the year ahead;
- the crisis which threatened the maize industry in 2005 had been averted and stability in the industry had been restored as reflected in the higher SAFEX maize price;
- the rand showed signs of weakening which should benefit export industries such as the sugar, deciduous fruit, citrus, wool and also the grain industries (as import competition would be curbed);
- Total demand in the South African economy continues to grow robustly and the domestic demand for food products which is income sensitive remains strong.
- The risk is, however, that the high crude oil price could cause inflation to accelerate later in the year and cause farming input costs to rise. A weaker rand will benefit the agriculture industry and help to increase the quality of the Bank's loan book.

Conclusion

Within the growing and changing global economy, I have no doubt that Land Bank will remain an important and essential element in meeting the increasing developmental needs of farmers both developing and commercial. Over the years, the Land Bank has matched its operational policies within the country's economic transformation, especially to support developments in strategic and new growth areas within the agricultural sector.

I, have, as Chairperson been privelaged to have the strong and diverse skill, expertise and depth of experience exhibited by the members of the board, who have been instrumental in guiding the turnaround and affairs of the bank.

I express my gratitude to the Land Bank management for they have steered the institution towards a brighter future, while keeping a close eye on growth of both the commercial and development farmers. We are certain that Land Bank will continue to deliver on its mandate and under the leadership of Mr Alan Mukoki, which has and continues to bring far reaching changes to the organisation in order to benefit the country and its economic competitiveness.

Likewise, I must recognise the valuable contribution of the staff and employees of the Bank to its success. An organisation is only as powerful or as strong as its people.

Our Investors, bankers, strategic partners and our valued clients and customers have been an important part of the business during this financial year under review and beyond. I thank them for their unwaivering support and the confidence that they have demonstrated towards the Land Bank.

Chairman: Board of Directors
Land Bank

Report of the Chief Executive Officer

"...these initiatives have been identified as key projects that would turn around the Bank and enhance our position as a leader in agricultural financing, as well as harnessing other related opportunities for diversification"

Alan Mukoki

Alan Mukoki
Chief Executive Officer of the Land Bank

CEO's Operational Review

A review of the financial year, is significant for the opportunity to look back at our achievements and evaluate the impact of the challenges we have faced. We, at Land Bank, have done this within the context of an organisation focused on achieving economic growth and prosperity for our clients and our country. Our response has been to seek and explore new strategies and opportunities in order to stimulate the economic influence of the Land Bank.

Defining Our Business Vision

On interrogating the efficiency of our business processes, in the light of developments in the markets within which we operate, we were led to define our business vision in terms of two important focus areas: (1) Our Context Business or Our Commercial Business Activities, (2) Our Core Business or Our Developmental Activities. The challenge facing the bank is to first get the context Commercial Business to enable the bank to generate sufficient capital resources to deliver on our development mandate.

Shanduka Project – Turnaround Strategy

After extensive consultation within Government the Bank has begun the implementation of the business strategy to turn around the fortunes of the Bank; and most importantly expedite the Bank's financial service delivery.

The main challenge facing the bank at this time is to drive strategies enabling the turnaround of the performance of the Land Bank. We have identified around six issues requiring focused attention. These are building capacity in the people area, especially in bringing in skilled and experienced personell; the implementation of a new IT System; a revenue model and customer engagement; our cost structure as well as the implementation of best practice risk management frameworks. This Turnaround project is referred to as Shanduka – a Venda word meaning change. Indeed our greatest opportunity is in leading change and innovation.

The following are the key pillars of this turnaround strategy:

- People Management and Empowerment
- Capital Adequacy
- Systems
- Risk
- Revenue & Cost Model

With regard to the first pillar, that of people management, a well established consultancy firm was mandated to conduct a number of people and culture revolution workshops with our staff including senior managers and executives.

The following were the key focus areas identified in this process:

- Enhance Reward and Recognition Program
- Enhance the Recruitment & Selection Capability
- Organisational Development & Employee wellbeing Initiatives
- A new Performance Management System aligned to the objectives of the bank
- Training and Development
- Ensure that Transformation is embraced by all

An important achievement that emanated from the workshops was recognition of a set of corporate values for Land Bank, namely;

1. Integrity
2. Innovation
3. Excellence
4. Equity
5. Drive
6. Bambanani

Complementary to the goal of people management, the Land Bank has developed a clearly defined Human Resource Strategy which, while addressing all issues raised at the People and Culture workshops would ensure the appointment of a number of strategic staff.

Capital Adequacy

Notwithstanding the fact that commercial banks in South Africa operate within a capital adequacy ratio of 10% capital to average risk weighted assets. Our aim is in the medium term to build a capacity to have a capital adequacy ratio of 20%, purely because of the risk in the development section.

Systems

The SAP IT system is to assist us with implementing three critical systems, namely; the Financial Management System, the core banking system as well as integrating Loan Origination and Debt collections systems. The new IT systems are critical in managing the data as well as compliance process within Land Bank

The programme management office has been reconstituted and is now operational. The SAP Financial Solutions was implemented in November 2005; the banking module will go live on October 2006 while Loan Origination will go live on November 2006. The new advanced technology will bring about change in the way business is conducted. The software tools together with trained staff will contribute towards customer relations, improved Management Information and reporting.

Risk Management

An Enterprise-Wide Risk Management Framework was adopted by the bank covering risk management in the following key areas: Capital; Asset Quality; People Management; Earnings Quality and Consistency; Liquidity Management and Market Risk.

Revenue and Cost

We are also looking at our Revenue and Cost Model that will have a positive impact in the attainment of our strategic objectives.

Strategic Alliances and Partnerships

In order to increase efficiencies, Land Bank has decided to form alliances with co-ops and strengthen its partnerships with commercial banks. Certain co-ops will sell Land Bank products while Land Bank will sell certain commercial bank products.

Step up

During the period under review a decision was taken to discontinue the step up loan product. The Land Bank discontinued granting new step up loans in November 2005 and stepping up of existing loans stopped in May 2006. The exposure (net of R16million client deposits) at 31 March 2006 of R123 million was fully impaired for accounting purposes.

Building Land Bank Brand

An important element of this process is the envisaged appointment an advertising agency to assist the bank in building its brand and subsequently create brand equity.

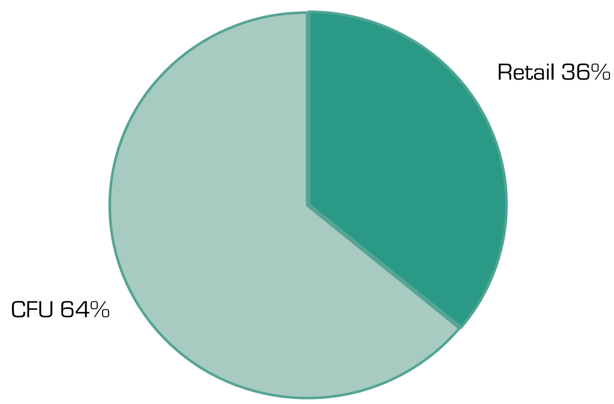
All these initiatives have been identified as key projects that would turn around the Bank and enhance our position as a leader in agricultural financing, as well as harnessing other related opportunities for diversification. Black Economic Empowerment opportunities are becoming entrenched as an integral part of our business and we are determined to being at the forefront of servicing this important sector of our people.

The Land Bank has every confidence of success.

Financial Performance Review

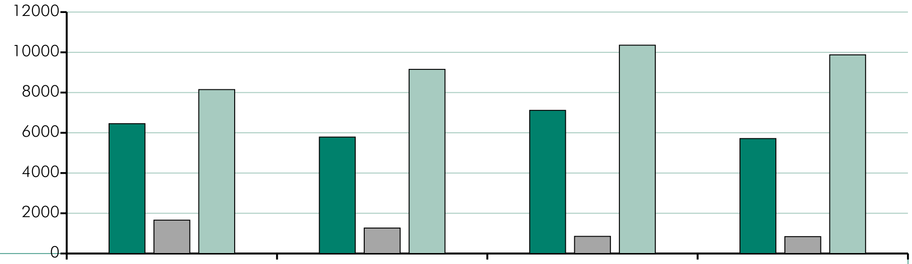
Loan portfolio performance:

March 2006



Loan Portfolio by Term

Loan Portfolio By Term (Rmillion)



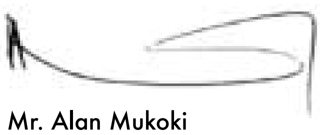
	2002/03	2003/04	2004/05	2005/06
Long Term	6,454	5,788	7,115	5,714
Medium Term	1,658	1,266	853	839
Short Term	8,148	9,153	10,355	9,874

As at 31 March 2006, the total loan portfolio of the Bank amounted to R16,4bn which represented a decrease of 10.4% or R1,9bn over prior year. The relative share of Corporate Finance Unit (CFU) and the Retail Unit of this portfolio remained largely unchanged compared to the previous year's with CFU holding 64% of the total exposure and the remaining 36% in Retail.

The composition of the loan portfolio has shifted remarkably compared to prior year. The long term portfolio has decreased by 19.7% or R1,4bn , from R7,1bn in 2004/05 to R5,8bn in 2005/06. This is due to the decline in the fixed capital expenditure in the agricultural sector. Long term loans constitute 34.8% of the total portfolio compared to 38.8% in 2004/05. The short term portfolio decreased by 4.6% or R481m, from R10,3bn in 2004/05 to R9,9bn in 2005/06.

Conclusion

It is appropriate that I thank the Board of Directors for their strong intellectual input, visionary thinking and wisdom in guiding the affairs of The Organisation. Their strategic leadership has certainly been of immense value to Land Bank.
The improved performance whilst not yet at desirable levels would never be attainable were it not for the dedication, hard work and commitment of the management and staff.



Mr. Alan Mukoki
CEO: Land Bank

Report of the Audit Committee

Mr LM Nyhonyha
Chairperson: Audit Committee

Report of the Audit Committee in terms of regulations 27(1)(7)(b) and (c) of the Public Finance Management Act of 1999, as amended. For the purposes of this report, Land Bank means Land and Agricultural Development Bank of South Africa and Land Bank Group means Land Bank and its subsidiary Suid Afrikaanse Verband Versekerings Maatsjapy (SAVVEM).

In execution of its duties during the past financial year, the Committee has;

- Reviewed the procedures for identifying business risks and controlling their impact on Land Bank Group;
- Reviewed Land Bank's Policies and procedures for detecting and preventing fraud;
- Reviewed the operational effectiveness of Land Bank's policies, systems and procedures;
- Considered whether the independence, objectives, organisational staffing plans, financial budgets audit plans and standing of the Internal audit function provided adequate support to enable the Committee to meet its objectives;
- Reviewed the results of the work performed by the Internal audit function regarding financial reporting, corporate governance, internal control and any significant investigation and management response;
- Reviewed the co-ordination between the Internal audit function and the external auditors, and dealt with any issues of significant dispute or concern
- Reviewed significant transactions not directly related to

the Land Bank's normal business as the Committee deemed appropriate;

- Reviewed such significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees of Land Bank, as were brought to its attention;
- Reviewed the controls over significant financial, and certain operational risks;
- Reviewed any other relevant matters referred to it by the Board;
- Reviewed the quality of financial information;
- Reviewed the annual report and financial statements, taken as a whole, to ensure they present a balanced and understandable assessment of the position, performance and prospects of Land Bank and the Group;
- Reviewed the external auditors' report
- Discussed problems and reservations arising from the external audit, and any matters the external auditor wished to discuss (in the absence, where requested by the Committee, of Executive Management and any other person who is not a member of the Committee);
- Reviewed the external auditor's management letter and management's response;
- Reviewed the credibility, independence and objectivity of the external auditor, taking into account the audit fees.

Where weaknesses were identified in internal controls, corrective action has been recommended to eliminate or reduce the concomitant risks. Accordingly, in our opinion, the internal controls of Land Bank operated effectively throughout the year under review to ensure the company's assets were safeguarded, proper accounting records were maintained and resources were utilized efficiently.

Following our review of the group annual financial statements for the year ended 31 March 2006, we are of the opinion that, in all material respects, they comply with the relevant provisions of the Public Finance Management Act of 1999, as amended, and statements of International Accounting Standards, and that they fairly present the results of the operations, cash flow and financial position of Land Bank and the group. We therefore recommend the financial statements as submitted to be approved.

On behalf of the Audit Committee

Mr. LM Nyhonyha

Chairperson: Audit Committee

Report of the Board of Directors

Introduction

The Directors present their report and the annual financial statements of the Land Bank Group for the year ended 31 March 2006.

Nature of Business

The Land and Agricultural Development Bank of South Africa ('Land Bank")

Land Bank operates as a development finance institution within the agricultural and agri-business sectors. Its activities are regulated by the Land and Agricultural Development Bank Act, 15 of 2002, (Land Bank Act) and the Public Finance Management Act, 1 of 1999 as amended (PFMA). Land Bank provides a range of finance options to a broad spectrum of clients within the agricultural sector. Financing products cater for wholesale as well as retail financing for commercial and developing farmers, co-operatives and other agriculture-related businesses.

Subsidiary

Land Bank is the sole beneficial owner of Suid-Afrikaanse Verbandversekeringsmaatskappy Beperk (SAVVEM), which provides insurance cover to natural persons indebted to Land Bank under mortgage loans.

SAVVEM made a net profit of R140,782,841 (2005: R112,949,667) for the year ended 31 March 2006.

Developments in the South African Agricultural Industry in 2005/6

The growth in the Land Bank's loan book, the quality of its debtors and its realised profits depend to a great extent on the performance of the agricultural industry. The financial position of farmers on average has been deteriorating since 2001/2, when the depreciating rand caused producer prices to rise sharply, but the subsequent strengthening of the rand in the foreign currency markets has caused producer prices to decline in an environment where input costs continued to rise. Profit margins in agriculture were severely squeezed in the process. This is reflected in the fact that net farm income in 2005/6 was 28,3 percent lower than in 2004/5. Expenditure on intermediate goods and services in 2005/6 increased by 5,4 percent, whereas producer prices on average declined by 2,2 percent. Farmers were therefore forced to cut input costs to the bone in order to survive financially, which obviously impacted adversely on the turnovers and profit levels of input suppliers – such as agricultural co-operatives and agri-businesses which obtain most of the production credit they extend to grain farmers from the Land Bank.

Some agricultural industries were still able to show positive growth in 2005/6. Animal products recorded an average rate of growth of 5,3 percent, but dairy production posted a decline of 8,2 percent. The beef industry performed well. Of all the industries horticulture, with a decline of 10,7 percent, performed the worst. Gross income of the deciduous and other fruit and citrus fruit industries recorded negative rates of growth of 27,7 percent and 31,0 percent respectively. The strong rand had a material impact on the poor performance of these two industries as also competition in their traditional export markets.

In 2005/6 field crops, despite a bumper commercial maize crop of 11, 45 million tons, recorded a decline of 5 percent in gross farm income – notwithstanding the increase of 27 percent recorded by the sugar industry. The maize industry posted a decline in gross income of 5 percent. At one stage it faced a crisis after the SAFEX price for white maize had declined to R471 per ton in February 2005, which was far below the cost of production. Fortunately the policy advocated by Grain South Africa that farmers should cut down on production in 2005/6 helped to restore stability in the industry. The maize price has staged a remarkable recovery since.

The Land Bank will follow with great interest the initiatives of the grain industry to establish a biofuel industry in South Africa. The Land Bank has a large financial exposure to the grain industry in the form of short, medium and long-term loans and consequently closely tracks its long-term growth prospects.

The above developments help explain the decline in the Land Bank's loan book and why non-performing loans and bad debts remain at such a high level. The Land Bank is in these circumstances forced to apply stricter credit risk criteria in an effort to upgrade the quality of its loan book and to be more vigilant in ensuring that debts due are collected. There were in March 2006 some indications that the Rand was turning softer in the foreign currency markets, which would help producer prices to firm somewhat and cause the quality of the Bank's loan book to improve.

Good rains were experienced in the drought stricken areas since the beginning of 2006 and dam levels in general are substantially higher than a year ago. This should help to boost agriculture production, except in respect of the summer grain crop areas where plantings were deliberately curtailed. The prevailing boom in consumer spending has also boosted the demand for agricultural products, but a realistic exchange rate for export purposes (and to meet import competition) is essential to enable the agricultural industry to recover financially. The Land Bank, notwithstanding the problems and challenges facing the agricultural industry, will remain a major financier of the sector – in respect of both commercial and development farming. The Land Bank also aims to be actively involved in financing Agri-BEE transactions.

The total agricultural debt at the end of 2005 amounted to R34, 7 billion, which was only 4, 3 percent higher than at the end of 2004 – despite the squeeze on profitability. What is significant from a risk point of view is that the average debt/asset ratio (livestock included with assets) remained a creditable 24 percent at the end of 2005. There are therefore still opportunities for the Land Bank to grow its lending book. However, credit risks are these days increasingly being assessed according to cash-flow criteria. The Reserve Bank in April 2005 surprised the financial markets by a cut of 0, 5 percentage points in the repo rate to 7 percent. This helped to ease the interest rate burden on the agricultural debt and to stabilise the market for interest rate instruments, which facilitated the funding of the Land Bank.

Corporate Governance

Good corporate governance is central to all the activities of the Land Bank. Corporate structures, culture and values, discipline and performance are underpinned by the commitment to reflect good corporate governance. The Land Bank's philosophy and objectives on corporate governance are measured against the following :

- Governance structures
- Enterprise-wide risk management
- Ethics
- Sustainability
- Accountability and reporting

Governance structures

The Board of Directors controls and directs the operations of the Land Bank. The Board's responsibilities are defined in the Land Bank Act as well as the PFMA. The Board subscribes to the Code of Corporate Practices and Conduct, as recommended in the King Report on Corporate Governance for South Africa 2002 (King II).

The Board ensures full compliance with the requirements of the PFMA through rigorous engagement with management. The Board continuously reassess its structures to ensure effectiveness and has, during the year, revised and reconstituted its committees. The Board also adopted a number of policies and practices for effective discharge of fiduciary duties and efficient management of the Land Bank.

The Minister responsible for Agriculture, who for the purposes of the PFMA is the Executive Authority, is responsible for the appointment of the Directors and to ensure alignment, the Minister issues policy directives to the Board. In line with the principles of good governance as espoused in King II and as required by the Land Bank Act, a majority of the directors are non-executive. The Board consists of eleven non-executive directors and one executive director who is the Chief Executive Officer of the Land Bank who have been appointed for their collective wide range of skills, experience and qualifications. The Board members are collectively responsible to the Minister.

The Board, reviews performance of management to ensure that the often very delicate balance between risk-taking ventures for financial performance, attainment of the Land Bank's mandate and governance is maintained.

SAVVEM, which acts as an insurer arm of the Land Bank, is governed in terms of and complies with the Companies Act 61 of 1973 and the PFMA. SAVVEM Board of directors is composed of directors who are members of the Land Bank Board. The Board operates on the same philosophies as those adopted by the Land Bank Board of Directors.

The day-to-day management of the Land Bank and strategy implementation is the responsibility of the Chief Executive Officer. The Chief Executive Officer is assisted by an executive management team.

Board and Committee Terms of Reference and Membership

The Directors for the period to 30 September 2005 were:

Mr JPR Mbau	(Chairperson)
Mr SM Mkhabela	(Deputy Chairperson)
Mr AT Mukoki	(Executive Director and Chief Executive Officer)
Ms NJ Canca	(Non-Executive)
Dr NP Makgalemele	(Non-Executive)
Adv KD Moroka	(Non-Executive)
Mr LG Mazwai	(Non-Executive)
Mr MM Mbongwa	(Non-Executive)
Mr JRD Modise	(Non-Executive)
Dr CJ van Rooyen	(Non-Executive)

The term of the Board expired during the financial year and new directors were appointed for differing terms to allow for rotation over a five year period.

The Directors for the period 01 October 2005 to the year end were:

Mr LG Mazwai	(Chairperson)
Ms NV Lila	(Deputy Chairperson from 23 December 2005)
Mr AT Mukoki	(Executive Director and Chief Executive Officer)
Mr ER Bosman	(Non-Executive)
Ms SNO Choane	(Non-Executive)
Mr CP Davies	(Non-Executive)
Mr JJ Dique	(Non-Executive)

Mr SM Mkhabela	(Non-Executive)
Ms RK Morathi	(Non-Executive)
Ms NJ Nduli	(Non-Executive)
Mr LM Nyhonyha	(Non-Executive)
Ms MD Tlhagale	(Non-Executive)

The Board meets at least four times a year. Members of the executive management of the Land Bank are invited to attend board meetings from time to time.

Board Committees

The Board has established committees to assist it in discharging its responsibilities. The Board committees during the financial year were:

- Chairperson's Committee;
- Audit Committee;
- Finance, Economic and Credit Committee (FEC Committee until 30 September 2005)
- Human Resources and Remuneration Committee (HR & R Committee);
- Risk Committee (from 01 October 2005);
- Credit Risk Committee (from 01October 2005); and
- Social and Environment Committee (from 01 October 2005).

The committees report at least quarterly to the Board.

Chairperson's Committee

Mr JPR Mbau	(Chairperson to 30 September 2005)
Mr LG Mazwai	(Chairperson from 01 October 2005)
Mr SM Mkhabela	
Ms NJ Canca	(To 30 September 2005)
Adv KD Moroka	(To 30 September 2005)
Mr MM Mbongwa	(To 30 September 2005)
Mr JRD Modise	(To 30 September 2005)
Ms NV Lila	(Deputy Chairperson from 23 December 2005)
Mr CP Davies	(From 01 October 2005)
Ms RK Morathi	(From 01 October 2005)
Ms NJ Nduli	(From 01 October 2005)
Mr LM Nyhonyha	(From 01 October 2005)

The Chairperson's committee is responsible for Board governance and the Land Bank's development mandate. It is also tasked with evaluating the effectiveness of the Board. The committee convened on three occasions during the financial year.

Audit Committee

Mr JRD Modise	(Chairperson to 30 September 2005)
Mr LM Nyhonyha	(Chairperson from 01 October 2005)
Ms NJ Canca	(To 30 September 2005)
Mr LG Mazwai	(From 01 October 2005)
Dr NP Makgalemele	(To 30 September 2005)
Ms NV Lila	(Deputy Chairperson From 01 October 2005)
Mr ER Bosman	(From 01 October 2005)
Ms SNO Choane	(From 01 October 2005)
Mr CP Davies	(From 01 October 2005)

The Audit committee oversees the Land Bank's financial performance and reviews its financial and operational reporting systems, internal controls, and risk management processes. It also reviews the annual financial statements before they are presented to the Board.

The Land Bank has an internal audit unit that reports directly to the Audit Committee. Most of the internal audit functions are outsourced to PriceWaterhouseCoopers (PwC). The engagement of PwC is reviewed on an annual basis and their annual audit plan is approved by the Audit Committee.

The committee convened on six occasions during the financial year.

Finance, Economics and Credit Committee

Ms NJ Canca	(Chairperson to 30 September 2005)
Adv KD Moroka	(To 30 September 2005)
Mr MM Mbongwa	(To 30 September 2005)
Dr CJ van Rooyen	(To 30 September 2005)

The FEC Committee was responsible for overseeing the asset and liability management of the Land Bank and developing investment strategies that are appropriate for the development mandate of the Board. The Committee met once during the course of the financial year and was replaced by the Risk and Credit Risk Committees on 01 October 2005.

