2017 ANNUAL REPORT

Swaziland Water Services Corporation

SENATOR **JABULILE MASHWAMA**

HON. MINISTER FOR NATURAL RESOURCES AND ENERGY THE MINISTRY RESPONSIBLE FOR SWAZILAND WATER SERVICES CORPORATION

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INTRODUCTION

WHO WE ARE

Swaziland Water Services Corporation (SWSC) is a body corporate duly established under the Water Services Corporation Act, No. 12 of 1992. The Corporation is a category 'A' Public Enterprise in terms of the Public Enterprise (Control and Monitoring) Act No.8 of 1989 and is wholly owned by Government.

WHAT WE DO

The objects of the Corporation is to abstract, purify, store, transport, and supply water and collect, convey, treat and dispose sewage in the following areas as specified in the schedule of the Water Services Act: Croydon, Hlatikulu, Hluti, Kubuta, Kwaluseni, Lavumisa, Lobamba, Lomahasha, Lubuli, Malkerns, Mananga, Mankayane, Manzini, Matsapha, Mbabane, Ngwenya, Nhlangano, Nkoyoyo, Piggs Peak, Siphofaneni, Siteki and Vuvulane. The Corporation has also extended its services of providing water to Ntfonjeni, Nhlambeni, Ezulwini and Sithobela.

With regard to the above-mentioned areas the Corporation is mandated to:

- Prepare schemes for the development of water resources and for the supply of water and construct, maintain and operate such schemes
- Keep under constant review the quality, reliability and availability of water supplies
- Control and regulate the production, treatment, storage, transmission, distribution and use of water for public purposes
- Design, construct, acquire, operate and maintain water works for the purpose of supplying water for public purposes
- Develop sewer systems for the treatment of wastewater and
- Inspect and advise on the management, collection, production, transmission, treatment, storage, supply and distribution of water.

SOCIAL AND ECONOMIC CONSIDERATIONS

The Corporation acknowledges that water is both a social and economic good. In terms of the Water Services Corporation Act No. 12 of 1992, the Corporation is expected to conduct its business on commercial principles so that revenue generated fully covers operating and maintenance costs. However most of the SWSC's areas of supply are financially non-viable (i.e. the cost of supplying one unit of water cannot be recovered). This brings about the challenge of implementing a cost reflective tariff that balances social, political and economic goals.

SWSC has a social obligation to reduce the number of people without access to clean water and proper sanitation irrespective of its commercial objective. The Corporation has also an economic obligation to provide water and sewer services to stimulate economic development where there are socio-economic benefits irrespective of business/financial viability. With regard to access to good quality water, Vision 2022 envisages a 100% coverage for the country.

OUR DIFFERENTIATING SLOGAN

WE DO IT THROUGH OUR PEOPLE

OUR VISION

"To delight our customers in the provision of potable water, wastewater disposal and other services".

OUR MISSION STATEMENT

"To provide quality water and waste water services, effectively meeting customer needs in a growing market through sound management policies, strategies and improving technology, whilst maintaining a safe environment for our staff and community"

OUR CORE VALUES

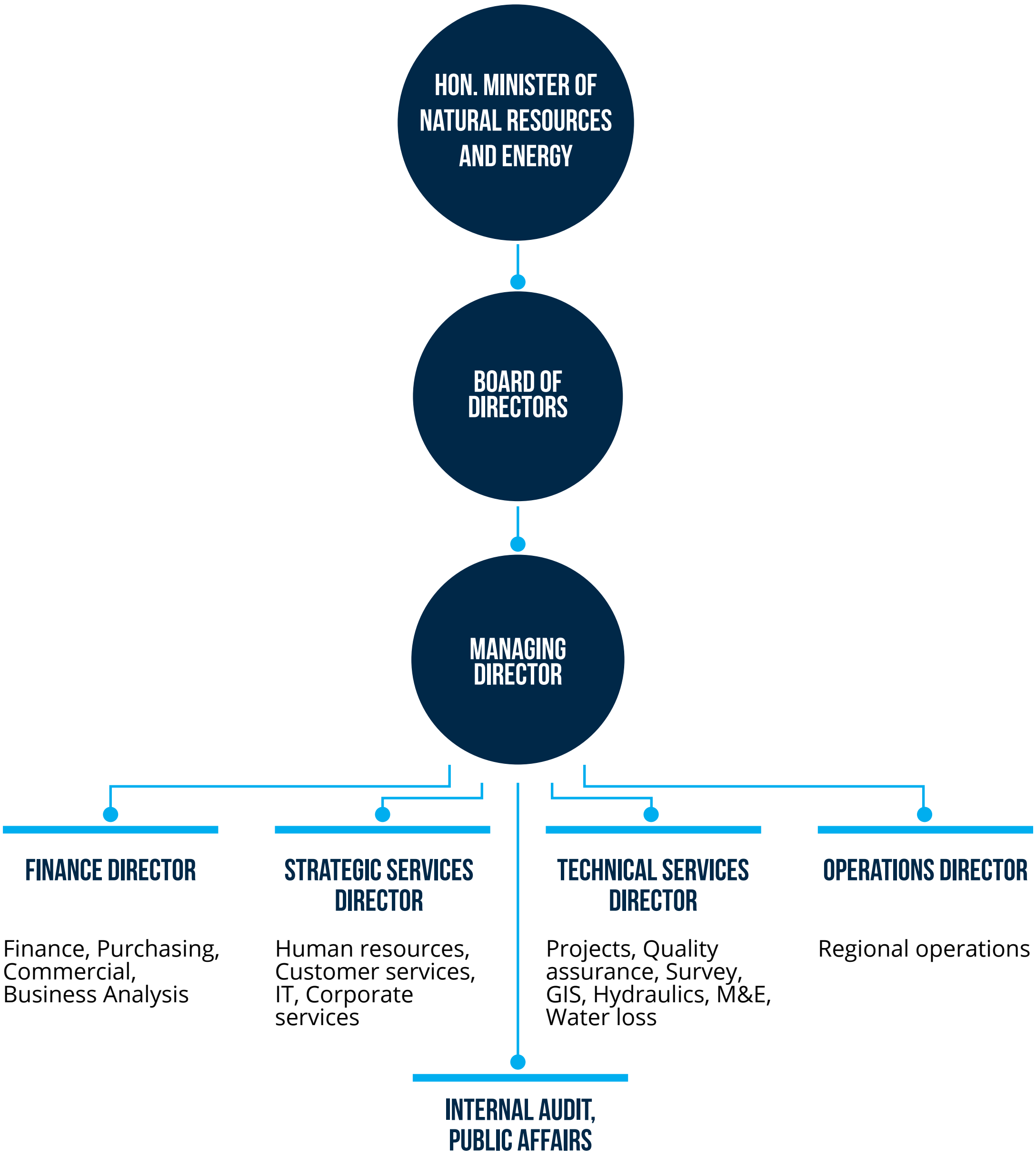
Good Governance:
We ensure that all our actions are morally and legally fair whilst treating all with respect.

Performance and continuous improvement:
We continually look for better ways of doing things.

Ownership and accountability:
We respect the business as it if were our own and deliver on our commitments.

Communication and transparency:
We continuously communicate with and through our people in an honest and fair manner.

ORGANISATIONAL STRUCTURE



CHAIRMAN OF THE BOARD

Benedict N. Xaba

CHAIRMAN'S STATEMENT

Having emerged from one of the worst business cycles marred by extreme climatic conditions such as drought and a sluggish economic environment, the situation during the reporting period remained volatile with economic growth still under 2% rainfall patterns still not definitive. The Corporation has managed to be resilient under the circumstances, leveraging resources to maximize productivity while mitigating the impact of the drought. Increasing the access for clean water and sanitation services remains a national priority and the 100% water coverage target envisaged in Vision 2022 is complimentary to the SWSC expansion programme hence all key stakeholders are urged to commit to a programme of action.

The Corporation acknowledges the progress made by the Government of Swaziland on the Nondvo Dam by appointing a consultant to carry out the dam feasibility study. The proposed dam will significantly contribute to the security and sustainability of water supply in the Mbabane-Manzini corridor and beyond. With the ultimate aim of reducing poverty and increasing economic growth, the project will improve availability of water resources for the local populations livelihood as well as their productive activities. Therefore, the project is of utmost importance for the country and fits into the overall national water resources development objectives.

Developments on the Namaacha/ Lomahasha Cross Border Water Supply Project have also been noted with respect to working towards concluding a Financing and Project Execution Agreement with the Development Bank of Southern Africa (DBSA). The issuance of the letter of no objection on the project by KFW through the SADC Water Fund Management Unit sets the stage for project implementation.

At a time of unprecedented change in our business environment, I am happy to note that we are making excellent progress on a range of fronts that will deliver great services to our customers with increasing levels of reliability, efficiency and cost effectiveness. As we cover milestones towards the achievement of our 2016-2018 Strategic plan, let us also commit ourselves towards the broader Government objectives as enshrined in the Government's Programme of Action for Vision 2022.

On behalf of the Board I would like to thank Management, Staff and our Stakeholders for the continued support to the business despite trying times. Our Vision "To delight our customers in the provision of potable water, wastewater disposal and other services" is our driver and remains our guiding star.

B.N. Xaba
Chairman

CHIEF EXECUTIVE OFFICER

Peter N. Bhembe

MESSAGE FROM OUR CHIEF EXECUTIVE OFFICER

INTRODUCTION

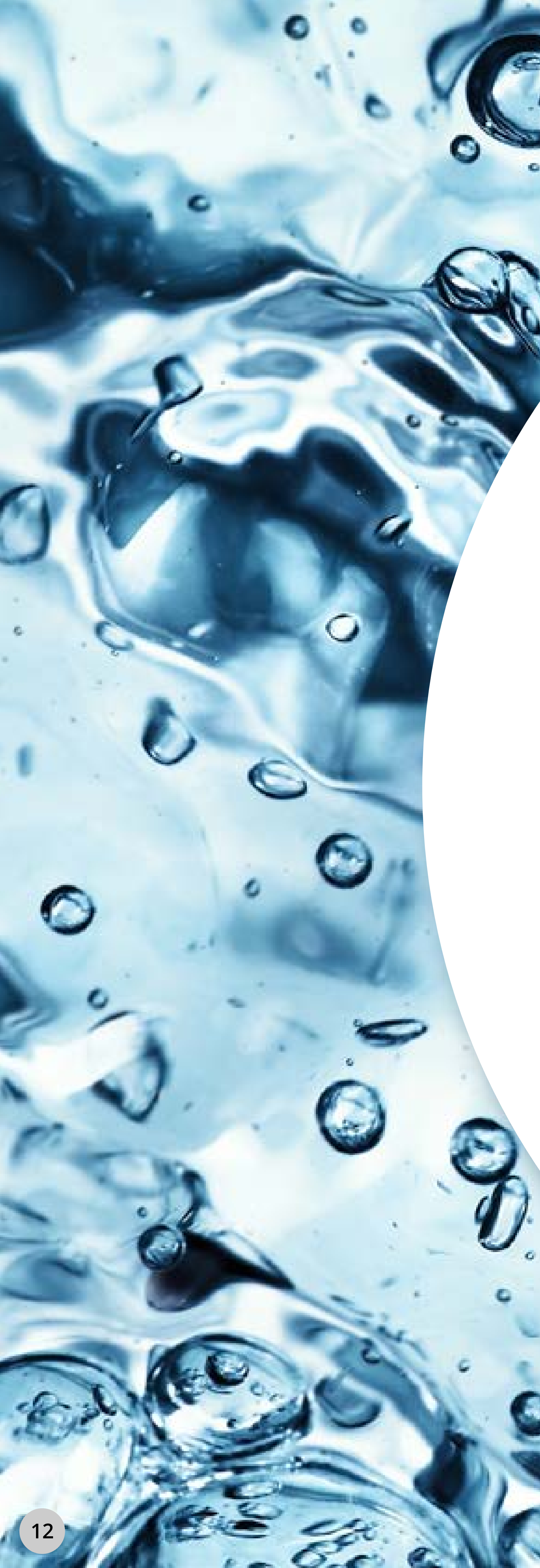
Towards the end of the reporting period, favourable weather conditions started creeping in as generous amounts of rainfall swept across most parts of Southern Africa. Though the drought is technically not over yet, it has been quite a great relief for all water stakeholders. We have found ourselves having to sail through a rough, turbulent environment brought about by the effects of the drought and a challenging economic environment charectirised by very limited growth and a weaker fiscal position.

FINANCIAL OVERVIEW

The effects of climate change impacted negatively on the financial performance of the Corporation. Operating revenue was stagnant, though operating expenditure appears to have been under control. Total revenue amounted to E298.7 million (2016: E295 million) representing an increase of 1%. Most capital projects relating to extensions and new connections had to be stalled and the focus shifted to drought mitigation measures. Despite the challenging operating and economic environment, the Corporation was able to record a positive profit margin. The current ratio stood at 2.68:1. The bulk of cash resources represent funds reserved for capital projects. Total assets stood at E2.2 billion (2016: 1.95 billion). Total projects commissioned amounted to E144 million.

ENTERPRISE RISK MANAGEMENT STRATEGY

The Enterprise Risk Management (ERM) program is an integral management tool for achieving strategic and operational objectives. During the period under review a consultant was engaged to assist with the development and implementation of an Enterprise Risk Management (ERM) Framework and System. Workshops were conducted to identify and assess, through a structured, facilitated process, the operational risks which may prevent SWSC from achieving its operational objectives.



DEVELOPMENT PROJECTS

An African Development Bank (AfDB) Group Mission visited Swaziland in February 2017. The main objective of the Mission was to follow up and discuss implementation progress of Ezulwini Sustainable Water Supply and Sanitation Services Delivery Project and to discuss potential new operations in the water sector for consideration for funding by the Bank.

The Corporation also presented a concept note to the Bank on the proposed Manzini Integrated Water Supply Project, whose purpose is to provide potable water to unserved areas in Nhlambeni, Manzini South, Mthongwaneni, and Mafutseni. The broader aim of the project is to provide sustainable water supply and sanitation services to support the national agenda in line with the strategic direction of SWSC. This forms part of the Government of Swaziland's strategic plan to augment its water and sanitation infrastructure across the country so that it can be able to meet its goal of universal water supply coverage by 2022.

PEOPLE

We understand that our employees are a key strategic asset. We value their input and understand them as we understand our customers and stakeholders. Through their dedication and commitment we have been able to pull through difficult times. Training and developing employees is an integral part of empowering them to tackle the challenging tasks at their disposal. We also place strong emphasis on developing our talent across the business through job rotation and enrichment. We shall continue to invest time and resources in recruiting the right people and developing their skills whilst retaining the right talent.

SAFETY, HEALTH AND ENVIRONMENT

The Corporation continues to set reasonable strides in Safety, Health, Environment and Quality (SHEQ) management systems implementation. Management review meetings which are a requirement for all the adopted ISO management systems, have played a very pivotal role in ensuring continual improvement of the SHEQ management systems. Through these meetings, executive management has managed to reinforce and re-affirm its commitment towards implementation of the management system by reviewing performance of SHEQ objectives and targets. Low performing areas have also been reviewed and opportunities for improvement were identified and linked to action plans. The Corporation has continued to be an international benchmark as several utilities have shown massive interest in benchmarking their organisation's SHEQ management systems with that of the Corporations'.

WATER & SANITATION CHALLENGES

The increase in water scarcity has become a major cause for concern. Water sources are becoming depleted and drying up at an alarming rate. This now calls for all stakeholders to focus on planned action to invest and manage water resources effectively for sustainable development. SWSC in particular has been affected by the under listed challenges in the course of fulfilling its mandate.

CLIMATE CHANGE

Hydrological patterns continuously change affecting the availability of water. Prolonged droughts are costly and impact on the quality of life and socio-economic development.

AGING & DETERIORATING INFRASTRUCTURE

The aging of infrastructure increases water loss through pipe bursts and leak. It is a financial challenge to maintain and upgrade it in such a way as to have very minimal water losses.

LACK OF ADEQUATE FUNDING FOR WATER & SANITATION INFRUSTRUCTURE

Capital costs for water and sanitation infrastructure are high yet the financial returns are low and sometimes negative despite positive economic benefits. Due to the high initial costs of investment it is not always possible to secure adequate funding for planned water and sanitation projects in line with national development plans and strategies.

TARIFFS

Conflicting objectives (social, economic and political) distort the setting of a cost reflective tariff in line with the commercial objective as dictated by statute.

CHANGING DEMOGRAPHIC

With the continuous increase in population, there is a great proportion of people moving to urban areas. As the population in the urban areas grow, so do the demands of water and sanitation services. This poses a key challenge to SWSC in that urban population growth occurs in communities that are poor and settlements that are informal and unplanned resulting in serving such communities being costly.

LOCATING WATER & SEWER FACILITIES

Securing suitable land for locating water and sanitation facilities and the related costs of acquisition remains a setback and affects project planning and implementation.

LACK OF STORAGE

The security of water supply remains under threat due to the lack of strategic water storage dams.

PROLIFERATION OF BOREHOLES

The proliferation of boreholes in SWSC areas of supply continue to increase after customers have been disconnected from the supply system for non-payment.

