

2014/15
ANNUAL REPORT



LIST OF ACRONYMS

| | | | |
|--------------|--|--------------|--|
| ACIP | Accelerated Community Implementation Programme | kWh | KiloWattsHour |
| AGSA | Auditor-General of South Africa | MFMA | Municipal Finance Management Act |
| BCM | Business Continuity Management | MSP | Master Systems Plan |
| BCP | Business Continuity Plans | NDP | National Development Plan |
| CAPEX | Capital Expansion | NPV | Net Present Value |
| CoT | City of Tshwane | PBWSS | Pilanesburg Bulk Water Supply Scheme |
| CSI | Corporate Social Investment | ROI | Return on Investments |
| DIFR | Disabling Injury Frequency Rate | RRU | Rapid Response Unit |
| DSM | Demand Side Management | RWU | Regional Water Utility |
| EMP | Environmental Management Plan | SALGA | South African Local Government Association |
| ERM | Enterprise Risk Management | SANS | South African National Standards |
| ERP | Enterprise Resource Planning | SCM | Supply Chain Management |
| EWP | Employee Wellness Programme | SMME | Small Medium and Micro Enterprise |
| EXCO | Executive Committee | SO | Strategic Objective |
| HPF | Hyper-V Planned Failover | WSA | Water Service Authorities |
| ICT | Information Communications and Technology | WTP | Water Treatment plants |
| ISO | International Standards Organisation | WWTW | Waste Water Treatment Works |
| KL | Kilolitres | | |

CONTENTS

| Index | Page |
|--|-------------|
| Vision and mission | 2 |
| Five-year review | 3 |
| Organisational overview | 4 – 11 |
| Statement of the Chairperson | 5 – 6 |
| Statement of the Chief Executive | 7 – 8 |
| Governance | 13 – 22 |
| Board members | 14 – 15 |
| Exco members | 16 |
| Risk management | 23 – 27 |
| Stakeholder engagement | 29 |
| Strategy | 31 – 32 |
| Performance | 34 – 49 |
| Performance against shareholder compact and the organisational scorecard | 50 – 59 |
| Annual financial statements | 60 – 99 |
| Water quality reports | 100 – 123 |



VISION

To be the leading provider of quality water services in South Africa.

MISSION

Magalies Water Board provides water services to Water Services Authorities, Water Services Institutions and other users that positively impact the quality of life and economic growth of communities in our area of operation.

CORE STRATEGY

The core strategy of Magalies Water is to meet the mandated Section 29 obligations and provide viable Section 30 initiatives as and when required per the Water Services Act, (Act 108 of 1997).

This will be achieved through reliable provision of quality and affordable potable water to enhance the quality of life of communities. Through a commercially sustainable business, Magalies Water will contribute to the economic development in the service area and support the Local Government.

VALUES

The culture of Magalies Water is guided by its values, which are used as anchor-points to establish the manner in which the entity approaches its activities and relates to its stakeholders.

Integrity

We do what we say we're going to do – ALWAYS!

Service quality

We endeavour to meet customer requirements in all that we do

Competence

We deliver services with a high level of professionalism

Eco-efficiency

Our practices reflect our care for the natural environment

Good corporate citizenship

We strive for the development of a sustainable economy and the wellbeing of our community.

FIVE-YEAR FINANCIAL REVIEW

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|---------------------------------------|------------------|-----------|-----------|-----------|-----------|
| Water sold (KL'000) | 82 357 | 75 503 | 79 364 | 80 651 | 77 821 |
| ABRIDGED FINANCIAL PERFORMANCE | | | | | |
| Revenue | 383 868 | 307 695 | 294 523 | 272 000 | 234 310 |
| Cost of sales | (261 322) | (232 672) | (226 019) | (175 408) | (172 706) |
| Gross profit | 122 546 | 75 023 | 68 504 | 96 592 | 61 604 |
| Other income | 27 667 | 24 241 | 24 251 | 30 879 | 13 757 |
| Operating expenses | (115 053) | (99 012) | (92 297) | (91 224) | (71 319) |
| Operating (loss)/surplus | 35 160 | 252 | 458 | 36 247 | 4 042 |
| Net finance income | 26 134 | 33 890 | 28 653 | 25 595 | 24 354 |
| Net surplus | 61 294 | 34 142 | 29 111 | 61 842 | 28 396 |
| ABRIDGED FINANCIAL POSITION | | | | | |
| Assets | 1 579 514 | 969 796 | 753 991 | 559 679 | 582 266 |
| Investments | 193 650 | 453 442 | 480 202 | 420 787 | 364 124 |
| Loans and receivables | | | 518 | 812 | 1 106 |
| Trade and other receivables | 336 315 | 301 916 | 107 948 | 109 170 | 79 407 |
| Inventories | 22 037 | 15 938 | 10 185 | 11 828 | 10 513 |
| Cash and cash equivalents | 17 130 | 39 407 | 39 830 | 56 378 | 49 792 |
| Total assets | 2 168 033 | 1 780 499 | 1 392 674 | 1 158 654 | 1 087 208 |
| Liabilities | 735 511 | 649 411 | 295 368 | 90 459 | 80 855 |
| Equity | 1 192 742 | 1 131 448 | 1 097 306 | 1 068 195 | 1 006 353 |
| Total equity and liabilities | 2 168 033 | 1 780 499 | 1 392 674 | 1 158 654 | 1 087 208 |

1

ORGANISATIONAL OVERVIEW



STATEMENT OF THE CHAIRPERSON



On behalf of Magalies Water, it is our pleasure to present the Annual Report for the period 1 July 2014 to 30 June 2015. The annual report is a legal imperative to ensure compliance with the provisions of the Public Finance Management Act, (Act 1 of 1999) (PFMA) and the Water Services Act, (Act 108 of 1997).

STRATEGY AND PERFORMANCE

The strategy of Magalies Water for the year under review is aligned to Government outcomes and the objectives set in the National Development Plan (NDP). A need to accelerate water supply services and improvement of access to services is also a key focus area of Government.

Magalies Water is in the third-year of the execution of its “Mission Roll-out” phase and the Board assumed a leadership role in managing the achievement of key strategic performance areas.

The organisation achieved 80% of its Key Performance Indicators (KPIs) and targets, 6% were partially achieved and 14% of the targets were not achieved. The Board is satisfied that the majority of the targets set for the year under review were achieved. The Board is however concerned that the targets on water sales and infrastructure expansion expenditure were not achieved. Non-achievement of those targets has an impact on delivery of our mandate. Going forward, the organisation will aim to improve on these services delivery imperatives. The detailed organisational performance information is reflected in the body of this report.