Risk Committee

Mr CP Davies	(Chairperson from 01 October 2005)
Mr ER Bosman	(Deputy Chairperson from 01 October 2005)
Ms SNO Choane	(From 01 October 2005)
Ms NV Lila	(From 01 October 2005)
Ms RK Morathi	(From 01 October 2005)
Ms NJ Nduli	(From 01 October 2005)
Ms MD Tlhagale	(From 01 October 2005)

The Risk Committee is responsible for monitoring operational, market and credit risk. It functions as the Enterprise-wide Risk Committee of the Land Bank. As such it addresses all risks to which the Land Bank is exposed as laid out in the Enterprise-wide Risk Management Framework. The committee convened twice during the last six months of the financial year.

Credit Risk Committee

Ms RK Morathi	(Chairperson from 01 October 2005)
Mr ER Bosman	(Deputy Chairperson from 01 October 2005)
Mr CP Davies	(From 01 October 2005)
Mr LG Mazwai	(From 01 October 2005)
Ms NJ Nduli	(From 01 October 2005)
Ms MD Tlhagale	(From 01 October 2005)

The Credit Risk Committee is responsible for monitoring credit risk, reviewing and approving credit policies, credit limits and guidelines as well as approving the adequacy of the year end and interim provisions. In addition it approves advances in accordance with the authority levels in terms of the approved Delegation of Powers. The committee convened twice during the last six months of the financial year.

Human Resources and Remuneration Committee

Mr SM Mkhabela	(Chairperson)
Mr JPR Mbau	(To 30 September 2005)
Adv KD Moroka	(To 30 September 2005)
Dr CJ van Rooyen	(To 30 September 2005)
Ms SNO Choane	(Deputy Chairperson from 01 October 2005)
Mr ER Bosman	(From 01 October 2005)
Mr JJ Dique	(From 01 October 2005)
Mr LG Mazwai	(From 01 October 2005)

The HR & Remuneration Committee's primary responsibility is the review of all human resource and remuneration policy matters. The committee met on six occasions during the financial year.

SAVVEM Board

Mr MM Mbongwa	(Chairperson to 30 September 2005)
Dr NP Makgalemele	(To 30 September 2005)
Mr LG Mazwai	(To 30 September 2005)

Dr CJ van Rooyen (To 30 September 2005)
Mr CP Davies (Chairperson from 01 October 2005)
Ms NV Lila (Deputy Chairperson from 01 October 2005)
Ms RK Morathi (From 01 October 2005)
Ms NJ Nduli (From 01 October 2005)
Mr LM Nyhonyha (From 01 October 2005)

The SAVVEM Board convened on five occasions during the financial year.

SAVVEM Audit Committee

The Audit Committee oversees the SAVVEM financial performance and reviews SAVVEM's financial and operational reporting systems, internal control systems, audit programmes and the integrated risk management process.

These activities are undertaken in terms of the Audit Committee Charter, PFMA, Treasury Regulations and the Companies Act. Representatives from the office of the Auditor-General, internal and external auditors attend the meetings by invitation.

Mr JRD Modise (Chairperson to 30 September 2005)
Ms NJ Canca (To 30 September 2005)
Mr LG Mazwai (To 30 September 2005)
Dr NP Makgalemele (To 30 September 2005)
Mr LM Nyhonyha (Chairperson from 01 October 2005)
Ms NV Lila (Deputy Chairperson from 01 October 2005)
Mr ER Bosman (From 01 October 2005)
Ms SNO Choane (From 01 October 2005)
Mr CP Davies (From 01 October 2005)

The SAVVEM Audit Committee convened on five occasions during the period under review.

Board and Committee Meeting Attendance

Board for the six months to 30 September 2005

Name	Land Bank Board	Land Bank Audit	FEC	HR & R	Chair-person's	SAVVEM Board	SAVVEM Audit
No. of Meetings held	5	4	1	4	1	2	3
JPR Mbau	4	1 *		3	1		1 *
SM Mkhabela	3			4	1		
AT Mukoki	5	2		1	1	2	
NJ Canca	3	2	1		1		2
NP Makglemele	5	3				1	3
LG Mazwai	2		1	1			
KD Moroka	3	4				2	3
MM Mbongwa	2		1		1		
JRD Modise	3	4					3
CJ van Rooyen	5			3		2	

* Attended by invitation

Board for the six months from 01 October 2005

Name	Land Bank Board	Land Bank Audit	Risk	Credit Risk	HR & R	Soc & Env	Chair-person's	SAVVEM Board	SAVVEM Audit
No. of Meetings held	5	2	2	2	2	2	2	3	2
LG Mazwai	5			2	2	2	2	3	
NV Lila	5	2	2				1	3	2
AT Mukoki	5								
ER Bosman	5	2	2	1	1				2
SNO Choane	3	2	2		1				2
CP Davies	5	2	2	2		1	1	3	2
JJ Dique	3				1	1			
SM Mkhabela	4				2	2	2		
RK Morathi	4		2	2		2	2	2	
NJ Nduli	3		1			2	2	2	
LM Nyhonyha	5	2					2	3	2
MD Tlhagale	5		2	2					

Directors Emoluments

Directors are paid a sitting allowance for their attendance at Board and committee meetings. They are also reimbursed for reasonable out-of-pocket expenses incurred in discharging their duties. The rates are determined by the Minister. The directors' emoluments are shown in note 23 of the financial statements.

Risk Management

Risk philosophy, strategy and objectives

Risk management is an integral part of our business. We do not seek to avoid risk, but to understand it, manage it effectively and evaluate it in the context of the reward that is being earned.

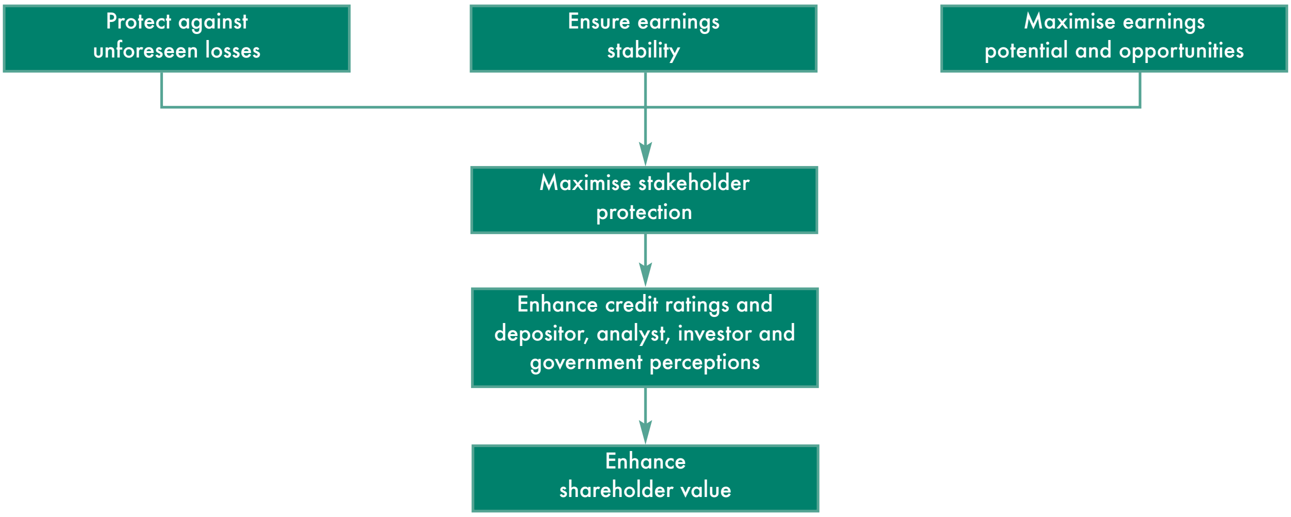
Our philosophy is underpinned by the objective of creating value for the shareholders through earnings that are sustainable and will ultimately attract premium rating for the group.

Land Bank group has adopted an Enterprise-wide Risk Management Framework (ERMF) that has been developed in accordance with:

- best risk management practice locally and internationally;
- the King Report on Corporate Governance for South Africa – "King II";
- the requirements of the pending new Basel Capital Accord ('Basel II').

Broad risk management objectives and approach

The broad risk management objectives embodied in the ERMF are:



In recent years the financial services industry has seen unprecedented levels of losses, uncertainty, volatility and reputation damaging events resulting from risky transactions and investments, ill-advised credit granting, fraud, lack of independent controls and/or inadequate risk and governance framework.

However, risk management does not equate to risk avoidance to create and enhance shareholder value, risk has to be borne. The key element in effective risk management is correctly balancing risk and control.

Risk management is a process that has to be continual and evolving in nature so that it remains dynamic and relevant to the business of the group as the business changes over time.

Risk as opportunity is implicit in the concept that there is a relationship between risk and return. The greater the risk, the greater the potential return and necessarily, the greater the potential loss. In this context, managing risk means using techniques to maximise the upside within the constraints of the group's business environment.

Risk as threat refers to potential negative events such as financial loss, fraud, damage to reputation or public image, loss of key staff and competitive advantage. Managing risk means introducing management techniques to reduce the probability of these negative events without incurring excessive costs or hampering the initiative, innovation and entrepreneurial flair of the organisation.

Risk as uncertainty refers to the distribution of all possible outcomes, both positive and negative. In this context risk management seeks to reduce the variance between anticipated outcomes and actual results.

Successful long-term risk management involves the effective management of these opportunity, threat and uncertainty.

Responsibilities of directors towards risk management

The board of directors is ultimately responsible for any financial loss or reduction in shareholder value suffered by the group. It is therefore responsible for recognising all the risks to which the group is exposed and ensuring that the requisite risk management culture, frameworks, practices, policies resources and systems are in place. It is also responsible for allocating capital to business units in accordance with the group's risk tolerance or appetite.

The board of directors has acknowledged its responsibility to establish, maintain, operate and demonstrate an effective framework of business controls, risk management and corporate governance.

Risk culture

Land Bank group has adopted 7 risk culture attributes namely:

- Equal attention is paid to both quantifiable and unquantifiable risks
- Risks are identified, reported and quantified to the greatest possible extent
- An awareness of risk pervades the enterprise
- Risk management is everyone's responsibility
- Risk managers have a power to veto and the power to drive risk awareness and management agenda
- Uncertainty is accepted and managed accordingly
- The risk culture is defined and enshrined

Enterprise-wide Risk Management Framework (ERMF)

Enterprise-wide risk management framework is about effectively integrating risk management across an organisation's risk universe (e.g. credit, market, operational and strategic risks), business lines and operating divisions (e.g. Corporate Finance Unit and Retail) and geographical locations.

Land Bank has designed its ERMF to achieve this and to:

- Ensure that the identification, evaluation, management and monitoring of business risks throughout the group occur dynamically and within established risk philosophies, policies and the board's appetite for risk; and
- Provide for consolidated risk measurement and portfolio risk management analysis and strategy

Land Bank's ERMF will continue to evolve and be enhanced to achieve:

- integrated risk management systems and data;
- consistent risk measurement methodology;
- common risk language and culture;
- centralised risk management reporting; and
- full compliance with separate legislations.

Ultimately, the ERMF has been introduced and implemented to ensure that Land Bank's risk philosophy lives as well as an optimal risk/reward profile is strived for by the group, and that the bank attracts a premium for excellent risk management and corporate governance, which are now demanded by stakeholders in the corporate world.

Land Bank's ERMF includes graphical depictions in the form of detailed roadmaps, illustrating the risk universe comprising of three distinct layers, namely:

- **Layer 1** the enterprise-wide risk management forums and responsibilities;
- **Layer 2** the risk management and corporate governance committee structures; and
- **Layer 3** executive management responsibility by risk area.

The broad objectives and responsibilities of each of the above layers are briefly explained below:

Layer 1 The enterprise-wide risk management forums and responsibilities

- Address all categories of the key risk, and their components, to which the group is exposed;
- Are concerned with significant/material risk exposures (individually or in aggregate) at a much higher level than the individual business units;
- Place the interest of what is best for the greater group ahead of individual business unit interest;

- Provide for and champion enterprise-wide risk management (as earlier defined) and achievement of the alliances and the group's risk philosophy;
- Provide for consolidated supervision of the groups' different activities and legal entities, alliances and joint ventures;
- Provide for formal interaction between business units and sharing of specialized knowledge/research for the mutual benefit of all and the promotion of risk management and corporate governance; and
- Provide assurance to shareholders, depositors, investors, rating agencies, analysts, regulators and others that sound corporate governance and effective risk management prevail throughout the group.

Layer 2 The risk management and corporate governance committee structures

- Consist of specialised risk management committees that address a specific risk or category of specific risks and their components only;
- Are resourced with specialists in each specific area
- Provide for interaction between the relevant business units and sharing of specialised knowledge/research for mutual benefit of all; and
- Provide confirmation to the enterprise-wide risk management forums in layer 1 that the specific risks are being identified, measured, evaluated, monitored and managed in accordance with the corporate governance and risk management requirements of the board.

Layer 3 Executive management responsibility by risk area

- The individual business units and/or group service functions have primary responsibility for the comprehensive management of risk arising from their activities.
- The heads of each of the business units are responsible for the risks they undertake, which has to be done within the boundaries of the ERMF and group policies and authority levels.

Efficient and effective implementation of the ERMF

Significant regard has been given in designing and developing Land Bank's ERMF to ensure it will be efficient and effective.

Some examples of this are:

Group Internal Audit and Group Compliance, who are independent of the business operations, will be present at all levels to ensure that significant matters reach the Audit and Risk Board Committees.

An independent Risk department has been established and the key roles are:

- Promoting the identification, evaluation and management of all risks across the group;
- Monitoring all risks across the group;
- Championing the implementation of the enterprise-wide risk methodology across the group at all levels;
- Implementing an integrated risk management framework across the group;
- Promoting risk awareness and providing education on risk;

Land Bank's major risks

The group's focus areas for enterprise-wide risk management for the year under review identify the following main risks:

- Operational Risks
- Market Risks
- Liquidity Risks
- Credit Risks
- Strategic Risks

These and other key risks of the group are detailed under the 'Risk Universe' on the summarised ERMF roadmap. Each of the other key risks may be categorised under one or more of the above five major risks

Operational Risks

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk.

Market Risks

Market risk is the risk of a potential impact on the earnings of unfavourable changes in foreign exchange rates, interest rates, equity prices, market volatilities and liquidity.

Liquidity Risks

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments to borrowers and lenders. The Group's liquidity requirements are mainly for disbursing approved loans, settling funding liabilities when they fall due and for day to day operations.

To manage this risk the Land Bank Group maintains funds in call and current accounts and has unutilised overdraft facilities with major South African Commercial Banks.

Credit Risks

Credit risk is the risk that counterparties will fail to honour their financial obligations to the Land Bank Group on the original contracted dates. This includes managing concentration risk.

Concentration risk is the formulation of concentration limits per industry, sector and geographical area. Sector caps that reflect risk appetite are set to monitor exposures to prevent excessive concentration of risk.

The bank has a Credit Risk Committee and Credit Risk Management Committee that approve loans to the Bank's clients and to reduce credit risk to the Bank.

Although not applicable to the Land Bank, the Bank's Act limits individual exposures above 10% of a bank's own equity and regards all exposures above 25% of the bank's own equity as an impairment against the equity of the bank. The top 20 CFU balances represent 73% of the total CFU loan book. In the event of any of these clients becoming non-performing, it would have a significant impact on the capital of the Bank, especially if the security realisation is below the original expectations of the Land Bank.

Strategic Risks

Strategic risk concerns the consequences that occur when the environment in which decisions that are hard to implement quickly and reverse result in an unattractive or adverse impact.

Ethical Standards

Both Directors and employees of the Land Bank are obliged to comply with prescribed procedures pertaining to disclosures of interests, and to adhere to practices on conflict of interest. The Land Bank keeps a record of all declarations of interest, and this record is regularly updated. Disclosure of Directors and Employees' interests are disclosed in note 29 of the financial statements.

The Land Bank has in place both Whistle-Blowing and Fraud-Prevention policies. These policies were revised during the year. The Land Bank has developed a fraud prevention plan as well as a risk plan. These plans continue to be reviewed on an annual basis.

Overview of Performance

Corporate key performance targets were set as part of the overall business strategy for improvement on efficiency and profitability and are incorporated in the approved corporate plan for the year under review. These objectives were communicated throughout the organisation with key performance indicators periodically measured. The results of the set objectives are reflected below:

Objectives	Key Performance Indicator	Target	Performance results
1. Growth in value of loans:			
1.1 Commercial clients	Value of commercial loans over prior year	Growth of 2.4%	Declined by 10.2%
1.2 Development clients	Value of development loans over prior year	Growth of 19.1%	Growth of 21.4%
1.3 Step up	Value of Step Up loans over prior year	Growth of 15.2%	Growth of 45.3% *
2. Business efficiency	Ratio of expense to income	1*Ratio below 86%	Ratio of 58.9% achieved
3. Loan book quality	Value of non-performing loans as a percentage of total Loan Book	NPL's of less than 12.1%	11.4%

** The Step Up product was discontinued during the year under review. The net outstanding book is fully provided for at 31 March 2006.*

Contingent Liabilities

Contingent liabilities are reported in the annual financial statements

Going Concern

Significant impairment provisions and bad debt write offs during the last five financial periods, as well as the classification adjustment of LB01 bonds to held for trading through profit and loss (refer Note 32), contributed to a material reduction in the capital levels of the Land Bank from R3,162 million on 31 December 2001 to R1,096 million on 31 March 2006. These conditions indicated the existence of uncertainties which may cast doubt on the Land Bank's ability to continue as a going concern.

As indicated last year, the Land Bank has embarked on a process to strengthen its management, improve its management information systems and improve its risk management systems. The Land Bank's credit department has been strengthened to improve the quality of the loan book, SAP information system's financial module has been rolled out to improve the quality of the management information system and an enterprise wide risk management system has been rolled out. Discussions are being conducted with the shareholder to strengthen the Bank's capital.

The Minister of Finance has confirmed that the Government of South Africa see the Bank, a wholly owned subsidiary of Government, as strategically important for the achievement of Government's socio-economic objectives in South Africa. For this reason the Minister of Finance concurred with the undertaking by the Minister for Agriculture and Land Affairs that insofar as the liabilities of the Land Bank exceed its assets, Government will make good the obligations of the Land Bank as and when they become due and payable up to an amount of R1,500 million until June 2007.

The R1,096 million equity of the Land Bank at 31 March 2006 together with the undertaking by Government to support the Land Bank to the amount of R1,500 million equals R2,596 million or 13.6% if expressed as a percentage of risk weighted assets and contingencies as opposed to 6.7% excluding the letter of undertaking amount. Based on the above the Directors of the Land Bank believe that the Land Bank will continue as a going concern.

Review of Operations

Overview of Financial Results

Operational factors

- SAP banking solution implementation
- Rollout of SAP financials
- Implementation of International Financial
- Reporting Standards
- Establishment of credit department for improved credit assessment

Retail

The retail division of the bank focuses on lending to individual farmers. The bank has 27 branches located in different parts of the country with a presence in each of the nine provinces. These outlets serve both our commercial as well as development clients. In addition, the bank operates a number of satellite offices with the intention of bringing banking services closer to its client base.

Retail Loan Book

During the twelve month reporting period ended 31 March 2006, the Retail Loan Book declined by 9.6% (R627 million) from R6,544 million to R5,917 million. This decline is in line with the general performance of the agricultural sector during the reporting period.

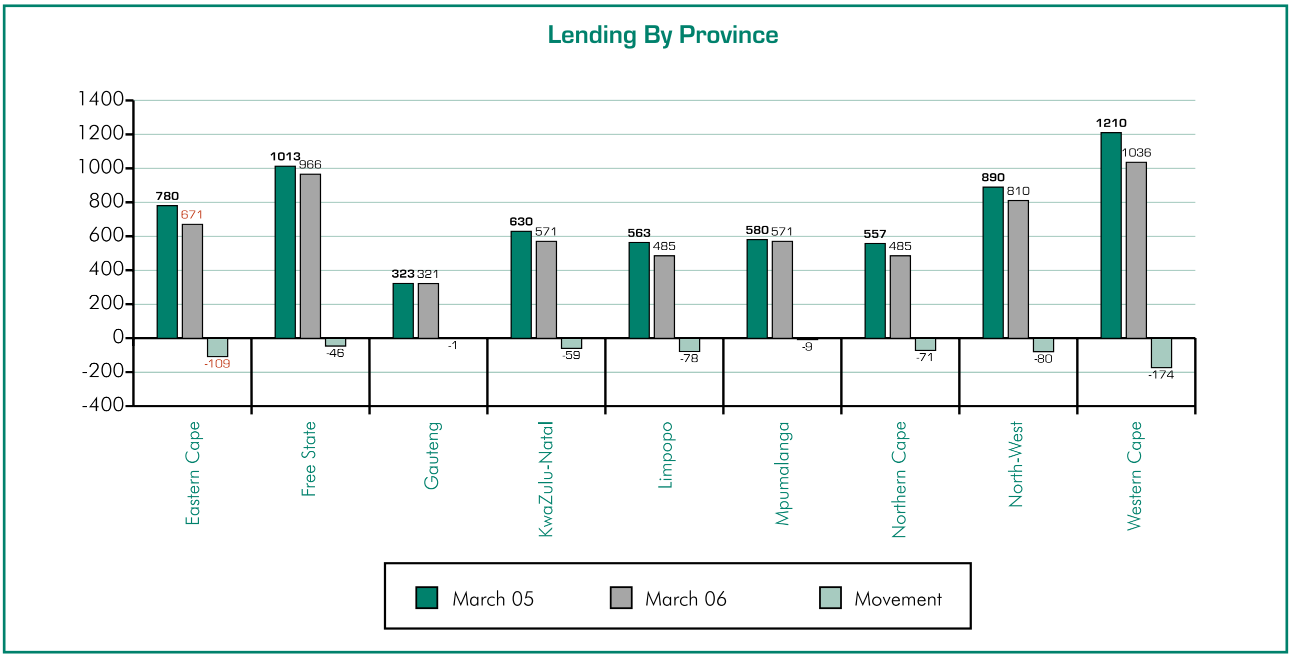
In addition to the agricultural sector specific challenges, intense competition from commercial banks eager to make their financial services charter targets impacted negatively on the bank's ability to retain and expand its client base.

The biggest decline (R592.9 million) occurred in the long term loan book of the Bank. This is attributed to the decline in the gross fixed capital investment in agriculture. In order to limit the extent of the decline, emphasis was placed on the retention of existing business as well as reselling and cross-selling with a key focus on relationship management.