WATER SUPPLY & SANITATION CHALLENGES

FACTORS IMPACTING ON WATER & SANITATION SYSTEMS

- POPULATION GROWTH & URBANISATION
- CLIMATE CHANGE
- INCREASE IN ENERGY COSTS
- TECHNOLOGICAL CHANGES
- AGING INFRUSTRUCTURE
- ACCESS TO LAND FOR LOCATING INFRASTRUCTURE
- SUSTAINABILITY OF WATER SUPPLY
- PROJECT FINANCE

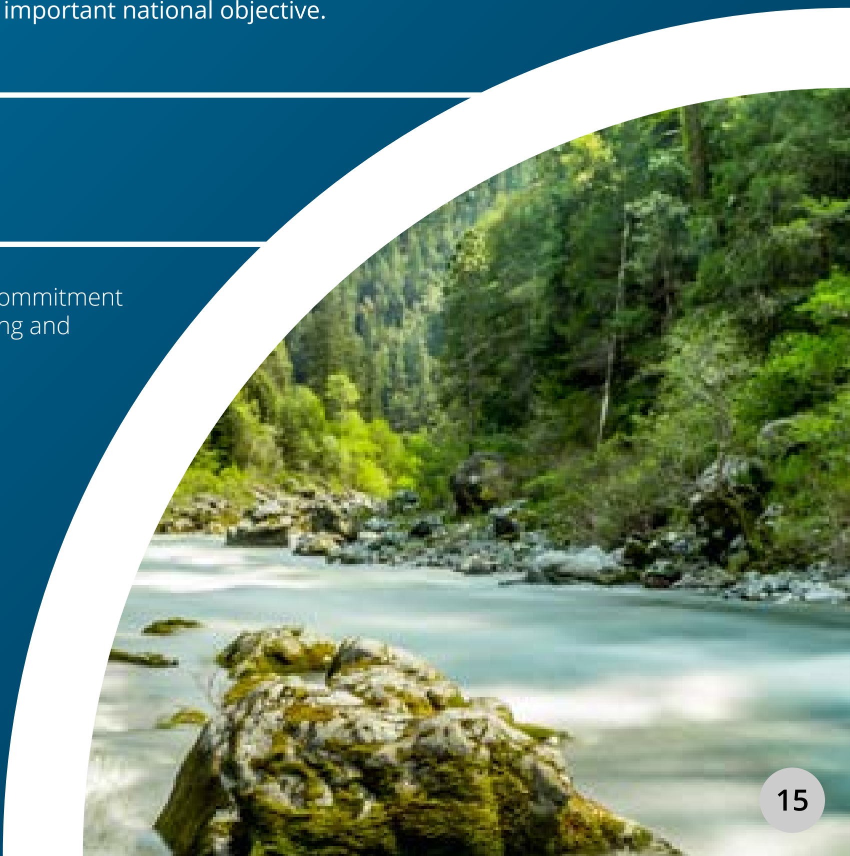
OUTLOOK

In line with Vision 2022, the Corporation is expected to play a bigger national role in meeting targets for water and sanitation. SWSC's role of extending water supply beyond mandated areas (both peri-urban and rural) has prompted a political desire to extend the mandate of the Corporation to rural areas to fast track the 100% coverage envisaged in the Vision 2022 Strategy. The Corporation will continue to collaborate with MNRE and other stakeholders in pursuit of this important national objective.

ACKNOWLEDGEMENT

I would like to thank our employees for their energy, commitment and support in serving our customers in this challenging and uncertain year. I believe that we are now in a stronger position to tackle future challenges and to look to the future with confidence.

P.N. Bhembe
Chief Executive Officer



BOARD OF DIRECTORS

MR BENEDICT XABA

Chairman; Dipl (Nursing); BA (Hons) (Healthcare Mngt); MDS (Health and Development).

Mr Benedict Xaba joined the SWSC Board as Chairman and non-executive member in June 2014. Mr Xaba served the Government of Swaziland as a Minister for Health from 2008 to 2013 and was also an elected Member of Parliament for the Shiselweni II constituency for the same period. Prior to his political appointment, he served as a Director for NATICC which he cofounded. He has also worked in the Ministry of Health and served as a board member for Stop TB in Geneva, Switzerland. Mr Xaba is currently employed by Otsuka Holdings in Geneva as a Senior Public Health Advisor for Africa and is a Special Envoy for TB and Mining in Southern Africa. He serves as an alternate board member of the Global Fund representing East and Southern Africa.

MR PETER BHEMBE

Managing Director; HND (Electrical Engineering); BEng (Electrical Engineering); MSAIEE; PGD (Human Resource Mngt)

Mr Peter Bhembe joined SWSC as Managing Director in 1995. He is the executive member of the SWSC Board. Previously he was the Engineering Manager at Swaziland Breweries. Mr Bhembe has also held the position of Engineering Manager at GENCO (South Africa) and Emaswati Coal Mine (Swaziland). He is a member of: the South African Institute of Electrical Engineers (SAIEE); the International Water Association (IWA) and the IWA Strategic Council.

MR ANDREAS DLAMINI

Non executive member; B.Com; Dipl (Public Sector Audit and Accounting)

Mr Andreas Dlamini joined the SWSC Board as a non-executive member in January 2011. He retired from the Government of Swaziland after serving as the Director of Internal Audit at the Ministry of Finance. Mr Dlamini has acted as Auditor General and has been Principal Auditor in the Auditor General's Office. He has served in various committees in the Auditor General's Office which include the Training Committee and Technical Committee (for the establishment of the new Internal Audit Department).

MS THOBILE MAVUSO

Non executive member; B.A (Social Science); M.A (Economics)

Ms Thobile Mavuso joined the SWSC Board in October 2013 in an ex-officio capacity (representing the Principal Secretary in the Ministry of Natural Resources and Energy) as per section 4 (1) of the Water Services Corporation Act of 1992. Ms Mavuso is currently the Principal Planning Officer at the Ministry of Natural Resources and Energy. She has worked as an Economist in various Government Ministries including the Ministry of Economic Planning and Development, Ministry of Tourism, Environment and Communications, Ministry of Regional Development and Youth Affairs and Ministry of Information, Communication and Technology.

MR SIFISO KHUMALO

Non executive member; BA (Law); LLB

Mr Sifiso Khumalo joined the SWSC Board as a non-executive member in January 2011. Mr Khumalo is a Principal Crown Counsel in the Attorney General's Chambers having previously served as Crown Counsel in the same chambers. He is an admitted attorney of the High Court of Swaziland and a Member of the Law Society of Swaziland.

MR CLINTON SIMELANE

Non executive member; Dipl (Accounting and Bus Mng); BComm; Msc (Leadership/Change Mngt); Registered Accountant (SD)

Mr Clinton Simelane was appointed a non-executive director on the 1st of November 2012. He is the Director, Finance and Compliance at ICAP Swaziland. He has served as Finance and Administration Director at Baylor College of Medicine. He has also held the position of Finance and Administration Director at AMICAALL Swaziland and that of Internal Auditor at World Vision. Mr Simelane serves in the Boards of Family Life Association of Swaziland, Swaziland Bible College and Swaziland Regulatory Authority where he is Chairman.

MR MANQOBA NTSHANGASE

Non executive member; Dipl (Journalism and Mass Communication); Associate Degree (Public Relations) BS Communication Studies (Public Relations)

Mr Manqoba Ntshangase joined the SWSC Board as a non-executive member in September 2011. Mr Ntshangase has worked as an intern at Swaziland Broadcasting and Information Services (SBIS). He was a Reporter and Editor for the Vincennes University International Newsletter and a Media Fellow at the United Nations Development Programme (UNDP). Mr Ntshangase has also worked for the Swazi Observer as a General News Reporter.

MR MMISENI DLAMINI

Non executive member; Dipl. In PC Engineering (Data Mngt) Associate Degree (Business Mngt) BS (Human Resource Development)

Mr Mmiseni Dlamini joined the SWSC Board as a non-executive member in September 2011. He is a Senior Protocol Officer at the Ministry of Foreign Affairs and International Cooperation. Mr Dlamini has held a Supervisory position at Tisuka TakaNgwane and was Financial Manager at Malunge Transport.

EXECUTIVE MANAGEMENT

MR PETER BHEMBE

Managing Director; HND (Electrical Engineering); BEng (Electrical Engineering); MSAIEE; PGD (Human Resource Mngt)

Mr Peter Bhembe joined SWSC as Managing Director in 1995. Previously he was the Engineering Manager at Swaziland Breweries. Mr Bhembe has also held the position of Engineering Manager at GENCO (South Africa) and Emaswati Coal Mine (Swaziland). He is a member of: the South African Institute of Electrical Engineers (SAIEE); the International Water Association (IWA) and the IWA Strategic Council.

MS NONTOMBI MAPHANGA

Technical Services Director; BSc; BSc (Civil Eng); GDE (Civil Eng)

Ms. Nontombi Maphanga joined SWSC as Hydraulics Engineer in April 2006 and was appointed a member of the SWSC Strategy Implementation Team soon thereafter. In November 2008 she was appointed into the SWSC Executive Management Team as Technical Services Director. In her previous engagements in other organizations she has held the posts of Quality Assurance Chemist at Coca Cola Swaziland and Project Coordinator for an NGO. She is a member of the Swaziland Association of Architects, Engineers and Surveyors, Insitiute of Directors and the International Water Association (IWA). She has previously served as a board member for an insurance company and currently serves as a member of the Town Planning Board.

MR SANDILE DLAMINI

Operations Director; B.Sc + CDE, Post Grad Dip. (Environmental Eng); Mngt.Dev.Prog

Mr Sandile Dlamini joined the Water and Sewage Board (a Government department then) in 1990 as a Chemist. When the Department was corporatised into Swaziland Water Services Corporation he became Treatment Engineer. In 2001 he was appointed Regional Manager in charge of the South West Region. In September 2006, he joined the Executive Management of the Corporation as Operations Director. Mr Dlamini has served in various SWSC working committees including the SWSC Pension Fund. He is member of the International Water Association (IWA) and a board member of the Human Settlements Authority (HSA).

MS SUSAN NKUMANE

Finance Director; BComm, FCCA, FCIA

Ms Susan Nkumane joined SWSC in September 1999 as Internal Auditor and became Internal Audit Manager in 2003. In July 2014 she was appointed Finance Director, a position she still holds to date. Before joining SWSC she worked for Ernst and Young, a Firm of Auditors as an Audit Senior. She has also served as a Board Member for Swazi Bank and the Motor Vehicle Accident Fund (MVA).

MR S'KHUMBUZO TSABEDZE

Strategic Services Director; B.Sc; LLB; MBL, IEPD

Mr Tsabedze joined the SWSC Executive Team in May 2014 as Strategic Services Director. Prior to that, he worked for the University of Swaziland and subsequently spent 13 years in various senior management positions as Marketing Manager, General Manager Human Resources, Corporate Services Manager and GM Customers Services at SEC. He is a Chartered Marketer (SA) and serves in various Boards.

SENIOR MANAGEMENT

Angeline Matsenjwa
Human Resources Manager: BSc; MBA; Cert. HRM; Mngt.Dev.Prog

Aubrey Mkhonta
Regional Manager – North West: Dip(Water Tech); HND (Civil Eng); MBA; Adv. Dip (Project Mngt)

Thobile Simelane
Regional Manager – South West: B.Comm; R.A (SD); Mngt.Dev.Prog.

Sikelele Fakudze
Regional Manager – Central: BSc; Hons B.Sc

Elwyn Dlamini
Regional Manager – East: Dip.Gen.Agric; BSc

Bongani Thusi
Mechanical and Electrical Engineer: Dip (Mechanical Eng.), B Tech (Mechanical Eng.), BSc. Hons (Energy Studies).

Mcebo A. G. Sigudla
Survey Engineer: B.Sc (Survey and Geodetic Engineering), MEngMngt (Urban Management)

Malusi Dlamini
Water Loss Engineer: B.Sc (Civil Eng)

Lindiwe Madau
Financial Manager: BComm; MBA; Mngt.Dev.Prog.

Bongani Mdluli
Projects Manager (EU Projects): B.Tech (Civil Eng); Adv.dip (Project Mngt); Mngt.Dev.Prog.

Bernard Dube
Business Analyst: BComm; MBA; FCIS; Certified Utility Mngt Specialist

Sabelo Kunene
Process Engineer: Dip (Civil Eng); B.Sc (Civil Eng)

Musa Shongwe
Laboratory Manager: BSc; Hons BSc; MBA

Dumisa Dlamini
GIS Manager: BA; MSc (Bus Info Tech)

Ranganai Zizhou
Acting Projects Engineer – B.Eng (Civil Eng)

Nhlanhla Dlamini
Production Manager: BSc; MBA

Ntokozo Nxumalo
Hydraulics Engineer: BSc (Civil Eng)

Mandla Masina
Projects Engineer: BSc; BSc (Civil Eng)

Nomahlubi Matiwane
Public Affairs Manager: Dip (Journalism and Mass communication.); BSocSc (Media and Communication);MBA

Phindile Nkomo
Purchasing Manager: ACCA; Mngt.Dev.Prog

Zandile Ndlovu
Projects Engineer: BSc (Civil Eng)

Sipho Simelane
Projects Engineer: BSc (Civil Eng)

Welcome Shabangu
Customer Services Manager: BA; Dip (Marketing)

Sithembile Majola
Sales and Marketing Manager; Dip (Commerce)
BComm; Mngt.Dev.Prog; Chartered Marketer (SA)

Mfanasibili Simelane
Corporate Services Manager: Dip (Journalism
& Mass Communication); B.A. (Communication
Science); Mngt.Dev.Prog

Zanele Dlamini
Commercial Manager: ACIS; Mngt Dev.Prog

Sicelo Mashwama
Environmental, Health and Safety Manager: BSc
(Environmental Science); Mngt Dev. Prog

Hlobsile Dlamini
Internal Audit Manager: BComm; ACCA

Innocent Mkhombe
Information Technology Manager: BSc; Cisco Certified Networking Associate (CCNA); MDP

Maxwell Mangwe
Projects Engineer: BSc (Civil Eng)

OPERATING ENVIRONMENT

LEGAL AND REGULATORY ENVIRONMENT

SWSC was established by an Act of Parliament, The Water Services Act of 1992, which defines inter alia, the management, objects and functions of the Corporation. SWSC gained full autonomy through corporatisation in 1994 and operates independent of Government. The Corporation is a public enterprise regulated by the Public Enterprises (Control and Monitoring) Act no.8 of 1989. The supervisory body is the Public Enterprises Unit (PEU), under the Ministry of Finance, which monitors the business and performance of public enterprises. SWSC submit performance reports to the PEU on a quarterly basis as required by statute. The portfolio or parent ministry in which SWSC falls under in Government is the Ministry of Natural Resources and Energy (MNRE). SWSC plays an active role in the Government of Swaziland's Vision 2022 Strategy on the part of water and sanitation. Quarterly performance reports on water and sanitation performance and targets are submitted by SWSC to Government and Parliament through MNRE. Tariffs are regulated by Government and have to be approved by both Government and Parliament before implementation.

SWSC has a performance agreement with Government and the parties involved are MNRE and the PEU. The Agreement is a control framework for the regular monitoring and controlling of the performance of the Corporation. This control framework seeks to maintain a balance between the major interrelated and interactive variables of:
(1) Quality of Service - to establish the quality of the water services which SWSC will supply to consumers, and the responsiveness of SWSC to customers' requirements;
(2) Costs - to identify the controllable and uncontrollable costs which SWSC must manage;
(3) Performance - to determine what measurable actions which are fundamental to the development of SWSC can be achieved within the period of this contract;
(4) Structure and Return on Capital - to advise the Government on what it should expect as a "return" on its capital and
(5) Price - to determine the tariff rates which may be applied to customers and the subsequent effect on the revenue of SWSC. Key Performance Indicators (KPI's) and targets are defined in the agreement and are reviewed on a quarterly and annual basis.

ECONOMIC AND PHYSICAL ENVIRONMENT

The year 2017 marks the third year of the drought, which was touched off by the El Niño phenomenon in late 2014. The rainy season started slowly in some areas; however, between September and mid – December, above - average rainfall occurred in Angola, Botswana, Lesotho, Namibia, North-Eastern South Africa, southern Mozambique, and Swaziland, while Madagascar received seasonally average rainfall. Swaziland continues to experience erratic rainfall and recurrent droughts which impact on water supply and food security.

Swaziland's economic growth has been slowing since 2013, and was expected to rebound to 1.7% in 2017 from -0.6% in 2016, corresponding with a recovery in agricultural production. The slowdown is due to continued drought and a difficult external environment, especially from South Africa, leading to a sharp decrease in SACU revenues. Such a decrease in revenue, combined with increased public spending, is generating higher fiscal deficits and a growing public debt. Growth prospects are expected to be sluggish in 2018.

VALUE CREATION

Value creation is based on our vision of delighting customers in the provision of water and sanitation services. Our value creation chain begins with creating value for the business and then extends to our stakeholders. The Corporation creates value for itself through revenue receipts from the supply of potable water and the provision of sanitation services and value for others through trade and social relationships. The provision of water and sanitation affects all economic and social sectors and supports economic development and growth whilst improving the quality of life and promoting a cleaner environment. The Corporation's main stakeholders include Government (shareholder); Suppliers; Customers; Financiers (e.g commercial banks; multi-lateral development agencies i.e. World Bank and African Development Bank); Corporate Social Responsibility partners (communities and institutions). Value creation for the Corporation and others is summarized in the following diagram:

SWSC VALUE CREATION FRAMEWORK

SWSC

- Water and sewer service sales
- Business growth
- Stakeholder relations
- Business reputation

SHAREHOLDER

- Contribution to Vision 2022 Strategy
- Appropriate return on investment

HUMAN CAPITAL

- Motivated employees
- Job security
- Training
- Skills development

ECONOMIC & SOCIAL ENVIRONMENT

- Clean water and proper sanitation promotes socio-economic development and health

FINANCIERS

- Return on capital

CUSTOMERS

- Access to clean water
- Proper sewer disposal
- Excellent customer service

COMMUNITIES & ENVIRONMENT

- Improved quality of life
- Corporate social responsibility
- Cleaner environment

SUPPLIERS

- Trade and relationship
- Value chain

STRATEGY AND RESOURCE ALLOCATION

Our strategic goals supporting our vision are mapped into short to medium term business objectives. The budget to support the strategy is determined by annual goals under the business score card. The business scorecard framework allows us to measure how our strategic focus areas create value for business and stakeholders particularly and most importantly our customers. This translates into measurable milestones towards the achievement of performance targets under the strategic plan and the performance agreement with Government. The diagram below summarises our strategy framework.