STRATEGIC RELATIONSHIPS

The Board recognises that Stakeholder engagement is an integral part of corporate governance as Stakeholder perceptions and legitimate interests can affect its reputation. A robust Stakeholder Engagement Plan was developed to strengthen collaboration with Stakeholders across the spectrum. Our Stakeholder engagements are aimed at moving beyond legislative compliance matters to place a focus on building strong relations and value add to our Stakeholders.

To this end, the Board Chairperson is in direct contact with key Stakeholders with a view to manage relations, affirm our commitment to provide quality water services and provide feedback on key water services delivery issues. These initiatives and interactions shall continue well beyond the year under review to ensure continuation.

CHALLENGES

The inability of customers to pay for the provision of water services, infrastructure constraints to meet water demand and infrastructure maintenance are some of the key challenges that Magalies Water is faced with.

The Board directed the Executive Management team to deal with these matters through robust debt collection and acceleration of the capital expansion programme. The Executive Management team was also directed to implement a maintenance plan to enhance the resilience of our infrastructure to meet the ever growing demand for water.

The Board is further concerned about inadequate controls within Supply Chain Management (SCM). These inadequate controls have contributed to the incurring of irregular expenditure during the year under review. The organisation remains committed to ensure compliance with SCM regulations. To this end, several disciplinary steps were initiated and the Executive Management team was encouraged to implement sound SCM controls.

MEDIUM- TO LONG-TERM GOALS

An Infrastructure Master Plan was developed to provide impetus to the growth of Magalies Water to service new areas in line with its mandate. The Board supports the Minister's vision for the devolution of Water Boards into Regional Water Utilities. Magalies Water embraces an opportunity of being declared a Regional Water Utility to extend its area of operation into the Lephalele Local Municipality.

To date, the key capital expansion projects that are being implemented by Magalies Water are the Pilanesberg Bulk Water Supply Scheme (PBWSS) and upgrades at the Klipdrift Water Treatment Plant. Magalies Water will continue on this capital expansion path which we believe will have a significant socio-economic impact in the supply area.

CRITICAL POLICY POSITIONS

The Board supports the Honourable Minister's policy proposal for the Institutional Reforms and Realignment (IRR) as well as implementation of the initiatives for the sector. A Due diligence is being conducted to determine the trajectory of Magalies Water in its devolution into a Regional Water Utility (RWU).

APPRECIATION

The Board has continued to enhance its effectiveness to implement the Government policies while upholding the highest standards of corporate governance. I wish to express my heartfelt thanks to:

- The Honourable Minister of Water and Sanitation, Honourable Deputy Minister, Chairperson and Members of the Water and Sanitation Portfolio Committee for their continued support and guidance during the financial year;
- The Board for their collective leadership;
- All the Staff and the Executive Management team of Magalies Water for their commitment to ensure that the organisation functions to its optimum; and
- Moses Kotane Local Municipality, Rustenburg Local Municipality, Bela Bela Local Municipality, Modimolle Local Municipality, Moretele Local Municipality, Thabazimbi Local Municipality, mines, industry and other key stakeholders.



Adv M Petlane
Chairperson

STATEMENT OF THE CHIEF EXECUTIVE



On behalf of the Executive Management team, I am pleased to present this statement on the key performance outcomes of Magalies Water for the 2014/15 financial year. This report details the performance of Magalies Water for the year under review against the predetermined objectives and targets that informed management's actions for the year. The predetermined strategic objectives are aligned to the four perspectives of the Balanced Scorecard (BSC) being, customer; finance; processes as well as learning and growth.

FINANCIAL OVERVIEW

The financial indicators of the corporate scorecard were met and net profit to the amount of R61 million is reported. Positive trading is also reported at the level of earnings before interest and this is a reflection of solid financial performance and the ability of the organisation to generate cash from its operations. However, we have not met our sales volumes and capital expansion targets for the year.

Implementation of capital expansion culminated into an increased asset base of R1.5 billion from R969 million reported during the 2013/14 financial year. The increased asset base will enable Magalies Water to meet its mandate to provide water services. This growth is expected to increase over the medium term as the capital expansion is implemented in line with the infrastructure master plan. This growth is underpinned by the strategy to increase the level of water services and infrastructure investment to improve the lives of ordinary South Africans and stimulate economic growth.

Implementation of capital expansion will allow for more throughput from our plants to address the current deviation of meeting targeted water sales volumes. This is a reflection of the Board's commitment to grow the organisation to ultimately achieve sustainable delivery of water services.

The costs of producing water increased to R261 million from an amount of R232 million spent in the 2013/14 financial year. This is attributable to increasing input costs of electricity, raw water and production related staff costs. The production costs are within acceptable levels and in alignment with an increase of 24% in turnover as compared to the previous financial year.

CHALLENGES

Neither the target of 1% increase in water sales volumes nor the capital expansion target was met.

The Project Management Unit and the SCM department will be capacitated to facilitate acceleration of capital expansion implementation.

It is, however, gratifying that the amount spent on capital expansion resulted in a significant growth of our assets which in turn led to us being able to boast a strong financial position.

STATEMENT OF THE CHIEF EXECUTIVE CONTINUED

The management of the Section 30 portfolio presented a challenge of activities not being in alignment to the organisational growth. Proper analysis and orchestration of resources will be done to achieve meaningful interventions within the affected communities.

BUSINESS GROWTH AND NEW ACTIVITIES

We are quite excited about the position taken by the Honourable Minister to establish RWUs in the water sector. Continuous efforts are being made to grow the organisation and the due diligence exercise on the North Western RWU will provide a blueprint for growth. The current operating model will be assessed to determine the internal capabilities of Magalies Water to take advantage of the growth opportunities.

AUDIT MATTERS

The Executive Management team noted the outcomes of the audit process and had engagements with the Auditor General, the Audit Committee and the Board regarding the root causes and action plans to address each finding. The findings are related to management of performance information, internal controls, expenditure and contract management.

Detailed action plans to address the findings will be presented to the Audit Committee and the Board on a periodic basis.

Internal Audit will also play a significant role in assisting with the improvement of internal controls.

SUPPLY CHAIN MANAGEMENT

The Audit Report by the Auditor General has provided the Board with findings on some inefficiencies relating to procurement of goods and services. The findings are welcomed and there is a commitment to strengthen the Supply Chain Management unit to provide the most needed support across the entity in compliance with applicable Legislation.

PLANS TO ADDRESS FINANCIAL CHALLENGES

A comprehensive plan to mobilise resources will be put in place to finance implementation of the capital expansion programme. This will harness the effectiveness of Magalies Water to execute its mandate of water service delivery mandate.

EVENTS AFTER THE REPORTING DATE

There are no events after the reporting date.