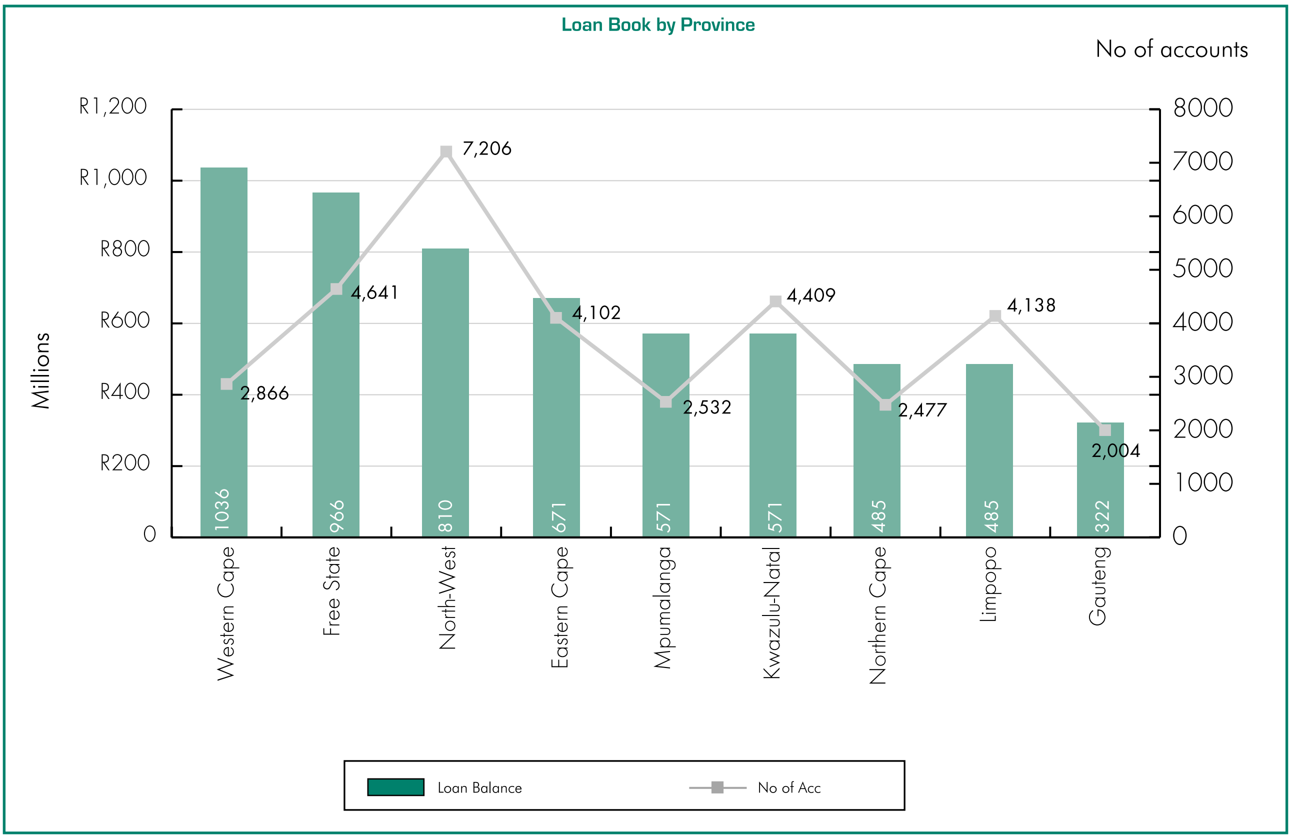
Lending by Term

The bank's retail book showed a 9.6% reduction as shown in the table below.

Loan Type	2006	2005	% Change
Long Term	R 4,417m	R 5,010m	-11.8%
Medium Term	R 931m	R 924m	0.7%
Short Term	R 569m	R 610m	-6.7%
Grand Total	**R 5,917m**	**R 6,544m**	**-9.6%**



Of the 9 provinces the Western Cape leads the Retail lending exposure with 18% share of our loan book, followed by Free State at 16%, the North West at 14% and the Eastern Cape at 11%.

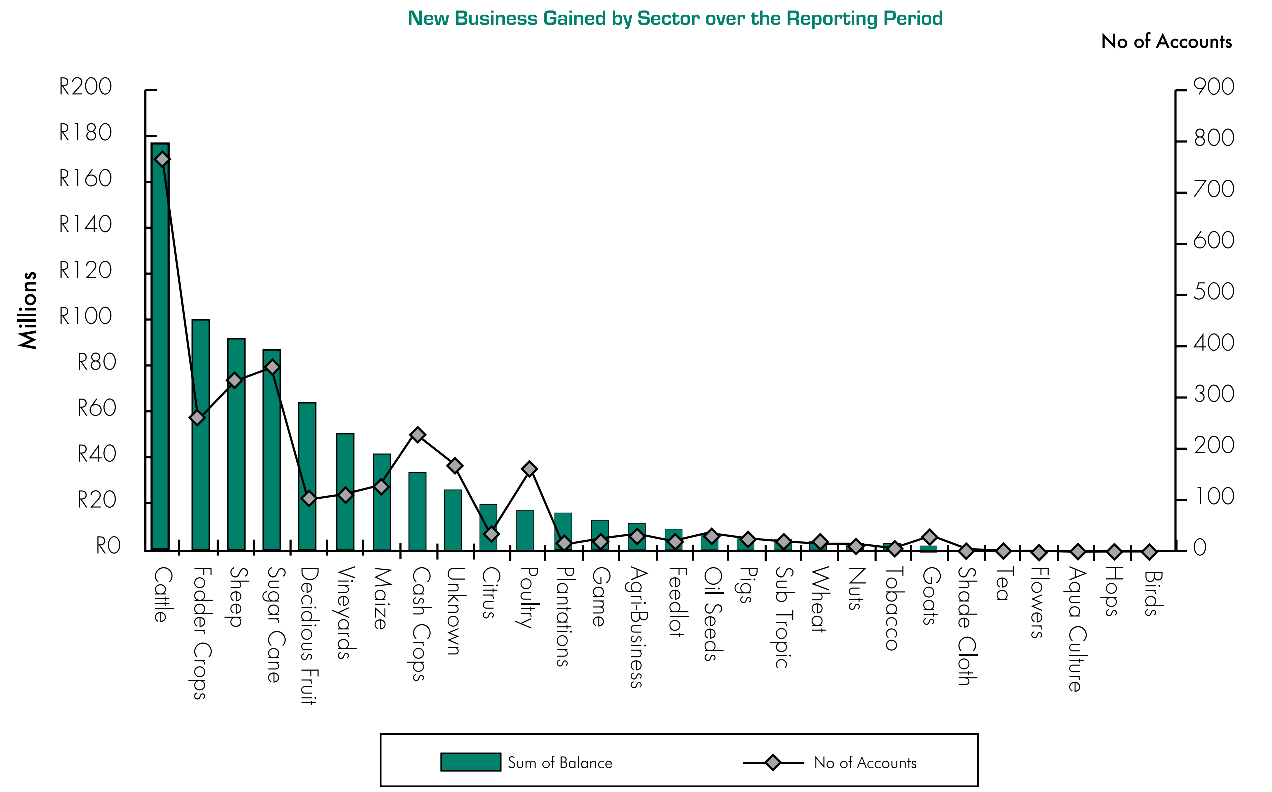


Although Western Cape has a relatively low number of loans at 2,866 on the existing loan book, it does, however, have a large share of the value of the book, standing at R1,036m. On our existing base, North West has an extensive spread of loans.

Lending by Industry

Retail Sectorial Exposure (Top 15 Sectors)

Sector	31 March 2005	31 March 2006	% Change
Cash Crops	267,795,636	337,741,937	26.12%
Cattle	1,423,067,828	1,327,609,423	-6.71%
Citrus	343,770,249	317,734,709	-7.57%
Deciduous Fruit	285,469,414	253,272,780	-11.28%
Feedlot	124,200,490	137,850,000	10.99%
Fodder Crops	556,074,958	536,115,982	-3.59%
Maize	559,757,540	474,834,998	-15.17%
Plantations	90,278,078	103,808,523	14.99%
Poultry	166,832,846	160,086,587	-4.04%
Sheep	876,216,662	737,124,937	-15.87%
Sub Tropic	172,612,146	167,418,025	-3.01%
Sugar Cane	368,755,903	398,957,398	8.19%
Vineyards	577,663,962	486,027,145	-15.86%
Wheat	141,383,874	124,107,222	-12.22%
Grand Total	**5,953,879,586**	**5,562,689,666**	**-6.57%**



Corporate Finance Unit (CFU)

The total CFU lending book as at 31 March 2006 amounted to R10,5bn compared to R11,7bn as at 31 March 2005, but the average loan book for the year under review of R10,8bn is 2.8% or R300m higher than the average loan book for the 2004/05 financial year, which was R10,5bn.

CFU Lending by Term

R million

Loan Type	31 March 2006	31 March 2005	% Change
Long Term	1,411	2,170	-35.0%
Medium Term	1,259	1,367	-7.9%
Short Term	7,885	8,196	-3.8%
Grand Total	**10,555**	**11,733**	**-10.0%**

Short term lending is done in line with the various business cycles of clients and exposure is at all times limited to available security cover, with provision for a safety margin.

CFU Lending per Industry

R million

Sector	31 March 2005	31 March 2006	% Change
Grain	6,536	5,804	-11.20
Wine	949	919	-3.08
Manufacturing	1,187	597	-49.74
Trading	622	679	9.07
Sugar	501	493	-1.62
Fruit	323	409	26.56
Ostrich	206	326	58.45
Livestock	280	248	-11.49
Tobacco	238	183	-23.07
Citrus	132	163	23.29
Cotton	103	152	47.08
Wool	95	75	-21.42
Dairy	123	21	-82.78
Timber	87	58	-33.68
Irrigation Board	63	61	-2.18
Vegetable	51	53	4.86
Seed	50	50	0.01
Transport	41	54	32.00
Logistics	39	41	6.38
Pineapple	29	39	36.33
Fishing	29	33	14.20
Poultry	0	49	100.00
Raisons	0	20	100.00
Juice	8	10	20.77
Investment	0	10	100.00
Peperdew	0	6	100.00
On Lending	5	0	-100.00
Grand Total	**11,699**	**10,555**	**-9.78%**

The largest concentration of lending currently lies with the grain industry (56%), whilst the balance of lending (44%) is fairly evenly spread amongst diversified industries, mitigating concentration risk.

The largest single concentration of debt outside of the grain sector lies within the wine industry (9%).

The grain sector exposure decreased by 11.2%, from R6,5bn in 2005 to R5,8bn in 2006. Low commodity prices and the strong rand against US dollar made farmers to reduce their maize plantings by 45%. This had a direct impact on the amount of financing taken up for grain crops.

The wine industry has been going through challenging times during the past year, partly as a result of significant strengthening of the rand against major currencies, together with a local and international surplus in red wine cultivars. This has to a large degree been mitigated by the fact that a shortage in quality white wines occurred simultaneously.

Land Bank financing within the ostrich industry increased by approximately R120m during the year under review, against the backdrop of a serious bout of bird flu within the industry which led to a government supported culling program together with the closure of EU markets for fresh meat exports.

Land Bank supported the industry by initiating a special loan facility in order to finance a stockpile of "healthy" ostrich meat, which could not be exported due to the embargo on exports. An enhanced local sales drive was successfully implemented by the industry in order to increase local sales during this period. The EU export markets were reopened during November 2005 and export market conditions are returning to normal levels. The stockpile of ostrich meat is being phased out through local sales.

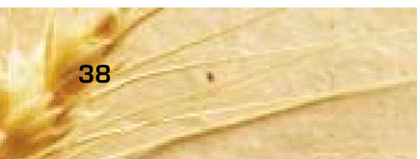
Income statement analysis

Summarised Income Statement (R million)	FY 2005/06		FY 2004/05	
	Group	Land Bank	Group	Land Bank
Net Interest & Premium Income	431	412	566	557
Non Interest Revenue	293	293	60	301
Operating Income	724	705	626	858
Operating expenses	(445)	(439)	(416)	(416)
Fair value gains / (Losses)	133	4	143	34
Properties in possession fair value adjustment	(7)	(7)	(41)	(41)
Loss on sale of Properties in Possession	(69)	(69)	(5)	(5)
Operating Profit Before Impairments	335	194	307	430
Impairment Losses	(320)	(320)	(637)	(637)
Net Profit/(Loss)	15	(125)	(330)	(207)

Profitability

For the year under review, Land Bank posted a loss of R125m compared to R208m loss in FY2004/05 after a R240m dividend from the subsidiary, SAVVEM. Profitability of the bank remains under strain as a result of declining interest income. Impairment losses due to loan book quality have had an adverse impact on the results in the past three years. For the year under review, R320m in impairment or credit losses was charged to income compared to R637m in FY2004/05.

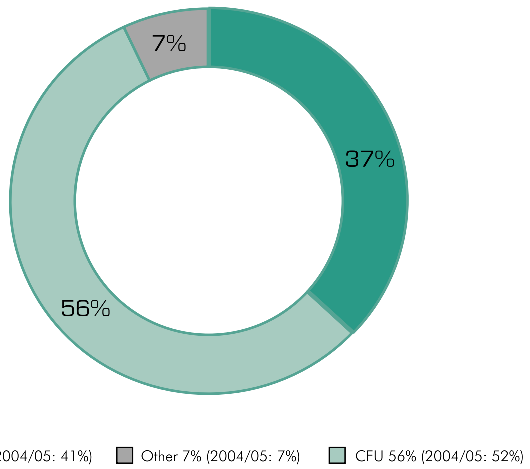
The group, however, realised a net profit of R15m in 2005/06 compared to a loss of R330m in 2004/05. This was mainly as a result of reduced impairment or credit losses incurred by Land Bank and net profit posted by SAVVEM of R140, 8m (2004/05: R113m profit).



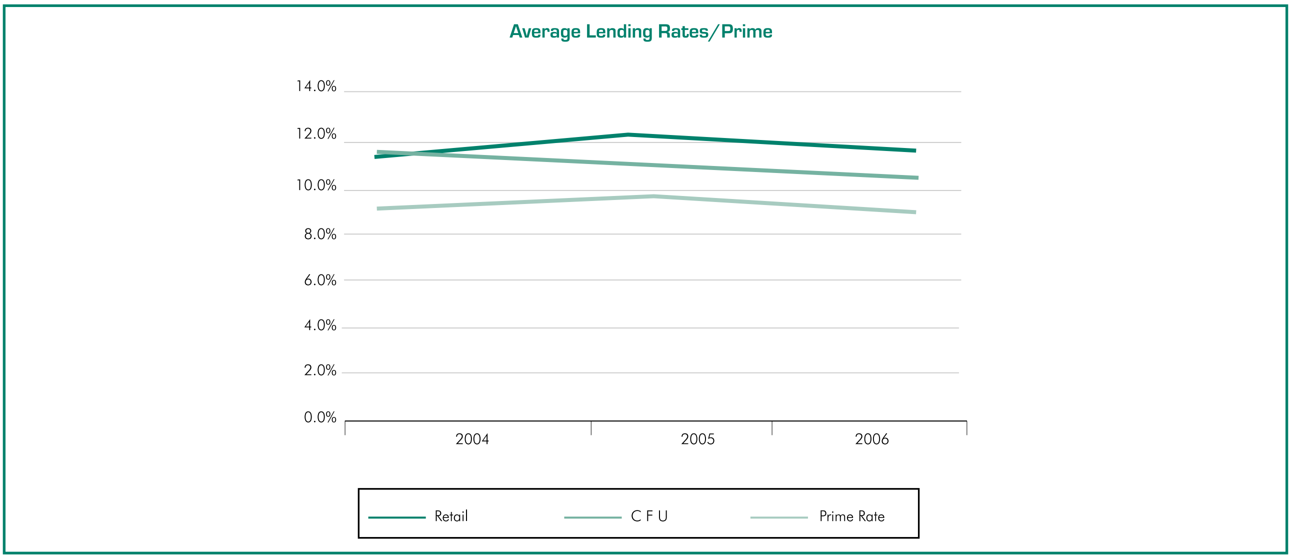
Net interest income 25.9%

Net interest income represents interest earned net of interest paid on loan portfolio and cash at bank. Net interest income decreased by 25.9% to R412,3m (2004/05: R557,1m). The decrease is mainly as a result of R172,8m interest income on non-performing loans reversed in the year under review. In the prior year the interest income on non-performing loans could not be quantified in terms of the accounting standards, hence the audit qualification.

The year under review has seen a 50 basis points reduction in prime at the beginning of the financial year. This resulted in a decrease in the bank's average effective lending rate by 0.38%, from 10.4% to 10.0%.

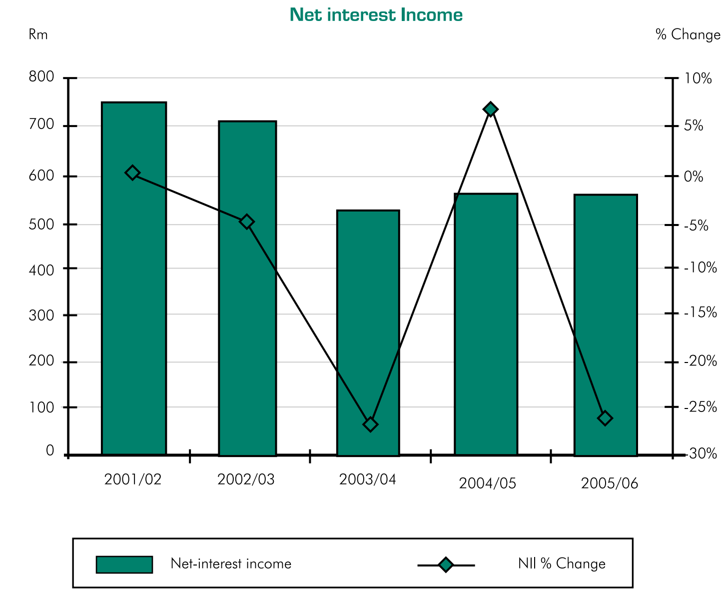


A high proportion of the bank's income is interest related. For the year under review, interest income constitutes 85% of total income (FY2004/05: 86.0%). The contribution by segment remains dominantly in CFU, accounting for 56% (2004/05: 52%) as CFU also holds 64% of loan portfolio.



The cost of borrowing decreased by 5.4% or R70,1m, from R1,295m in FY05 to R1,225m in FY06. The reduction in the interest expense is a result of the following:

- general decrease in interest rates,
- interest rate risk management.

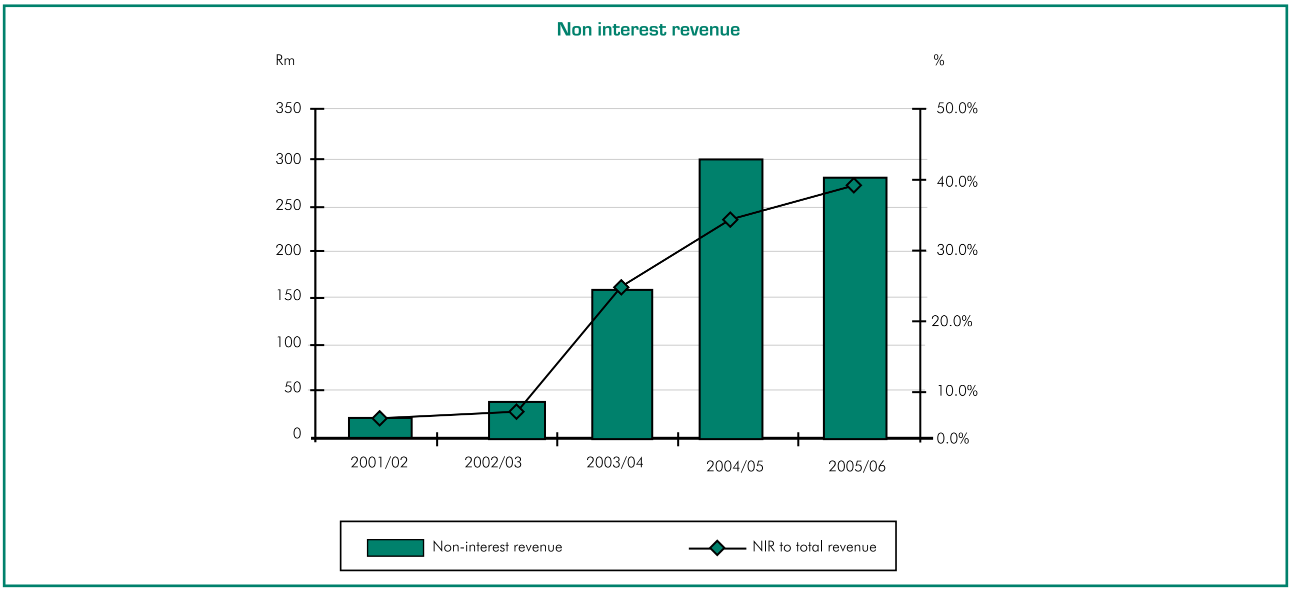


Non-interest revenue

2.4%

The non-interest revenue decreased by 2.4% or R7,2m, from R300,6m in FY05 to R293,4m in FY06. For the period under review, reinstatement of loans previously written off in excess of security values amounted to R182,3m and recovery on bad debt and insolvencies amounted to R78,8m. Account administration fees increased by 2%, from R26,7m in FY05 to R27,2m in FY06.

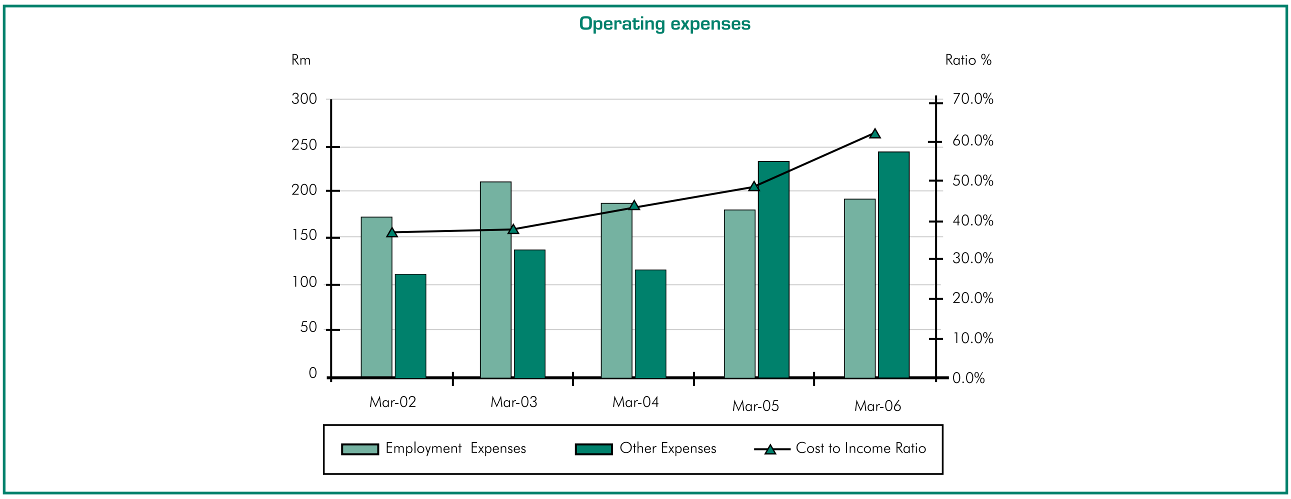
No dividend income from the subsidiary, SAVVEM, was received this financial year compared to the R240m received in FY2004/05.