SWSC STRATEGY FRAMEWORK

STRATEGIC OBJECTIVES (FOCUS AREA)

CUSTOMER SERVICE AND QUALITY

Achieving and maintaining world class quality standards, exceeding customer service expectations.

Measures of success
- Potable water quality
- Effluent quality
- KPI's for ISO management systems
- Customer service charter

NEW BUSINESS AND GROWTH

Develop business opportunities, supplementing core business revenue and enduring long term sustainability.

Measures of success
- Operating revenue
- Revenue from advisory services
- Revenue from related business

INFRASTRUCTURE AND TECHNOLOGY SYSTEMS

Utilizing integrated technology systems to attain business efficiencies.

Measures of success
- Automated systems
- Online quality monitoring
- Automated Meter Reading (AMR) for key accounts
- Efficiency improvement

PEOPLE

Develop and retain competent people to meet changing needs for the Corporation and advance vision.

Measures of success
- Performance management
- Skills audit
- Retention
- Succession plan

Performance against targets is measured annually using the balanced score card as defined by the measures of success. The milestones are then compared with the overall objectives of the strategic plan so that targets that have not have been achieved may be carried forward to the following year's scorecard until they are achieved within the strategic plan period.

PERFORMANCE

OPERATIONS

During the reporting period, the effects of the El Nino weather phenomenon that engulfed Southern Africa were felt in the country and affected all pillars of society from health to food availability and security. Water resources significantly diminished, resulting in the Corporation effecting measures to prolong the availability of this scarce resource. Projects to augment water supply in severely affected areas were implemented, digging deeper into SWSC's available cash resources. This has negatively affected the Corporation's working capital due to unplanned cash outflows funding emergency projects and mitigation measures.

The El Nino drought affected the water levels at the Hawane dam (which at some point had 0% storage). The dam currently supplies water to Ngwenya and Woodlands treatment plants in the Northwest Region. The Woodlands treatment plant in turn supplies the capital city, Mbabane and surrounding areas whilst Ngwenya treatment plant supplies Ngwenya and Motjane areas.

Lomahasha which is supplied through boreholes had to rely on tankers as the boreholes dried up. The Umbuluzi river which is a source of water supply for Siteki town and King Mswati III International Airport as well as surrounding areas was significantly affected due to depleted water levels in the Mnjoli dam. Incidents were reported where there were no flows in the river and therefore no water abstraction. The Inkomati River was also seriously affected due to depleted dam levels at Maguga dam. The river is also a source of water for Mananga water treatment plant and surrounding areas. There were some instances where the river flow receded to a point where abstraction was not possible thus water supply temporarily suspended.

The Government declared the drought as a national disaster. To salvage the negative impact of the drought, Government pledged funds for the implementation of the drought mitigation measures. Three critical projects were identified which were: Mbabane River Augmentation Supply; Luphohlo Water Supply; and Hawane Dam dredging. Due to the fiscal challenges prevailing at the time of implementation, the Corporation was requested by the Ministry to use available internal funds to commence the Luphohlo Water Supply Project. The project was estimated at E120 million, an amount that would be reimbursed to the Corporation. The Luphohlo project could not be completed owing to shortage of internal funds and had to be suspended.

As a result of re-allocating internal funds which were meant to fund operating and internal expenditure and water and sanitation extension projects, the Corporation's ability to sustain operations and finance extension projects has been a major challenge.

To mitigate the effects of the drought, the Corporation followed a programme of action which included rationing water for a maximum of four days at stipulated times in Mbabane residential areas and the suspension of all reservoir cleaning and high volume water consuming activities. Another significant project that was implemented as a drought response was the augmentation of Mbabane water supply through the construction of the Mbabane River Water Treatment Plant which has an output of up to 5ML per day. This project amounted to E10 million and was valuable in ensuring that the CBD, hospital and strategic institutions were excluded from the rationing programme. Dredging of the Hawane Dam was also carried out to increase capacity. Works to de-silt the dam was carried out with the assistance of the Government of Swaziland. A total volume of 30,000m³ of silt was removed from the dam. A total of eleven boreholes were drilled in Mbabane and only three had sufficient yields. These were used to serve Nkwalini Community Health Centre, Mqolo community next to SWSC pre-treatment plant and the Mbabane Government Hospital.

To further optimize the supply system, it is envisaged that the Mbabane and Ezulwini Supply Systems will be integrated through the use of the Luphohlo Water Supply Project from the Luphohlo Dam. The Mbabane, Ezulwini, Matsapha and Manzini systems will further derive synergy through the use of the proposed Mbabane Manzini Multipurpose Dam.

Though capital projects were allocated funds in the budget for 2016/17, funds were not released during the financial year and this has resulted in project delays and cost overruns.

POTABLE WATER

In order to safeguard the integrity of water supplied by SWSC across all supply systems, the organization has a potable water quality monitoring program which is used to asses potable water for its fitness for use by consumers. The monitoring program covers SWSC's raw water sources, treatment plants, service reservoirs and end user points (selected customer taps). Water characteristics monitored by SWSC's Laboratory fall into two categories which are physico-chemical and microbiological parameters. A total of 4, 050 potable water samples collected from all the SWSC service areas across the country were analyzed during the year. This represents an increase of 2.6% compared to 2015/16 which is largely attributable to the addition of new sampling points due to network extensions. On average approximately 337 potable water samples were collected & analyzed monthly over the period. The total number of tests conducted for potable water amounted to 165, 042 which reflects a 1.9% increase compared to the previous year.

The overall microbiological and physico-chemical compliance for potable water based on WHO Guidelines for Drinking Water (2011) stood at 93%, which reflects a 1.6% improvement compared to the previous year. It is envisaged that the completion of the process upgrade at Simunye WTP will help to improve product quality.

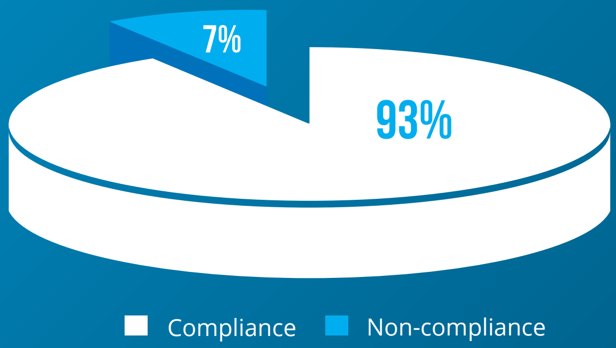


Figure 1: SWSC Drinking Water Compliance - Treatment Plants

WASTEWATER & TRADE EFFLUENT

The Corporation monitors its effluent in line with the Environment Management Act of 2002. Discharges from SWSC's wastewater treatment plants (WWTPs) are monitored on a regular basis to evaluate compliance with the Swaziland Environment Authority's Water Pollution Control Regulations of 2010.

A total of 898 wastewater samples were collected and analyzed reflecting an increase of 9.5% compared to last year. The total number of tests conducted accumulated to 34, 545 which shows a 33.5% increase compared to the previous year. The improvement in number of samples taken and tests conducted for wastewater is mainly due to the addition of the Sikhuphe WWTP. The tests done on the wastewater samples fall under Schedule 2 of the Water Pollution Control Regulations (2010) and these include physical-chemical, organic pollutants, trace metals and microbiological determinants.

The overall compliance of SWSC's effluent improved from 70% to 74.7%, representing a 4.7% increase. The improvement is attributed to: Awareness sessions conducted for treatment plant staff; Process optimizations and maintenance activities on plants, e.g. de-sludging of ponds and improved management of industrial effluent through the SWSC-Industry meetings.

A stakeholder awareness workshop was conducted on the Industrial Effluent and Sewage Regulations, which is aimed at advising customers on their responsibilities on the use of the SWSC sewer.

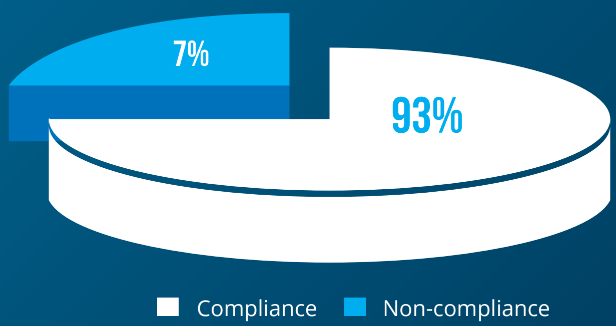


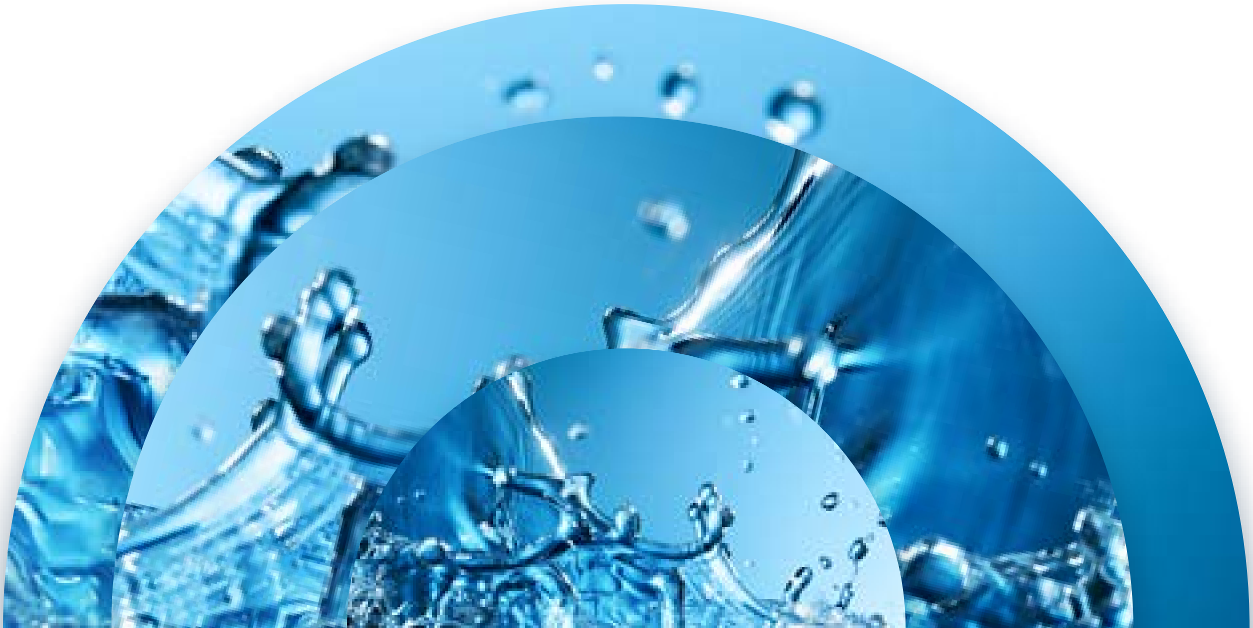
Figure 2: SWSC WWTP Effluent Quality Compliance

PERFORMANCE (CONTINUED)

WATER LOSS MANAGEMENT

Pressure management remains the Corporations key strategy to NRW reduction along with speed and quality of repairs, active leakage control and pipe replacement. The Corporation has added Ezulwini to the townships with a potential for major savings through pressure management. The Corporation is also in the process of conducting an extensive investigation into the availability of metering technologies with a view of improving billed volumes and reducing NRW. Meter test results from the meter test bench suggest that the technology currently in use may be understating billed volumes by a margin of about 10%.

Peri-urban and informal settlements remain the greatest challenge for the Corporation to manage NRW efficiently. This is mainly because these areas are characterised by the use of inherited sub-standard pipe material class. Areas identified include Sicelwini, Kakhoza, Mhobhodleni, Belina and Gelekeceni which use class pipeline material of between class 6 and 10 yet the Corporations standard is class 12. The pressures introduced to these pipelines (ranging from 80m to 110 m residual head) render the pipes prone to leakages and may lead to pipebursts. The other main challenge in these areas is the high rate of water theft. The Corporation is addressing these problems through pressure management and correct pipe replacements.



SAFETY, HEALTH, ENVIRONMENT & QUALITY MANAGEMENT SYSTEMS

SHEQ performance continues to be an integral part of the Corporation as it plays a central role in both capital projects and routine activities. This year was marked by the addition of two plants (Simunye and Nhlangano Water Treatment Plants) to the ISO 9001:2015 certification scope. The management systems are gradually coming to fruition as the Corporation is already realising some major benefits of implementing the ISO management systems which inter alia include a major decline in motor vehicle accidents and insurance claims.

The Corporation successfully implemented a transition from ISO 9001:2008 to ISO 9001:2015 and one notable change was that the Corporation is now expected to identify its enterprise wide risks and opportunities as part of the new ISO 9001 standard requirements. This change requirement came at the right time when the Corporation is developing its Enterprise Wide Risk Framework.

Capacity building and awareness programmes have been successfully implemented as a total of 287 employees were trained on various SHEQ courses including first aid, safe chlorine handling, fire fighting and ISO standards.

The maturity of the Laboratory Quality Management Systems, ISO 17025:2005 was tested by a certification audit conducted by SADCAS (Southern Africa Development Community Accreditation Service) in December 2016. The Laboratory successfully migrated from SANAS to SADCAS and maintained its ISO 17025:2005 accreditation status. In addition three methods were added to the laboratory's accreditation scope, i.e. total suspended solids (TSS), alkalinity and fluoride taking up the number of accredited methods from 12 to 15.

SURVEY ENGINEERING

The Survey office examined 224 building applications from the Ministry of Housing and Urban Development and a further 338 applications from the Mbabane Municipality. 31 applications were received from Matsapha and none were received from Manzini. Routine updates of surveys and drawings were done for the SWSC network and included the following networks: Croydon Water, Eteteni Sewer, Lozitha-Tibiyo Water, Lwandle Water, Mbikwakhe Water, Mhobodleni Outfall Sewer, Moneni and SNPF Water, Ngwane Park Sewer, Nhlambeni Water, Nhlangano Outfall Sewer, Sikhuphe Outfall Sewer, Siphofaneni Customer Locations, Siphofaneni Main and Distribution Water, Two Sticks Outfall Sewer and Woodlands Township Water and Sewer.

Water extension preliminary surveys and estimates were generated for 56.8km of network for nine areas. Other extensions were investigated for the Innovation Park at Phocweni, Lwandle, Mafutseni, Mtfongwaneni, Ngculwini, Sidvokodvo and Nhlambeni areas.

PROJECTS

Projects continued to be implemented in line with SWSC's strategic plan and the Government of Swaziland's Vision 2022 programme. Below is a summary of the implementation status of some of the projects during the reporting period. Due to the then prevailing El Nino phenomena, austerity measures were put in place to address risks that emerged consequent to the drought.

SIPHOFANENI, SOMNTONGO AND MATSANJENI WATER SUPPLY SCHEMES

Construction of Siphofaneni, Somntongo and Matsanjeni water supply schemes.

ESTIMATED COST: Euros 19 Million
FINANCED BY: European Union
STATUS: The works reached 99% stage of completion and by the end of the reporting period commissioning of the project had begun.

NHLANGANO WATER TREATMENT PLANT

Construction of the Nhlangano water treatment plant.

COST: E180 Million
FINANCED BY: Swaziland Government
STATUS: The works are complete and operational.

LOMAHASHA WATER SUPPLY

Construction of Lomahasha Water supply.

COST: Estimated to be above E200 Million
FINANCED BY: Project sponsors are GIZ, SADCC and Swaziland Government (contribution of E15 Million). Project finance to be sourced from DBSA.
STATUS: The feasibility study reports (including designs) have been completed and the application for funding from the SADC/GIZ Fund for rural water supply is being considered by GIZ.
EXPECTED DATE OF COMPLETION: To be known once the application for funding has been approved.

EZULWINI WATER AND SANITATION PROJECT

Construction of new water treatment plant to supply the Ezulwini Valley and surrounding areas taking raw water from Usushwana river and construction of Ezulwini sewerage system that involves the sewer reticulation system connected to an outfall sewer that runs from Ezulwini to the Matsapha waste water treatment plant.

COST: USD 27 Million
FINANCED BY: African Development Bank/Swaziland Government
STATUS: The Ezulwini Sewerage System has been completed. The drinking water system is currently at tender stage. The drinking water system has had to be re-tendered due to material changes in scope.

MATSAPHA SEWER TREATMENT PLANT

Construction of Matsapha sewer treatment plant and decommissioning of the existing ponds system.

COST: E140 Million
FINANCED BY: Swaziland Government
STATUS: The civil works contract is complete. The mechanical and electrical contracts stand at 99% completion. Commissioning and seeding in progress and the works are expected to be completed in December 2017.

NHLANGANO SEWER TREATMENT PLANT

Construction of the new sewer treatment plant for Nhlangano Town.

COST: Estimated at E180 Million
FINANCED BY: Swaziland Government
STATUS: Works underway with progress at 15%.
EXPECTED DATE OF COMPLETION: The works were delayed due to unforeseen ground conditions. The new completion date is under discussion due to the extension of time required to improve the ground conditions.

HAWANE TO WOODLANDS PIPELINE

The project scope includes the construction of a 500mm diameter ductile iron pipe. The pipeline is to be 10kilometers long. The line shall feed the SWSC Woodlands treatment plant in Mbabane from the Hawane Dam. The pipeline being gravity mains shall reduce the Corporation's pumping costs (Electricity).

COST: E29 Million
FINANCED BY: SWSC / Local Banks
STATUS: Commissioning of the works was suspended due to the drought. Towards the end of the reporting period the commissioning of works resumed.

NGWANE PARK SEWERAGE RETICULATION

The project scope includes the construction of a sewerage reticulation in the Ngwane Park area. The works are being funded by the Corporation and a phased approach has been adopted due to financial constraints.

COST: E2.5 Million
FINANCED BY: SWSC
STATUS: The works are 100% complete for the respective portion being financed this year and 45 connections were made. A further 200 plots were expected to be connected after year end.