APPRECIATION

My humble appreciation goes to:

- The Honourable Minister of Water and Sanitation, Honourable Deputy Minister, Chairperson and Members of the Water and Sanitation Portfolio Committee, Director-General and Officials of the Department of Water and Sanitation for their engagements during the financial year
- The Board Chairperson and all the Board Members for their strategic leadership
- Stakeholders and Water Services Authorities (WSA) in our supply area for their strategic partnership in carrying out the service delivery mandate
- Employees of Magalies Water and the Executive Management team whose support and effort continue to enhance our organisational performance.



LC Mohalaba
Chief Executive (Acting)

ORGANISATIONAL OVERVIEW

ORGANISATIONAL OPERATIONS

Magalies Water was established in terms of the Water Services Act, (Act 108 of 1997) which defines its primary activities as the provision of bulk water services to WSA and other Water Services Institutions (WSI) within its service area.

Magalies Water operates in an area of 42 000km² across three provinces being North West, Limpopo and Gauteng and two major catchments being the Crocodile and the Pienaars rivers. Services are provided to the following Water Services Authorities.

Water Services Authorities

| Municipality | Province |
|---|------------|
| Moses Kotane Local Municipality | North West |
| Rustenburg Local Municipality | North West |
| Thabazimbi Local Municipality | Limpopo |
| Bela Bela Local Municipality | Limpopo |
| Modimolle Local Municipality | Limpopo |
| City of Tshwane Metropolitan Municipality | Gauteng |

Magalies Water supplies to other customers such as Mines, Industries and other WSI.

Magalies Water owns and operates the Vaalkop, Klipdrift, Cullinan and Wallmannsthal Water Treatment Plants (WTPs). These WTPs supplies water to the municipalities as follows:

Water Treatment Plants

| Municipality | Vaalkop | Klipdrift | Wallmannsthal | Cullinan |
|---|---------|-----------|---------------|----------|
| Moses Kotane Local Municipality | X | | | |
| Rustenburg Local Municipality | X | | | |
| Thabazimbi Local Municipality | X | | | |
| City of Tshwane Metropolitan Municipality | | X | X | X |
| Modimolle Local Municipality | | X | | |
| Bela Bela Local Municipality | | X | | |

Magalies Water's service delivery infrastructure includes reservoirs and pipelines as indicated below:

Bulk Water Services Delivery Infrastructure

| Name | Design capacity (ML/day) | Pipeline length (km) | Reservoir storage capacity (ML/day) |
|-------------------|-----------------------------|-------------------------|---|
| Vaalkop WTP | 240 | 544 | 271 |
| Klipdrift WTP | 18 | 150 | 1 |
| Cullinan WTP | 16 | 10 | 10 |
| Wallmannsthal WTP | 12 | 36 | 32 |
| Total | 286 | 740 | 314 |

ORGANISATIONAL OVERVIEW CONTINUED

Vaalkop Water Treatment Plant

The Vaalkop WTP has a design capacity of 240ML/day. Raw water is abstracted from the Vaalkop Dam in the Crocodile River catchment. Water produced from this plant is distributed to two provinces namely North West and Limpopo.

Klipdrift Water Treatment Plant

The Klipdrift WTP has a design capacity of 18ML/day and the water produced from this plant is supplied across the two provinces namely Limpopo and Gauteng. Raw water is abstracted from the Roodeplaat Dam in the Pienaars River catchment.

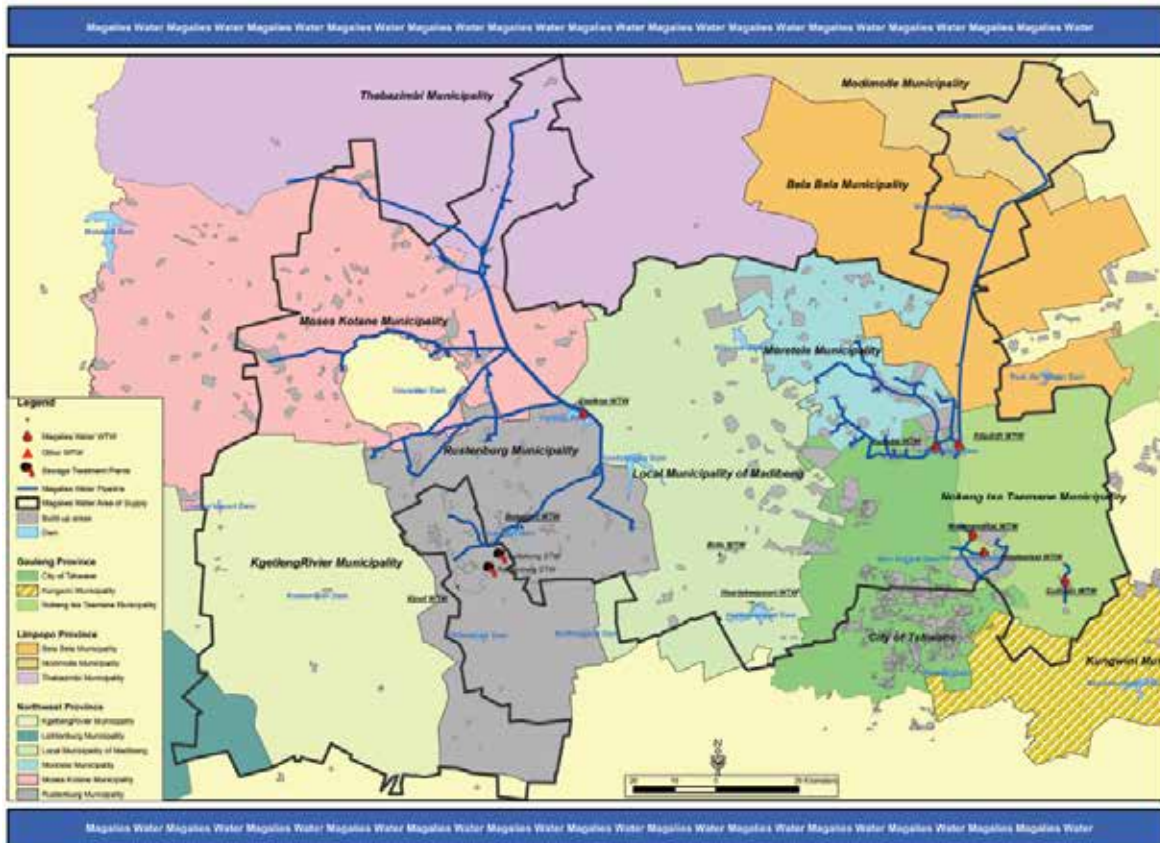
Cullinan Water Treatment Plant

The Cullinan WTP has a design capacity of 16ML/day and supplies water to the Cullinan Diamond Mine and the City of Tshwane Metropolitan Municipality (CoT). Raw water is abstracted from the Bronkhorstspuit Dam in the Pienaars River catchment.