Operating expenses 5.7%

Expenses increased by 5.7% from prior year, from R415,7m in 2004/05 to R439,4m in the year under review. Total employment expenses increased by 7.6% as a result of general salary reviews of 6.25% on average and the filling of vacancies, senior management and credit department in particular.

The ratio of cost to income increased from 48.5% in FY2004/05 to 62.3% in FY2005/06. This is a direct result of operating income reducing by 17.7% or R151,8m as a result of the reversal of interest income on non-performing loans of R172m (2004/05: R25m -Calculation thereof in 2004/05 could not be performed in terms of IAS39).



IFRS conversion impact 100%

The bank adopted and implemented International Financial Reporting Standards (IFRS) in the year under review. This resulted in charges to income of R69,8m relating to changes in accounting treatment of losses on sale of properties in possession.

Report of the Auditor-General

to Parliament on the Financial Statements and Group Financial Statements

of the Land and Agricultural Bank of South Africa (Land Bank)

for the year ended 31 March 2006

1. Audit Assignement

The financial statements and group financial statements as set out on pages 18 to 30 and 46 to 95 for the financial year ended 31 March 2006, have been audited in terms of section 188 of the constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), read with section 4 and 20 of the Public Audit Act, 2004 (Act No 15 of 2002). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the Board of the Land Bank. My responsibility is to express an opinion on these financial statements, based on the audit.

2. Scope

The audit was conducted in accordance with International Standards on auditing read with General Notice 544 of 2006, issued in Government Gazette no 28723 of 10 April 2006. and general notice 808 of 2006, issued in Government Gazette no. 28954 of 23 June 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- Examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements,
- Assessing the accounting principles used and significant estimates made by management, as well as
- Evaluating the overall financial statement presentation

I believe that the audit provides a reasonable basis for my opinion.

3. Qualification

Impairment of loans and the interest on impaired loans-2005

The Land Bank's comparative income statement numbers do not comply with the requirement of IAS 39: Financial Instruments- recognition and measurement, to determine impairment of loan and interest income on the impaired value of loans. The loans impaired movement in the income statement and the split between impairment and interest income for 2005 financial year does not comply with the requirements of the standard. Owing to the nature of the shortcomings in terms of the systems and data availability at the Land Bank, we were unable to perform alternative audit procedures to determine the effect of this classification

4. Audit Opinion

In my opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements of the Land Bank and the Group fairly present, in all material respects, the financial position of the Land Bank and the Group at 31March 2006 and the results of its operations and cash flows for the year then ended, in the accordance with International Financial Reporting Standards and in the manner required by the Public Finance Management Act, 1999 (Act No.1 of 1999) as amended.

5. Emphasis of Matter

Without further qualifying the audit opinion expressed above, attention is drawn to the following matter:

Computer system

As previously reported, there are still deficiencies in the banking loan module, as well a certain inadequacies in either logical or manual mitigating controls, which remains unresolved. As a result of the loan module shortcomings, certain accounting work is being performed outside the loan system in order to comply with the requirements of the standards, specifically IAS 18: Revenue and IAS 39: Financial instrument – recognition and measurement. Our audit procedures were planned and performed to obtain reasonable assurance that the work being conducted outside the loan module, are free of material misstatement.

6. Appreciation

The assistance rendered by the staff of the Land Bank during the audit is sincerely appreciated.

S. A. Fakie

Auditor-General
Pretoria
31 July 2006

AUDITOR-GENERAL

Annual Financial Statements for the Year Ended 31 March 2006

Contents

Directors' Responsibility for the Annual Financial Statements

The directors are responsible for monitoring the preparation of and the integrity of the financial statements and related information included in this annual report.

In order for the Board to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The Board has ultimate responsibility for the system of internal control and reviews its operation, primarily through the audit committee and various other risk-monitoring committees.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the Group's policies and procedures. These controls are implemented by trained, skilled personnel with an appropriate segregation of duties, are monitored by management and include a comprehensive budgeting and reporting system operating with strict deadlines and an appropriate control framework.

As part of the system of internal control, the Group internal audit function conducts operational, financial and specific audits. The external auditors are responsible for reporting on the financial statements.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) for the first time. The disclosures required by IFRS 1 concerning the transition from SA GAAP to IFRSs are given in note 32. The financial statements have been prepared under the historical-cost convention, as modified by the revaluation of certain financial instruments and properties.

The directors believe that the Group will be a going concern in the year ahead. For this reason they continue to adopt the going concern basis in preparing the Group annual financial statements.

The annual financial statements for the year ended 31 March 2006 set out on pages 18 to 30 and 46 to 95 were approved by the board of directors on 6 July 2006 and are signed on its behalf by:

AT Mukoki
Chief Executive Officer

LG Mazwai
Chairperson

Balance Sheet
at 31 March 2006

	Note	Land Bank Group		Land Bank	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
ASSETS					
Cash at bank	3	**3,249,884**	1,660,739	**3,249,868**	1,660,722
Trade and other receivables	4	**49,916**	23,648	**33,716**	251,154
Repurchase agreements	5	**249,006**	134,061	**249,006**	134,061
Derivative assets	13.1	**223,996**	604,190	**223,996**	604,190
Loans	6.1	**14,951,852**	17,101,911	**14,951,852**	17,101,911
Intangible asset	7	**13,071**	-	**13,071**	-
Investments	8	**731,055**	722,704	**160,620**	121,939
Investment property	9	**82,614**	106,516	**82,614**	106,516
Property and equipment	10	**135,235**	134,946	**135,235**	134,946
TOTAL ASSETS		**19,686,629**	20,488,715	**19,099,978**	20,115,439
EQUITY AND LIABILITIES					
EQUITY		**1,721,453**	1,496,612	**1,096,503**	1,012,445
Retained earnings	11.1	**1,652,438**	1,436,093	**1,027,488**	951,926
Revaluation reserve	11.2	**69,015**	60,519	**69,015**	60,519
LIABILITIES		**17,965,176**	18,992,103	**18,003,475**	19,102,994
Bank overdraft	3	**208,533**	1,429	**208,533**	1,429
Market making liabilities	12	**91,387**	57,007	**91,387**	57,007
Derivative liabilities	13.2	**30,953**	46,584	**30,953**	46,584
Trade and other payables	14	**166,747**	207,537	**208,949**	239,249
Insurance contracts	15	**3,853**	5,285	**-**	-
Funding	16	**17,258,482**	18,478,975	**17,258,482**	18,563,439
Provisions	17	**24,000**	19,114	**23,950**	19,114
Post retirement obligations	18	**181,221**	176,172	**181,221**	176,172
TOTAL EQUITY AND LIABILITIES		**19,686,629**	20,488,715	**19,099,978**	20,115,439

Income Statement
for the 12 Months Ended 31 March 2006

	Note	Land Bank Group		Land Bank	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
Interest income	19	**1,637,138**	1,852,008	**1,637,138**	1,852,008
Interest expense	20	**(1,222,118)**	(1,292,970)	**(1,224,758)**	(1,294,898)
Net interest income		**415,020**	559,038	**412,380**	557,110
Impairment of loans	6.3	**(319,844)**	(637,401)	**(319,844)**	(637,401)
Income/(loss) from lending activities		**95,176**	(78,363)	**92,536**	(80,291)
Net insurance income		**15,652**	6,730	**-**	-
Insurance premium received	21	**27,420**	29,905	**-**	-
Insurance premium ceded under reinsurance contracts		**(5,051)**	-	**-**	-
Insurance claims		**(11,373)**	(23,175)	**-**	-
Insurance claims recovered from re-insurers		**4,656**	-	**-**	-
Income/(loss) from lending and insurance activities		**110,828**	(71,633)	**92,536**	(80,291)
Non-interest income	22	**292,884**	59,934	**293,441**	300,593
Operating expenses	23	**(444,600)**	(415,889)	**(439,479)**	(415,678)
Fair value gains	24	**132,528**	143,387	**4,359**	33,698
Properties in possession fair value adjustment		**(6,446)**	(41,033)	**(6,446)**	(41,033)
Loss on sale of properties in possession		**(69,804)**	(4,868)	**(69,804)**	(4,868)
Net Profit /(Loss)		**15,390**	(330,102)	**(125,393)**	(207,579)

Statements of changes in equity

for the 12 Months Ended 31 March 2006

	Retained Earnings							
	Silver & Bronze R'000	**Devel-opment Fund R'000**	**Capital Fund R'000**	**General Reserve R'000**	**Insurance Fund R'000**	**Interest R'000**	**Revaluation Reserve R'000**	**Total R'000**
1. LAND BANK GROUP								
Balance at 01 April 2004	**388,382**	317,834	-	747,716	681,118	100,000	7,082	2,242,132
Effect of adopting IFRS (note 32.1)				37,771				37,771
Prior year adjustments (note 32.1)	**-**	-	-	(401,884)	-	-	-	(401,884)
At 1 April 2004 restated	**388,382**	317,834	-	383,603	681,118	100,000	7,082	1,878,019
Profit/(Loss) for the year as previously stated	**-**	-	-	(443,127)	113,025	-		(330,102)
Surplus on revaluation of Land and Buildings	**-**	-	-	-	-	-	45,375	45,375
Effect of adopting IFRS (note 32.2)	**-**	-	-	(11,185)	-	-	-	(11,185)
Prior year adjustments (note 32.2)	**-**	-	-	(93,557)	-	-	8,062	(85,495)
Transfer from general reserve	**(55,409)**	(129,286)	-	184,695	-	-	-	-
Balance at 31 March 2005 restated	**332,973**	188,548	-	20,429	794,143	100,000	60,519	1,496,612
Balance at 01 April 2005	**332,973**	188,548	-	20,429	794,143	100,000	60,519	1,496,612
Reclassification of Capital Fund	**-**	-	200,955	-	-	-	-	200,955
Surplus on revaluation of Land and Buildings	**-**	-	-	-	-	-	8,496	8,496
Current year (loss)/profit	**-**	-	-	(123,310)	138,700	-	-	15,390
Transfer from general reserve	**(22,828)**	(53,264)	-	76,092	-	-	-	-
Balance at 31 March 2006	**310,145**	135,284	200,955	(26,789)	932,843	100,000	69,015	1,721,453

	Retained Earnings						
	Silver & Bronze Devel-opment Fund R'000	**Devel-opment Fund R'000**	**General Reserve R'000**	**Reval-uation Reserve R'000**	**Interest Equal-isation Fund R'000**	**Total R'000**	**Total R'000**
2. LAND BANK							
Balance at 01 April 2004	388,382	317,834	-	822,144	100,000	7,082	1,635,442
Effect of adopting IFRS (note 32.1)				37,771			37,771
Prior year adjustments (note 32.1)	-	-	-	(401,884)	-	-	(401,884)
At 1 April 2004 restated	388,382	317,834	-	458,031	100,000	7,082	1,271,329
Loss for the year as previously stated	-	-	-	(207,579)	-	-	(207,579)
Surplus on revaluation of Land and Buildings	-	-	-	-	-	45,375	45,375
Effect of adopting IFRS (note 32.2)	-	-	-	(11,185)	-	-	(11,185)
Prior year errors (note 32.2)	-	-	-	(93,557)	-	8,062	(85,495)
Transfer from general reserve	(55,409)	(129,286)	-	184,695	-	-	-
Balance at 31 March 2005 restated	332,973	188,548	-	330,405	100,000	60,519	1,012,445
Balance at 01 April 2005	332,973	188,548	-	330,405	100,000	60,519	1,012,445
Reclassification of Capital Fund	-	-	200,955	-	-	-	200,955
Surplus on revaluation of Land and Buildings	-	-	-	-	-	8,496	8,496
Current year loss	-	-	-	(125,393)	-	-	(125,393)
Transfer from general reserve	(22,828)	(53,264)	-	76,092	-	-	-
Balance at 31 March 2006	310,145	135,284	200,955	281,104	100,000	69,015	1,096,503

Cash Flow Statement
for the 12 Months Ended 31 March 2006

	Note	Land Bank Group		Land Bank	
		2006 R'000	Restated 2005 R'000	2006 R'000	Restated 2005 R'000
Cash flow from operating activities	25.2	**2,435,288**	(2,767,608)	**2,674,753**	(3,097,342)
Cash received from clients		**21,555,553**	23,281,700	**21,555,553**	23,281,700
Cash paid to clients, employees and suppliers		**(19,120,265)**	(26,049,308)	**(18,880,800)**	(26,379,042)
Cash flow from investing activities		**167,246**	(306,295)	**12,246**	20,600
Proceeds on disposal of property and equipment		**4,609**	4,495	**4,609**	4,495
Proceeds on disposal of properties in possession		**34,258**	55,145	**34,258**	55,145
Purchase of property and equipment		**(12,669)**	(8,725)	**(12,669)**	(8,725)
Purchase of intangible asset		**(13,952)**	-	**(13,952)**	-
Purchase of investments - SAVVEM		**-**	(326,895)	**-**	-
Proceeds on sale of investments		**155,000**	(30,315)	**-**	(30,315)
Cash flow from financing activities		**(1,220,493)**	2,748,216	**(1,304,957)**	2,751,055
Increase/(decrease) in long term funding	25.3	**(205,121)**	1,641,308	**(205,121)**	1,567,828
Increase/(decrease) in medium term funding	25.5	**711,269**	1,974,862	**711,269**	1,974,862
Increase/(decrease) in short term funding	25.4	**(1,726,641)**	(867,954)	**(1,811,105)**	(791,635)
Net increase/(decrease) in cash and cash equivalents		**1,382,041**	(325,687)	**1,382,042**	(325,687)
Cash and cash equivalents at 1 April		**1,659,310**	1,984,997	**1,659,293**	1,984,980
Cash and cash equivalents at 31 March	25.1	**3,041,351**	1,659,310	**3,041,335**	1,659,293

1. GENERAL INFORMATION

The Land and Agricultural Development Bank of South Africa ('Land Bank" or "the Land Bank")

Land Bank operates as a development finance institution within the agricultural and agri-business sectors. Its activities are regulated by the Land and Agricultural Development Bank Act, 15 of 2002, (Land Bank Act) and the Public Finance Management Act, 1 of 1999 as amended (PFMA). Land Bank provides a range of finance options to a broad spectrum of clients within the agricultural sector. Financing products cater for wholesale as well as retail financing for commercial and developing farmers, co-operatives and other agriculture-related businesses. These financial statements are presented in South African Rand because that is the currency of the primary economic environment in which the Land Bank operates. The financial statements were authorised for issue by the directors on 06 July 2006.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

2.1 Basis of presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) for the first time. The disclosures required by IFRS 1 concerning the transition from SA GAAP to IFRSs are given in note 32. The financial statements have been prepared under the historical-cost convention, as modified by the revaluation of certain financial instruments and properties.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Land Bank and any entities controlled by the Land Bank (its subsidiary) up to 31 March each year. Control is achieved where the Land Bank has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition.

The accounting policies of the subsidiary, Suid-Afrikaanse Verbandsversekeringmaatskappy (SAVVEM) are consistent with those of the holding company. The financial position and performance of SAVVEM up to 31 March 2006 has been included in the consolidated financial statements. Inter-company balances and transactions between and within the group of entities are eliminated in full on consolidation.

2.3 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that the Land Bank has chosen to change those listed below to achieve fair presentation.

The changes in accounting policies result from adoption of the following standards:

- IAS 40 Investment Property
- IAS 39 Financial Instruments

The principal effects of these changes are listed in Note 32.

2.4 Prior year errors

Errors in the application of applicable accounting standards in prior years have been corrected retrospectively.

The errors occurred in the application of the following standards:

- IAS 18 Revenue
- IAS 17 Leases
- IAS 39 Financial Instruments

The principal effects of these errors are listed in Note 32.

2.5 Interest income and expense

Interest income and expense is recognised in the income statement for all relevant instruments using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Land Bank estimates cash flows considering all contractual terms of the financial instrument.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.6 Other revenue

Commission received

Commission income is recognised on an accrual basis over the life of the underlying contracts.

Dividends received

Dividends are recognised in the period when the shareholders' right to receive payment is established.

Penalty fee income

Penalty fee income is recognised when the event of default occurs and it is probable that economic benefits associated with the event will flow to the Land Bank.

2.7 Fruitless, wasteful and irregular expenditure

Items of expenditure that meets the requirements of the PFMA for fruitless and wasteful as well as irregular expenditure are separately disclosed in the notes to the financial statements.

"Fruitless and wasteful expenditure" means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

"Irregular expenditure" means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation.

2.8 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Land Bank. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Land Bank at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

The Land Bank as Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.9 Government Grants

Government Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants towards expense items are recognised as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense. Government grants relating to assets are treated as deferred income and released to profit and loss over the expected useful lives of the assets concerned.

2.10 Retirement benefits

2.10.1 Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The provisions for employee entitlement to wages, salaries, annual and sick leave represents the amount which the Land Bank Group has a present obligation to pay as a result of employees' services provided to the balance sheet date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

2.10.2 Post Retirement Benefits

A defined benefit plan is a plan that defines a benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a plan under which fixed contributions are paid into a separate entity. If the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods, there is no legal or constructive obligation on the employer to pay further contributions

Retirement fund

The Land Bank Retirement Fund which functions as a defined contribution plan, and which is subject to the provisions of the Pension Fund Act,1956 (Act No. 24 of 1956) came into operation on 1 November 1994. The Fund still provides certain benefits such as disability and death-in-service which provide defined benefits that are in the process of being phased out. As a result of the defined benefits aspects of the Fund, the Land Bank is still at risk for shortfalls in the Fund. Consequently the Fund is accounted for as a defined benefit plan until these benefits are phased out at which time it will be accounted for as a defined contribution plan.

Membership of the fund is compulsory for all permanent staff members. Statutory actuarial valuations of the fund’s commitments are conducted every year. The last statutory valuation was performed at 31 December 2005. The valuation method used is the Projected Unit Credit Method. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date.

Payments made, including current service costs, to the defined benefit plan are charged as an expense when they fall due. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the income statement in full.

Medical aid fund

The Land Bank provides a post-retirement medical aid benefit to all pensioners. The fund functions primarily as a defined benefit scheme. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age. It is the Land Bank's policy to pay the medical fund subscription fees on behalf of all pensioners in full and to fund the total obligation as and when it arises.

Actuarial valuations of the Land Bank's liability are conducted on an annual basis by an independent qualified actuary on the Projected Unit Credit Method. The liability recognised in the balance sheet in respect of defined benefit medical plans is the present value of the defined benefit obligation at the balance sheet date. The benefit obligation at the balance sheet date is not reflected net of assets since these assets are not held in a legally separate entity that is not available to the Land Bank's own creditors. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the income statement in full.

2.11 Taxation

The Land Bank and its subsidiary, SAVVEM, are exempt from Income Tax in terms of sections 10(1)(cA)(ii) of the Income Tax Act, 58 of 1962.

2.12 Property and equipment

Land and buildings held for administrative purposes, are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken at least once every year by independent sworn appraisers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to accumulated profits.

Other items of property and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads. Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Land	Not depreciated
Buildings	2% per annum
Furniture and fittings	20% per annum
Computer equipment	33% per annum
Motor vehicles	20% per annum

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

The Land Bank has elected to adopt fair value as deemed cost on transition to IFRS

2.13 Investment Property

Investment property (properties not utilised for group operations), which is held to earn rental income or capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in net profit or loss for the period in which they arise. Fair value is determined using market-based valuation performed by independent sworn appraisers at the balance sheet date.

2.14 Properties in possession

Unsold properties in possession are recognised once ownership has been legally transferred to the Land Bank. These properties are included under investment property and are valued at fair value as determined using a market-based valuation performed by a sworn appraiser at the balance sheet date. Maintenance costs are expensed in the period incurred. Realisable value is determined using market-based valuation performed by a sworn appraiser at the balance sheet date.

2.15 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

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

Acquired capitalised computer software was determined to have a finite life of 3 years at acquisition. The software is amortised using the straight line method over a period of 3 years.

2.16 Financial Instruments

Financial assets and financial liabilities are recognised on the Land Bank's balance sheet when the Land Bank becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at the fair value of the consideration given or received, and subsequently measured according to requirements of the category into which they are classified.

Financial Assets

The Land Bank classifies its financial assets in the following categories: financial assets at fair value through profit or loss; available-for-sale and loans and receivables. Management determines the classification of its investments at initial recognition.

i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. The Land Bank has classified derivatives as held for trading and investments as designated at fair value through profit or loss. Financial assets through profit or loss are initially recognised at fair value excluding transaction costs and are subsequently measured the same way. Gains or losses arising from changes in the fair value of derivatives are recognised directly in profit or loss.

ii) Loans and receivables

The Land Bank has classified loans, trade receivables and cash at bank as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Land Bank provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are initially recognised at cost, being the fair value including transaction costs, and subsequently measured at amortised cost using the effective interest rate method.

Where applicable, the Land Bank has adopted trade date accounting for 'regular way' purchases or sale of financial assets. The trade date is the date that an enterprise commits to buy or sell an asset. A 'regular way' contract is a contract for the purchase or sale of financial assets that requires delivery of the assets within the time frame generally established by regulation or convention in the market place concerned.

Financial assets, or a portion of financial assets, are de-recognised when the enterprise loses control of the contractual rights or has transferred substantially all risks and rewards of ownership that comprise the financial asset. The enterprise loses such control if it realises the rights to benefits specified in the contract, the rights expire, or if the enterprise surrenders those rights.

The nature of financial assets is such that the maximum potential loss does not differ significantly from their carrying amount.

Financial liabilities

The Land Bank classifies its financial liabilities in the following categories: financial liabilities at fair value through profit or loss and financial liabilities at amortised cost. Management determines the classification of its investments at initial recognition.

i) Financial liabilities at fair value through profit or loss

This category has two sub-categories: financial liabilities held for trading, and those designated at fair value through profit or loss at inception. The Land Bank has classified derivatives and funding for which it acts a market maker as held for trading. Where derivatives are traded to hedge interest rate risk, the related funding has been designated at fair value through profit or loss. Financial liabilities through profit or loss are initially recognised at fair value including transaction costs and are subsequently measured at fair value. Gains or losses arising from changes in the fair value of derivatives and designated funding are recognised directly in profit or loss.

ii) Financial liabilities at amortised cost

The Land Bank classifies all financial liabilities that are not derivatives or designated at fair value through profit or loss at amortised cost. The amounts include medium and short term funding that consist mainly of promissory notes, Land Bank bills, zero coupon structured notes and call bonds as well as trade payable and bank overdrafts. Financial liabilities at amortised cost are initially recognised at fair value including transaction costs, and subsequently measured at amortised cost using the effective interest rate method. The carrying amount of funding liabilities where there is no stated maturity is the amount repayable on demand.

Market making instruments include debentures and other capital market stock issued by the Land Bank both purchased and sold in order to stimulate an active market in these instruments. Those liabilities repurchased are derecognised on each repurchase. Fair value is determined directly by reference to published price quotation in an active market.

Financial liabilities are derecognised when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled, or expires.

Fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The Land Bank may from time to time trade in financial instruments that are not traded in an active market (for example, in over-the-counter derivatives). The fair value of such instruments is determined by using valuation techniques. The Land Bank uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis or pricing models.

Impairment of financial assets

i) Assets carried at amortised cost

The Land Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired and makes provision for such impairment. The Land Bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Land Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Land Bank.

If the Land Bank determines that there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly against the account and the amount of the loss is recognised in the income statement.

ii) Assets carried at fair value

The Land Bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is reclassified from equity to profit or loss in the income statement. If, in a subsequent period, the fair value of an investment classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

2.17 Derivatives

The Land Bank's activities expose it primarily to the financial risks of changes in interest rates. The Land Bank uses interest rate swaps, forward rate agreements and option contracts to hedge these exposures. The Land Bank does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by the Land Bank's policies approved by the board of directors, which provide written principles on the use of financial derivatives. The Land Bank does not apply hedge accounting to its economic hedging activities.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

2.18 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

2.19 Sale and repurchase agreements

Financial instruments sold under agreement to repurchase are retained, but reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral. The counterparty liability is included in financial liabilities as appropriate. Financial instruments purchased under agreements to resell ('reverse repos') are recorded as financial assets as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

2.20 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, bank overdrafts and deposits held on call with banks.

2.21 Provisions

Provisions are recognised when the Land Bank has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

2.22 Insurance contracts

SAVVEM provides compulsory long-term life insurance contracts with fixed terms to cover natural persons who are indebted to the Land Bank under mortgage loans. Premiums are recognised as revenue when they become payable by the contract holder. Benefits are recorded as an expense when they are incurred.

Past claims are used as the basis for determining the extent of claims incurred but not reported and these are provided for as a liability and reported gross of any reinsurance asset. At each balance sheet date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. Any deficiency is immediately charged to profit or loss by establishing a provision for losses arising from liability adequacy tests.

2.23 Segment information

The principal segments of the Land Bank have been identified on primary business lines, (namely retail banking, corporate financing and micro financing) and on secondary basis on significant geographical basis namely the nine provinces of South Africa. These bases are representative of the internal structure for management purposes. The source and nature of business risks and returns are segmented on the same basis.

2.24 Comparative figures

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

The details of the restatement of comparative figures relating to change in accounting policies and correction of prior year errors is disclosed in Note 32.

2.25 Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, revenue and expenses as well as the disclosure of contingent liabilities. Actual results could differ from such estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The most significant judgment and estimates are summarized below:

i) Impairment losses on loans and advances

The Land Bank reviews its loan portfolios to assess impairment at each financial reporting date. In determining whether an impairment loss should be recorded in the income statement, the Land Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

During the period under review, a decision was taken to discontinue the step up loan product. Due to the product's historical loss experience and the fact that no further advances will be made, management has made an assumption that recoveries from this product will be minimal. The exposure was fully impaired at 31 March 2006.

ii) Fair values of financial instruments

The fair value of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates.

Changes in assumptions about these factors could affect reported fair value of financial instruments.

iii) Incurred but not reported

The estimation of the incurred but not reported insurance liability is determined by using historical claim data.

iv) Classification and measurement of LB01 bonds

The Land Bank has elected to classify the LB01 bonds as held at fair value through profit and loss with all movements in the fair value being accounted for in the income statement. These bonds are classified as short-term funding as the Land Bank acts as the guaranteed buyer of last resort.

v) Basis of allocation of segment revenue, assets and liabilities

Funding liabilities are allocated to segments as a percentage of the loans.

2.26 IFRS applicable in the future

At the date of authorisation of these financial statements, a number of International Financial Reporting Standards and Interpretations had been promulgated, but were effective for periods after 31 March 2006.

Standard or interpretation	Effective date	Impact of adoption
IAS 39: Fair value option	1 April 2006	Limitations on classification of financial assets and financial liabilities at fair value through profit or loss.
IAS 39: Financial guarantees	1 April 2006	Financial guarantee contracts must be recognised as financial instruments.
IFRS 7: Financial instrument disclosures	1 April 2007	Disclosure of additional information on financial instruments
IAS 1: Presentation of financial statements	1 April 2007	Disclosure of information on the Land Bank's objectives, policies and processes for managing capital.
IAS 19: Employee benefits	1 April 2006	Option to recognise actuarial gains and losses outside profit or loss. Additional disclosure regarding Group Plans and related parties implications thereof. Disclosure of additional information on defined benefit plans.

		Land Bank Group		Land Bank	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
3 CASH AND BANK					
3.1	**Cash at bank**				
	Commercial Banks – Land Bank	**3,249,868**	1,660,722	**3,249,868**	1,660,722
	Commercial Bank - SAVVEM	**16**	17	**-**	-
		3,249,884	1,660,739	**3,249,868**	1,660,722
3.2	**Bank overdraft**	**208,533**	1,429	**208,533**	1,429

The carrying value of cash and bank approximates fair value.
At 31 March 2006, the Group had available R461 million (2005: R318 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

4 TRADE AND OTHER RECEIVABLES

	Land Bank Group 2006 R'000	Land Bank Group 2005 R'000	Land Bank 2006 R'000	Land Bank 2005 R'000
Accrued Income	**13,241**	14,632	**1,696**	889
Housing loans to employees	**2,681**	3,782	**2,681**	3,782
Dividends receivable from SAVVEM	**-**	-	**-**	240,000
Step up funds with administrators	**5,220**	3,783	**5,220**	3,783
Reinsurance asset	**1,902**	-	**-**	-
Other	**26,872**	1,451	**24,119**	2,700
	49,916	23,648	**33,716**	251,154

The reinsurance asset arising from life insurance contracts held by SAVVEM is calculated based on the incurred but not reported losses that would qualify for reimbursement under the reinsurance contracts. Amounts due from re-insurers in respect of claims already paid by SAVVEM on contracts that are reinsured are included in other receivables.

The carrying value of trade and other receivables approximates fair value.

5 REPURCHASE AGREEMENTS

Details of financial instruments purchased	Land Bank Group 2006 R'000	Land Bank Group 2005 R'000	Land Bank 2006 R'000	Land Bank 2005 R'000
Land Bank LB 101	**-**	19,746	**-**	19,746
Land Bank LB 107	**141,597**	6,371	**141,597**	6,371
Transnet T011	**107,409**	107,944	**107,409**	107,944
	249,006	134,061	**249,006**	134,061

Fair value

Financial instruments sold under agreement to repurchase are retained in the financial statements as trading assets or investments and are accounted for as appropriate. The liability to the counterparty is included under current liabilities.

Financial instruments purchased under agreements to resell are recorded as loans granted against security and included under assets. The difference between the sale and purchase price is treated as interest and accrued over the life of the repurchase or resale agreements using the effective interest rate method.

The Land Bank enters into sale and repurchase agreements for periods between 1 day and 1 month in order to cover any short positions that the bank may experience. At the financial year end there were no instruments purchased to resell outstanding and therefore no security has been disclosed.

	Land Bank Group		Land Bank	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
6 LOANS				
6.1 LOAN BOOK SUMMARY				
Long-term loans	**5,713,580**	7,114,688	**5,713,580**	7,114,688
Farmers	**4,241,089**	4,932,670	**4,241,089**	4,932,670
Co-operatives	**1,466,309**	2,170,382	**1,466,309**	2,170,382
Emergency flood relief	**6,182**	11,636	**6,182**	11,636
Medium-term loans	**839,429**	852,599	**839,429**	852,599
Farmers	**519,930**	544,306	**519,930**	544,306
Instalment sale loans	**309,949**	296,448	**309,949**	296,448
Emergency flood relief	**9,550**	11,845	**9,550**	11,845
Short-term loans	**9,873,997**	10,354,579	**9,873,997**	10,354,579
Farmers	**693,690**	694,992	**693,690**	694,992
Co-operatives	**9,052,305**	9,563,009	**9,052,305**	9,563,009
Step up	**126,961**	95,358	**126,961**	95,358
Emergency flood relief	**1,041**	1,220	**1,041**	1,220
Total gross loan book	**16,427,006**	18,321,866	**16,427,006**	18,321,866
Less impairments	**(1,441,649)**	(1,219,955)	**(1,441,649)**	(1,219,955)
Less arrear admin and penalty fees	**(33,505)**	-	**(33,505)**	-
TOTAL NET LOAN BOOK	**14,951,852**	17,101,911	**14,951,852**	17,101,911

Impairments include the full impairment of the Step Up book net of client deposits of R16 million (2005:R12 million)

6.2 LOAN INFORMATION

LOAN TYPE	Type of security	Nature of interest rate	Average term of repayment	Average interest rate
Long-term loans	Mortgage bond	Variable	20 years	11,04%
Medium-term loans	Notarial bonds	Variable	5-10 years	15,67%
Short-term loans	None	Variable	1 year	8,17%

		Land Bank Group		Land Bank	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
6.3	**Movement in impairment**				
	Opening balance	**1,219,955**	1,196,308	**1,219,955**	1,196,308
	Write-offs	**(98,150)***	(613,754)	**(98,150)***	(613,754)
	Transfer to profit and loss account	**319,844**	637,401	**319,844**	637,401
	Closing balance	**1,441,649**	1,219,955	**1,441,649**	1,219,955

* Included in write offs is an amount of R18,536,157, which has been classified as material loss in terms of section 55 (b) of the PFMA. The amount represents a write off of harvested crop that was bought by the Land Bank in terms of the purchase agreement with the client. The crop was destroyed by fire on 06 February 2002 before it could be sold back to the client in terms of the sale agreement. In terms of the agreement, the Land Bank was responsible for insuring the crop. This was not done and the Land Bank suffered the damages. No disciplinary action has been taken against staff members responsible for insuring the crop, as the responsible person had resigned.

		2006	2005	2006	2005
6.4	**Classification of impairment**				
	Retail	**767,001**	956,480	**767,001**	956,480
	Step-up	**114,485**	27,743	**114,485**	27,743
	CFU	**560,163**	235,732	**560,163**	235,732
	Total	**1,441,649**	1,219,955	**1,441,649**	1,219,955
7	**INTANGIBLE ASSET**				
	Computer Software	**13,071**	-	**13,071**	-
	Cost	**13,952**	-	**13,952**	-
	Accumulated amortisation	**(881)**	-	**(881)**	-
	Carrying amount at beginning of the year	**-**	-	**-**	-
	Acquired during the year	**13,952**	-	**13,952**	-
	Current year amortisation	**(881)**	-	**(881)**	
	Carrying amount at end of the year	**13,071**	-	**13,071**	-

The capitalised computer software was determined to have a finite life of 3 years at acquisition. The software is amortised using the straight line method over a period of 3 years. A portion of the cost of the software is not amortised as it relates to the Land Banking module, which is not in a usable state yet.

		2006	2005	2006	2005
8	**INVESTMENTS**				
8.1	**INVESTMENTS SUMMARY**				
	TOTAL INVESTMENTS	**731,055**	722,704	**160,620**	121,939
	Medical Aid Fund	**157,590**	118,909	**157,590**	118,909
	SAVVEM Investments	**570,465**	600,795	**-**	-
	Investment in SAVVEM	**-**	-	**30**	30
	Vleissentraal Limited	**3,000**	3,000	**3,000**	3,000
8.2	**DETAILED ANALYSIS OF INVESTMENTS**				
8.2.1	**Medical Aid Fund (Coronation Asset Management (Pty)Ltd)**				
	Asset allocation:	**157,590**	118,909	**157,590**	118,909
	Equities	**109,336**	75,373	**109,336**	75,373
	Bonds	**17,713**	11,957	**17,713**	11,957
	Cash	**8,989**	13,437	**8,989**	13,437
	Offshore investments	**21,552**	18,142	**21,552**	18,142

	Land Bank Group		Land Bank	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000

The funds are entrusted to the above mentioned Portfolio Manager for investment purposes. The funds are earmarked to fund the medical aid contributions for past employees. The investments are classified as held for trading and are disclosed at fair value. Equity investments do not include any unlisted shares. These investments are exposed to interest rate and market risk. The risk is managed by an Investment Committee set up to monitor the performance and activities of portfolio managers. The post retirement medical aid fund liability is disclosed in note 18.

8.2.2 SAVVEM INVESTMENTS

	Land Bank Group 2006 R'000	Land Bank Group 2005 R'000	Land Bank 2006 R'000	Land Bank 2005 R'000
Total	**570,465**	600,795	**-**	-
Old Mutual Asset Management(Pty)Ltd	**83,904**	59,972	**-**	-
PeregrinQuant Asset Management (Pty) Ltd	**73,422**	133,728	**-**	-
Metropolitan Asset Management Limited	**76,852**	61,231	**-**	-
Coronation Asset Management (Pty)Ltd	**171,608**	184,999	**-**	-
Investec Asset Management (Pty)Ltd	**164,679**	160,865	**-**	-
Asset allocation:	**570,465**	600,795		
Equities	**274,823**	234,390	**-**	-
Bonds	**202,337**	248,573	**-**	-
Cash	**93,305**	111,055	**-**	-
Property	**-**	6,777	**-**	-

All surplus funds of SAVVEM are entrusted to the above-mentioned portfolio managers for investment purposes. The investments are classified as held for trading and are disclosed at fair value. Equity investments do not include any unlisted shares. These investments are exposed to interest rate and market risk. The risk is managed by an Investment Committee set up to monitor the performance and activities of portfolio managers.

8.2.3 Investment in SAVVEM

	Land Bank Group 2006 R'000	Land Bank Group 2005 R'000	Land Bank 2006 R'000	Land Bank 2005 R'000
SAVVEM Shares		-	**30**	30

The Land Bank is a sole beneficial shareholder of this unlisted company. The company provides life insurance cover on a compulsory basis to clients that are natural persons indebted to the Land Bank under mortgage loans. Land Bank guarantees the solvency of SAVVEM. The company's actuarial value of the surplus as at 31 March 2005 amounted to R406million (2005 – R542 million). The reserves of SAVVEM amounted to R484 million (2005 – R681 million), as a result, the group does not expect to be called upon to perform under this guarantee.

8.2.4 Vleissentraal Limited

	Land Bank Group 2006 R'000	Land Bank Group 2005 R'000	Land Bank 2006 R'000	Land Bank 2005 R'000
Carrying Value	**3,000**	5,000	**3,000**	5,000
Less: Impairment	**-**	(2,000)	**-**	(2,000)
Fair Value	**3,000**	3,000	**3,000**	3,000

The main business of Vleissentraal Limited, of which the Land Bank holds 25% of the shares in issue, is to act as auctioneers and do business in livestock and related products. Loans granted to Vleissentraal by the Land Bank were converted to shares in November 2002. The basis of valuation is based on an offer to purchase of
R3 million received for the shares. The Land Bank does not have any significant influence on the operations of Vleissentraal.

		Land Bank Group		Land Bank	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
9	**INVESTMENT PROPERTY**				
	Properties in possession	**70,974**	81,791	**70,974**	81,791
	Rental property	**11,640**	24,725	**11,640**	24,725
		82,614	106,516	**82,614**	106,516

The rental property is an office building located in Polokwane, Northern Province. Properties in possession comprise of properties repossessed by the Land Bank from clients who have defaulted on their loans. There has been a change in accounting policy whereby properties in possession were previously accounted for as in inventory. Details are disclosed in Note 32.1 (b).

The fair value of the Group's investment property at 31 March 2006 has been determined based on a valuation performed by independent valuers. The investment property was valued at open market value with current use as the valuation basis. The valuation is done on an annual basis. The investment property was valued at 31 March 2006 at R82.6 million (2005: R106.5 million). The current lease is on a month to month basis.

		Land Bank Group		
		Cost or Valuation R'000	Accumulated Depreciation R'000	Carrying Amount R'000
10	**PROPERTY AND EQUIPMENT**			
10.1	**SUMMARY**			
	2006			
	Owned Assets			
	Land	**27,220**	-	**27,220**
	Buildings	**77,480**	-	**77,480**
	Computer Equipment	**18,106**	6,662	**11,444**
	Furniture, Fittings and Office Equipment	**23,252**	5,761	**17,491**
	Motor Vehicles	**2,215**	615	**1,600**
	Total owned assets	**148,273**	13,038	**135,235**
	2005			
	Owned Assets			
	Land	**21,953**	-	**21,953**
	Buildings	**75,795**	-	**75,795**
	Computer Equipment	**18,106**	3,289	**14,817**
	Furniture, Fittings and Office Equipment	**23,251**	2,794	**20,457**
	Motor Vehicles	**2,215**	291	**1,924**
		141,320	6,374	**134,946**

Land and buildings are stated at their revalued amount, under the cost model the carrying amount would be R30.8 million (2005: R37,2 million).

	Land R'000	Buildings R'000	Computer Equipment R'000	Furniture, Fittings & Office Equipment R'000	Motor Vehicles R'000	Total R'000
10.2 RECONCILIATION						
2006						
Opening balance at 1 April 2005	21,953	75,795	14,817	20,457	1,924	134,946
Additions	-	-	11,796	873	-	12,669
Disposals	-	-	(3,694)	(472)	(773)	(4,939)
Depreciation	-	(1,516)	(3,373)	(2,966)	(324)	(8,179)
Fair value adjustments	5,267	3,201	(8,102)	(401)	773	738
Closing balance at 31 March 2006	27,220	77,480	11,444	17,491	1,600	135,235
2005						
Opening balance at 1 April 2004	10,720	34,877	2,158	3,543	100	51,398
Additions	-	223	7,937	304	261	8,725
Disposals	-	-	(39)	(14)	(50)	(103)
Depreciation	-	(1,509)	(3,289)	(2,794)	(291)	(7,883)
Fair value adjustments	11,233	42,204	8,050	19,418	1,904	82,809
Closing balance at 31 March 2005	21,953	75,795	14,817	20,457	1,924	134,946

10.3 LAND BANK AND GROUP PROPERTY VALUATIONS

Land and buildings comprise the following properties that were independently valued during February 2006, on the basis of open market value for existing use. Valuations are performed at least every year. The previous valuation at January 2005, valued land at R22million (2006: R27million) and buildings at R76million (2006: R77million).

	Carrying amount 2005 Land R'000	Carrying amount 2005 Buildings R'000	Carrying amount 2004 Land R'000	Carrying amount 2004 Buildings R'000
Erf 577 Beaufort West	310	1,450	21	730
Erf 180.3 Bethlehem	790	4,360	475	3,625
Erf 773 Bloemfontein	510	2,980	1,000	1,915
Erf 146 Calvinia	50	1,400	12	1,047
Erf 3865 Cape Town	2,700	2,120	7,200	8,300
Scheme 25/1979 Cape Town	0	4,100	0	2,150
Erf 3825 Cradock	110	5,450	95	4,255
Erf 1926 Ermelo	1,000	890	500	1,200
Erf 2108 George	3,250	1,050	1,500	1,560
Erf 13 Heidelburg	450	1,450	500	1,700
Erf 7777 Kroonstad	320	2,720	190	1,160
Erf 107.7 Lichtenburg	450	1,150	138	1,147
Erf 978 Middelburg	1,600	800	1,600	2,000
Erf 203 Modimolle	890	5,110	500	3,900
Erf 46 Nelspruit	590	1,790	372	943
Erf 2413 Pietermaritzburg	1,350	2,410	435	2,525
Erf 3127 Port Elizbeth	3,000	6,200	1,500	4,550
Erf 132.1 Potchefstroom	1,670	2,170	930	820
Erf 3505 Pretoria	3,200	22,900	2,000	22,223
Erf 1480.1 Rustenburg	3,450	1,150	1,500	6,800
Erf 2064 Upington	550	2,990	690	1,020
Erf 5825 Vryburg	740	1,480	345	855
Erf 672.16 Vryheid	240	1,360	450	1,370
	27,220	77,480	21,953	75,795

	Land Bank Group		Land Bank	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
11 RESERVES				
11.1 RETAINED EARNINGS				
Distributable				
General Reserve	**(26,789)**	20,429	**281,104**	330,405
Capital Fund	**200,955**	-	**200,955**	-
Interest Equalisation fund	**100,000**	100,000	**100,000**	100,000
Silver and Bronze Development Fund	**310,145**	332,973	**310,145**	332,973
Insurance Fund	**932,843**	794,143	**-**	-
Development Fund	**135,284**	188,548	**135,284**	188,548
	1,652,438	1,436,093	**1,027,488**	951,926
11.2 REVALUATION RESERVE				
Non-distributable				
Revaluation of property	**69,015**	60,519	**69,015**	60,519
Total reserves	**1,721,453**	1,496,612	**1,096,503**	1,012,445

11.3 DESCRIPTION OF EQUITY COMPONENTS

General Reserve	The General Reserve is a component of retained earnings and represents the accumulated net surplus of the Land Bank after allocation to other reserves within retained earnings.
Capital Fund	The Capital Fund consists of appropriations by government to the Land Bank from 1936 up to 1979 when they were discontinued. This was a loan with no fixed terms of repayment and fixed interest rates varying between 3.5% and 4.75% per annum. The loan was converted to equity in the financial year under review (refer Director's Report: Going Concern for further details).
Interest equalisation fund	The Interest Equalisation Fund is a component of retained earnings that was ear-marked to cover differences during periods of declining interest rates between the Land Bank's long-term funding costs and interest earnings on long and medium-term loan portfolios.
Development Fund	The Development Fund is a component of retained earnings and arose through a decision by the Board of Directors to implement a notional tax deduction of 35% on net profit for the purpose of development funding. Movements in this fund for the years ended 31 March 2006 and 2005 comprise development loans written off and provisions for any such doubtful loans. The transfer to the Development Reserve, when applicable, is done through the statement of changes in equity.
Silver and Bronze Development Fund	The Silver and Bronze Development Fund is a component of retained earnings and arose through a decision by the Board of Directors to calculate a notional dividend of 15% on "after tax" profits, as no dividends are paid to government which is the Land Bank's sole shareholder. Movements in this fund for the years ended 31 March 2006 and 2005 comprise silver and bronze loans written off and provisions for any such doubtful loans. The transfer to the Silver and Bronze Development Fund, when applicable, is done through the statement of changes in equity.
Insurance fund	The Insurance Fund is a component of retained earnings and represents the accumulated net surplus of SAVVEM from long-term insurance activities.
Revaluation Reserve	The Revaluation Reserve represents the net surplus arising on the revaluation of properties.