MATSETSA WATER SUPPLY

Construction of water reticulation extension for Matsetsa.

COST: E500 000
FINANCED BY: SWSC and Micro-projects with the community contributing labour.
STATUS: The works are 100% complete. Connections have started and are expected to be at least 200.

MHLUMENI WATER SUPPLY

Construction of pipeline to supply Mhlumeni.

COST: E1 million
FINANCED BY: SWSC and Micro-projects. Community contributing labour.
STATUS: The project is complete and at least 30 connections are expected.

NHLAMBENI WATER SUPPLY

Construction of water reticulation extension for Mpofana, Jutiya and Njelu.

COST: E1.7 million
FINANCED BY: SWSC and Micro-projects
STATUS: The works are complete and 400 connections are envisaged.

MABOVINI WATER SUPPLY

Construction of water reticulation extension for Mabovini.

COST: E1.2 million
FINANCED BY: SWSC and Micro-projects
STATUS: The works have been completed with a potential for 200 connections.

MPOLONJENI WATER SUPPLY (SITEKI)

Construction of water reticulation extension for Mpolonjeni.

COST: E1.2 million
FINANCED BY: SWSC and World Vision
STATUS: Connections to the area of Mpolonjeni are ongoing on sections of the commissioned reticulation. A total number of 900 connections were made during the period.

GOVERNMENT FUNDED PROJECTS

INTERNALLY FUNDED PROJECTS

PROJECTS (CONTINUED)

ISSUES FOR CONSIDERATION IN THE MEDIUM TO LONG TERM

Urban and peri-urban water management is key to supporting the sustainability of water supply. To reduce the vulnerability of these areas to water scarcity and availability it is critical to invest in the expansion of water systems to increase the supply capacity to meet future water demand. The following projects have been identified as crucial for maintaining reliability of water supply in the short to medium term:

NONDVO DAM

Security and reliability of water supply is an integral part of sustainable development. The commitment to investing in strategic raw water storage is a positive step towards improved water access and ultimately economic development and the quality of life. The proposed Nondvo dam project is a key part of the infrastructure development plan which will support the Government of Swaziland's Sustainable Development Goals (SDG's). Construction of this Dam will guarantee security of water supply in the Mbabane – Manzini corridor and surrounding areas. The proposed Nondvo dam will be located on the Lusushwana river about 7KM from the wall of the Luphohlo dam. The concept note for this project was developed through consultation between the Corporation, Ministry of Economic Planning and Development, Ministry of Natural Resources and Energy and Ministry of Finance. Progress has been made on this project in that a Consultant to carry out a feasibility study has been appointed by the Government of Swaziland. The study is funded by the AfDB.

MANZINI REGION INTEGRATED WATER AND SANITATION PROJECT

In furtherance of the national goal of increasing water and sanitation access in the country, a project concept has been developed for four Tinkhundla areas in the Manzini Region, these being Nhlambeni, Manzini South, Mtfongwaneni and Mafutseni. These areas were identified as having serious shortages in water supply and sanitation. The concept is also well aligned to the Environmental Health, Growth and Development pillars of the Poverty Reduction Strategy Action Programme 2006-2022 (PRSAP). The proposed project will improve the livelihood of the people especially women and children who bear the burden of fetching water. It is not surprising that the prevalence of water related diseases and infant mortality is relatively high in these areas. SWSC commissioned a feasibility study as a first step towards the construction of water and sanitation infrastructure to service these areas. The project is for a 20 year design life. The proposed components of the water supply works are as follows:

Raw water intake
The intake structure has the potential to accommodate the current and future supply of the identified areas 20 year design life at a maximum of 16 hr a day of pumping.

Water Treatment Plant
Construction of a new treatment plant at Matsapha with an Average Annual Daily Demand (AADD) of 10 megalitres/day.

Treated Water Pump Station
A new treated water pump station would need to be constructed to pump water to reservoirs proposed to be at Hhelehhele and Mhlaleni areas.

Pipelines
Various pipelines including a 17km raw water rising main to a 15ML reservoir located around the Hhelehhele area that will service the Ngculwini, Mafutseni and Mtfongwaneni areas are proposed. A 3ML reservoir is proposed at Mhlaleni to service Sidvokodvo & Nhlambeni areas through a gravity main that will be approximately 19km. Reticulation networks are to be constructed within the supply areas.

Storage Reservoirs
Additional storage is required and reservoirs are envisaged at suitably high points at Mhlaleni (5ML) and Hhelehhele areas 15ML.

The total estimated costs for the water works are estimated to be **US $31 million.**

The wastewater collection services are anticipated to cover the urban areas including Sidvokodvo town and surrounding areas, Nkonyeni Estate as well as private farms around Hhelehhele where residential developments are earmarked to take place. The wastewater infrastructure comprises the construction of two new wastewater treatment plants (WWTPs), one in Ngculwini and the other in Nkonyeni, where the land use pattern requires the conventional waste water services. The proposed Ngculwini WWTP will collect waste from the existing residential properties around that area and the zoned high-class areas that are yet to be developed. The Sidvokodvo WWTP will receive and treat wastewater from the town including existing residential areas, industrial areas and commercial areas.

The total estimated cost for the sanitation component is **US$6 million.** The overall total estimated costs for the project including water and sanitation is estimated at **US$37 million.**

MANZINI CITY WIDE WATER SUPPLY

The water supply system for Manzini and Matsapha industrial estates and surrounding areas needs to be upgraded to increase security of raw water supply to meet current and future demand. The plant is currently operating at approximately 98% of its capacity; hence additional water demand is unlikely to be met. In addition, the Corporation abstracts directly from the Usushwana river and fluctuations in flows may cause disruptions in supply. The Nondvo dam solution has to be implemented for the long term stability of supply. The following work components also need to be undertaken to improve the capacity of the system:

Raw water intake
A new intake structure needs to be constructed on the main river where water can be abstracted from the existing pond formed for diversion of the river into the canal. The existing canal intake structure would be rehabilitated and maintained as a stand by facility.

Matsapha Treatment Plant Extensions
Further extensions of the plant could be effected by constructing additional clarifiers and filters on the present site. These extensions would raise the production capacity of the plant from the present 400 litres per second to 800 litres per second.

Treated Water Pump Station
A new treated water pump station would need to be constructed or the existing one upgraded to lift the additional production to the airport reservoirs.

Duplicate pipeline from Matsapha to Nazarene reservoir
Manzini is totally dependant for its water supply on a single 375mm diameter pipeline, 3300m in length that transfers water to the Nazarene reservoir by gravity from the Airport reservoirs. With the ever increasing water demand in Manzini, the capacity of this pipeline is soon to be exceeded if not already. To meet increased demand it is proposed to duplicate this pipeline.

Importantly the additional pipeline would provide security of supply to Manzini in the event of problems arising with the existing 375mm pipeline, which as a single link means Manzini is highly vulnerable should the main have to be shut off for any period of time.

Storage Reservoirs
Additional storage would also be needed and reservoirs are envisaged at suitably high points at Logoba, Nhlambeni, Lozitha, Sidvokodvo etc.

The total cost for this project is estimated at **E400 million.**

SOLAR ENERGY PROJECT

BACKGROUND

Energy is one of the major cost drivers in the operations of the Corporation representing more than 15% of total expenditure. The Corporation consumes on an annual basis about 30 000 MWh. This translates to an electricity expenditure of over E40 Million. It is anticipated that the proportion of electricity cost to total expenditure will increase further given the approved electricity multi year tariff increment of 15% for 2017/2018 and 2018/2019. Such increases will have to be passed on to the consumer in the form of increased water tariffs and will eventually render SWSC's operations not sustainable hence the need to invest in alternate energy supply options.

DESCRIPTION & SCOPE

The project shall include the installation of solar PV modules, junction boxes, grid-tied inverters, isolation transformers, meters, control panel and a 11 kV switchgear for evacuation.

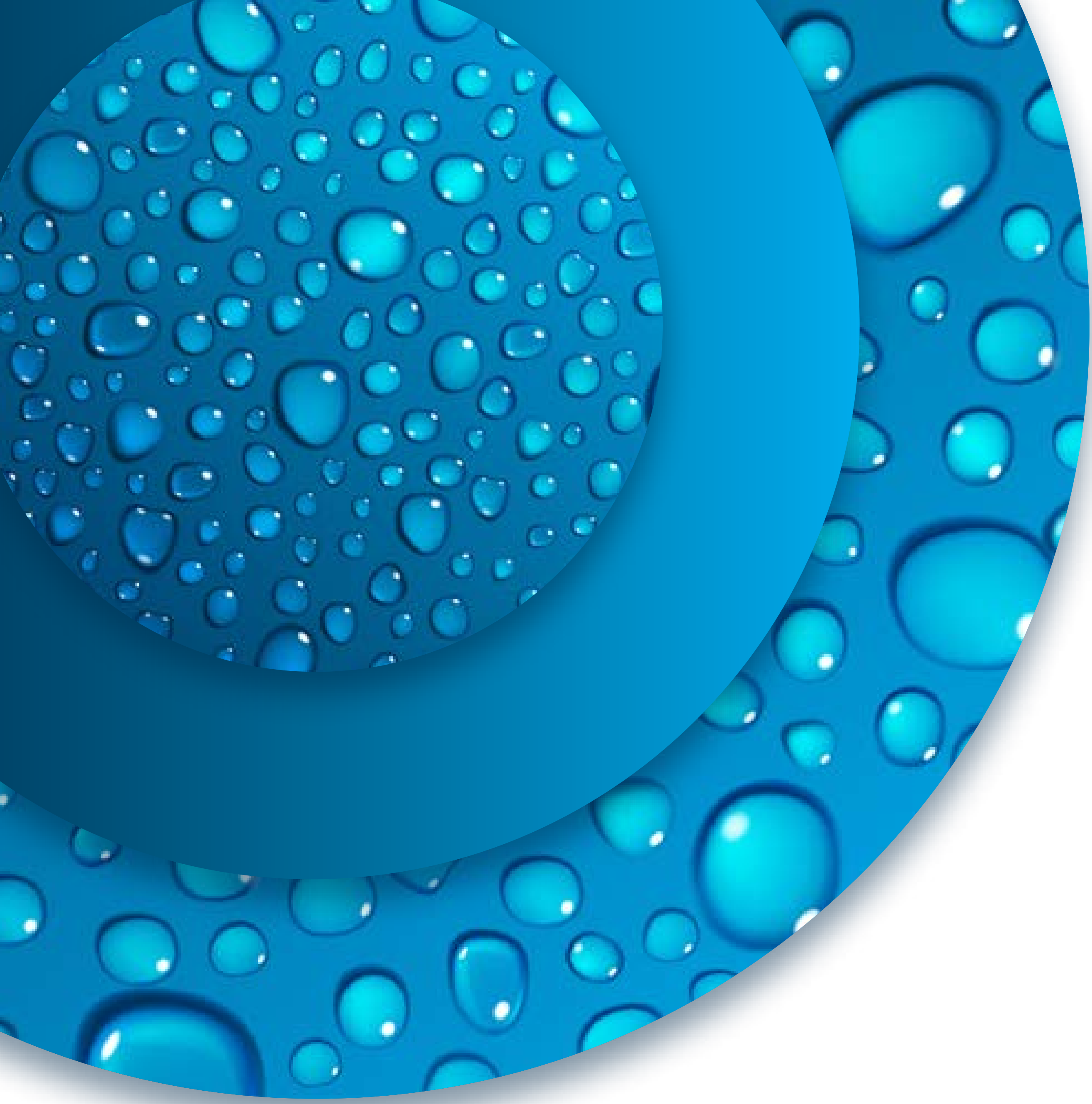
The appropriate civil foundations for the modular mounting structures, prefabricated structures, transformers, switchyard equipment, feeder bay etc. shall be put in place. A storm water drainage system shall be provided for the entire plant. A complete plant SCADA with SCADA server having string level monitoring capabilities over the remote server shall be installed. The plant shall also have the necessary internet connection through a GPRS enabled modem along with LAN connectivity for data communication over remote server.

Options will have to be investigated to determine the most cost effective approach.

SOCIO-ECONOMIC IMPACT

The implementation of this project would contribute to the sustainable development of the country socially, economically, environmentally and technological in line with the indicators for sustainable development..

The total estimated cost for the project is **US$16 Million.**



CORPORATE SUSTAINABILITY REPORT

PEOPLE

Our business model puts more emphasis on value creation for stakeholders (including employees, customers, shareholders, suppliers, financiers) and the environment. Enforcing mutual beneficial relationships with employees, customers and the community is part of our business. We support cultural, educational and environmental programs and initiatives that meet stakeholder needs and benefit society. We treat our employees and the communities we operate in with fairness and respect. Human capital is a key factor in our business as our slogan goes “we do it through our people”. We invest in skills development and training so that our employees are better equipped to meet stakeholder expectations and stay innovative. Attracting and retaining competent people with the right talent adds value to SWSC by enhancing business reputation and brand recognition. SWSC will continue to build strategic partnerships with social institutions such as the University of Swaziland (UNISWA) foundation to transform lives and prepare future generations for sustainable development.

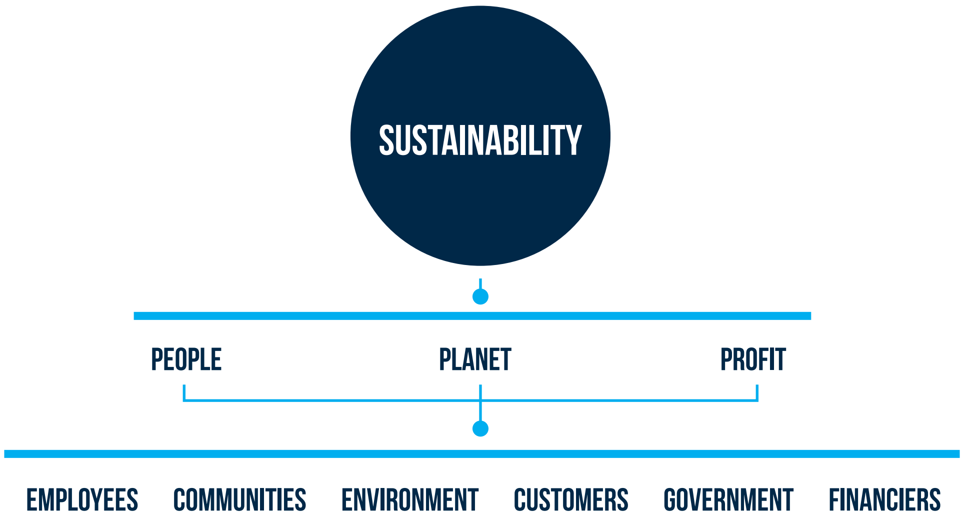
PROFIT

The Corporation thrives to contribute to the prosperity of our employees, stakeholders and customers. Our activities, interactions and relationships with stakeholders maximize value for all. Making a difference in the communities we operate in enables us to create a better world for tomorrow. The quality of the Corporation’s services and its advancement to technology is what has made us sustainable in the last 20 years. We continue to gain recognition for excellence from other African Utilities who take time to visit on fact finding and learning missions. Our service, business model and quality standards have been used as a benchmark by other utilities in the region. We are extremely proud of our employees and the support from our customers and stakeholders.

PLANET

SWSC recognizes that a sustainable business embraces an environmentally friendly approach in executing its activities to ensure that all processes and products adequately address current environmental concerns while maintaining a profit. Our commitment is demonstrated by the continuous development and implementation of practical and effective corporate policies and programs that support the more efficient use of natural resources and reduce the impact of our business on the environment. Designing sustainable infrastructure, operating plants efficiently, reducing energy usage, minimizing water losses and reducing waste contribute to effective environmental sustainability. Our philosophy is to continuously explore ways to minimize environmental degradation by reducing, reusing or recycling the natural resources we consume.

SWSC SUSTAINABILITY FRAMEWORK



CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

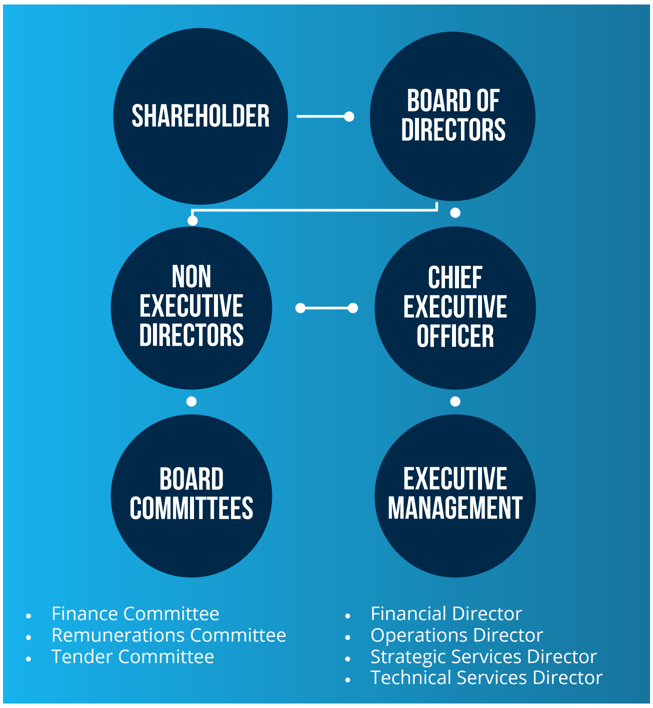
Swaziland Water Services Corporation (SWSC) is a public enterprise mandated by the Water Services Corporation Act No. 12 of 1992 to provide water and sanitation services in urban and peri-urban areas. The Corporation's participation in the country's social and development agendas has resulted in the water and sanitation services being extended to areas outside the designated urban and peri-urban boundaries. SWSC is regulated by the Government of Swaziland through the Ministry of Natural Resources and Energy (MNRE) and the Public Enterprises Unit (PEU) under the Ministry of Finance. The Corporation is committed to complying with best practice in Corporate Governance as prescribed by King IV and other international codes of conduct. SWSC fully complies with the requirements of the Public Enterprises (Control and Monitoring) Act No. 8 of 1989 and the Water Services Act No. 12 of 1992. The Board is conscious that there are continuous changes in the political, economic, social, technological and legal environments which may cause corporate governance practices to evolve and therefore undertakes to respond accordingly to such changes.