Wallmannsthal Water Treatment Plant

The Wallmannsthal WTP has a design capacity of 12ML/day and supplies water to the CoT and some individual customers. Raw water is abstracted from the Roodeplaat Dam in the Pienaars River catchment.

Area of service



Area of service

The service area of Magalies Water includes areas in the Bojanala District Municipality of the North West Province and the Waterberg District Municipality of the Limpopo Province.

Legislative and regulatory environment

Magalies Water derives its mandate from Sections 29 and 30 of the Water Services Act (Act 108 of 1997). The Department of Water and Sanitation (DWS) has also developed various policy positions to enhance service delivery and inform a future regulatory framework within which the water sector will operate. The following policy positions will have a direct impact on the operations of Magalies Water:

- Institutional arrangements and governance
- Establishment and functioning of RWU

The institutional arrangements and governance will result in the decentralisation of water management functions currently carried out by the DWS to institutions, in this particular instance the Water Boards. The Water Boards will be devolved into RWU to plan, build, operate and maintain the regional bulk infrastructure in their area of operation.

The establishment and functioning of RWU will culminate into expansion of the service area of Magalies Water into the Waterberg District Municipality. The growth node of focus will be the Lephalalale Local Municipality due to the enormous economic growth in that area. There is also an opportunity that the DWS will devolve water resource management infrastructure to Magalies Water valued at approximately R1 billion.

A due diligence process has since commenced to assess the capabilities of Magalies Water to take advantage of this growth opportunity. It is expected that a due diligence will be concluded in the 2015/16 financial year. The outcome of this due diligence will culminate into a business case that will serve as an input into the strategic growth blueprint of Magalies Water.

2

GOVERNANCE





GOVERNANCE

FUNCTIONING OF THE BOARD

Magalies Water adheres to the principles of good corporate governance which includes best practices and compliance with applicable legislation.

Members of the Board are appointed by the Honourable Minister of Water and Sanitation in terms of the Water Services Act (Act 108 of 1997). The term of office of the Board is for a period not exceeding four years. The Board is made up of 13 Non-executive Board members and one executive member. The Board was appointed on 1 May 2014 and the term of office will expire on 30 April 2018.

BOARD CHARTER

The Board has adopted the Board Charter which outlines its oversight roles and responsibilities. The Board must comply with the Water Services Act, (Act 108 of 1997) and other applicable legislation. The Board Charter details the roles and responsibilities of the Board as, amongst others:

- To ensure that objectives of the Shareholder are achieved
- To contribute to and adopt the business plan
- To strive to achieve the financial viability of the organisation
- To ensure that there is an effective risk management system
- To ensure that the annual financial statements which objectively represent the affairs of the organisation are prepared for each financial year
- To comply with legislation and applicable best practices
- To be responsive to perceptions that affect the reputation of the organisation
- To ensure that the organisation is and is seen to be a responsible corporate citizen

The Board is of the opinion that it has adhered to the Board Charter during the year under review. The Board also considered and approved the strategy for the year under review.

SHAREHOLDERS COMPACT

Magalies Water concluded a Shareholders Compact with the Minister for the year under review as required by the PFMA. This Compact sets out the performance parameters for Magalies Water as agreed with the Minister. Quarterly Reports on the performance of the organisation against predetermined objectives and performance parameters were submitted to the DWS during the period under review.

BOARD MEMBERS

The Board of Magalies Water is made up by the following members:



Adv M Petlane
(Chairperson)

Advocate Petlane served in various leadership positions across public, academic and private sector entities. He also served as a Board Member before ultimately being appointed a Chairperson of the Board of Rand Water.



Ms PN Nkwini
(Deputy-Chairperson)

Ms Nkwini has a legal background as she served in various positions within the Justice Department. Her experience includes being a legal advisor and a Head of Department in Government. She possesses a total experience of 19 years in the public sector.



Ms TF Zondi

Ms Zondi has a vast experience in SCM in both the private and public sector institutions. She has a wealth of knowledge in corporate governance.



Mr DR Sibanda

Mr Sibanda is experienced in the fields of managerial and financial accounting with exposure in breweries, manufacturing, medical schemes and the public sector.



Ms TD Monewe

Ms Monewe is an educator by profession and was a Member of the Mayoral Committee responsible for Water and Sanitation in the Bojanala District Municipality.



Mr TT Mohapi

Mr Mohapi is an entrepreneur who also served in the Small Business Chamber and on the Tender Board of the Limpopo Province. He is an educator by profession and has a vast experience in local government. He was a Mayor of Modimolle Local Municipality.



Ms M Hlahla

Ms Hlahla is a town planner by profession and has extensive experience in transportation planning, town planning and property management. She has corporate governance experience through involvement in various boards of public sector entities.



Ms F Saloojee

Ms Saloojee is a former Councillor of Rustenburg Local Municipality and served on the Board of Rand Water. She brings a wealth of experience in local government and also served in various leadership roles within the private sector.



Ms N Mufamadi

Ms Mufamadi has experience in accounting, auditing and forensic auditing. She also holds other leadership positions within the private and the public sector corporations.



Mr FP Vilakazi

Mr Vilakazi has extensive experience in the public sector. He formerly served as a Member of the Executive Committee in the North West Province. He was a special advisor to the Minister of Water and Environmental Affairs.



Ms S Lebeko-Ratlhagane

Ms Lebeko-Ratlhagane is a pharmacist by profession and has vast experience in the local government and the water sector. She was a Mayor of the Ramotshere Moiloa Local Municipality and also a Board Chairperson of Botshelo Water.



Kgosi SV Suping

Kgosi Suping is a Chief of the Bahurutsho Tribe in the village of Supingstad. He was a Board Member of Botshelo Water and also served in the National House of Traditional Leaders.



Mr NA Maepa

Mr Maepa has extensive experience in internal and external auditing, risk and financial management. He was an Independent Audit Committee Member of Botshelo Water and is currently a Chief Financial Officer of Cross Border Roads Transport Agency.