		Land Bank Group		Land Bank	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
12	MARKET MAKING LIABILITIES				
	At fair value	**91,387**	57,007	**91,387**	57,007
	Contractual amount payable (LB01)	**27,508**	13,791	**27,508**	13,791
13	DERIVATIVE INSTRUMENTS				
13.1	DERIVATIVE ASSETS				
	Fair Value				
	Interest rate swaps	**223,996**	604,190	**223,996**	604,190
	Notional principal				
	Interest rate swaps	**1,871,469**	2,738,331	**1,871,469**	2,738,331
	Within 1 year	**185,448**	525,871	**185,448**	525,871
	Between 1 and 5 years	**1,686,021**	2,212,460	**1,686,021**	2,212,460
13.2	DERIVATIVE LIABILITIES				
	Fair Value	**30,953**	46,584	**30,953**	46,584
	Interest rate swaps	**30,859**	46,584	**30,859**	46,584
	OTC options	**94**	-	**94**	-
	Notional principal				
	Interest rate swaps	**1,896,629**	892,040	**1,896,629**	892,040
	- within 1 year	**200,000**	56,833	**200,000**	56,833
	- between 1 and 5 years	**1,178,817**	17,395	**1,178,817**	17,395
	- greater than 5 years	**517,812**	817,812	**517,812**	817,812
	OTC options	**94**	685	**94**	685
	- within 1 year	**94**	685	**94**	685
14	TRADE AND OTHER PAYABLES				
	Government grants for land distribution				
	Accrued expenses	**6,210**	9,834	**6,210**	9,834
	Interest received in advance	**154,415**	118,746	**157,476**	118,751
	Loan costs and fees received in				
	advance	**-**	633	**-**	633
	Decimax deposit	**5,543**	5,432	**5,543**	6,682
	Finance leases	**-**	62,862		62,862
	SAVVEM – intercompany balances	**-**	6,946	**-**	6,946
	Other	**-**	-	**39,141**	25,938
		579	3,084	**579**	7,603
		166,747	207,537	**208,949**	239,249

The carrying value of trade and other payables approximates fair value.
Finance leases are payable as follows:

	Land Bank Group 2006 R'000	Land Bank Group 2005 R'000	Land Bank 2006 R'000	Land Bank 2005 R'000
Minimum lease payments				
Present value of minimum lease payments payable	**-**	6,946	**-**	6,946
Payable within 1 year	**-**	2,388	**-**	2,388
2 – 5 Years	**-**	4,558	**-**	4,558

		Land Bank Group		Land Bank	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
15	INSURANCE CONTRACTS				
15.1	Notified claims	353	785	-	-
	Incurred but not reported	3,500	4,500	-	-
		3,853	5,285	-	-

15.2 ACTUARIAL ASSUMPTIONS

15.2.1 Process used to decide on assumptions

For long-term insurance contracts estimates are made in two stages. At inception of the contract, SAVVEM's actuary determines assumptions in relation to future deaths, investment returns and administration expenses. These assumptions are used for calculating the premiums payable during the life of the contract. A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract.

Subsequently, at each reporting date, an actuarial valuation of the liabilities under the in-force insurance contracts is done, using assumptions that are based on best estimates of the current and expected future economic and demographic environment. Margins are added to the valuation assumptions for risk and uncertainty. The actuarial valuation is used to determine whether assets adequately cover the liabilities. Any change over the reporting year in the excess of assets over liabilities is analysed into the various components that gave rise to the change, which include differences between the actual and expected experience of the main actuarial assumptions regarding mortality, investment return and expenses. The assumptions used for the valuation of the insurance contracts are as follows:

• Mortality
An appropriate base table of standard mortality is used. Mortality rates are adjusted to allow for expected deterioration in mortality experience as a result of AIDS.

• Investment returns
The investment return assumption is based on the weighted average of assumed future returns on a number of asset classes that comprise a portfolio of investments that is considered appropriate for the underlying insurance business. Allowance is made for investment expenses and taxation. The assumption used for the 31 March 2006 actuarial valuation was 7.85% (2005: 8.1%) per annum. Currently SAVVEM is exempt from tax.

• Administration expenses and inflation
The current level of expenses is considered when determining the expense assumption. Expense inflation is allowed for based on current and expected future levels of inflation. The expense assumption used for the 31 March 2006 valuation was 10% (2005: 11%) of current premiums, assumed to increase in line with inflation of 4.0% (2005: 4.5%) per annum.

15.2.2 Change in assumptions

For the 31 March 2006 actuarial valuation, the assumptions for investment return, mortality and expenses were changed to reflect current and expected future experience.

		Land Bank Group		Land Bank	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
15.3	**Insurance contract reconciliations**				
	Notified claims	**785**	3,961	-	-
	Incurred but not reported	**4,500**	-	-	-
	Total at 1 April 2005	**5,285**	3,961	-	-
	Cash paid for claims settled in year	**(12,019)**	(17,889)	-	-
	Increase / (decrease) in liability	**10,588**	19,213	-	-
	Total at 31 March 2006	**3,854**	5,285	-	-
	Made up as follows:				
	Notified claims	**3,854**	5,285	-	-
	Incurred but not reported	**354**	785	-	-
		3,500	4,500	-	-

15.4 **Analysis of surplus**

The excess of the assets over the liabilities amounted to R590,6 million as at 31 March 2006 (2005: R406.3 million). This represents an increase in the surplus of about R140,8 million from that at the previous valuation. The increase is analysed in the table below.

	Land Bank Group 2006 R'000	Land Bank Group 2005 R'000	Land Bank 2006 R'000	Land Bank 2005 R'000
Surplus at 1 April	**406,330**	**542,080**	**-**	**-**
Plus: Surplus arising from:	203,224	124,239	-	-
Investment income	126,759	111,597	-	-
Actual death claims being less than expected	12,545	7,307	-	-
Early termination of policies	8,274	10,691	-	-
Policy changes (e.g. mortgage interest rate)	2,900	(5,356)	-	-
Change in valuation basis	35,287	-	-	-
Correction to data that was previously wrong	16,459	-	-	-
Decrease in IBNR	1,000	-	-	-
Less: Deficit arising from:	**18,964**	**259,989**	**-**	**-**
Expenses being more than expected	4,930	4,932	-	-
New business strain	3,390	-	-	-
Margin in valuation for non-zero reserves	3,273	-	-	-
Increase in reserve for data errors	5,000	3,421	-	-
Dividend payment	-	240,000	-	-
Other factors	2,371	11,636	-	-
Surplus at 31 March	**590,590**	**406,330**	**-**	**-**

	Land Bank Group		Land Bank	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
16 FUNDING				
16.1 FUNDING SUMMARY				
Short term funding	**11,725,686**	13,452,327	**11,725,686**	13,536,791
Medium term funding	**5,511,963**	4,800,694	**5,511,963**	4,800,694
Long term funding	**20,833**	225,954	**20,833**	225,954
Total Funding	**17,258,482**	18,478,975	**17,258,482**	18,563,439

The carrying value of funding liabilities comprises of amounts measured at amortised cost and fair value. The total funding fair value and contractual amounts owing are as follows:

	Land Bank Group 2006 R'000	Land Bank Group 2005 R'000	Land Bank 2006 R'000	Land Bank 2005 R'000
16.2 DETAILED ANALYSIS OF FUNDING				
16.2.1 Short-term funding				
At fair value	**4,006,182**	3,923,442	**4,006,182**	3,923,442
Promissory notes	**2,068,634**	2,072,475	**2,068,634**	2,072,475
	1,641,692	1,515,720	**1,641,692**	1,515,720
	295,856	335,247	**295,856**	335,247
At amortised cost	**7,719,504**	9,528,885	**7,719,504**	9,613,349
Promissory notes	**5,754,585**	7,446,180	**5,754,585**	7,446,180
Bills	**670,892**	814,473	**670,892**	814,473
Call bonds	**489,000**	412,000	**489,000**	412,000
Co-operative deposits	**297,833**	322,715	**297,833**	322,715
Small institutional deposits	**103,519**	104,000	**103,519**	104,000
Forced stock sale deposits	**341,623**	388,600	**341,623**	388,600
National Department of Agriculture deposit	**14,172**	14,953	**14,172**	14,953
SAVVEM Call account	**-**	-	**-**	84,464
Clients' deposits	**47,880**	25,964	**47,880**	25,964
Total short-term funding	**11,725,686**	13,452,327	**11,725,686**	13,536,791
Average effective interest rate for the Land Bank and Land Bank Group				
Promissory notes	**7.14%**	7.14%	**7.14%**	7.14%
Bills	**6.78%**	7.51%	**6.78%**	7.51%
Call bonds	**6.81%**	7.27%	**6.81%**	7.27%

Land Bank Debentures

The debentures are publicly traded on the Bond Exchange of South Africa. The LB101 is redeemable on 30 June 2010 and pays interest at 11.5% per annum. The LB107 is redeemable on 15 August 2007 and pays interest at 11% per annum. The Land Bank acts as a buyer of last resort for the LB101 and LB107 debentures. The repurchased debentures are then resold in the market to obtain further funding.

The Land Bank has elected to carry the debentures at fair value through profit and loss.

		Land Bank Group		Land Bank	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
16.2.2	**Medium-term funding**				
	At fair value	**676,169**	1,118,972	**676,169**	1,118,972
	Medium-term promissory notes	**676,169**	682,574	**676,169**	682,574
	Zero coupon structured notes	-	436,398	-	436,398
	At amortised cost				
	Floating rate promissory notes	**4,835,794**	3,681,722	**4,835,794**	3,681,722
	Total medium-term funding	**5,511,963**	4,800,694	**5,511,963**	4,800,694
	Average effective interest rate for the Land Bank and Land Bank Group				
	Promissory notes	**7.14%**	7.14%	**7.14%**	7.14%
	Bills	**6.78%**	7.51%	**6.78%**	7.51%
16.2.3	**Long-term funding**				
	Capital Fund (Note 11)	-	200,954	-	200,954
	Industrial Development Corporation	**20,833**	25,000	**20,833**	25,000
	Total long-term funding	**20,833**	225,954	**20,833**	225,954

Industrial Development Corporation

A loan of R25 million was obtained at an interest rate of 7.0% p.a. from the Industrial Development Corporation of South Africa for assistance in the Land Bank's emergency flood relief programme. The loan is repayable in 60 instalments over a period of 5 years, starting on 1 June 2005 and requires only interest repayments during the first 4 years. The loan is specifically earmarked for the granting of special mortgage loans at a subsidised interest rate of 10% p.a.

17 PROVISIONS

17.1 Land Bank Group

2006	Opening Balance	Movement for the year	Paid out	Closing balance
Performance Bonus	8,822	2,712	-	11,534
Accumulated leave	10,292	5 ,525	(3,351)	12,466
	19,114	8,237	(3,351)	24,000

2005	Opening Balance	Movement for the year	Paid out	Closing balance
Performance Bonus	-	8,822	-	8,822
Restructuring	5,726	-	(5,726)	-
Accumulated leave	9,704	4,346	(3,758)	10,292
	15,430	13,168	(9,484)	19,114

Land Bank

2006	Opening Balance	Movement for the year	Paid out	Closing balance
Performance Bonus	8,822	2,712	-	11,534
Accumulated leave	10,292	5,475	(3,351)	12,416
	19,114	8,187	(3,351)	23,950

2005	Opening Balance	Movement for the year	Paid out	Closing balance
Performance Bonus	-	8,822	-	8,822
Restructuring	5,726	-	(5,726)	-
Accumulated leave	9,704	4,346	(3,758)	10,292
	15,430	13,168	(9,484)	19,114

Accumulated leave is payable to employees when the leave is taken or on resignation.

		Land Bank Group		Land Bank	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
18	**POST RETIREMENT OBLIGATIONS**				
18.1	**OBLIGATIONS SUMMARY**				
	Medical Benefit Plan	**155,762**	153,172	**155,762**	153,172
	Post Retirement Benefit Plan	**25,459**	23,000	**25,459**	23,000
	Total post retirement benefit	**181,221**	176,172	**181,221**	176,172
18.2	**MEDICAL BENEFIT PLAN**				
	Valuation Assumptions	**% P.A**	% P.A	**% P.A**	% P.A
	Discount rate	**7.5**	8.5	**7.5**	8.5
	Continuation of membership at retirement	**100**	100	**100**	100
	Average retirement age	**65 years**	60 years	**65 years**	60 years
	Membership data				
	Number of members	**543**	555	**543**	555
	Pensioners:				
	Number of pensioners	**340**	348	**340**	348
		883	903	**883**	903
	Reconciliation of benefit obligations				
	Defined benefit obligation at 1 April	**153,172**	147,689	**153,172**	147,689
	Service costs	**3,738**	3,858	**3,738**	3,858
	Interest cost	**12,694**	13,008	**12,694**	13,008
	Unexpected actuarial (gain)/ loss	**(6,192)**	(5,080)	**(6,192)**	(5,080)
	Expected Employer Benefit Payments	**(7,650)**	(6,303)	**(7,650)**	(6,303)
	Defined benefit obligation at 31 March	**155,762**	153,172	**155,762**	153,172
	Components of net periodic medical benefit cost				
	Current service cost	**(3,738)**	(3,858)	**(3,738)**	(3,858)
	Interest cost	**(12,694)**	(13,008)	**(12,694)**	(13,008)
	Expected Employer Benefit Payments	**7,650**	6,303	**7,650**	6,303
	Recognised actuarial gain / (loss)	**6,192**	5,080	**6,192**	5,080
		(2,590)	(5,483)	**(2,590)**	(5,483)

		Land Bank Group		Land Bank	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
18.3	**POST RETIREMENT BENEFIT PLAN**				
	Valuation Assumptions				
	Discount Rate	**% P.A**	% P.A	**% P.A**	% P.A
	Consumer price inflation	**7.3**	7.9	**7.3**	7.9
	Expected return on fund assets	**4.5**	4.0	**4.5**	4.0
	Pension increases	**10.0**	10.0	**10.0**	10.0
		3.0	2.7	**3.0**	2.7
	Membership data				
	Active members:				
	Number				
		625	628	**625**	628
	Pensioners:				
	Number				
		108	110	**108**	110
	Reconciliation of Benefit Obligation				
	Benefit obligation at 1 April				
	Service costs	**191,116**	187,344	**191,116**	187,344
	Interest cost	**17,531**	15,777	**17,531**	15,777
	Membership contribution	**13,951**	14,800	**13,951**	14,800
	Actuarial loss	**8,766**	7,889	**8,766**	7,889
	Benefits paid	**40,496**	18,101	**40,496**	18,101
	Benefits obligation at 31 March	**(21,655)**	(52,795)	**(21,655)**	(52,795)
		250,205	191,116	**250,205**	191,116
	Reconciliation of Fund Assets				
	Fair value of fund assets at 1 April				
	Expected return on assets	**168,053**	170,442	**168,053**	170,442
	Employer contribution	**17,037**	15,588	**17,037**	15,588
	Member contribution	**17,531**	15,777	**17,531**	15,777
	Actuarial loss/(gain)	**8,766**	7,889	**8,766**	7,889
	Benefits paid	**35,014**	11,152	**35,014**	11,152
	Fair value of fund assets at 31 March	**(21,655)**	(52,795)	**(21,655)**	(52,795)
		224,746	168,053	**224,746**	168,053
	Valuation results at 31 March				
	Fair Value of fund assets				
	Fair value of benefit obligation	**224,746**	168,053	**224,746**	168,053
		(250,205)	(191,053)	**(250,205)**	(191,053)
	Balance sheet liability at year end				
		(25,459)	(23,000)	**(25,459)**	(23,000)
	Components of net periodic pension benefit cost				
	Current Service cost				
	Interest cost	**17,531**	15,777	**17,531**	15,777
	Expected return on assets	**13,951**	14,737	**13,951**	14,737
	Recognised actuarial (gains)/losses	**(17,037)**	(15,588)	**(17,037)**	(15,588)
	Periodic Pension cost	**5,482**	6,949	**5,482**	6,949
	Employer contributions	**19,927**	21,875	**19,927**	21,875
	Net Periodic Pension Cost	**(17,531)**	(15,777)	**(17,531)**	(15,777)
		2,396	6,098	**2,396**	6,098

		Land Bank Group		Land Bank	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
19	**INTEREST INCOME**				
	Retail	**597,822**	760,777	**597,822**	760,777
	Development projects	**19,535**	114,544	**19,535**	114,544
	Wholesale	**909,283**	847,676	**909,283**	847,676
	Total loans	**1,526,640**	1,722,997	**1,526,640**	1,722,997
	Commercial Banks	**107,233**	128,909	**107,233**	128,909
	Other	**3,265**	102	**3,265**	102
		1,637,138	1,852,008	**1,637,138**	1,852,008
	Excluded from interest income is income on impaired loans of R172 million.				
20	**INTEREST EXPENSE**				
	Funding	**1,165,109**	1,221,135	**1,165,109**	1,221,155
	Deposits and credit balances	**51,235**	61,395	**53,875**	63,303
	Capital fund	**-**	8,999	**-**	8,999
	Commercial banks	**1,224**	1,441	**1,224**	1,441
	Government guarantee	**4,550**	-	**4,550**	-
		1,222,118	1,292,970	**1,224,758**	1,294,898
21	**PREMIUM INCOME**				
	Insurance premiums received	**15,875**	16,162	**-**	-
	Insurance premiums accrued	**11,545**	13,743	**-**	-
		27,420	29,905	**-**	-
22	**NON-INTEREST INCOME**				
	Account administration fees	**27,255**	26,053	**27,255**	26,712
	Market making gains/(losses)	**-**	5,310	**-**	5,310
	Rent received - Investment Property	**2,648**	2,569	**2,648**	2,569
	Profit / (Loss) on sale of property and equipment	**330**	(4,598)	**330**	(4,598)
	Investment property Income	**1,680**	-	**1,680**	-
	Dividend received	**-**	253	**-**	240,253
	Government grants	**(529)**	206	**(529)**	206
	Loans written off recovered	**78,850**	27,396	**78,850**	27,396
	Other	**97**	1,488	**654**	1,488
	Commission earned	**240**	1,257	**240**	1,257
	Loans written off in excess of security values reinstated	**90,333**	-	**90,333**	-
	Properties in Possession written off in excess of security values reinstated	**91,980**	-	**91,980**	-
		292,884	59,934	**293,441**	300,593

		Land Bank Group		Land Bank	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
23	OPERATING EXPENSES				
23.1	LAND BANK				
	Audit Fees (External)	4,025	4,076	3,926	4,076
	For audit	3,821	2,787	3,722	2,787
	Under provisioning prior year	204	1,289	204	1,289
	Audit fees (Internal)	2,461	2,202	2,461	2,202
	Commission paid	1,672	4,046	1,672	4,046
	Director's emoluments (note 23.2.1)	4,823	4,092	4,518	3,911
	Legal fees	10,907	9,005	10,907	9,005
	Licence	2,815	2,094	2,815	2,094
	Depreciation	8,179	5,097	8,179	5,097
	Amortisation – computer software	881	-	881	-
	Marketing	21,098	15,877	21,098	15,877
	Leases	10,263	3,168	10,263	3,168
	Personnel costs	195,207	180,805	194,627	180,805
	Contributions to Retirement Fund	17,985	16,435	17,930	16,435
	Contribution to Medical Aid Fund	9,869	8,929	9,845	8,929
	Salaries	167,353	155,441	166,852	155,441
	Printing	2,423	314	2,419	314
	Professional fees	34,609	11,978	34,200	11,978
	Rates and taxes	4,244	3,705	4,244	3,705
	Property and equipment repairs and maintenance	2,898	4,756	2,898	4,756
	Investment property repairs and operating expenses	3,446	3,220	3,446	3,220
	Security	1,213	1,177	1,213	1,177
	Postage, telephone etc.	7,983	7,976	7,971	7,976
	Leave accrued	5,704	4,325	5,639	4,325
	Retirement fund shortfall	2,459	6,098	2,459	6,098
	Medical aid fund shortfall	2,590	5,483	2,590	5,483
	Business process re-engineering	-	34,716	-	34,716
	Restructuring costs	10,924	621	10,924	621
	Corporate social investment	7,241	4,519	7,241	4,519
	Fixed asset scrapped	-	21	-	21
	Management fees	2,881	5,489	179	5,489
	Dispute settlement (Note 27)	31,733	-	31,733	-
	Insolvency costs	1,078	15,227	1,078	15,227
	Administration costs	17,299	11,302	16,502	11,302
	Computer and data expenses	10,035	29,957	10,035	29,957
	Travel and accommodation	11,225	8,049	11,214	8,049
	Cleaning	2,295	2,042	2,295	2,042
	Bank charges	1,006	1,028	1,006	1,028
		425,617	392,465	420,617	392,284
	Other	18,983	23,424	18,846	23,394
		444,600	415,889	439,479	415,678

In the current year an amount of R36.480million was paid to Knox D'Arcy in settlement of their contract. An amount of R34.716million was accrued in the previous year.

23.2 REMUNERATION

23.2.1 Director's emoluments

2006 LAND BANK	Salaries	Bonuses	Fees	Other	Total
Executive Directors	2,006,040	1,000,000	-	-	3,006,040
AT Mukoki (CEO)	2,006,040	1,000,000	-	-	3,006,040
Non Executive Directors	-	-	1,475,974	36,217	1,512,191
JPR Mbau *	-	-	133,998	1,774	135,772
SM Mkhabela	-	-	177,983	9,469	187,452
NJ Canca *	-	-	60,086	955	61,041
NP Makgalemele *	-	-	51,594	284	51,878
MM Mbongwa *	-	-	37,906	-	37,906
LG Mazwai	-	-	227,908	2,578	230,487
JRD Modise *	-	-	89,330	1,845	91,175
CJ van Rooyen *	-	-	89,280	1,665	90,945
Adv. KD Moroka *	-	-	41,006	478	41,484
ER Bosman **	-	-	64,156	-	64,156
CP Davies **	-	-	98,863	-	98,863
SNO Choane **	-	-	46,300	-	46,300
NV Lila **	-	-	93,924	3,689	97,613
RK Morathi **	-	-	63,846	3,415	67,261
MD Tlhagale **	-	-	53,568	945	54,513
NJ Nduli **	-	-	53,258	388	53,646
LM Nyhonyha **	-	-	74,124	4,210	78,334
JJ Dique **	-	-	18,843	4,522	23,365
Total	2,006,040	1,000,000	1,475,974	36,217	4,518,231
SAVVEM					
LG Mazwai	-	-	47,026	71	47,097
CJ van Rooyen*	-	-	10,588	768	11,356
NP Makgalemele *	-	-	26,160	284	26,444
JRD Modise *	-	-	21,509	615	22,124
NJ Canca *	-	-	25,850	478	26,328
JPR Mbau *	-	-	10,278	-	10,278
ER Bosman **	-	-	10,588	-	10,588
CP Davies **	-	-	31,144	18,920	50,064
SNO Choane **	-	-	10,588	-	10,588
NV Lila **	-	-	41,112	473	41,585
RK Morathi **	-	-	10,588	-	10,588
NJ Nduli **	-	-	5,294	-	5,294
LM Nyhonyha **	-	-	31,144	1,136	32,280
Total	-	-	281,869	22,745	304,614
Group directors' emoluments	2,006,040	1,000,000	1,757,843	58,962	4,822,845

* Resigned 30 September 2005
** Appointed 1 October 2005

2005 LAND BANK	Salaries	Bonuses	Fees	Other	Total
Executive Directors	1,373,802	-	-	-	1,373,802
MP Fandeso (CEO) *	539,525	-	-	-	539,525
AT Mukoki (CEO)**	834,277	-	-	-	834,277
Non Executive Directors					
JPR Mbau			2,347,288	190,051	2,537,339
SM Mkhabela	-	-	405,177	24,736	429,913
NJ Canca	-	-	255,052	38,139	293,191
LA Makenete	-	-	306,654	16,851	323,505
NP Makgalemele	-	-	156,635	12,899	169,534
MM Mbongwa	-	-	195,016	9,992	205,008
LG Mazwai	-	-	146,709	45,341	192,050
MM Mbongwa	-	-	245,706	6,872	252,578
JRD Modise	-	-	362,760	12,062	374,822
CJ van Rooyen	-	-	101,280	13,199	114,479
Adv. KD Moroka	-	-	172,299	9,960	182,259
Total	1,373,802	-	2,347,288	190,051	3,911,141
SAVVEM					
MM Mbongwa	-	-	20,556	189	20,745
LG Mazwai	-	-	21,176	213	21,389
CJ van Rooyen	-	-	10,588	1,135	11,723
NP Makgalemele	-	-	30,281	1,219	31,500
JRD Modise	-	-	15,572	568	16,140
NJ Canca	-	-	26,535	859	27,394
JPR Mbau	-	-	24,741	1,135	25,876
LA Makenete	-	-	19,693	969	20,662
Adv. KD Moroka	-	-	6,281	71	6,352
	-	-	175,423	6,358	181,781
Group directors' emoluments	1,373,802	-	2,522,711	196,409	4,092,922

* Resigned 31May 2004
** Appointed 1 November 2004

Details of service contracts of directors

The Minister may, in terms of the provisions of the Land Bank Act, 15 of 2002 appoint a board member for such period as the Minister may determine in the case of each member but such period may not exceed five years. All directors, except the CEO, are non-executive directors. The current non-executive directors were appointed on 1 October 2005 for a term between 2 to 5 years which expires between 30 September 2007 and 30 September 2010.