THE ROLES & RESPONSIBILITIES OF THE BOARD

The Board has adopted a formal Board Charter that sets out its roles and responsibilities. The Board is committed to the highest standards of corporate governance throughout the Corporation. Effective corporate governance requires a clear understanding of the respective roles of the Board and management and their relationship with employees and stakeholders. It also requires a proactive, focused state of the mind on the part of directors, the Chief Executive Officer (CEO) and management, who all must be committed to business success through maintenance of the highest standards of responsibility and ethics. The Board of Directors have the overall responsibility of driving the Corporation's strategic plan; reviewing annual operating plans, budgets, annual financial reports and managing strategic risk.

The Corporation's senior management under the direction of the CEO, is responsible for the operations of the Corporation; implementation of the strategic, financial, operational and management plans of the Corporation; preparation of financial statements, annual reports, statutory reports, management accounts and other reports that accurately reflect requisite information about the Corporation and timely reports which inform the Board about foregoing matters. The diagram below depicts a summary of the Corporation's governance framework.

SWSC CORPORATE GOVERNANCE FRAMEWORK



TERMS OF OFFICE OF THE BOARD OF DIRECTORS

The Minister for Natural Resources and Energy appoints the Board of Directors of the Corporation in terms of section 6 of the Public Enterprises (Control and monitoring) Act No.8 of 1989 and section 4(1) of the Water Services Corporation Act No.12 of 1992 for a three year term.

STRUCTURE & OPERATION OF THE BOARD

The Corporation has eight Board members in line with the Public Enterprises (Control and Monitoring) Act No.8 of 1989 and the Water Services Corporation Act No.12 of 1992, both which prescribe a maximum of nine members. The Board is unitary and is made up of an Independent Non Executive Chairman, the Chief Executive Officer, two representatives from Government (Ministry of Natural Resources and Energy and Ministry of Finance) and four non-executive directors.

INTERNAL AUDIT

SWSC has an internal audit function whose purpose is to evaluate and improve the effectiveness of risk management, control and governance processes through; ensuring that internal control systems are operating effectively; ensuring compliance with policies, procedures, laws and regulations and that the policies in place adequately safeguard the Corporation's assets. The internal audit function coordinates with the Corporation's external auditors to ensure proper coverage of financial, operational and compliance controls.

BOARD COMMITTEES

To carry out its duties effectively, the Board operates two Committees which are the Finance committee and Remunerations Committee. Each Committee reports to the Board on the results of each Committee meeting.

RISK MANAGEMENT

The Board has overall responsibility over risk management and Management is accountable to the Board for developing, implementing and monitoring risk management processes. The Internal Audit Department carries out an independent review of the internal control systems. The Corporation performs a risk assessment exercise every three years.

REPORTING

The Corporation has a statutory obligation to report to its shareholder, the Government of Swaziland. Section 7(1) of the Public Enterprise (Control and Monitoring) Act No.8 of 1989 requires the Corporation to submit on an annual basis a report on its operations together with annual audited financial statements and section 7(4) of the same Act requires the Corporation to submit a report on its operations on a quarterly basis.

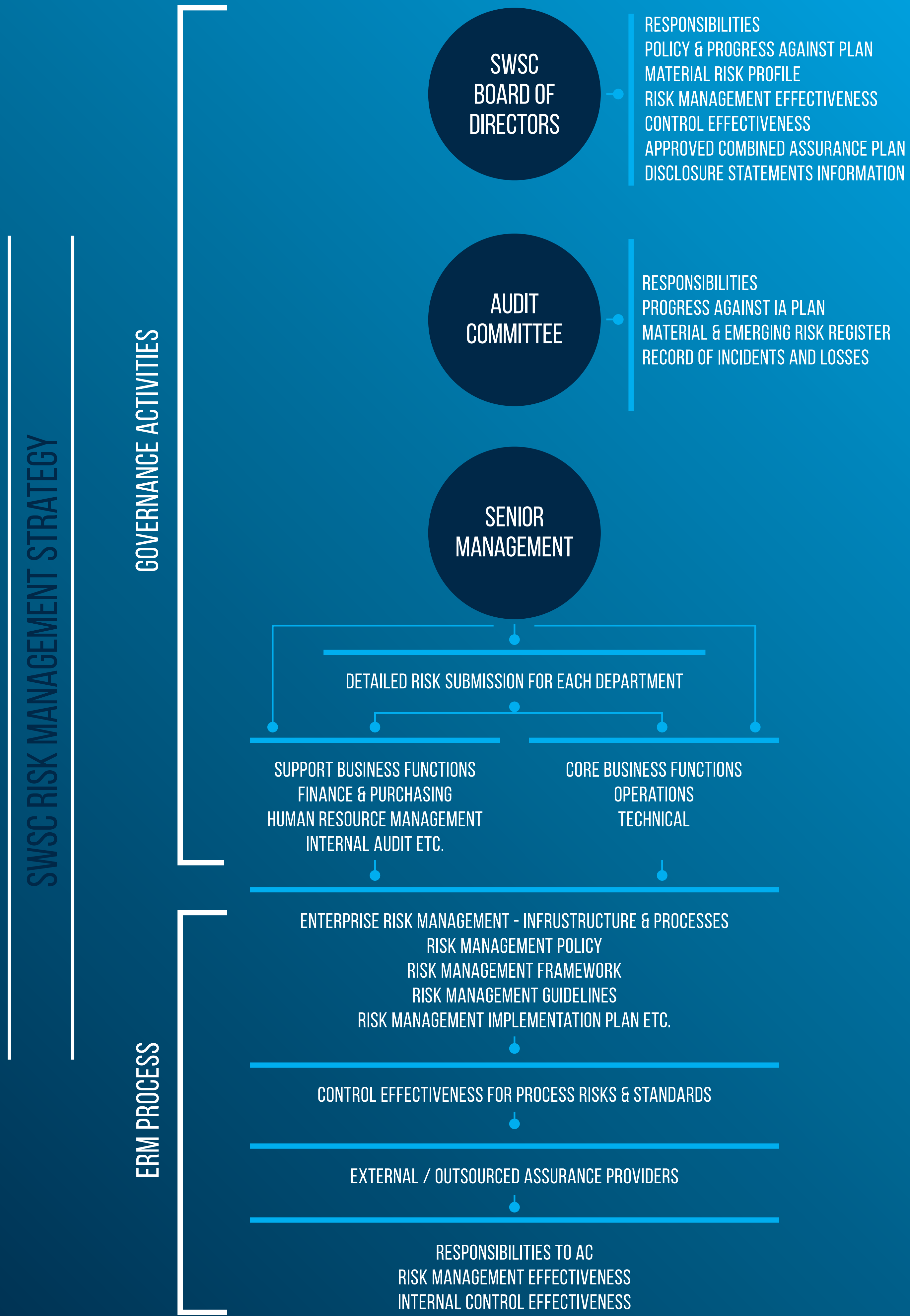
BOARD MEETING ATTENDANCE

The Board held three scheduled meetings during the year and additional meetings were held as and when required. The table below shows the number of scheduled meetings attended by each member of the Board for the year ended 31 March 2017.

Name	Title	No. of normal Board meetings convened	No. of normal Board meetings attended	Percentage Attendance (normal meetings)
Mr. B.N. Xaba	Chairman	3	3	100%
Ms. T. Mavuso	Member	3	3	100%
Mr. C. Simelane	Member	3	2	66.6%
Mr. P.N. Bhembe	Member	3	3	100%
Mr. S. Khumalo	Member	3	1	33.3%
Mr. A. Dlamini	Member	3	3	100%
Mr. M.B.C. Dlamini	Member	3	1	33.3%
Mr. M.J. Ntshangase	Member	3	3	100%

COMPLIANCE STATEMENT

The Board and Management shall endeavour to uphold the rules and practices of good corporate governance and respond quickly to changing circumstances within a framework of solid corporate values to the benefit of all stakeholders.


SWSC RISK MANAGEMENT STRATEGY
GOVERNANCE ACTIVITIES
SWSC BOARD OF DIRECTORS
RESPONSIBILITIES
POLICY & PROGRESS AGAINST PLAN
MATERIAL RISK PROFILE
RISK MANAGEMENT EFFECTIVENESS
CONTROL EFFECTIVENESS
APPROVED COMBINED ASSURANCE PLAN
DISCLOSURE STATEMENTS INFORMATION
AUDIT COMMITTEE
RESPONSIBILITIES
PROGRESS AGAINST IA PLAN
MATERIAL & EMERGING RISK REGISTER
RECORD OF INCIDENTS AND LOSSES
SENIOR MANAGEMENT
DETAILED RISK SUBMISSION FOR EACH DEPARTMENT
SUPPORT BUSINESS FUNCTIONS
FINANCE & PURCHASING
HUMAN RESOURCE MANAGEMENT
INTERNAL AUDIT ETC.
CORE BUSINESS FUNCTIONS
OPERATIONS
TECHNICAL
ERM PROCESS
ENTERPRISE RISK MANAGEMENT - INFRUSTRUCTURE & PROCESSES
RISK MANAGEMENT POLICY
RISK MANAGEMENT FRAMEWORK
RISK MANAGEMENT GUIDELINES
RISK MANAGEMENT IMPLEMENTATION PLAN ETC.
CONTROL EFFECTIVENESS FOR PROCESS RISKS & STANDARDS
EXTERNAL / OUTSOURCED ASSURANCE PROVIDERS
RESPONSIBILITIES TO AC
RISK MANAGEMENT EFFECTIVENESS
INTERNAL CONTROL EFFECTIVENESS

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

SWSC recognizes the importance of Corporate Social Responsibility (CSR) and is committed to fully implementing its CSR policy in the best interest of its stakeholders. Our policy applies to activities undertaken by or on behalf of SWSC. We strive to maintain a productive and open dialogue with all parties who may have an interest in our activities including shareholders, customers, suppliers and employees.

SWSC management will ensure that appropriate organizational structures are in place to effectively identify, monitor and manage CSR issues relevant to our business. The Board takes full responsibility for CSR and is committed to developing and implementing policies that will maximize shareholder value.

BUSINESS ETHICS & TRANSPARENCY

SWSC is committed to maintaining the highest standards of integrity and corporate governance practices in order to sustain excellence in its daily operations, and to promote confidence in our governance systems.

- SWSC will conduct its business in an open, honest and ethical manner.
- SWSC recognizes the importance of protecting all our human, financial, physical, information, social, environmental and reputational assets.
- SWSC shall advise its customers, contractors and suppliers of its CSR policy, and shall work with them to achieve consistency with this policy.
- SWSC is committed to measuring, auditing and publicly reporting performance on its CSR programs.

WE CARE

ENVIRONMENT, HEALTH & SAFETY

SWSC is committed to protecting the health and safety of all individuals affected by its activities, including our employees, contractors and the public. The Corporation shall seek to provide a safe and healthy working environment, and will not compromise the health and safety of any individual. The Corporation's goal is to have no incidents and to mitigate impacts on the environment by working with our stakeholders, peers and others to promote responsible environmental practices and continuous improvement. SWSC is committed to environmental protection and stewardship. SWSC recognizes that pollution prevention, biodiversity and resource conservation are key to a sustainable environment, and will effectively integrate these concepts into business decision-making.

All employees shall be held responsible and accountable for providing a safe working environment, for fostering safe working attitudes and for operating in an environmentally responsible manner.

COMMUNITY INVESTMENT

SWSC stresses collaborative, consultative and partnership approaches in its community investment and social responsibility programs.

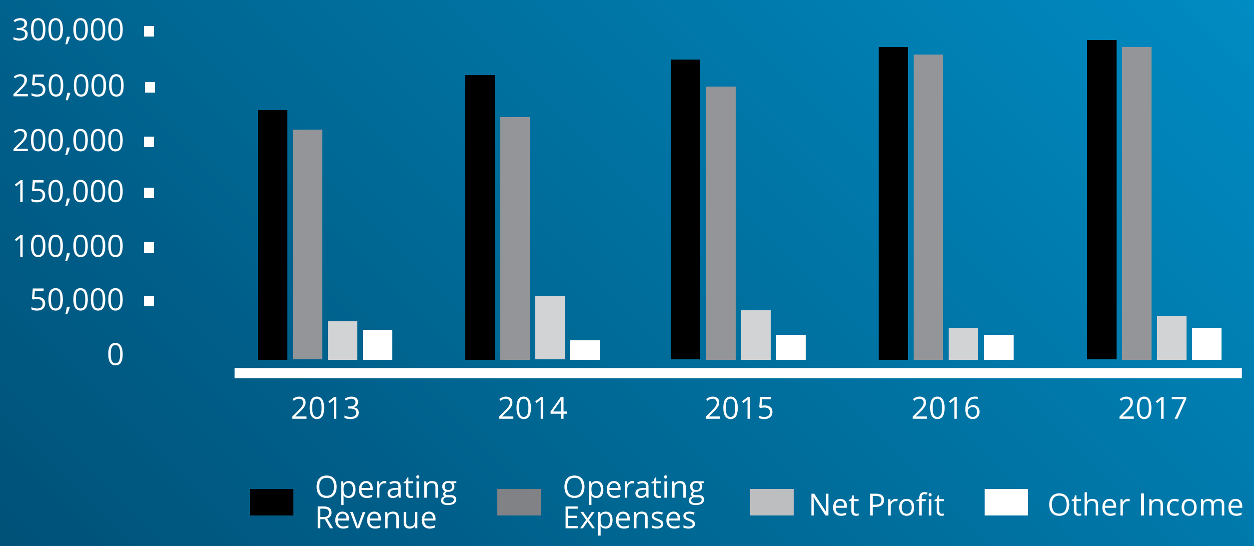
SWSC will integrate community investment considerations into decision-making processes and business practices, and will assist in local capacity building to develop mutually beneficial relationships with communities.

SWSC undertakes to contribute to the communities' quality of life by supporting innovative programs in health, HIV/AIDS, education, social services and the environment, as well as youth, cultural and civic projects.

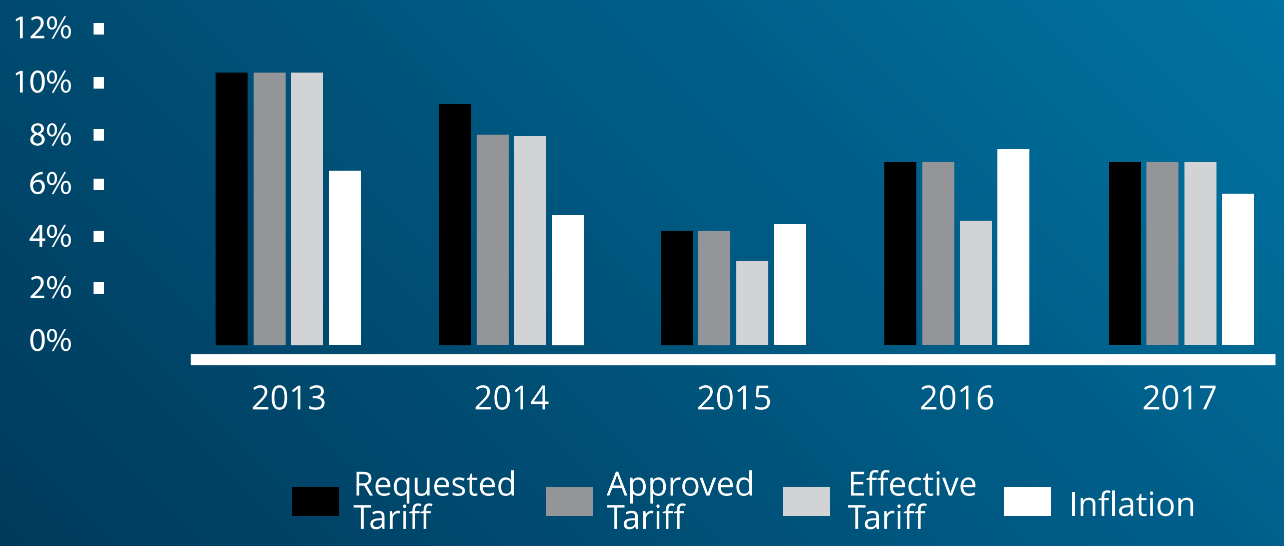
SWSC will strive to provide employment and economic opportunities in communities within its operating environment.