EXECUTIVE COMMITTEE MEMBERS

The Executive Committee of Magalies Water is made up by the following members:



Mr Charles Mohalaba
Acting Chief Executive
Academic qualifications:
LLB, Admitted Attorney of the High Court of South Africa
Date of appointment:
25 May 2015



Ms Audrey Raphela CA(SA)
General Manager: Finance
Academic qualifications:
BCompt (Hons),CTA,
Date of appointment:
1 May 2011



Mr Sandile Mkhize
General Manager: Water Services
Academic qualifications:
Bsc, BTech, MTech, Diploma in Advanced Project Management, Management Advancement Programme, MBA
Date of appointment:
1 November 2014



Mr Mahlomola Mehlo
Acting General Manager: Engineering Services
Academic qualifications:
BTech: Project Management, MTech: Civil Engineering
Date of appointment:
25 May 2015



Mr Johnny Ndala
Acting General Manager: Corporate Services
Academic qualifications:
Postgraduate Diploma in Public Management, Presidential Strategic Leadership Development Programme, Advanced Management Development Programme.
Date of appointment:
1 June 2015

COMMITTEES OF THE BOARD

The efficiency of the Board is enhanced by the following Board Committees:

- Capital Investment Committee
- Finance Committee
- Human Resources and Remuneration Committee
- Audit Committee
- Risk Committee

CHAIRPERSONS OF BOARD COMMITTEES

Capital Investments Committee:

Mr FP Vilakazi

Finance Committee:

Mr DR Sibanda

Human Resources and Remuneration Committee:

Ms P Nkwinika

Audit Committee:

Ms TF Zondi

Risk Committee:

Ms F Saloojee

CAPITAL INVESTMENT COMMITTEE

The roles and responsibilities of the Capital Investment Committee are among others, the following:

- Recommend approval of capital expenditure programme to be undertaken by Magalies Water
- Recommend to the Board the approval of the additional infrastructure expansion programme
- Bring to the attention of the Board any matter that warrants Boards' attention relating to water infrastructure
- Ensure that the primary activity of Magalies Water is achieved in terms of Section 29 of the Water Services Act, 1997 (Act 108 of 1997)

Attendance of the Capital Investment Committee meetings for the year under review was as follows:

| Members | Ordinary committee meetings | | | | | Special committee meeting |
|-----------------------------|-----------------------------|------------|------------|------------|------------|---------------------------|
| | 21/08/2014 | 12/09/2014 | 12/11/2014 | 13/02/2015 | 14/04/2015 | 04/05/2015 |
| Mr F Vilakazi (Chairperson) | • | • | • | # | • | • |
| Ms M Hlahla | • | • | • | • | • | • |
| Mr T Mohapi | • | • | • | • | • | • |
| Ms S Lebeko-Ratlhagane | # | • | • | • | • | • |
| Ms F Saloojee | # | • | • | • | • | • |

• Present

Absent with apology

GOVERNANCE CONTINUED

FINANCE COMMITTEE

The Finance Committee plays an oversight role over financial management and recommends policies and best practices. The roles and responsibilities of the committee comprise the following:

- Recommend the approval of financial information to the Board
- Recommend approval of the annual budget and its adjustments to the Board
- Assessments of the financial reports and to oversee the development of financial policies by the Executive Management team
- Review of the quarterly financial reports as per the corporate and annual performance plan of Magalies Water
- Advise on the investments, loan requirements and bank facilities of the entity
- Recommend the approval of water tariffs for each financial year to the Board

Attendance of the Finance Committee meetings for the year under review was as follows:

| Members | Ordinary committee meetings | | | Special committee meetings | | |
|-----------------------------|-----------------------------|------------|------------|----------------------------|------------|------------|
| | 20/08/2014 | 29/10/2014 | 07/05/2015 | 05/09/2014 | 26/10/2014 | 23/02/2015 |
| Mr DR Sibanda (Chairperson) | • | • | • | # | # | • |
| Mr F Vilakazi | • | • | • | • | • | • |
| Ms M Hlahla | • | • | • | • | • | • |
| Ms T Monewe | • | • | • | • | • | • |
| Mr T Mohapi | • | • | • | • | • | • |

• Present

Absent with apology

HUMAN RESOURCES AND REMUNERATION COMMITTEE

The role of the Human Resources and Remuneration Committee is to oversee and advise the Board on human resources matters.

The responsibilities of the Committee are as follows:

- Oversee the implementation of remuneration policies that will promote the achievement of strategic objectives and encourage individual performance
- Provide a channel of communication between the Board and the Executive Management team on remuneration matters
- Make recommendations to the Board regarding the general annual salary adjustments within Magalies Water
- Ensure that appropriate processes are in place for training and succession planning
- Review and recommend the terms and conditions of the Executive Committee management service agreements, as well as assessment of performance and rewards
- Regularly review human resources management policies relevant to the organisation

Attendance of the Human Resources and Remuneration Committee meetings for the year under review was as follows:

| Members | Ordinary committee meetings | | | Special committee meetings | | | |
|-----------------------------|-----------------------------|------------|------------|----------------------------|------------|------------|------------|
| | 07/08/2014 | 06/11/2014 | 23/04/2015 | 11/09/2014 | 20/11/2014 | 10/12/2014 | 06/02/2015 |
| Ms P Nkwinika (Chairperson) | • | • | • | • | • | • | • |
| Ms T Monewe | • | • | • | # | • | • | • |
| Mr DR Sibanda | • | • | • | • | • | • | • |
| Ms F Saloojee | • | • | • | • | • | • | • |
| Kgosi SV Suping | # | # | • | # | • | # | • |

• Present

Absent with apology

GOVERNANCE CONTINUED

AUDIT COMMITTEE

The roles and responsibilities of the Audit Committee are as set out in the PFMA and Treasury Regulation 27.1. The Audit Committee plays an independent and oversight role in corporate governance, Integrated Reporting and management of internal controls. The Committee is accountable to the Board and reports on its evaluation of financial statements and effectiveness of internal controls in the annual report. The roles of the Committee also comprise review of the following:

- Risk areas of the entity's operations to be covered in the scope of internal audit
- Adequacy, reliability and accuracy of financial information provided to users of that financial information
- Accounting and Auditing concerns identified as a results of internal and external audits
- Entity's compliance with the legal and statutory provisions

Attendance of the Audit Committee meetings for the year under review was as follows:

| Members | Ordinary committee meetings | | | | | Special committee meetings |
|---------------------------|-----------------------------|------------|------------|------------|------------|----------------------------|
| | 20/08/2014 | 30/10/2014 | 10/11/2014 | 28/01/2015 | 17/04/2015 | 06/05/2015 |
| Ms TF Zondi (Chairperson) | • | • | • | • | • | # |
| Ms N Mufamadi | • | • | • | # | • | • |
| Mr N Maepa* | – | – | – | # | • | # |
| Ms M Ramataboe** | # | # | • | • | • | • |
| Mr N Baloyi** | • | • | • | • | • | • |
| Mr S Mamotheti** | • | • | # | # | • | • |

• Present

Absent with apology

* Member of the Audit Committee from January 2015

** Independent Audit Committee members

RISK COMMITTEE

The Risk Committee fulfils an independent oversight role in management of key risks facing the organisation through implementation of the strategic risk management plan. The roles and responsibilities of the Risk Committee are as follows:

- Assist the Board in formulating a Risk Policy and Framework which facilitates implementation of a robust Strategic Risk Management Plan
- Make recommendations to the Board concerning the risk tolerance levels and mitigation thereof
- Oversee the information technology strategy and governance
- Determine and recommend to the Board the appropriate levels of risk tolerance and mitigation thereof
- Provide assurance to the Board on effectiveness of risk management processes
- Provide assurance that controls are in place and effective in addressing Information Technology risks

Attendance of the Risk Committee meetings for the year under review was as follows:

| Members | Risk Committee meetings | | | |
|-----------------------------|-------------------------|------------|------------|------------|
| | 07/08/2014 | 17/11/2014 | 12/02/2015 | 22/04/2015 |
| Ms F Saloojee (Chairperson) | • | • | • | • |
| Ms TF Zondi | • | # | • | • |
| Ms N Mufamadi | • | • | • | • |
| Ms S Lebeko-Ratlhagane* | – | • | • | • |
| Kgosi SV Suping* | – | • | • | • |
| Mr T Mohapi | • | • | • | • |

• Present

Absent with apology

* Not yet assigned to this committee

GOVERNANCE CONTINUED

Board meeting attendance for the year under review was as follows:

| Members | Ordinary Board meetings | | | | | | | Special Board meetings | | 26 & 27/2/2015 Board strategy session | 01/4/2015 Meeting with the Minister |
|---------------------------------------|-------------------------|------------|------------|------------|------------|------------|------------|------------------------|------------|---|---|
| | 25/07/2014 | 14/08/2014 | 26/09/2014 | 14/11/2014 | 12/12/2014 | 20/03/2015 | 22/05/2015 | 16/01/2015 | 29/05/2015 | | |
| Adv M Petlane (Chairperson) | • | • | • | • | • | • | • | • | • | # | • |
| Ms P Nkwinika (Deputy Chairperson) | • | • | • | # | • | • | • | • | • | • | • |
| Mr F Vilakazi | • | • | • | • | • | • | • | • | • | • | • |
| Mr N Maepa | # | # | • | • | • | • | # | # | • | # | • |
| Ms TF Zondi | • | • | • | • | • | • | • | # | • | • | • |
| Ms N Mufamadi | # | • | • | • | • | • | • | # | • | • | • |
| Ms T Monewe | • | • | • | • | • | • | • | • | • | • | • |
| Ms M Hlahla | • | • | • | • | • | • | • | • | • | • | • |
| Ms F Saloojee | • | • | • | • | • | • | • | # | • | • | • |
| Mr DR Sibanda | • | • | • | • | • | • | • | • | • | • | • |
| Ms S Lebeko- Ratlhagane | • | • | • | • | • | • | • | • | • | • | • |
| Kgosi SV Suping | • | # | • | • | • | # | # | • | • | • | • |
| Mr T Mohapi | • | • | • | • | • | • | • | • | • | • | • |

• Present

Absent with apology

INTERNAL AUDIT

Internal Audit conducts its work through implementation of a three-year rolling audit plan to provide assurance on the effectiveness of internal controls. Functions of Internal Audit are carried out in accordance to the approved Internal Audit charter.

EXTERNAL AUDIT

The Auditor-General of South Africa performs the external audit function for Magalies Water with the Audit Committee overseeing the external audit processes. The responsibility of the Auditor-General is to express an opinion on whether the Annual Financial Statements, fairly present in all material respects, the financial position, financial performance and cash flows in accordance with provisions of the PFMA. This is performed through collection of appropriate evidence to obtain reasonable assurance that the amounts disclosed are free from any material misstatements.

RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT

Strategic risk management is an integral part of pursuing improved performance, growth and sustainable value creation. Magalies Water acknowledges strategic risk management plan as a fundamental tool to reduce uncertainty and provide management with confidence to become more decisive in the pursuit of Magalies Water vision, mission and strategic goals.

The Board is accountable for Magalies Water's overall governance of risk. This also ensures that a combined assurance approach is applied as an integral part of risk management.

During the year under review, Magalies Water continued with implementation of its Enterprise Risk Management (ERM) which is a systematic framework that provides a co-ordinated response to the key risks that Magalies Water are faced with. In the execution of the ERM, risk profiles were developed for all functional areas within the organisation and these were reviewed on a quarterly basis to ensure that timely and appropriate mitigation plans could be implemented.

Strategic risks are managed through a quarterly review by the Risk Management Committee. The outcome of the Risk Management Committee reviews are reported to the Risk Committee and the Board.

Through an objectives-based risk assessment, Magalies Water was able to identify and assess the 11 strategic risks in accordance with the approved risk management methodology.

RISK MANAGEMENT CONTINUED

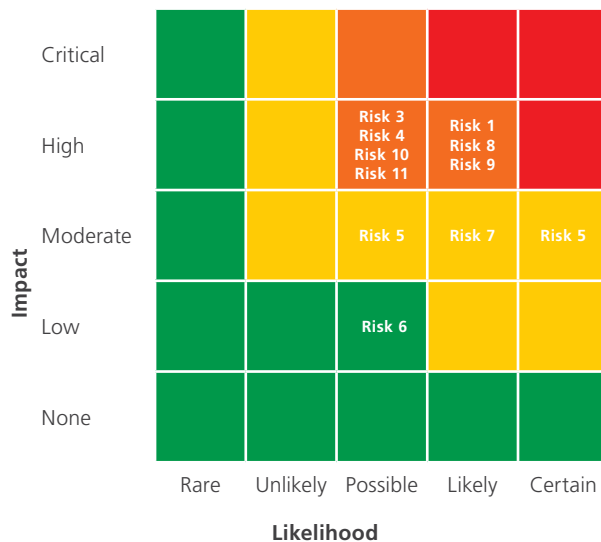
The following table provides how identified risks link to strategic objectives:

Strategic risks aligned to strategic objectives

| Risk number | Risk and description | Strategic objectives |
|----------------|---|---|
| Risk 1 | Bulk water infrastructure constraints Current infrastructure and Infrastructure expansion not meeting current and projected demand | To provide sustainable water services to bulk customers |
| Risk 2 | Debtors collection Not collecting debts due effectively | To manage financial risks |
| Risk 3 | Reputation Erosion of reputation | Transversal |
| Risk 4 | Performance management Incomplete roll-out performance management system | To improve the competency levels of staff and maintain staff retention To ensure business growth |
| Risk 5 | Section 30 portfolio Unsustainable Section 30 business portfolio | To efficiently and effectively conduct Section 30 business |
| Risk 6 | Skills (knowledge, competency and attitude) Inadequate systems to attract, develop and retain critical skills | To improve the competency levels of staff and maintain staff retention |
| Risk 7 | Information Communications and Technology (ICT) Governance Lack of appropriate governance processes, structures and mechanisms to ensure optimum utilisation of ICT Systems | To develop business efficiency and effectiveness |
| Risk 8 | Water resources Poor quality and inadequate quantity of raw water | To provide sustainable water services to bulk customers To meet bulk supply agreement requirements To provide quality potable water |
| Risk 9 | Health and safety Unsafe/unhealthy working environment (injuries, disease or death) | To provide a safe and healthy working environment |
| Risk 10 | Legal and compliance Legal non-compliance | To develop business efficiency and effectiveness |
| Risk 11 | Bulk water sales Inability to meet water sales target | To provide sustainable water services to bulk customers |