The Minister for Agriculture and Land Affairs must in consultation with the Minister of Finance determine the remuneration, allowances and other benefits of the chairperson and the board members and that remuneration and those allowances must be paid out of the funds of the Land Bank.

	Land Bank Group		Land Bank	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
23.2.2 Past directors				
Pensions paid to past directors				
Geldenhuys I	**45,257**	42,898	**45,257**	42,898
Malan EM	**41,271**	39,119	**41,271**	39,119
Van der Walt HP	**80,962**	76,742	**80,962**	76,742
Schoeman JC	**58,829**	55,762	**58,829**	55,762
Maree FE	**68,162**	64,608	**68,162**	64,608
Bradley MM	**55,790**	48,475	**55,790**	48,475
Martins BJF	**(589)**	29,976	**(589)**	29,976
Van der Merwe SJ	**106,366**	100,821	**106,366**	100,821
Naude PB	**210,502**	199,528	**210,502**	199,528
	666,550	657,929	**666,550**	657,929

Pensions paid to past directors are included in the amount disclosed under personnel costs in note 23.1.

23.2.3 Loans to Directors

No loans were advanced to current and past directors in the current year. (2005 – nil)

23.2.4 Salaries paid to General Managers

2006		Basic salary R	Medical, pension and other contributions R	Bonus R	Total R
Alan Mukoki	CEO	1,686,645	319,395	1,000,000	3,006,040
Xolile Ncame	CFO	1,128,090	171,950	390,000	1,690,040
Selby Mokgotho	GM Operations	1,718,733	87,591	-	1,806,324
Victor Ramsingh	GM Human Resources	825,788	155,547	-	981,335
Herman Moeketsi	GM Marketing	862,624	130,544	-	993,168
George Oricho	GM CEO's Office	845,355	134,883	-	980,238
Roger Lawrence *	GM Information Technology	641,770	90,690	-	732,460
Godfrey Masilela	GM Risk	680,076	107,974	-	788,050
Phumla Ramphele **	GM Credit	1,051,260	148,740	-	1,200,000
Jabulani Sibisi ***	Acting GM Human Resources	663,363	637	-	664,000
Ntsietso Mofokeng ****	GM Legal	718,971	105,633	-	824,604
Nkosinathi Mbetha *****	GM Development	277,303	39,364	-	316,667
Gerhard Hechter ******	Chief Risk Officer	564,982	60,018	-	625,000
Nick Maredi *******	GM Information Technology	87,714	45,065	-	132,779
		11,752,674	**1,598,031**	**1,390,000**	**14,740,705**

* GM Information Technology until 12 November 2005
** GM Credit from 1 April 2005
*** Acting GM Human Resources from 10 August 2005
**** GM Legal from 1 December 2005
***** GM Development from 1 December 2005
******* Chief Risk Officer from 10 October 2005
********* GM Information Technology from 20 February 2006

23.2.4 Salaries paid to General Managers

2005		Basic salary R	Medical, pension and other contributions R	Bonus R	Total R
Alan Mukoki *	CEO	696,611	137,666	-	834,277
Xolile Ncame **	CFO	283,701	41,564	-	325,265
Kgosi Tshikare ***	CFO	566,477	80,382	165,666	812,525
Selby Mokgotho	GM Operations	1,082,504	123,983	-	1,206,487
Victor Ramsingh	GM Human Resources	629,998	105,797	-	735,795
Herman Moeketsi	GM Marketing	742,959	114,433	59,625	917,017
George Oricho	GM CEO's Office	714,871	113,688	131,565	960,124
Roger Lawrence	GM Information Technology	700,097	104,433	111,360	915,890
Monwabisi Fandeso ****	CEO	731,586	47,500	-	779,086
Godfrey Masilela	GM Risk	640,625	93,875	51,234	785,734
		6,789,429	**963,321**	**519,450**	**8,272,200**

* CEO from 01 November 2004
** CFO from 01 January 2005
*** CFO until 31 October 2004
**** CEO until 31 May 2004

	Land Bank Group		Land Bank	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
24 FAIR VALUE GAINS/(LOSSES)				
Financial instruments – Mark to Market	**(35,009)**	2,790	**(35,009)**	2,790
Investing activities	**167,537**	142,597	**39,368**	32,908
Vleissentraal investment	**-**	(2,000)	**-**	(2,000)
	132,528	143,387	**4,359**	33,698

25 CASH FLOW STATEMENT

25.1 Cash & Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and high liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk in changes in value and comprises:

	3,041,351	**1,659,310**	**3,041,335**	**1,659,293**
Cash at bank	**3,249,884**	**1,660,739**	**3,249,868**	**1,660,722**
Bank overdraft	**(208,533)**	**(1,429)**	**(208,533)**	**(1,429)**

		Land Bank Group		Land Bank	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
25.2	**Cash generated from operating activities**				
	Net Profit/(Loss)	**15,390**	(330,102)	**(125,393)**	(207,579)
	Adjusted for:				
	Impairment of loans	**319,844**	637,401	**319,844**	637,401
	Fair value adjustments	**(132,528)**	(40,009)	**(4,359)**	69,680
	Depreciation	**8,179**	7,833	**8,179**	7,833
	Loss /(Surplus) on sale of assets	**(330)**	(4,598)	**(330)**	(4,598)
	Software amortisation	**881**	-	**881**	-
	Non cash income	**(182,313)**	-	**(182,312)**	-
	Bond fees	**1,153**	6,169	**1,153**	6,169
	Fair value losses on properties in possession	**6,446**	(15,387)	**6,446**	(15,387)
	Loss on sale of properties in possession	**69,804**	4,868	**69,804**	4,868
	Other	**8,337**	52,978	**4,837**	(67,071)
		114,863	319,153	**98,750**	431,316
	Increase/(decrease) in loans	**2,150,059**	(2,751,250)	**2,150,059**	(2,751,250)
	Additions to properties in possession	**(55,077)**	(149,029)	**(55,077)**	(149,029)
	Movement in working capital	**225,443**	(186,482)	**481,021**	(628,379)
	Trade and other receivables	**(26,268)**	14,764	**217,438**	(229,097)
	Repurchase agreements	**(114,945)**	883,636	**(114,945)**	883,636
	Derivative assets	**380,194**	(189,710)	**380,194**	(189,710)
	Market making liabilities	**34,380**	(911,069)	**34,380**	(911,069)
	Derivative liabilities	**(15,631)**	(35,586)	**(15,631)**	(35,586)
	Trade and other payables	**(40,790)**	41,503	**(30,300)**	(161,818)
	Insurance contracts	**(1,432)**	(5,285)		
	Provisions	**4,886**	6,431	**4,836**	6,431
	Post employment obligations	**5,049**	8,834	**5,049**	8,834
		2,435,288	(2,767,608)	**2,674,753**	(3,097,342)
25.3	**(Decrease)/increase in long-term funding**	**(205,121)**	1,641,308	**(205,121)**	1,567,828
25.4	**(Decrease)/increase in short-term funding**	**(1,726,641)**	(867,954)	**(1,811,105)**	(791,635)
	Increase in debentures	**122,131**		**122,131**	
	Increase/(decrease) in promissory notes	**(1,730,987)**	(943,881)	**(1,730,986)**	(943,881)
	Increase/(decrease) in bills payable	**(143,581)**	47,090	**(143,581)**	47,090
	Increase in call bonds	**77,000**	30,000	**77,000**	30,000
	Decrease in Options	**-**	(1,422)	**-**	(1,422)
	Increase/(decrease) in deposits	**(51,204)**	259	**(135,669)**	76,578

		Land Bank Group		Land Bank	
		2006 R'000	2005 R'000	2006 R'000	2005 R'000
25.5	**Increase in medium-term funding**				
	Increase in medium-term promissory notes	**(6,405)**	16,889	**(6,405)**	16,889
	Increase/(decrease) in Promissory notes	**1,154,072**	1,905,249	**1,154,072**	1,905,249
	Increase in zero coupon structured note	**(436,398)**	52,724	**(436,398)**	52,724
		711,269	1,974,862	**711,269**	1,974,862
26	COMMITMENTS & GUARANTEES				
26.1	COMMITMENTS				
	Loans granted but not yet paid out				
	Individual farmers	**382,664**	710,341	**382,664**	710,341
	Cooperatives	**2,856,369**	5,171,789	**2,856,369**	5,171,789
		3,239,033	5,882,130	**3,239,033**	5,882,130
	Debentures/stock purchased				
	Land Bank debentures				
	Nominal value 2006 – R Nil (2005: R10million)	**-**	10,726	**-**	100
	Other institutional stock				
	Nominal value – 2006 – R4million (2005: R Nil)	**4,901**	-	**4,901**	-
		4,901	10,726	**4,901**	100
	Debentures/Stock sold				
	Land Bank debentures				
	Nominal value 2006 – R35million (2005: R24million)	**143,701**	26,857	**143,701**	26,857
	Nominal value 2006 – R83million (2005: R1,68million)	**108,725**	199,713	**108,725**	199,713
		252,426	226,570	**252,426**	226,570

The unrealised profit on unsettled trades at 31 March 2006 amounts to R247,525 million (2005: R215,844million)

	Capital projects				
	SAP Banking/Financial system	**67,239**	76,039	**67,239**	76,039

The Land Bank has implemented SAP accounting system on 15 November 2005 and a new banking system to replace the current system will be implemented on 01 October 2006.

	Land Bank Group		Land Bank	
	2006 R'000	2005 R'000	2006 R'000	2005 R'000
26.2 GUARANTEES				
Guarantees in respect of co-operatives	**281,025**	333,293	**281,025**	333,293
Guarantees in respect of loans to farmers	**76,214**	101,205	**76,214**	101,205
	357,239	434,498	**357,239**	434,498

These are amounts guaranteed but it is unknown when the guarantees will be presented for payment.

27 CONTINGENT LIABILITIES

Litigation against the Bank	**-**	22,037	**-**	22,037

A claim was brought by the liquidators of the Land Bank's clients in respect of costs incurred in the maintenance and running of the client's properties during liquidation. The liquidators claimed that the Land Bank had mandated them to incur costs to maintain the property to the value of R22million. The Land Bank had defended the claim but lost the appeal. The Land Bank has paid R31,7million post year-end in respect of this litigation. This expense was accrued for at 31 March 2006 (refer note 23.1).

28 RELATED PARTY INFORMATION

28.1 SUBSIDIARY

SAVVEM is a subsidiary of the Land Bank. All the business of SAVVEM is administered by Land Bank at an agreed monthly administration fee of R5.00 per policy.

	Land Bank 2006 R'000	Land Bank 2005 R'000
Balances at 31 March		
Amounts owed to SAVVEM by Land Bank		
- Current account	**39,141**	25,937
- Deposits on call	**-**	84,466
	39,141	110,403
Transactions for the year ended 31 March		
Net interest paid by Land Bank	**2,640**	1,907
Policy administration fees received by Land Bank from SAVVEM	**(557)**	(657)
	2,083	1,250

28.2 OTHER RELATED COMPANY

The Land Bank took 25% of the shares of Vleissentraal in lieu of a debt owed to it. During the year under review there were no transactions entered into between the Group and Vleissentraal Limited.

		2006 R	2005 R
29	DIRECTORS AND KEY MANAGEMENT PERSONNEL		
29.1	**Compensation of key management personnel of the Group**		
	Short-term and post-employment benefits	**18,140,495**	10,751,759

Included in the above amount is the compensation for the Directors, General Managers and other key management personnel of the Land Bank. The non-executive directors do not receive pension entitlements from the Group.

29.2 Directors and key management interests

29.2.1 Loan debtors

A General Manager and two Non- Executive Directors have interests in the entities below which have loans with the Land Bank:

Profert Eastcape (Pty) Ltd *
Senwes Ltd **
Julu Investments CC ***

* CP Davies, a non-executive director of the Bank is also a director of Profert Eastcape (Pty) Ltd
** JJ Dique, a non-executive director of the Bank is a shareholder and Managing Director of Senwes Ltd
*** GO Oricho, a General Manager of the Bank is a member of Julu Investments CC. This loan was re-paid before 31 March 2006.

29.2.2 Other interests

- L Nyhonyha, a Non-Executive Director has an equity interest in FFO Securities Limited, which has a contract with the Land Bank to trade in call bonds at normal market prices.
- RK Morathi, a Non-Executive Director is the Chief Operating Officer of the Industrial Development Corporation (IDC). The Land Bank has a loan from the IDC for assistance in the Land Bank's emergency flood relief programme.

30 RISK MANAGEMENT

The Group's risk management objectives and strategies identify the following main risks:

1. Credit risk
2. Liquidity risk
3. Interest Rate risk
4. Price risks / Fair Value risks
5. Insurance risk

30.1 CREDIT RISK

Credit risk is defined as the risk that counterparties will fail to honour their financial obligations to the Land Bank Group on the original contracted dates.

Loans

The Land Bank has a Credit Committee that approves loans to the Land Bank's clients and the aim of this committee is to reduce the credit risk to the Land Bank.

Investment and Derivative Financial Assets

The Group limits counterparty exposure arising from financial instruments by only dealing with well established financial institutions of high credit rating.

For transactions with counterparty with low credit ratings, daily cash flow margins are in place to mitigate counterparty exposure.

30.2 LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments to borrowers and lenders. The Group's liquidity requirements are mainly for disbursing approved loans, settling funding liabilities when they fall due and for day to day operations.

To manage this risk the Land Bank Group maintains funds in call and current accounts. Cash flow is managed on a daily basis by the Treasury department. The Land Bank has unutilized overdraft facilities of R461 million with major South African commercial banks. The Land Bank has arrangements with all major Banks to reduce the concentration risk of deposits.

30.3 INTEREST RATE RISK

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Land Bank manages this risk by:

a) Ensuring assets and liabilities are linked to floating rates
b) Entering into interest rate swaps, in which the Land Bank agrees to exchange, at specified intervals, the difference fixed and variable interest amounts calculated by reference to the agreed upon notional principal amount.
c) An Interest Rate Committee, the aim of which is to reduce risk associated with the Land Bank's on lending interest rates.
d) An Asset and Liability Management Committee which utilises the ALMAN system for modelling. This committee is responsible for the implementation and monitoring of risks management processes to ensure that the risks arising from lending activities are effectively managed within approved risk parameters.

The table below summarises the Group's exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. The carrying amounts of derivative financial instruments, which are principally used to reduce the Group's exposure to interest rate movements, are included under the heading 'Non-interest bearing'. Interest rate risk is managed based on contractual cash flows and since these do not differ significantly from expected cash flows.

LIQUIDITY AND INTEREST RATE RISK PROFILE – GROUP

2006	R m On Demand	R m Within 1 Year	R m 1 – 5 Years	R m Greater than 5 Years	R m Total
ASSETS					
Fixed rate					
Repurchase agreements	249,006	-	-	-	249,006
Floating rate					
Loans	-	9,128,987	701,933	5,120,932	14,951,852
Cash and cash equivalents	3,249,884	-	-	-	3,249,884
Non interest bearing					
Trade and other receivables	-	49,916	-	-	49,916
Investments	731,055	-	-	-	731,055
Derivative assets	-	39,649	184,347	-	223,996
Intangible asset	-	-	13,071	-	13,071
Investment property	-	82,614	-	-	82,614
Property and equipment	-	-	-	135,235	135,235
Total assets	4,229,945	9,301,166	899,351	5,256,167	19,686,629
LIABILITIES					
Fixed rate					
Long term funding	-	-	-	20,833	20,833
Medium term funding	-	-	5,511,963	-	5,511,963
Short term funding	3,710,326	8,015,360	-	-	11,725,686
Market making liabilities	91,387	-	-	-	91,387
Floating rate					
Trade and other payables	166,747	-	-	-	166,747
Insurance contracts	3,853	-	-	-	3,853
Bank Overdraft	208,533	-	-	-	208,533
Non interest bearing					
Derivative liabilities	-	358	2,616	27,979	30,953
Reserves	-	-	-	1,721,453	1,721,453
Provisions	24,000	-	-	-	24,000
Post retirement obligations	181,221	-	-	-	181,221
Total liabilities	4,386,067	8,015,718	5,514,579	1,770,265	19,686,629
Net liquidity gap	(156,122)	(1,285,448)	(4,615,228)	3,485,902	
Cumulative liquidity gap	(156,122)	1,129,326	(3,485,902)	-	

LIQUIDITY AND INTEREST RATE RISK PROFILE – GROUP					
2005	R m On Demand	R m Within 1 Year	R m 1 – 5 Years	R m Greater than 5 Years	R m Total
ASSETS					
Fixed rate					
Repurchase agreements	-	134,061	-	-	134,061
Floating rate					
Loans	-	11,405,979	762,057	4,933,875	17,101,911
Cash and cash equivalents	1,660,739	-	-	-	1,660,739
Non interest bearing					
Trade and other receivables	-	23,648	-	-	23,648
Investments	537,705	184,999	-	-	722,704
Derivative assets	-	107,299	407,134	89,757	604,190
Intangible asset					
Investment property	-	81,791	-	24,725	106,516
Property and equipment	-	-	-	134,946	134,946
Total assets	2,198,444	11,937,777	1,169,191	5,183,303	20,488,715
LIABILITIES					
Fixed rate					
Long term funding	-	-	-	225,954	225,954
Medium term funding	-	-	4,800,694	-	4,800,694
Short term funding	4,856,427	8,595,900	-	-	13,452,327
Market making liabilities	57,007	-	-	-	57,007
Floating rate					
Trade and other payables	1,429	-	-	-	1,429
Insurance contracts	5,285	-	-	-	5,285
Non interest bearing					
Derivative liabilities	-	28,375	4,901	13,308	46,584
Reserves	-	-	-	1,496,612	1,496,612
Provisions	19,114	-	-	-	19,114
Post retirement obligations	176,172	-	-	-	176,172
Trade and other payables	207,537	-	-	-	207,537
Total liabilities	5,322,971	8,624,275	4,805,595	1,735,874	20,488,715
Net liquidity gap	(3,124,527)	3,313,502	(3,636,404)	3,447,429	
Cumulative liquidity gap	(3,124,527)	188,975	(3,447,429)	-	

30.4 PRICE RISK

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities in the market. The price risk relating to investments is dependent on the asset allocation of the various funds as detailed in note 8.2.1 and 8.2.2 above.

30.5 INSURANCE RISK

30.5.1 Investment risk

For assets backing the policyholder liabilities, the risk to the business is that returns earned are lower than assumed by the Company. On the other hand, a higher than assumed return will lead to a profit as evidenced during the year under review.

The investment objective is to ensure that the Company invests in assets that ensure its long-term objectives. The Company does not manage its investment portfolios, but employs outside experts to perform this function.

The focus of investment risk measurement and management is to ensure that the potential risk inherent in an investment are reasonable for the future potential reward, exposure to investment risk is limited to acceptable levels, premium rates are adequate to compensate for investment risk and an adequate reserving policy is applied for long-term policy liabilities.

30.5.2 Mortality risk and Reinsurance

The risk to the business is that mortality rates in future are higher than provided for by the valuators in the valuation calculations. Higher than expected mortality will give rise to losses and will necessitate an increase in the valuation assumptions. The Company will be conducting a mortality investigation to determine its mortality risk in the next financial year.

The Company has arranged for reinsurance cover for all policies on the books and all new business from 1 September 2005. This is a risk premium quota share arrangement with a surplus layer. The reinsurance provides cover such that the Company's exposure to claim payments is 50% of the claim amount, up to a maximum of R500 000 per claim. This will significantly reduce the mortality risk but should be kept in mind that in the long term, all else being equal, reinsurance is expected to cost the Company more than paying the claims directly.

30.5.3 Terms and conditions of insurance contracts

SAVVEM does not have the right to alter premiums for existing contracts, hence there is exposure to the risk that a deterioration in experience relating to investment return, mortality, administration expenses or inflation may lead to a loss.

30.5.4 Capital adequacy risk

Capital adequacy risk is the risk that there are insufficient reserves to provide for variations in actual future experience that is worse than assumed in the financial soundness valuation.

The valuators certified that SAVVEM was in a financially sound position at 31 March 2006, with a surplus of assets over liabilities of R590.6 million and surplus assets that were 46 times the Capital Adequacy Requirement (2005:30.2). The Capital Adequacy Requirement (CAR) for SAVVEM was R4 million (2005:R13.5 million).