FINANCIAL AND OPERATING STATISTICS

FIVE YEAR PERFORMANCE AT A GLANCE (E000)

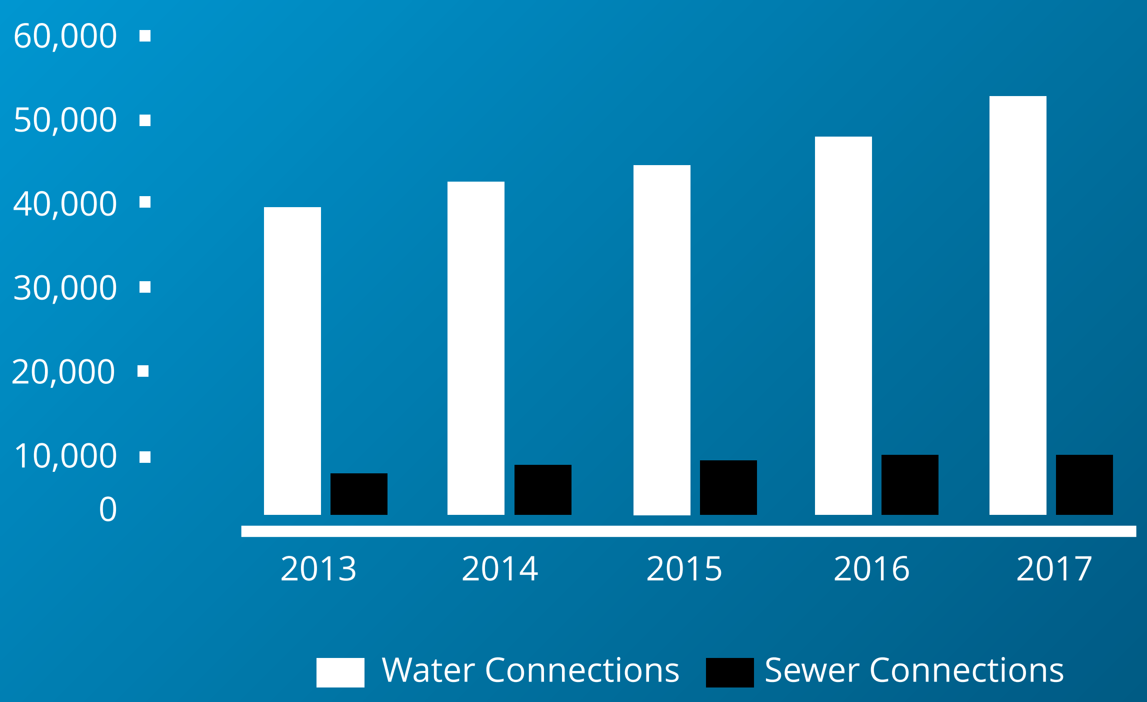


APPROVED AND EFFECTIVE TARIFFS AND INFLATION



* The effective tariff takes into account lost revenue due to delayed tariff approval / implementation.

NUMBER OF CONNECTIONS



NUMBER OF CONNECTIONS AND WATER CONSUMPTION

	2013	2014	2015	2016	2017
Water connections	40,540	42,784	45,578	49,494	53,081
Sewer connections	9,710	9,908	9,948	10,845	10,840
Total water consumption (m^3)	13,228,000	13,805,111	14,190,834	13,748,179	11,899,115

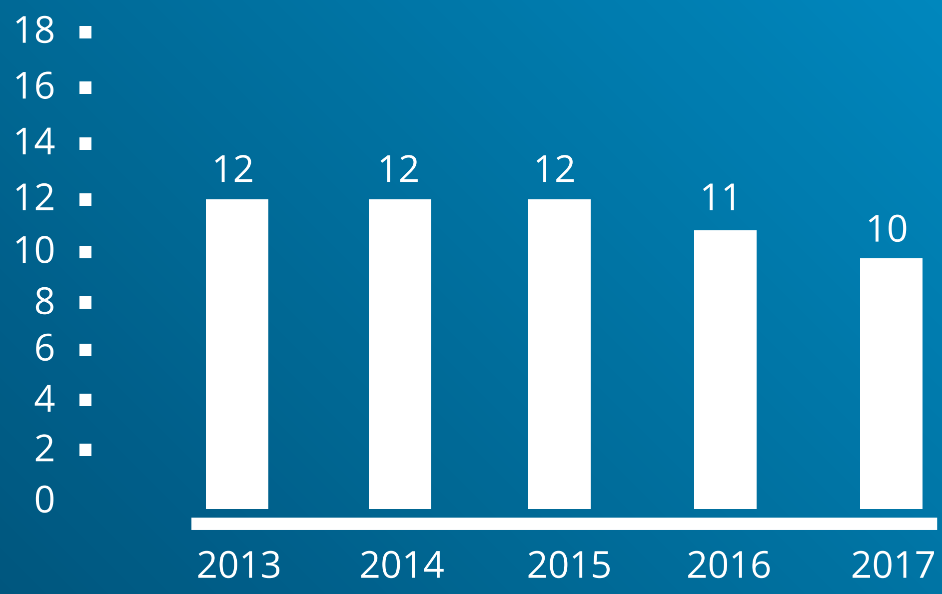
* Inactive connections were removed from the system in 2011 hence the decline in no. of connections

EMPLOYEE PRODUCTIVITY

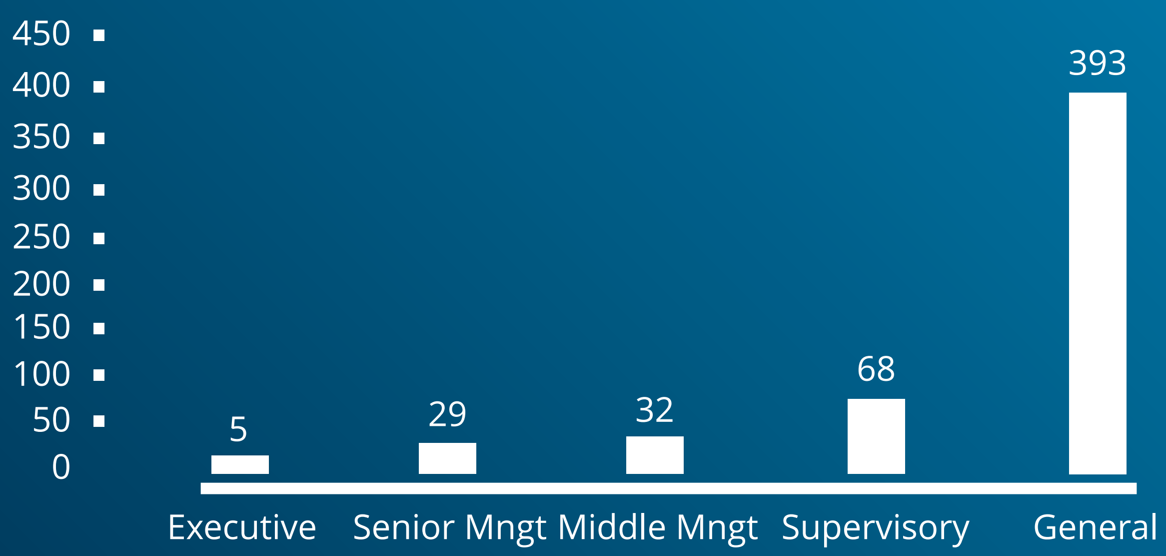
	2013	2014	2015	2016	2017
Number of employees	492	536	525	527	530
Sales turnover per employee (E000)	499	507	538	567	557
Net profit per employee (E000)	67	106	36	68	53
Average cost per employee (E000)	450	420	484	555	559
Employees per 1000 connections	12	12	12	11	10

STAFF COMPLEMENT AND TURNOVER AS AT 31 MARCH 2017

EMPLOYEES PER 1000 CONNECTIONS

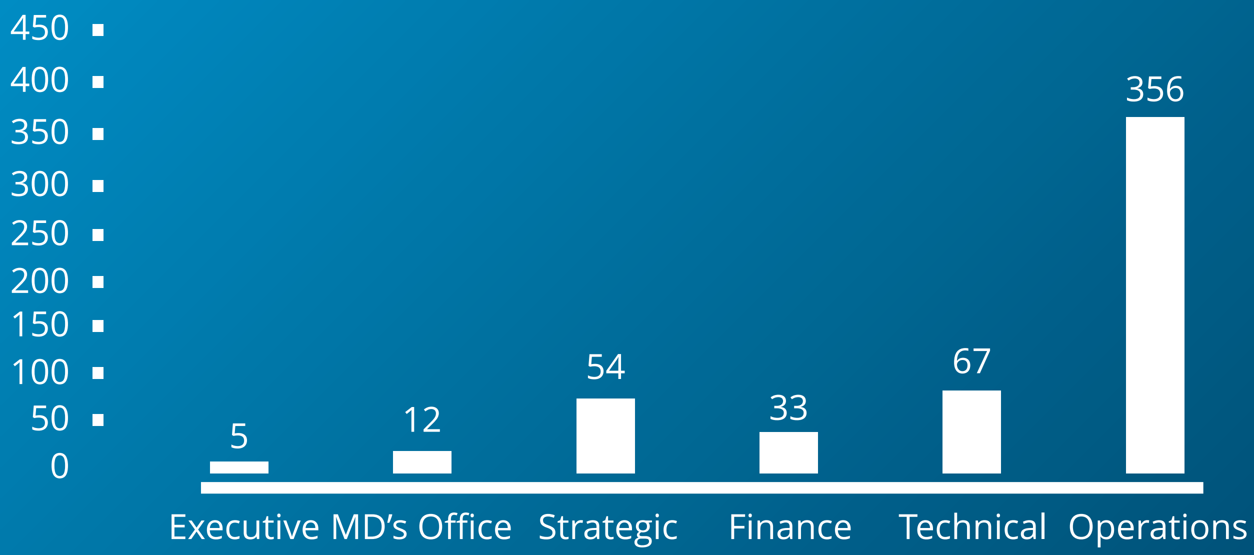


STAFF COMPLEMENT BY STRUCTURE

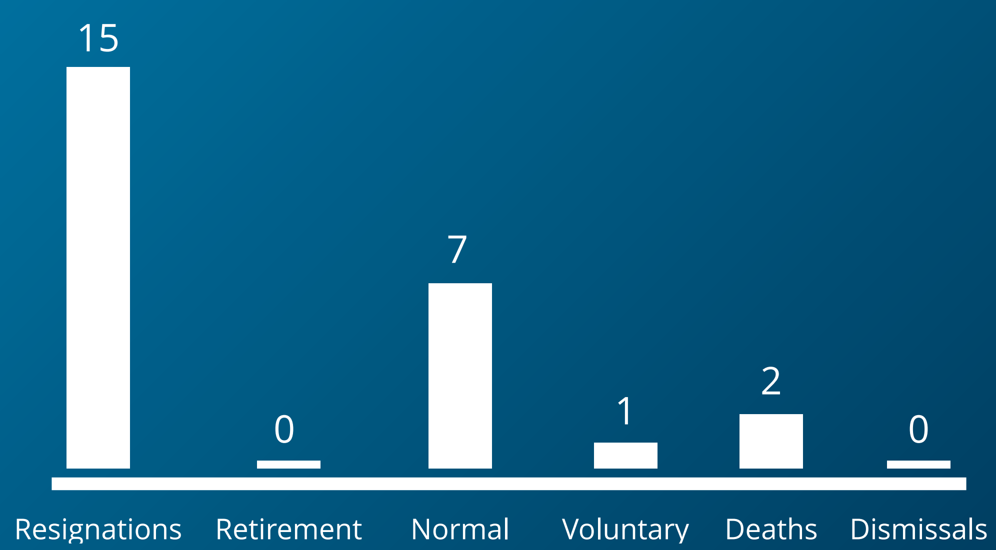


STAFF COMPLEMENT AND TURNOVER AS AT 31 MARCH 2017

STAFF COMPLEMENT BY FUNCTION



STAFF TURNOVER



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

CONTENTS

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and the related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Water Services Corporation Act No. 12 of 1992.

The directors are also responsible for the Corporation's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability to the assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Corporation will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the Corporation.

The financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers, which was given unrestricted access to all financial records and related data, including minutes of the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate. PricewaterhouseCoopers' audit report is presented on page 60 - 61.

The annual financial statements which appear on pages 65 to 94 have been approved by the board of directors on 20 July 2017 and are signed on its behalf by:

CHAIRMAN

MANAGING DIRECTOR

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SWAZILAND WATER SERVICES CORPORATION

Our Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Swaziland Water Services Corporation (the Corporation) as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Water Services Corporation Act No.12 of 1992.

What we have audited:

Swaziland Water Services Corporation's financial statements set out on pages 65 to 94 comprise:

- the statement of financial position as at 31 March 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Corporation in accordance with the requirements of the International Federation of Accountants' (IFAC) Code of Ethics for Professional Accountants. We have fulfilled our ethical responsibilities in accordance with the IFAC Code.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Water Services Corporation Act No.12 of 1992 and the Statement of Directors Responsibility. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Water Services Corporation Act No.12 of 1992, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities of the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

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

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

Pricewaterhouse Coopers.

PricewaterhouseCoopers

REFRESHING DROPS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report, which forms part of the audited financial statements of the Corporation for the year ended 31 March 2017.

Nature of the Corporation's business

The Corporation is engaged in the supply of water and sewerage services in designated areas around Swaziland. The nature of the Corporation's business has not changed during the year under review.

Operating and financial review

Key statistics the financial position and profit and loss for the period are set out in the table below:

	2017 E'000	2016 E'000
Financial position		
Total assets	2 207 000	1 957 000
Total liabilities	1 714 000	1 500 000
Operating results		
Revenue	298 708	295 180
Profit for the year	36 057	28 190

Directors

The following were directors of the Corporation during the year under review:

B N Xaba	(Chairman)
P N Bhembe	(Managing Director and Secretary to the Board)
A Dlamini	(Representative of the Ministry of Finance & Member)
S Khumalo	(Member)
MBC Dlamini	(Member)
T Mavuso	(Representative of the Ministry of Natural Resources & Member)
M Ntshangase	(Member)
C Simelane	(Member)

(CONTINUED)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

SECRETARY

Mr P N Bhembe
P O Box 20
Mbabane

AUDITORS

PricewaterhouseCoopers
P O Box 2513
Rhus Office Park
Karl Grant Street
Mbabane

REGISTERED OFFICE

Emtfonjeni Building
Below Gables Shopping Complex
Above Usushwana Bridge
(MR103)
Ezulwini

BANKERS AND INVESTEES

First National Bank of Swaziland Limited
Nedbank (Swaziland) Limited
Standard Bank Swaziland Limited
Swaziland Building Society
Swaziland Development and Savings Bank
African Alliance Swaziland
Stanlib (Swaziland) (Proprietary) Limited

SUBSEQUENT EVENTS

There are no events which have occurred between the statement of financial position date and the date of this report which have a material impact on these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 E	2016 E
Revenue	2	298 707 557	295 180 227
Other income	6	29 203 806	18 896 097
Raw materials & consumables used		(85 044 599)	(78 802 642)
Employee benefits expense	4	(106 962 889)	(108 650 300)
Depreciation expense	7	(41 488 135)	(31 759 657)
Other expenses		(62 829 957)	(73 704 186)
Finance income – net	3	10 021 547	12 740 053
Profit before income tax	1	41 607 330	33 899 592
Income tax expense	5	(5 550 221)	(5 709 447)
Profit for the year		36 057 109	28 190 145

STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2017

	Notes	2017	2016
	E	E	
Assets			
Non-current assets			
Property, plant and equipment	7	1 860 249 781	1 431 744 348
Deferred income tax asset	18	-	2 118 928
Investments	10	8 343 865	16 511 193
		1 868 593 646	1 450 374 469
Current assets			
Inventories	12	7 950 201	6 380 972
Trade and other receivables	13	101 983 236	149 796 546
Investments	11	92 453 377	84 945 190
Cash and cash equivalents	14	136 098 699	265 896 488
		338 485 513	507 019 196
Total assets		2 207 079 159	1 957 393 665
Equity			
Capital and reserves			
Share capital	15	30 222 580	30 222 580
Retained earnings		462 796 810	426 739 701
		493 019 390	456 962 281
Liabilities			
Non-current liabilities			
Deferred grants	16	1 514 593 325	1 314 613 351
Borrowings	17	69 535 133	62 451 589
Deferred income tax liability	18	3 431 293	-
		1 587 559 751	1 377 064 940
Current liabilities			
Trade and other payables	19	112 642 490	108 669 808
Borrowings	17	11 657 210	11 958 921
Short term employee benefits	20	2 200 318	2 737 715
		126 500 018	123 366 444
Total liabilities		1 714 059 769	1 500 431 384
Total equity and liabilities		2 207 079 159	1 957 393 665

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Share capital E	Retained earnings E	Total E
Balance at 31 March 2016	30 222 580	426 739 701	456 962 281
Net profit for the year	-	36 057 109	36 057 109
Balance at 31 March 2017	30 222 580	462 796 810	493 019 390
Balance at 1 April 2015	30 222 580	398 549 556	428 772 136
Net profit for the year	-	28 190 145	28 190 145
Balance at 31 March 2016	30 222 580	426 739 701	456 962 281

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 E	2016 E
Cash flows from operating activities			
Cash generated from operations	21.1	99 552 487	(32 589 977)
Interest received		18 491 117	18 364 952
Interest paid		(8 406 697)	(5 624 899)
Net cashflows from operating activities		109 636 907	(19 849 924)
Cash flows from investing activities			
Proceeds on disposal of property, plant and equipment		-	937 750
Acquisition of property, plant and equipment	7	(469 993 628)	(216 508 747)
Decrease / (increase) in investments		659 201	(77 264 704)
Net cash utilised in investing activities		(469 334 427)	(292 835 701)
Cash flows from financing activities			
Movement in long term borrowings		6 781 835	12 468 744
Swaziland Government capital grant received		223 117 896	261 812 619
Net cash generated from financing activities		229 899 731	274 281 363
Net increase in cash and cash equivalents		(129 797 789)	(38 404 262)
Cash and cash equivalents at beginning of the year		265 896 488	304 300 750
Cash and cash equivalents at the end of the year	21.2	136 098 699	265 896 488

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2017

01 BASIS OF PREPARATION

The financial statements of Swaziland Water Services Corporation have been prepared in accordance with International Financial Reporting Standards. They have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation's accounting policies.

(a) New Standards, Amendments and Interpretations adopted by the Corporation

There were no new standards adopted by the Corporation for the first time for the financial year beginning on or after 1 April 2016.

(b) New Standards and Interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2017 reporting periods and have not been early adopted by the Corporation. The Corporation's assessment of these new standards and interpretations is set out below:

Title of Standard	Nature of Change	Mandatory Application Date
IFRS 9 Financial Instruments	IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety.
IFRS 15 Revenue from Contracts with Customers	The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 January 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.	Mandatory for financial years commencing on or after 1 January 2017.