The following risk heat map depicts the risk profile of Magalies Water as at the end of the 2014/15 financial year, indicating the impact and likelihood of risks:

Risk heat map



BUSINESS CONTINUITY MANAGEMENT

Magalies Water is committed to ensuring the continuity of its business operations and has adopted Business Continuity Management (BCM) best practices during the financial year under review. Components of the BCM are policy, impact assessment, continuity plan, testing and a disaster recovery plan. BCM practises will enable Magalies Water to be more resilient and to effectively recover its operations with minimum disruption in the event of disaster.

FRAUD PREVENTION

Magalies Water has continued with a risk management approach in the prevention, detection and investigation of suspected fraudulent activities. This approach is embedded into the business processes, management practices, internal controls and related activities. The following activities were carried out during the year under review:

Whistle blowing

Fraud reporting tool was effective in the receiving and reporting on the fraud and corruption incidents as reported by whistle blowers. A total of eight incidents were reported during the financial year. Investigations were performed in accordance with the mechanisms of the Fraud Prevention Plan.

Promotion of ethical culture

Ethical culture is promoted within Magalies Water through management of conflict of interest by ensuring that employees, management and the Board members declare their interests. This is also to ensure that personal interests do not interfere with the objectivity of individuals in performance of their tasks for the organisation. Annual declarations for the 2014/15 financial year were performed and there was a 90% declaration and submission. Fraud prevention workshops were also held throughout the entire organisation and attendance was satisfactory.

Risk tolerance

A risk tolerance framework was approved during the 2014/15 financial year to support the Board in exercising oversight through definition of the nature and level of risks considered acceptable and unacceptable. A framework for business risk-based decisions which ensures an appropriate balance between risk and risk reward was therefore developed for application in the 2015/16 financial year.

RISK MANAGEMENT CONTINUED

The risk tolerance framework defines tolerance levels as follows:

Tolerance level definitions

| Risk magnitude | Priority level | Risk acceptability | Description and action needed |
|---------------------|-------------------|-----------------------|--|
| Catastrophic | Priority 1 | Zero tolerance | This is above the organisation's defined risk tolerance level. The consequences of this risk materialising would have a disastrous impact on the organisation's reputation and business continuity. In such instances, a comprehensive action plan is immediately required to mitigate the risk. |
| High | Priority 2 | Unacceptable | This is above the organisation's defined risk tolerance level. The consequences of this risk materialising would be severe but not disastrous. Some immediate action plus the development of a comprehensive action plan is required to mitigate the risk. |
| Moderate | Priority 3 | Tolerable | The consequences of this risk materialising would have a moderate impact on day-to-day delivery. Some immediate action plus the development of a comprehensive action plan might be required to address the risk. The status of the risk should be monitored regularly. |
| Low | Priority 4 | Acceptable | The consequences of this risk materialising would have a minor impact. No immediate action is required, but an action plan should be actively considered. The status of the risk should be monitored periodically. |

Qualitative risk tolerance levels were set for the 2015/16 financial year as follows:

| Strategic objective | Risk name | Risk description | Risk acceptability |
|--|---|---|---------------------------|
| To provide sustainable water services to bulk customers | Bulk water infrastructure constraints | Current infrastructure not meeting current demand | Zero tolerance |
| To manage financial risks | Debtors collection | Not collecting debtors due effectively | Tolerable |
| Transversal | Reputation | Erosion of reputation | Zero tolerance |
| To improve the competency levels of staff and maintain staff retention | Performance management | Incomplete roll-out performance management system | Tolerable |
| To efficiently and effectively conduct Section 30 business | Section 30 portfolio | Unsustainable Section 30 business portfolio | Unacceptable |
| To improve the competency levels of staff and maintain staff retention | Skills (knowledge, competence and attitude) | Inadequate systems to attract, develop and retain critical skills | Tolerable |
| To develop business efficiency and effectiveness | ICT governance | Lack of appropriate governance processes, structures and mechanisms to ensure optimum utilisation of ICT systems | Tolerable |
| To ensure business growth | Infrastructure expansion | Infrastructure investment to meet delivery mandate and growth plan Ability to deliver projects on time and within budget | Unacceptable |
| To contribute towards Governments' transformation and empowerment trajectory | Transformation agenda | Inadequate implementation of transformation and empowerment plans | Tolerable |
| To Provide a safe and healthy working environment | Health and safety | Unsafe/unhealthy working environment (injuries, disease or Death) | Zero tolerance |
| To develop business efficiency and effectiveness | Legal and compliance | Legal non-compliance | Zero tolerance |

Materiality and Significance Framework

Magalies Water operates within a Materiality and Significance Framework which is within the ambit of its Risk Management Plan. Materiality is defined as the level of value at which a user of financial information would change a decision based upon such financial information. An item is considered material if its value exceeds 5% of turnover and total expenditure, or 2% of total assets. Significance is defined as the condition that a specific item or trend may adversely impact on the evaluation of the performance delivery by a key stakeholder. There were no deviations to the Materiality and Significance Framework during the 2014/15 financial year.



STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an integral part of our strategic management processes. Magalies Water intends to intensify efforts in delivery of a Stakeholder value proposition which would result in value addition.

Stakeholders are classified into the following groupings:

Stakeholders who have regulatory oversight

The following Stakeholders have influence over decision-making processes within Magalies Water:

- Minister of Water and Sanitation
- The DWS
- National Treasury
- The South African Local Government Association (SALGA)
- The Portfolio Committee on Water and Sanitation

There were continuous engagements with the DWS, Portfolio Committee on Water and Sanitation, National Treasury and SALGA on a number of issues such as; annual appraisal of strategy and business plan; performance against the Shareholders Compact; infrastructure funding; negotiations on tariff submissions; capital expansion; Ministerial directives and annual reports. Deliverables required for Stakeholders who have regulatory oversight over Magalies Water were achieved during the financial year under review.

Magalies Water also engaged with the Minister of Water and Sanitation on the capital expansion master plan.