31 SEGMENT REPORTING
31.1 PRIMARY SEGMENT REPORTING (BUSINESS SEGMENTS)

2006	Retail R'000	Corporate Finanace R'000	Micro Finance R'000	Other R'000	Total R'000
REVENUE					
Interest	597,822	909,283	19,535	110,499	**1,637,139**
RESULT					
Profit from operations	213,039	(199,475)	(74,284)	(64,673)	**(125,393)**
OTHER INFORMATION					
Impairment losses recognised in income	141,556	(374,117)	(87,283)	-	**(319,844)**
Depreciation	651	21	-	7,507	**8,179**
Additions	1,008	33	-	11,628	**12,669**
BALANCE SHEET					
ASSETS					
Segment assets	4,995,071	9,941,222	15,559	4,148,126	**19,099,978**
Consolidated total assets	4,995,071	9,941,222	15,559	4,148,126	**19,099,978**
LIABILITIES					
Segment liabilities	6,014,548	11,970,192	18,735	1,096,503	**19,099,978**
Consolidated total liabilities	6,014,548	11,970,192	18,735	1,096,503	**19,099,978**

2005	Retail R'000	Corporate Finanace R'000	Micro Finance R'000	Other R'000	Total R'000
REVENUE					
Interest	626,361	934,766	27,338	263,543	**1,852,008**
RESULT					
Profit from operations	(481,035)	6,607	2,480	264,369	**(207,579)**
OTHER INFORMATION					
Impairment losses recognised in income	(494,191)	(130,497)	(12,713)	-	**(637,401)**
BALANCE SHEET					
ASSETS					
Segment assets	5,496,560	11,537,736	67,615	3,013,528	**20,115,439**
Consolidated total assets	5,496,560	11,537,736	67,615	3,013,528	**20,115,439**
LIABILITIES					
Segment liabilities	6,139,707	12,887,760	75,527	1,012,445	**20,115,439**
Consolidated total liabilities	6,139,707	12,887,760	75,527	1,012,445	**20,115,439**

31.2 SECONDARY SEGMENT REPORTING (GEOGRAPHIC SEGMENTS)

2006	Profit R'000	Assets R'000	Liabilities R'000
Eastern Cape	22,957	953,135	1,147,666
Free State	49,514	1,036,880	1,248,504
Gauteng	(350,949)	7,844,328	5,547,086
Kwazulu - Natal	24,586	1,403,971	1,690,517
Mpumalanga	21,692	1,188,392	1,430,939
Northern Cape	34,462	541,962	652,575
Limpopo	(18,316)	1,237,882	1,490,530
North West	17,088	1,705,188	2,053,211
Western Cape	73,573	3,188,241	3,838,951
TOTAL	(125,393)	19,099,978	19,099,978

2005	Profit R'000	Assets R'000	Liabilities R'000
Eastern Cape	(37,807)	726,038	810,992
Free State	(40,979)	942,640	1,052,937
Gauteng	125,884	11,195,068	10,151,301
Kwazulu - Natal	(31,400)	586,415	655,031
Mpumalanga	(49,213)	540,069	603,262
Northern Cape	(1,306)	828,013	924,899
Limpopo	(91,595)	518,022	578,635
North West	(48,285)	523,857	585,153
Western Cape	(32,878)	4,255,317	4,753,229
TOTAL	(207,579)	20,115,439	20,115,439

32 IFRS FIRST TIME ADOPTION

This is the first year that the Land Bank has presented its financial statements under IFRS. The following disclosures are required in the year of transition. The last financial statements under SA GAAP were for the year ended 31 March 2005 and the date of transition to IFRSs was therefore 1 April 2004.

The Land Bank has elected to designate certain financial instruments at fair value through profit or loss. These financial instruments were previously recorded at fair value and the carrying amount is therefore the same as the previous financial statements.

32.1 RECONCILIATION OF EQUITY

AT 1 APRIL 2004
LAND BANK

Description	Note	Previous GAAP R'000	Effect of transition to IFRSs R'000	Effect of Prior Year Adjustment R'000	IFRSs R'000
Property and equipment at cost	(a)	51,398	37,771	-	89,169
Investment Property	(b)	100,428	-	21,121	121,549
Loans	(e)	15,010,481	-	(45,584)	14,964,897
Other Assets		3,555,563	-	-	3,555,563
Total Assets		**18,717,870**	**37,771**	**(24,634)**	**18,731,178**
Funding	(c)	15,435,385	-	376,999	15,812,384
Lease Liability	(d)	-	-	422	422
Other liabilities		1,647,043	-	-	1,647,043
Total Liabilities		17,082,428	-	377,421	17,459,849
Retained earnings	(f)	822,144	37,771	(401,884)	458,031
Other reserves		813,298	-	-	813,298
Total equity		1,635,442	37,771	(401,884)	1,271,329
Total Equity and Liabilities		**18,717,870**	**37,771**	**(24,463)**	**18,731,178**

AT 31 MARCH 2005
LAND BANK

Description	Note	Previous GAAP R'000	Effect of transition to IFRSs R'000	Effect of Prior Year Adjustment R'000	IFRSs R'000
Property and equipment at cost	(a)	100,298	26,586	8,062	134,946
Investment property	(b)	45,283	-	36,508	81,791
Lease prepayment	(d)	-	-	181	181
Loans	(e)	17,153,664	-	(51,753)	17,101,911
Other assets		2,796,610	-	-	2,796,610
Total Assets		**20,095,855**	**26,586**	**(7,002)**	**20,115,439**
Funding	(c)	18,083,062	-	480,377	18,563,439
Other liabilities		539,555	-	-	539,555
Total Liabilities		18,622,617	-	480,377	19,102,994
Retained earnings	(f)	614,565	26,586	(495,441)	145,710
- 2004 Effect		-	37,771	(401,884)	(364,113)
- 2005 Effect		614,565	(11,185)	(93,557)	509,823
Other reserves		858,673	-	8,062	866,735
Total Equity		1,473,238	26,586	(376,691)	1,012,445
Total Equity and Liabilities		**20,095,855**	**26,586**	**(7,002)**	**20,115,439**

Notes to the reconciliation of equity at 1 April 2004 and 31 March 2005

Transition to IFRS

a) Property and equipment
The Land Bank has elected, at the date of transition to IFRS, to use fair value as the deemed cost of items of property and equipment. Subsequent depreciation is based on that deemed cost and starts from the date on which the entity established the fair value measurement or revaluation. Valuations were done by independent valuers.

This resulted in an increase of R38million in the carrying value of property and equipment at 1 April 2004 (31 March 2005:R27million) with a corresponding increase in retained earnings of the same amount.

Other

b) Investment property
The Land Bank has changed the accounting treatment of properties in possession from IAS 2 (Inventory) to IAS 40 (Investment Property). The property is now carried at fair values rather than the lower of cost or net realisable value.

The effect of the change is an increase of R21 million in the fair value of the investment property at 1 April 2004 (31 March 2005:R37million), with a corresponding increase in retained earnings of the same amount.

c) Funding
Previously, the Land Bank carried its LB01 debentures at amortised costs in terms of IAS 39. The debentures are now carried at fair value.

The effect of the change is an increase of R377 million in the fair value of the funding liability at 1 April 2004 (31 March 2005:R91million), with a corresponding decrease in retained earnings of the same amount.

An error was made in calculating the fair value of medium term promissory notes at 31 March 2005. The correction of this error resulted in an increase of R12 million in the fair value of the funding liability at 31 March 2005, with a corresponding decrease in retained earnings of the same amount.

d) Leases
IAS 17 requires that lease expenses from operating leases that contain fixed escalation clauses be recognised on a straight line basis over the lease term.

This has resulted in a lease liability of R422 thousand at 1 April 2004 (31 March 2005: R181 thousand lease prepayment), with a corresponding decrease/increase in retained earnings of the same amount.

e) Loans
Previously, the Land Bank recognised certain fees charged in the origination of loans immediately. IAS 18 requires that fees that are integral to the origination of financial assets, be deferred and recognised as an adjustment to the effective interest rate. These fees are therefore recognised over the life of the loan.

This has resulted in a R46million decrease in the carrying value of the loans at 1 April 2004 (31 March 2005:R52million), with a corresponding decrease in retained earnings of the same amount.

f) Adjustment to retained earnings

	1 April 2004 R'000	31 March 2005 R'000
Property and equipment	37,771	(11,185)
Investment property	21,121	15,387
Lease liability	(422)	-
Lease prepayment	-	603
Loans	(45,584)	(6,169)
LB01 fair value adjustment	(376,999)	(91,544)
Promissory notes fair value adjustment	-	(11,834)
	(364,113)	**(104,742)**

32.2 RECONCILIATION OF PROFIT OR LOSS FOR 2005

Description	Note	Previous GAAP R'000	Effect of transition to IFRSs R'000	Effect of Prior Year Adjustment R'000	IFRSs R'000
Operating Income		593,179	-	-	593,179
Depreciation		(5,097)	(2,786)	-	(7,883)
Loss on sale of property and equipment		-	(8,399)		(8,399)
Fair value adjustment to investment property		-	-	15,387	15,387
Operating lease expense		(3,168)	-	603	(2,565)
Bond fees		-	-	(6,169)	(6,169)
Net other expenses		(792,493)	-	-	(792,493)
Fair value adjustment debentures		-	-	(103,378)	(103,378)
Net Profit/ (Loss)		**(207,579)**	**(11,185)**	**(93,557)**	**(312,321)**

Board, Management and Structure

Board of Directors

Lungile Gcinumzi Mazwai
Chairperson of the Land Bank

Mr. Mazwai, a practicing attorney and partner in the firm, Ledwaba Mazwai is Chairperson of the Land Bank Board of Directors.

He holds a BA LLB from the University of Natal.

Mr. Mazwai has a vast knowledge and great experience in various areas of law; in drafting, commenting and reviewing legal and commercial documentation. He advises on statutory and regulatory requirements on labour aspects and on various commercial transactions.

His firm, Ledwaba Mazwai are the attorneys for the National Olympic Committee of South Africa.

Nopasika Vuyelwa Lila
Deputy Chairperson of the Land Bank

Ms. Lila, is the Deputy Chairperson of the Land Bank Board of Directors, the Head of Compliance and Corporate Governance at the Public Investment Corporation. (PIC).

She is a certified Chartered Accountant and holds, Cum Laude, a Post Graduate Certificate in Corporate Governance from the former Rand Afrikaans University (RAU). She completed a Management Development Programme (MDP) at the Gordon Institute of Business Studies (GIBS).

Ms. Lila has in-depth knowledge and an appreciable experience in the Financial Markets and Instruments arena, in International Trade as well as in Auditing, Consulting and Project Management.

Sam Mahosha Mkhabela
Director of the Land Bank

Mr. Mkhabela is a Bachelor of Arts with Honours graduate of the University of the Witwatersrand. He is currently studying towards an MBA with De Montfort University.

He has a very wide work experience, having worked mainly in the Corporate Affairs and Human Resources Divisions in a number of high profile companies such as Gold Fields, Gengold, Gencor. He is presently the General Manager: Human Resources and Corporate Operations at 3M South Africa.

Mr. Mkhabela has a distinguished history of political involvement and community activism. He is an established researcher, a writer of note and has held a significant number of directorships and chairmanships.

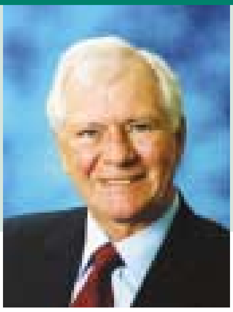
Litha Mveliso Nyhonyha
Director of the Land Bank

Mr. Nyhonyha is a qualified Chartered Accounted. In 1992 he established Thebe Investment Holdings with Mr. Vusi Khanyile. He is credited with building the Financial Services Portfolio of Thebe Investments as well as spearheading the entry of Thebe into banking. He is also credited with restructuring and developing the financial services strategy of Worldwide African Investments.

Mr. Nyhonyha has concluded his mandate with Worldwide and is presently with Regiments Capital as Executive Director.

He hold directorships of Worldwide, Energy Africa, South African Express Airways. He is Chairman of Plessey; and Chairman of the Council of the new North West University.

Board of Directors



E.R. Nallie Bosman
Director of the Land Bank

Mr. Bosman is a Director of Companies with prolific experience in the banking sector where he first served as General Manager, Volkskas Bank Ltd, and finally was appointed ABSA Group Ltd, Group Chief Executive until his retirement in 2004.

He holds a Diploma in Banking, B.Com and B.Com Honours degrees; MBL all from UNISA. He attended the Stanford Executive Programme at Stanford University, California US.

He has served as Chairman of the Banking Council of South Africa as well as being appointed President of the Institute of Bankers and Chairman of the Afrikaanse Haandelse Institut.

He is a nature conservationist and game farmer of note.

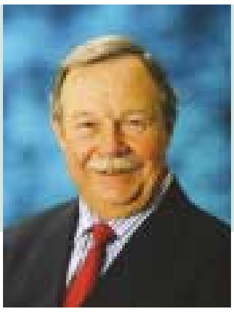
Sarah Ntsau Olga Choane
Director of the Land Bank

Ms. Choane holds a Bachelor of Commerce degree, an Honours in Accounting Science and has participated in the Wits and Harvard University sponsored Senior Executive Programme.

She is widely experienced in Financial Management, Accounting and Auditing.

Ms. Choane is presently the Deputy Director-General of Corporate Services, Chief Financial Officer, in the Department of Land Affairs. In this capacity, she is responsible for the effectiveness of financial management within the Department.

In 2004 she was appointed Chairperson of the Institute for Public Finance and Auditing (IPFA). She is also a member of the Chief Financial Officers Forum.



Charles Peter Davies
Director of the Land Bank

Mr. Davies is well known and respected in the Financial Services industry. He joined the industry in 1971 as a salesman establishing his own broking firm in 1972.

In 1978 he joined Norwich Union and later served in various General Management positions such as with Anglo American Life and Southern Life. On rejoining Norwich Life in 1989, and as Chief Executive Officer of Norwich Holdings, he oversaw the successful listing of the Company on to the Johannesburg Stock Exchange.

He has served on various Insurance and Bank Boards; He was elected Chairman of Life Offices Association (LOA) and today, after his retirement, he still serves as Director on a number of Boards.

He is presently dairy farming in the Eastern Cape.

Johannes Jacobus Dique
Director of the Land Bank

Mr. Dique is an experienced Charted Accountant who is extremely knowledgeable about a broad spectrum of service industries as well as the formulation and implementation of strategy.

He is presently the Chief Executive Officer of Senwes Limited where he has successfully implemented a significant turn around strategy. He has also held leadership positions in a number of high performance companies such as Tiger Brands, Epol, the National Chamber of Milling, the Agricultural Business Chamber and many others.

Mr. Dique is a member of the AgriBEE Steering Committee of the Minister of Agriculture. He has a B.Com Accounting degree and is a registered member of the South African Institute of Chartered Accountants (SAICA).

Board of Directors

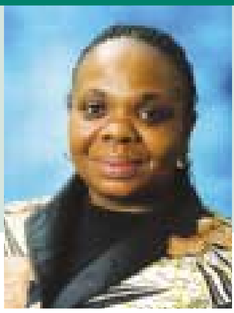
Raisibe Morathi
Director of the Land Bank

Raisibe is Chief Operations Officer of the Industrial Development Corporation (IDC). She joined the IDC in June 2000 where she has held the positions of Head of Empowerment in the Strategic Business Unit as well as Executive Vice President for the Industrial Sectors Division.

Between October 2004 and March 2005 she was mandated to assume the position of Acting Chief Executive Officer and Chief Information Officer (CIO) of the IDC. Prior to that, she gained significant investment banking experience having worked for Nedcor, HSBC and AMB.

Raisibe is a registered Chartered Accountant. She also holds a Certificate in Advanced Management from Insead (France) and has a Higher Diploma in Taxation from Wits University.

Ms. Morathi is also a director of companies such as Strate, Foskor, PBMR as well as being the Chairperson of Prilla 2000.



Njabulo Nduli
Director of the Land Bank

Ms. Nduli is the current Deputy Director General responsible for Agricultural Production and Resource Management in the Department of Agriculture.

She holds an MSC degree in Agricultural Science from University of Wales in the United Kingdom.

Ms Nduli, has acquired a deep understanding of the technical, economic and social issues within the agricultural sector. As a result she contributes significantly to the strategic leadership and the management of policy processes not only for the Department but also for and within various international, continental and intergovernmental programmes, organications and activities.

Ms. Nduli is a sound administrator with proven leadership and organizational skills.

Moira Tlhagale
Director of the Land Bank

Moira Tlhagale is a Director of tmtj Consulting and Investments. She is a Quantity Surveyor by training, having obtained a BSc Honours Quantity Surveying degree from the University of Cape Town. She also holds a Diploma in Building Surveying and Certificates in Property Intermediate Programme and in Shopping Centre Management.

She has worked extensively with companies such as Propnet Western Cape, Mahlathi Ntene Liebetrau, the Department of Public Works and other important companies operating in the sector. She has done admirable work as a Quantity Surveyor as well as being a Development Manager for a number of development schemes.

As Project Manager, Ms. Tlhagale has worked on some major projects valued at billions of rands; such as the refurbishment of the Carlton Centre, the International Departures Terminal in Cape Town, the Victoria Wharf Shopping Centre, Rwanda Hotels and others.

Executive Management

Alan Mukoki
Chief Executive Officer and Executive Director of the Land Bank

Ntsietso Mofokeng
General Manager: Legal

Xolile Ncame
Chief Financial Officer of the Land Bank

Phumla Ramphele
General Manager: Credit

Herman Moeketsi
General Manager: Marketing & Communications

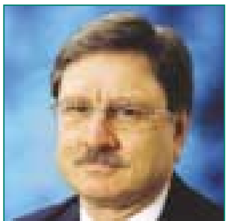
Gerhard Hechter
General Manager: Chief Risk Officer

Jabulani Sibisi
Acting General Manager: Human Resources

Nick Maredi
General Manager: Information Technology

Nkosinathi Mbetha
General Manager: Development

Makgale Gwangwa
Head: Treasury



John Acutt
Board Secretariat

Godfrey Masilela
General Manager: Risk

Daryl Rose
Executive Assistant CEO Office & Acting Head: Internal Audit

George Oricho
Acting General Manager: Operations/ General Manager: Office of the CEO

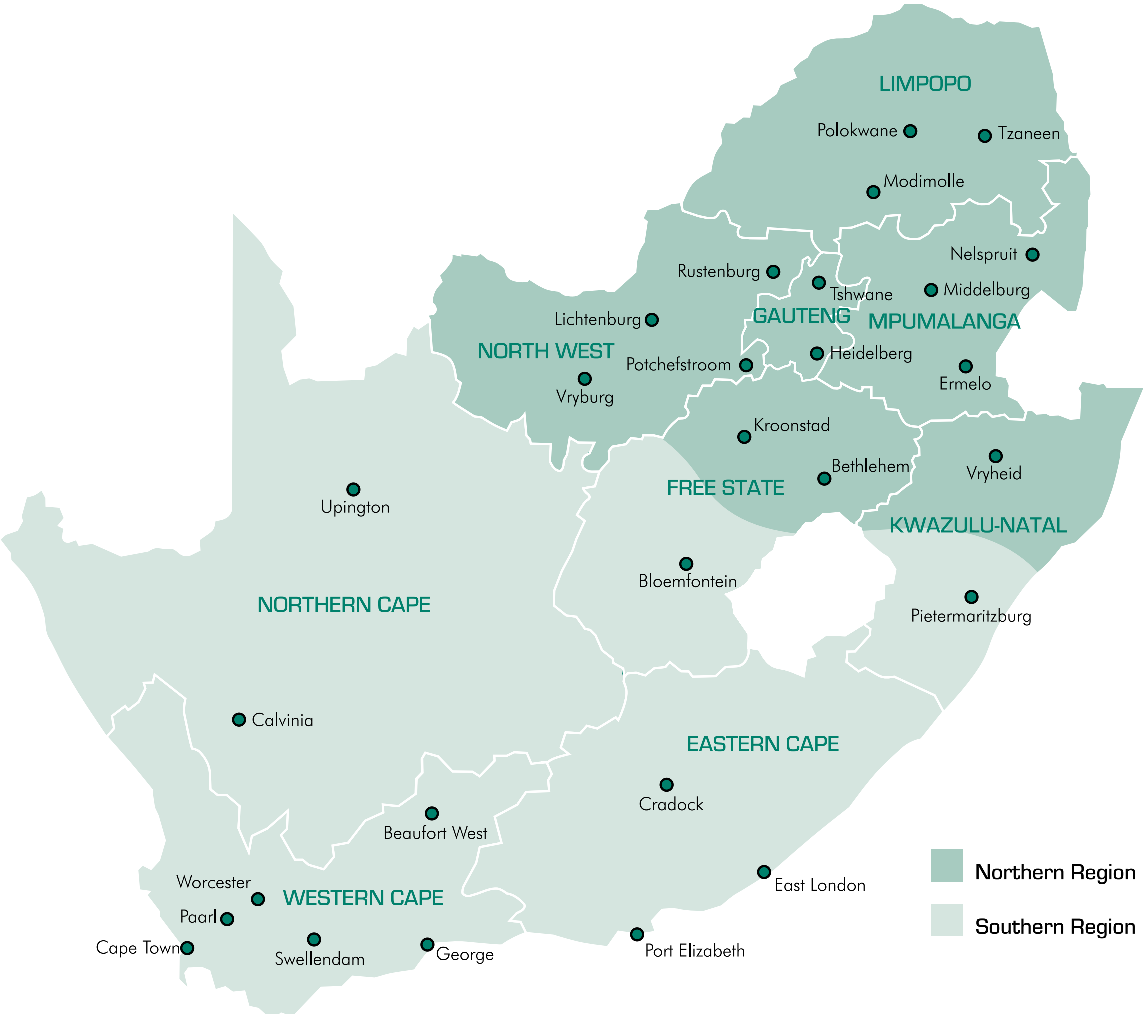
Group Structure

- Board of Directors
  - Board Committees
    - Audit Committee
    - Chairperson's Committee
    - Finance, Economics & Credit
    - HR & Remuneration
- SAVVEM Board
  - Audit Committee

Management Structure

- **Alan Mukoki** – Chief Executive Officer and Executive Director of the Land Bank
  - **Xolile Ncame** – Chief Financial Officer
    - **Kumenderi Pillay** – Senior Manager: Finance & Administration
  - **Ntsietso Mofokeng** – Head: Legal
  - **Herman Moeketsi** – General Manager: Marketing & Communications
  - **Phumla Ramphele** – General Manager: Credit
  - **Jabulani Sibisi** – Acting-General Manager: Human Resources
  - **Nkosinathi Mbetha** – General Manager: Development
  - **Gerhard Hechter** – General Manager: Chief Risk Officer
  - **Nick Maredi** – General Manager: Information Technology
  - **John Acutt** – Board Secretariat
  - **Makgale Gwangwa** – Head: Treasury
  - **Godfrey Masilela** – General Manager: Risk
  - **Daryl Rose** – Executive Assistant CEO Office & Acting Head: Internal Audit
  - **George Oricho** – Acting General Manager: Operations/ General Manager: Office of the CEO
    - **Harry Moeng** – Head: Corporate Finance
      - **Marthinus Prinsloo** – Regional Account Executive: Northern Region
      - **Peter Wiese** – Regional Account Executive: Southern Region
    - **Wim Alberts** – Head: Retail
      - **Thandi Mbabama** – Regional Manager: Northern Region
      - **Zilindele Makapela** – Regional Manager: Southern Region

Regions and Branches



Corporate Finance Head Office

Harry Moeng
Head of Corporate Finance
Head Office:
192 Visagie Street, Tshwane
P.O. Box 375, Tshwane 0001
Tel: 012 312 3777

Retail Head Office

Wim Alberts
Head of Retail
Head Office:
192 Visagie Street, Tshwane
P.O. Box 375, Tshwane 0001
Tel: 012 312 3999

Retail Regional Office

Zilindile Makapela
Southern Regional Manager
Regional Office:
54 Queen Victoria Street, Cape Town
PO Box 2361, Cape Town 8000
Tel: 021 424 9111

Thandi Mbabama
Norhtern Regional Manager
Regional Office:
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P O Box 375, Tshwane 0001
Tel: 012 312 3999

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Cradock
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Arno Coetzee
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Upington 8800
Tel: 054 331 1677
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Andre Schriven(Acting)
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LAND BANK

Annual Report 2005/2006

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ISBN No: 0-621-36813-X
RP No: 197/2006

Design and Layout:
Blackmoon Advertising and Research (Pty) Ltd
+27 12 346 8933