01 BASIS PREPARATION
Continued

Title of Standard	Nature of Change	Mandatory Application Date
IFRS 16 – Leases	After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture). A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios). IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.	Mandatory for financial years commencing on or after 1 January 2019.

02 PROPERTY, PLANT AND EQUIPMENT

Land and buildings comprise mainly administrative offices. Building and all other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

02 PROPERTY, PLANT AND EQUIPMENT
Continued

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	50	Years
Dams and reservoirs	40 – 60	Years
Treatment works	60	Years
Mains and reticulation	40	Years
Plant and machinery	5 – 10	Years
Furniture and equipment	3 – 10	Years
Motor vehicles	5	Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income' in the statement of comprehensive income.

03 IMPAIRMENT OF NON-FINANCIAL ASSETS
Assets that have an indefinite useful life, for example goodwill, are not subject to depreciation or amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

04 FINANCIAL ASSETS
The Corporation classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

(b) 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 are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets.

04 FINANCIAL ASSETS
Continued

(c) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Corporation commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income when the Corporation's right to receive payments is established.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the Corporation's right to receive payments is established.

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

The Corporation assesses at each statement of financial position date whether there is objective evidence that a financial asset or financial assets are impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – 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 removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. Impairment testing of trade receivables is described in policy 7.

05 LEASES
Leases of property, plant and equipment where the Corporation has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

06 INVENTORIES
Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Cost comprises direct materials and, where applicable, overheads that have been incurred in bringing the inventories to their present location and condition, excluding borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

07 TRADE RECEIVABLES
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 365 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

08 CASH AND CASH EQUIVALENTS
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

09 SHARE CAPITAL
Ordinary shares and non-redeemable preferred shares with discretionary dividends are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

10 GOVERNMENT GRANTS RELATING TO PURCHASE OF PROPERTY, PLANT AND EQUIPMENT
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Corporation will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statement of comprehensive income on a straight line basis over the expected lives of the related assets.

11 BORROWINGS
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

12 TRADE PAYABLES

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

13 EMPLOYEE BENEFITS

For defined contribution plans, the Corporation pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Corporation has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

14 PROVISIONS

Provisions are recognised when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Corporation expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The Corporation recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Restructuring provisions comprise lease termination penalties and employee termination payments, and are recognised in the period in which the Corporation becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Corporation are not provided in advance.

15 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Corporation's activities.

The Corporation recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Corporation's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Corporation bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of services

Revenue comprises the billed value of water, sewerage services rendered, and collection for water and sewer connections. The revenue is recognised upon performance of services.

Revenue from rendering of services is recognised by reference to the completion of the specific transaction assessed as the basis of the actual service provided as a proportion of the total services provided when it is probable that the economic benefits associated with a transaction will flow to the Corporation and the amount of revenue, and associated costs incurred or to be incurred can be measured reliably.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(c) Divided income

Dividend income is recognised when the right to receive payment is established.

16 DIVIDEND DISTRIBUTION

Dividend distribution to the Corporation's shareholder is recognised as a liability in the financial statements in the period in which the dividends are approved by the shareholder.

17 FINANCIAL RISK MANAGEMENT
17.1 FINANCIAL RISK FACTORS

The Corporation's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest risk, cash flow interest-rate risk and price risk), credit risk, and liquidity risk. The Corporation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Corporation's financial performance. The Corporation currently does not use derivative financial instruments to hedge certain risk exposures.

(a) Market risk

(i) Foreign exchange risk

From time to time the Corporation is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the Corporation's functional currency.

As at 31 March 2017, the Corporation was not exposed to any foreign currency exchange risk.

(ii) Price risk

The Corporation is exposed to equity securities price risk because of an investment held by the Corporation and classified on the statement of financial position as at fair value through profit or loss financial asset. This asset is an investment in African Alliance Swaziland Managed Fund unit trusts. The unit trust prices of this managed fund are published in the local press on each business day.

The table below summarises the impact of increases/ decreases in the African Alliance Swaziland Managed Fund unit trust price on the Corporation's post-tax profit for the year. The analysis is based on the assumption that the unit trust price had changed by 5% with all other variables held constant:

	2017 E	2016 E
Impact on post-tax profit		
African Alliance Swaziland Managed Fund unit trust price	246 435	228 332

(iii) Cash flow and fair value interest rate risk

As the Corporation has no significant interest-bearing assets, the Corporation's income and operating cash flows are substantially independent of changes in market interest rates. The Corporation's interest-rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Corporation to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Corporation to fair value interest-rate risk. The Corporation is not exposed to fair value interest rate risk because all the Corporation's borrowings (note 17) are at variable rates. The Corporation does not consider the exposure to cash flow interest rate risk as significant to the Corporation. Therefore, the Corporation currently does not have formal mechanisms to mitigate this risk.

17 FINANCIAL RISK MANAGEMENT
17.1 FINANCIAL RISK FACTORS
Continued

(b) Credit risk

Credit risk is managed on Corporation basis. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to commercial and residential customers, including outstanding receivables and committed transactions. For banks and financial institutions, only high credit quality parties are accepted. If commercial customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales to customers are settled in cash. See note 9 (B) and 13 for further disclosure on credit risk. Management does not expect any losses from non-performance by these counter parties.

The Corporation does not do credit vetting for new customers since it is an essential service. Overdue accounts are disconnected for non-payment after 20 days from the statement due date as per the policies and procedures.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Corporation Management aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the Corporation's financial liabilities into relevant maturity rationings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

	Less than 1 year E	Between 1 and 5 years E	Over 5 years E
At 31 March 2017			
Borrowings	11 657 210	69 535 133	-
Trade and other receivables	112 642 490	-	-
At 31 March 2016			
Borrowings	11 958 921	62 451 589	-
Trade and other receivables	108 669 808	-	-

17.2 CAPITAL RISK MANAGEMENT

The Corporation's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for stakeholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Corporation monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratio at 31 March 2017 and 2016 were as follows:

	2017 E	2016 E
Total borrowings (note 17)	81 192 344	74 410 510
Less: cash and cash equivalents (note 14)	(136 098 699)	(265 896 488)
Net debt	(54 906 355)	(191 485 978)
Total equity	493 019 390	456 962 281
Total capital	438 113 035	265 476 303
Gearing ratio	0%	0%

17.3 FAIR VALUE ESTIMATION

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Corporation for similar financial instruments.

18 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Corporation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There were no critical accounting estimates that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Provision for impairment of trade receivables
The Corporation considers all trade receivable balances that have been outstanding for over one year as impaired. The Corporation applies this policy consistently and the Corporation's management is of the view that, even though this is an accounting estimate, it is the best estimate of the amount that may not be recovered from the Corporation's customers. Refer to note 13 for disclosure on the provision for impairment of trade receivables.

(b) Review of useful lives
The Corporation depreciates items of property, plant and equipment based on the useful lives of these items. The useful lives of the items are management's best estimates. The useful lives are disclosed in accounting policy 2 and they are reasonable in management's view. These useful lives determine the amount of depreciation recognised in the statement of comprehensive income each year
(refer to note 7).

(c) Income taxes
Judgement is required in determining whether the Corporation is liable for tax or not. There may be transactions and calculations for which the ultimate tax determination may be uncertain. The Corporation recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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

1. Profit for the year

	2017 E	2016 E
The following items have been included in arriving at profit for the year:		
Auditors' remuneration		
- Audit fees	1 553 312	520 000
Depreciation (Refer note 7)	41 488 135	31 759 657
Amortisation of grant - included in other income (Refer note 16)	(23 137 923)	(14 293 883)
Fees for services		
- Public Enterprise Unit management fees	2 380 626	2 707 787
Directors emoluments		
- For services as directors	216 844	284 155
Loss / (Profit) on disposal of property, plant and equipment	-	3 339 599
Staff costs (refer note 4)	106 962 889	108 650 300
Trade receivables – impairment charge for bad and doubtful debts	1 844 425	1 736 739
Rentals in respect of operating leases		
- Land and buildings	2 171 367	2 182 128
Repairs and maintenance expenditure		
- Property, plant and equipment	2 823 990	2 612 083

2 . Revenue

Analysis of revenue

	2017	2016
Water charges – commercial and residential customers	196 607 229	195 534 142
Sewer charges	53 866 245	51 606 344
Basic charges	38 880 124	33 663 076
Penalty charges	1 194 023	1 082 769
Miscellaneous water supply services	2 896 114	2 408 401
Connection charges – new customers	3 378 775	2 926 569
Connection charges – reconnected customers	266 372	255 852
Trade effluent charges	1 618 675	7 703 074
	298 707 577	295 180 227

3. Finance income – net

	2017 E	2016 E
Interest income	18 428 244	18 364 952
Interest expense	(8 406 697)	(5 624 899)
	10 021 547	12 740 053

4. Employee benefits expenses

	2017 E	2016 E
Salaries, wages and allowances	92 761 476	95 639 953
Provident fund contribution	686 743	636 100
Medical aid contribution	5 031 467	4 302 106
Retirement benefits	8 483 203	8 072 141
	106 962 889	108 650 300

The average number of employees during the year was 530 (2016;527)

5. Income tax expense

	2017 E	2016 E
- Current tax	-	-
- Deferred tax (note 18)	5 550 221	5 709 447
	5 550 221	5 709 447

The tax on the Corporation's profit before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to companies in Swaziland as follows:

	2017	2016
Profit before income tax	41 607 330	33 899 592
Tax calculated at statutory tax rate of 27.5%	11 442 016	9 322 388
Tax effects of:		
Expenses not deductible for tax purposes	471 134	1 309 519
Grant amortisation credited to the statement of comprehensive income	(6 362 929)	(4 922 460)
Tax charge	5 550 221	5 709 447

6. Other income

	2017	2016
Ecowater	746 542	908 641
Amortisation of deferred grant income	23 137 923	14 293 883
Rental income	3 109 255	2 833 901
Sundry income	2 210 086	859 672
Total	29 203 806	18 896 097

7. Property, plant and equipment

Year ended 31 March 2017

	Opening net Carrying amount E	Additions E	Disposals E	Transfers from Capital projects E	Depreciation Charge (note 1) E	Re-classification E	Closing net Carrying amount E
Land and buildings	146 455 785	-	-	2 078 415	(4 125 754)	706	144 409 152
Dams and reservoirs	82 339 708	-	-	1 608 039	(2 571 990)	(775 905)	80 599 852
Treatment works	182 197 047	-	-	31 827 984	(3 652 218)	908 740	211 281 553
Mains and reticulation	388 187 285	-	-	10 880 016	(12 661 475)	-	386 405 826
Plant and machinery	73 867 830	-	-	107 686 071	(8 865 369)	(90 033)	172 598 499
Furniture and equipment	17 255 024	-	-	1 652 227	(3 026 002)	375 196	16 256 446
Motor vehicles	26 411 211	-	-	5 012 284	(6 585 327)	(418 765)	24 419 403
Capital work in progress (note 8)	515 030 458	469 993 628	-	(160 745 036)	-	-	824 279 050
Total	1 431 744 348	469 993 628	-	-	(41 488 135)	(61)	1 860 249 781

At 31 March 2017

	Cost E	Accumulated Depreciation E	2017 Net carrying amount E	2016 Net carrying amount E
Land and buildings	172 788 225	(28 379 073)	144 409 152	146 455 785
Dams and reservoirs	107 402 940	(26 803 088)	80 599 852	82 339 708
Treatment works	250 361 340	(39 079 787)	211 281 553	182 197 047
Mains and reticulation	486 316 337	(99 910 511)	386 405 826	388 187 285
Plant and machinery	218 558 264	(45 959 765)	172 598 499	73 867 830
Furniture and equipment	41 360 123	(25 103 677)	16 256 446	17 255 024
Motor vehicles	49 029 026	(24 609 623)	24 419 403	26 411 211
Capital work in progress	824 279 050	-	824 279 050	515 030 458
Total	2 150 095 305	(289 845 524)	1 860 249 781	1 431 744 348

Year ended 31 March 2016

	Opening net Carrying amount E	Additions E	Disposals E	Transfers from Capital projects E	Depreciation Charge (note 1) E	De-recognised E	Closing net Carrying amount E
Land and buildings	93 285 163	-	(279)	55 738 784	(2 567 883)	-	146 455 785
Dams and reservoirs	54 413 351	-	-	29 907 499	(1 827 424)	(153 718)	82 339 708
Treatment works	172 086 695	-	-	16 104 788	(5 041 650)	(952 786)	182 197 047
Mains and reticulation	287 722 335	-	-	110 376 197	(9 915 537)	4 290	388 187 285
Plant and machinery	64 524 823	-	-	12 151 909	(3 911 116)	1 102 214	73 867 830
Furniture and equipment	8 525 762	-	(127 829)	11 407 659	(2 550 568)	-	17 255 024
Motor vehicles	29 704 058	-	(742 145)	3 394 777	(5 945 479)	-	26 411 211
Capital work in progress (note 8)	541 010 419	216 508 747	(3 407 095)	(239 081 613)	-	-	515 030 458
Total	1 251 272 606	216 508 747	(4 277 348)	-	(31 759 657)	-	1 431 744 348

At 31 March 2016

	Cost E	Accumulated Depreciation E	2016 Net carrying amount E	2015 Net carrying amount E
Land and buildings	170 709 810	(24 254 025)	146 455 785	93 285 163
Dams and reservoirs	106 840 029	(24 500 321)	82 339 708	54 413 351
Treatment works	217 488 228	(35 291 181)	182 197 047	172 086 695
Mains and reticulation	475 436 320	(87 249 035)	388 187 285	287 722 335
Plant and machinery	110 780 524	(36 912 694)	73 867 830	64 524 823
Furniture and equipment	39 363 628	(22 108 604)	17 255 024	8 525 762
Motor vehicles	44 396 804	(17 985 593)	26 411 211	29 704 058
Capital work in progress	515 030 458	-	515 030 458	541 010 419
Total	1 680 045 801	(248 301 453)	1 431 744 348	1 251 272 606

7. Property, plant and equipment

//Continued

	2017 E	2016 E
Leased assets (motor vehicles and trailers) included in property, plant and equipment are as follows:		
Cost	24 851 523	20 614 930
Accumulated depreciation	(11 015 191)	(6 177 959)
Net carrying amount	13 836 332	14 436 971

	2017 E	2016 E
Land and buildings comprise:		
Portion 79 - Land adjacent to Ezulwini Headquarters	820 000	820 000
Erf No4 – Second street Nhlangano	550 000	550 000
Plot 237 – Matsapha	1 558 800	1 558 800
Portion 1165 of Farm 188	195 000	195 000
Portion 80 (a portion of portion 61) of Farm 51, Hhohho	950 000	950 000
Portion 78 (a portion of portion 61) of Farm 51, Hhohho	500 000	500 000
Portion 387 (a portion of portion 300) of Dalriach No.188	2 150 000	2 150 000
Portion 8 of Farm No. 1194, Hhohho District	290 000	290 000
Portion 457 of Farm No. 2, Hhohho District	110 000	110 000
Lot No. 585 Extension 3 – Checkers, Hhohho	180 000	180 000
Lot No. 2437 Extension 23 – Golf Course, Hhohho	1 760 000	1 760 000
Portion 95 (a portion of portion 61) of farm 51 Ezulwini	4 500 000	4 500 000
Portion 1016 of Farm 2 Mbabane	650 000	650 000
Land purchased at Shiselweni Forest (Nkawini T/Works)	3 500	3 500
Portion 1259 of Farm Dalriach No.188	280 000	280 000
Portion 95 (a portion of portion 15) of Farm No 300 - Matsapha	10 046 288	10 046 288
Buildings at depreciated cost	119 865 564	121 912 197
	144 409 152	146 455 785

	2017 E	2016 E
The cost of assets which are fully depreciated but still in use are as follows:		
Fencing	1 603 523	1 127 409
Mains and Reticulation	850 531	-
Motor vehicles	337 792	175 950
Laboratory equipment	717 361	-
Furniture and equipment	865 513	4 731 356
Office equipment	3 795 819	-
Electrical plant and system	-	110 572
Mobile plant	78 497	78 496
Computers	4 095 392	-
	12 344 428	6 223 783

8. Capital projects in progress

	2017 E	2016 E
Internal projects (note 8.1)	48 723 672	36 288 419
Government Funded Projects (note 8.2)	336 186 080	313 332 806
European Union funded projects (note 8.4)	252 387 770	67 676 658
African Development Bank funded projects (note 8.3)	170 960 668	64 712 156
Nedbank/SWSC funded projects (note 8.5)	16 020 860	33 020 419
Total capital work in progress (note 7)	824 279 050	515 030 458

The movement in the capital projects in progress during the year is as follows:

8.1 Internal projects

Opening net carrying amount	36 288 419	88 453 463
Additions	28 139 000	12 954 347
Transfers to external funded projects	(4 237 110)	-
Commissioned – transfers to property, plant and equipment	(11 466 637)	(61 712 296)
Disposals / de-recognised	-	(3 407 095)
Closing net carrying amount	48 723 672	36 288 419

8.2 Government funded projects

Opening net carrying amount	313 332 806	452 556 956
Additions	127 095 690	38 145 168
Transfers from internal projects	2 048 359	-
Commissioned - transfers to property, plant and equipment	(106 130 428)	(177 369 318)
Disposal / de-recognised	(160 347)	-
Closing net carrying amount	336 186 080	313 332 806

8.3 African Development Bank funded projects

Opening net carrying amount	64 712 156	-
Additions	106 031 141	64 712 156
Transfer from internal projects	217 371	-
Closing net carrying amount	170 960 668	64 712 156

8.4 European Union funded projects

Opening net carrying amount	67 676 658	-
Additions	184 711 112	67 676 658
Closing net carrying amount	252 387 770	67 676 658

8.5 Nedbank loan/SWSC funded projects

Opening net carrying amount	33 020 419	-
Additions	19 085 570	33 020 419
Transfer from internal projects	1 971 380	-
Commissioned - transfers to property, plant and equipment	(38 056 509)	-
Closing net carrying amount	16 020 860	33 020 419

9. (A) Financial instruments by category

The carrying amounts and fair value of each category of financial asset and liability as defined in IAS 39, and their fair values are as follows:

	Loans and receivables E	Assets at fair value through profit and loss E	Available for sale E	Total E
31 March 2017				
Assets as per statement of financial position				
Trade and other receivables	101 983 236	-	-	101 983 236
Available for sale financial assets	-	-	8 343 865	8 343 865
Other financial assets at fair value through profit and loss	-	92 453 377	-	92 453 377
Cash and cash equivalents	136 098 699	-	-	136 098 699
	238 081 935	92 453 377	8 343 865	338 879 177
Liabilities as per statement of financial position				
Borrowings	81 192 344	-	-	81 192 344
Trade and other payables	112 642 490	-	-	112 642 490
	193 834 834	-	-	193 834 834
31 March 2016				
Assets as per statement of financial position				
Trade and other receivables	149 796 546	-	-	149 796 546
Available for sale financial assets	-	-	16 511 193	16 511 193
Other financial assets at fair value				-
through profit and loss	-	84 945 190	-	84 945 190
Cash and cash equivalents	265 896 488	-	-	265 896 488
	415 693 034	84 945 190	116 511 193	517 149 417
Liabilities as per statement of financial position				
Borrowings	74 410 510	-	-	74 410 510
Trade and other payables	108 669 454	-	-	108 669 454
	183 079 964	-	-	183 079 964

9. Financial instruments
Continued

(B) Credit quality of financial assets
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to the credit rating about the counterparty. Where the counterparties do not have external credit ratings, the Corporation uses internal risk rating as described below:

	2017 E	2016 E
Trade and other receivables		
Counterparties without external credit ratings		
- Low risk (20% Governmnet accounts)	18 628 103	10 620 839
- Medium risk (19% Corporate clients and companies)	17 175 408	7 080 559
- High risk (61% Mainly individual accounts)	56 199 065	53 104 193
Total trade receivables	92 002 576	70 805 591
Cash at bank and short-term bank deposits		
Cash on hand	842 783	26 786
Stanlib	13 425 071	12 461 869
Standard Bank Swaziland Limited	7 109 633	22 239 740
Netbank Swaziland Limited	22 564 531	69 136 976
FNB Swaziland Limited	12 498 037	75 511 562
Swazi Bank	47 520 550	56 890 496
Swaziland Building Society	27 209 400	25 062 418
African Alliance	4 928 694	4 566 641
	136 098 699	265 896 488

10. Long term investments

	2016 E	2015 E
Nedbank guarantee account	4 997 151	13 250 877
Swaziland Building Society Permanent Shares (note 10.1)	3 346 714	3 260 316
	8 343 865	16 511 193

10.1 Swaziland Building Society Permanent Shares
The Corporation is holding the investment at the Swaziland Building Society as security for housing loans provided to the Corporation's staff by the Swaziland Building Society. The Corporation is therefore holding this investment as a non-current asset.

11. Short term investment

	2017 E	2016 E
African Alliance – Managed Fund *	22 917 857	22 318 934
African Alliance – Promissory note 1 **	34 856 251	31 250 000
African Alliance – Promissory note 2 ***	34 679 269	31 376 256
	92 453 377	84 945 190

The Corporation has invested this amount with African Alliance mainly for capital appreciation. The Corporation has ready access to these funds, and makes additions and withdrawals from time to time.

12. Inventories

	2017 E	2016 E
Chemicals	808 093	756 902
Building materials	36 592	46 898
Petrol and diesel	81 011	293 992
Spares, fittings and pipes	6 566 896	4 994 925
Ecowater	457 609	288 255
	7 950 201	6 380 972

Inventories are reported at the lower of cost or net realisable value.

13. Trade and other receivables

	2017 E	2016 E
Trade receivables	92 002 576	97 855 003
Less Provision for impairment of receivables	(28 109 303)	(29 853 729)
Net trade accounts receivable	63 893 273	68 001 274
Staff receivables	2 965 581	2 831 125
UDP and Government grant received in advance	29 816 050	2 801 000
Advance payment to Inyatsi	1 525 527	73 491 500
Sundry receivables	3 782 805	2 671 647
Net other receivables	38 089 963	81 795 272
	101 983 236	149 796 546

The fair values of trade and other receivables is as follows:

Trade receivables	63 893 273	68 001 274
Sundry	38 089 963	81 795 272
	101 983 236	149 796 546

The above values of trade and other receivables approximate fair value. There is no concentration of credit risk with respect to trade receivables, as the Corporation has a large number of customers, regionally dispersed. The Corporation's historical experience in collection of accounts receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Corporation's trade receivables. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Corporation does not hold any collateral as security.

As of 31 March 2017, trade and other receivables of E 28 109 303 (2016: E29 853 729) were impaired and provided for. The individually impaired receivables mainly relate to residential accounts mostly disconnected for non-payment. The ageing analysis of these trade receivables impairment is as follows:

	2017 E	2016 E
Up to 3 months	1 675 306	-
3 to 6 months	8 108 227	-
6 to 12 months	9 120 207	-
Over 12 months	9 223 563	29 853 729
	28 109 303	29 853 729

The carrying amounts of the entire Corporation's trade and other receivables are denominated in local currency, Emalangeni (E).

Movements in the Corporation's allowance for impairment of trade and other receivables is as follows:

	2017 E	2016 E
Opening balance	29 853 729	28 116 990
Provision for receivables impairment	10 871 305	14 522 096
Receivables written off during the year as uncollectable	(12 615 731)	(12 785 357)
Closing balance	28 109 303	29 853 729

The creation and release of provision for impaired receivables have been included in 'other expenses' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain impaired assets.

14. Cash and cash equivalents

	2017 E	2016 E
Cash at bank and in hand	62 190 658	197 511 287
Short term bank deposits (note 14.1)	73 908 041	68 385 201
	136 098 699	265 896 488

14.1 Short term bank deposits:

Swazi Bank - Fixed deposit	46 698 641	43 322 783
Swaziland Building Society – Gold savings account	3 717 919	3 330 918
Swaziland Building Society – Investment account	23 491 481	21 731 500
	73 908 041	68 385 201

15. Share capital

Issued and fully paid up		
30 222 580 ordinary shares of E1 each	30 222 580	30 222 580

16. Deferred grants

	2017 E	2016 E
Swaziland Government		
-Nhlangano – Water supply and treatment plant	341 749 261	350 217 863
- Urban Development Projects (Packages 6, 7, 8, 10, 18 A & B, and 20)	66 765 434	68 952 395
- Pigg's Peak Dam	3 065 266	3 171 175
- Hlatikhulu Treatment Works	2 122 450	2 205 955
- Siteki – Lomahasha water supply	154 212 277	159 063 591
- Ezulwini – Lobamba Water Supply	20 026 489	20 670 586
- Lukhaba Gravity Mains	3 694 102	3 828 058
- Mankayane Water Supply	9 260 383	9 566 523
- Enhlambeni Water Supply	11 155 321	11 505 161
- Government forex subvention	29 094 920	30 206 636
- Currency ratio subvention – Package 18	49 073 341	50 764 672
- Land transferred from the Government to SWSC	3 977 400	4 080 200
- Raw water for Tex Ray factory	5 186 334	5 359 429
- Sikhuphe Water Supply	92 114 579	94 148 831
- Matsapha Sewer treatment plan relocation	285 976 083	286 177 009
- Hlane Water Supply	24 146 260	24 573 136
- Impilo resevoir	1 025 514	1 058 595
- Mbabane Water Supply Augmentation	22 995 855	-
European Union financed project		
Siphofaneni, Somntongo and Matsanjeni Water Supply	248 806 907	108 852 841
Swaziland National Housing Board Grants		
Makholokholo Project	733 398	765 295
Swaziland National Trust Commission		
Mlawula Workstation	686 568	709 454
Micro Projects Grants		
Nhlambeni Water Supply	909 729	909 778
Makhewu Water Supply	552 439	566 604
Mbikwakhe Water Supply	2 449 725	2 514 191
Mhlumeni Water Supply	395 687	395 867
Maseyisini Water Supply	825 400	-
Mpolonjeni Water Supply	1 066 090	-
African Development Bank/Swaziland Government financed grant		
Ezulwini Sanitation and Water Supply	132 526 113	74 349 506
Total deferred grants	1 514 593 325	1 314 613 351

17. Borrowings

	2017 E	2016 E
Swaziland Government:		
- IBRD loan (note 17.1)	4 810 457	7 215 691
- Excess IBRD loan (note 17.1)	9 876 495	9 876 494
	14 686 952	17 092 185
Nedbank loan (note 17.2)	19 942 651	21 656 732
Nedbank loan (note 17.3)	19 173 747	21 153 540
Nedbank loan (note 17.4)	15 100 060	-
Standard Bank Vehicle Asset Finance (note 17.5)	11 955 604	13 174 733
Standard Bank loan (17.6)	333 330	1 333 320
	81 192 344	74 410 510
Due within one year		
-Nedbank loans	(4 213 908)	(3 262 784)
-IBRD Loan	(2 405 233)	(2 405 235)
-Standard Bank Vehicle Asset Finance	(4 704 740)	(5 361 263)
-Standard Bank loan	(333 330)	(929 639)
Total due within one year	(11 657 211)	(11 958 921)
Total due after more than one year	(69 535 133)	(62 451 589)

17. Borrowings

Continued

17.1 IBRD Urban Development Project Loan

In December 1995 a subsidiary loan agreement was entered into with the Swaziland Government in terms of which the Corporation was granted E 43 294 200 to be used in financing rehabilitation and expansion of water and sewerage services in certain designated urban areas.

At year end the balance outstanding was E 14 686 952(2016: E 17 092 185).
The loan is unsecured, bears interest at inflation rate plus 2% per annum and is repayable in semi-annual instalments of E 1 202 617 commencing January 2001. The final instalment is due in July 2018.

17.2 Nedbank Loan

This Nedbank Loan relates to an indirect facility of E23 775 808. The purpose of the facility is to meet the corporation's obligations to procure guarantees in favour of Swaziland Irrigation International (SII) in terms of the Hawane/Woodlands project. It bears interest at prime rate less 1.55% per annum, is repayable in monthly instalments over 120 months once the final payment has been made by the Bank. Nedbank has a bond over the Corporation's Portion 80 (a portion of portion 61) of Farm 51, Hhohho District (refer to note 7).

17.3 Nedbank Loan

This Nedbank loan relates to a facility of E22 915 436. The purpose of the facility is to meet the Corporation's obligation to upgrade Simunye Treatment Plant. It bears an interest of the Swaziland prime rate less 1.55% per annum and is repayable in monthly instalments over 120 months.

17.4 Nedbank Loan

This Nedbank loan relates to a business loan facility of E 23 618 975 to fund the construction of a regional office on Lot 14 in Nhlangano. It bears interest at prime less 0.5% per annum and is repayable in monthly instalments over 120 months.

Security held

First Mortgage bond for E 12 543 322(Twelve Million, Five Hundred and Forty Three Thousand Three Hundred and Twenty Two Emalangeni) over portion 80 (a portion of portion 61) of farm 51 Hhohho District;

Second mortgage bond for E 13 456 678 Thirteen million, Four Hundred and Fifty Six, Six Hundred and Seventy Eight Emalangeni) over portion 80 (a Portion of Portion 61) of Farm 51, Hhhohho District

Lien over call account with a balance of E 13 736 671 as at 13 May 2016, restricted.

Fire Insurance policy relating to the property described above.

Deed of hypothecation over Water Treatment plant for E 21 000 000 (Twenty one million Emalangeni)

All risks insurance policy over the water treatment plant with Nedbank Swaziland noted as first loss payee.

17. Borrowings
Continued

17.5 Standard Bank Vehicle Asset Finance
The loan bears interest at prime less one percent per annum, is repayable within a maximum period of five years and Standard Bank holds title to the leased assets for the duration of the lease period with ownership reverting to the Corporation upon settlement of the amounts owed.

	2017 E	2016 E
Total liability	11 654 849	13 174 733
Less due within 1 year	(4 704 740)	(5 361 263)
Due after 12 months but not later than 5 years	6 950 109	7 813 470
Finance lease liabilities – minimum lease payments		
Not later than 1 year	4 704 740	5 361 263
Later than 1 year and not later than 5 years	13 900 215	13 230 493
	18 604 955	18 591 756
Future finance charges on finances	(6 649 351)	(5 417 023)
Present value of future finance liabilities	11 955 604	13 174 733

The leased assets are disclosed in note 7.

17.6 Standard Bank loan
The standard bank loan is for the purchase of land by the corporation: Lot 237; Matsapha town, District of Manzini. The loan bears interest at prime less 0.5% on the outstanding balance per annum and interest is paid on a monthly basis. The loan is paid on equal instalments of E83 333 per month.

18. Deferred income tax
Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	2017 E	2016 E
Deferred tax assets:		
- Deferred tax asset to be recovered after more than 12 months	39 017 878	39 526 976
Deferred tax liabilities:		
- Deferred tax liability to be settled after more than 12 months	(41 696 431)	(37 408 048)
- Prior year adjustment to deferred tax liability	(752 740)	-
Deferred tax (liabilities) / asset (net)	(3 431 293)	2 118 928

The gross movement on the deferred income tax account is as follows:

	2017	2016
Beginning of year	2 118 928	7 828 375
Statement of comprehensive income charge (note 5)	(5 550 221)	(5 709 447)
End of year	(3 431 293)	2 118 928

18. Deferred income tax

Continued

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Deferred income tax liability	Accelerated depreciation E	Tax losses E	Provisions E	Total E
At 31 March 2016	(37 408 048)	33 396 825	6 130 151	2 118 928
Charged / (credited) to the statement of comprehensive income	(5 041 123)	(733 772)	224 674	(5 550 221)
At 31 March 2017	(42 449 171)	32 663 053	6 354 825	(3 431 293)
At 1 April 2015	(31 150 484)	32 617 337	6 361 522	7 828 375
Charged / (credited) to the statement of comprehensive income	(6 257 564)	779 488	(231 371)	(5 709 447)
At 31 March 2016	(37 408 048)	33 396 825	6 130 151	2 118 928

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable.

19. Trade and other payables

	2017 E	2016 E
Trade accounts payable and accruals	22 843 040	17 696 000
Capital projects accruals	40 291 926	55 074 208
Contractors' retention (note 19.1)	18 281 414	4 148 064
Consumer deposits	18 573 207	16 341 377
IBRD loan interest accrual	12 652 903	15 410 159
	112 642 490	108 669 808

19.1 Contractors' retention

The contractors' retention represents liabilities the Corporation owes to contractors in respect of completed projects which are still being observed to confirm non-existence of faults. Once the agreed periods for observation have elapsed, the liabilities will be settled using government grants and internal funding.

20. Provisions for other liabilities and charges

Provision for leave pay

Balance at the beginning of the year	2 737 715	1 946 224
Raised during the year	-	791 491
Utilized during the year	(537 397)	-
Balance at year end	2 200 318	2 737 715

20. Provisions for other liabilities and charges
Continued

20.1 Provision for leave pay
The leave pay accrual is related to vested leave pay to which employees are entitled. The accrual arises as employees render services that increase their entitlement to future compensated leave. The accrual is utilised when employees, who are entitled to leave pay, leave the employment of the Corporation or when the accrued entitlement is utilised.

21. Notes to the statement of cash flows

	2017 E	2016 E
21.1 Cash generated from operations:		
Profit before tax	41 607 330	33 899 592
Adjustment for items not involving cashflow:		
Grant amortisation	(23 137 922)	(14 293 883)
Depreciation (Refer note 7)	41 488 135	31 759 657
Loss / (profit) on disposal of property, plant and equipment	-	3 339 598
Interest income	(18 491 117)	(18 364 952)
Interest expense	8 406 697	5 624 899
	49 873 123	41 964 911
Working capital changes:	49 679 364	(74 554 888)
(Increase) / decrease in inventories	(1 569 229)	330 146
Decrease / (increase) in trade and other receivables	47 812 956	(71 096 721)
Increase / (decrease) in trade and other payables	3 973 035	(4 579 804)
(Decrease) / increase in provisions	(537 398)	791 491
Cash generated from / (utilised by) operations	99 552 487	(32 589 977)

21.2 Cash and cash equivalents
Cash and cash equivalents consist of cash on hand and at bank, short term deposits and money market investments. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

Cash on hand and balances with banks	136 098 699	265 896 488

22. Commitments

	2017 E	2016 E
Capital expenditure:		
Contracted	276 501 872	394 397 070
Authorised but not yet contracted	268 709 644	381 032 677
Total future capital expenditure	545 211 516	775 429 747

23. Retirement benefits
The staff pension fund, the SWSC Pension Fund, which is a defined contribution plan, was established on 1 April 1999 and is administered by Negotiated Benefit Consultant Pty Ltd. Membership of the pension plan, was optional for the former Public Service Pension Fund members. As at 31 March 2017 (5): (2016:5) employees are still covered under the Public Service Pension Fund and 498 (2016: 498) employees are members of the Swaziland Water Services Corporation Pension Fund. The last actuarial valuation of the Public Service Pension Fund was performed in 2017. No provision is made for statutory retirement benefits under The Employment Act of 1980 as such benefits are fully covered by The Corporation's contributions to the various pension funds.

24. Contingent liabilities

There were no contingent liabilities identified during year.

25. Related party transactions

The Corporation is owned by the Government of Swaziland. All companies owned by the government of Swaziland are considered to be related parties as are the directors and key management personnel. The Corporation transacts with other government controlled entities in the normal course of business. Amounts payable to the Government of Swaziland have been disclosed in note 8, 15 and 16 of the financial statements.

Key management personnel compensation amounted to E 1 800 000 for the period ended 31 March 2017.Directors' emoluments for services rendered as directors amount to E 216 844

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2017 ANNUAL REPORT

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