Stakeholders whom services are delivered to

These Stakeholders comprise local municipalities, mines, industries and other individual domestic consumers. Material issues discussed with these Stakeholders range from, quality and quantity of water; assurance of supply; and capital expansion; to compliance with contractual obligations; and tariff increases.

Engagements were also held with the Royal Bafokeng Administration and the Bakgatla ba Kgafela Tribal Authority. The contents of these meetings included integrated infrastructure planning and community water supply.

Stakeholders who provide resources

These are Stakeholders who are contracted to Magalies Water to provide services and mainly comprise employees and organised labour. Channels of engagement include staff information sessions and quarterly Local Labour Forums. Material issues with such Stakeholders included discussions on human resources related matters.

3

STRATEGY



STRATEGY

STRATEGIC TRAJECTORY

Magalies Water executed the “Mission Roll-out” phase of its strategic progression during the 2014/15 financial year. The strategic thrust of the Mission roll-out phase is ‘focused improvements’ that addresses growth of the organisation through implementation of capital expansion and internal process improvements. Through the effected growth, Magalies Water will be able to respond to the societal challenge of water shortages through supply of additional volumes and extending its service reach to the areas that do not have access to potable water. It is expected that sustainable growth in the delivery of the mandate phase will be effected from the 2017 financial year when key components of the capital expansion are completed. Amongst others, the organisation achieved the following in the 2014/15 financial year:

- Roll-out of plans for organisational growth through the implementation of capital expansion
- Capital expansion leading to growth in terms of asset base and water sales
- Organic growth of the organisation

The strategic progression is set out below:

Strategic progression

| | | | | | |
|-------------------------|----------------------------|-----------------------------------|----------------------------|-----------------------------------|--|
| Timing | Previous year (2012/13) | Previous year (2013/14) | Current year (2014/15) | Year two (2015/16) | Future (2017 through to 2019) |
| Strategic phase | Mission roll-out | Mission roll-out | Mission roll-out | Mission roll-out | Desired state |
| Strategic thrust | Focused improvement | Focused improvement | Focused improvement | Focused improvement | Sustainable growth in mandate delivery |
| Governance | Entrepreneurial leadership | Entrepreneurial leadership | Entrepreneurial leadership | Entrepreneurial leadership | Effective strategic direction |

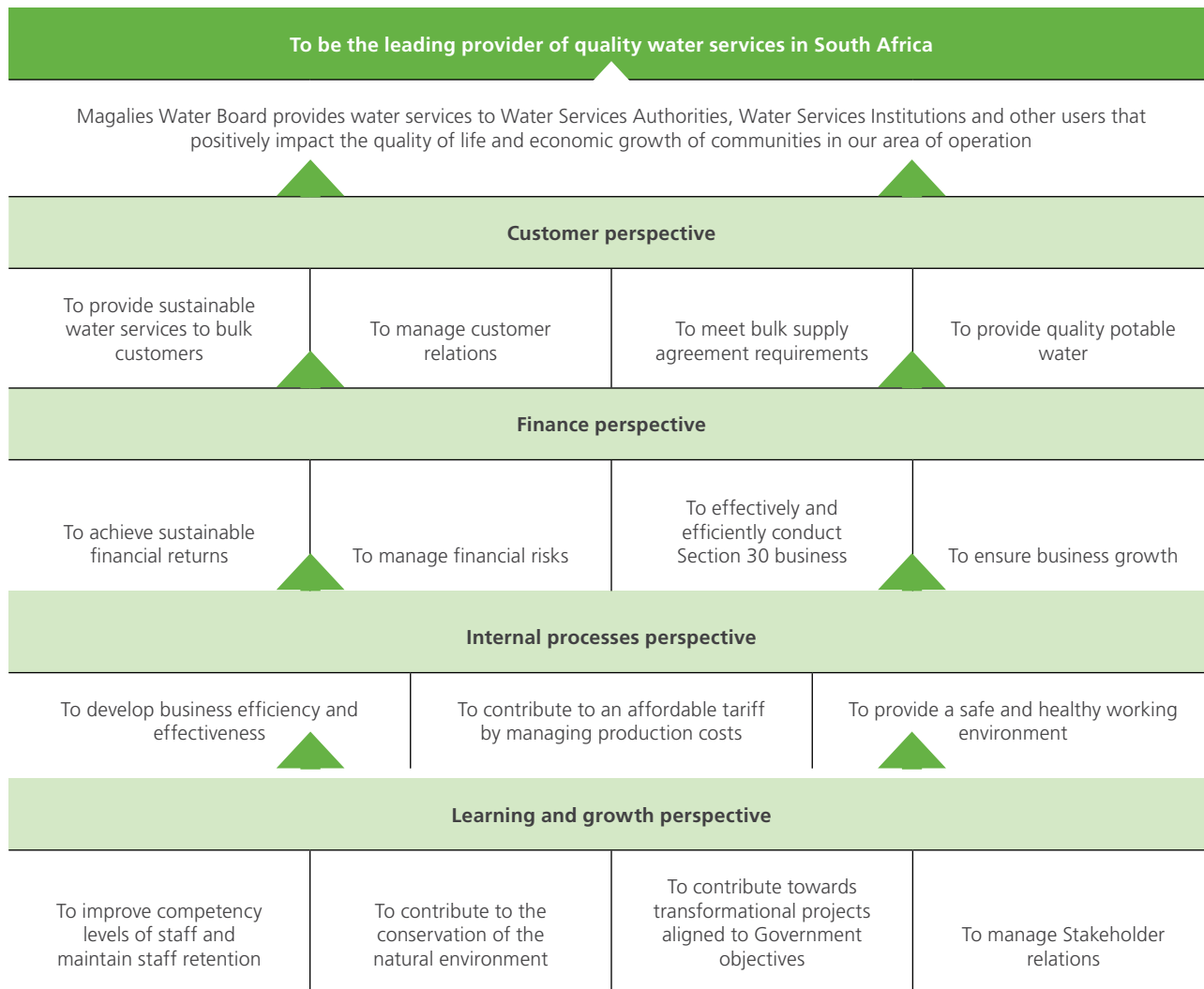
STRATEGY MAP

During the 2014/15 financial year, the strategy of Magalies Water was executed through the strategy map that pronounces utilisation of a BSC as a strategy implementation instrument. The strategy map depicts how the four balanced perspectives and fifteen strategic objectives relate and link with each other to define the strategy of Magalies Water in achievement of the mission and vision.

STRATEGY CONTINUED

The strategy map is as follows:

Strategic map



4

PERFORMANCE



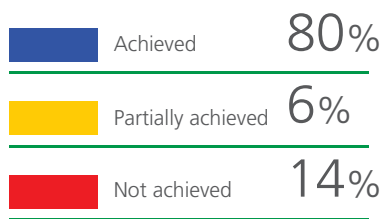
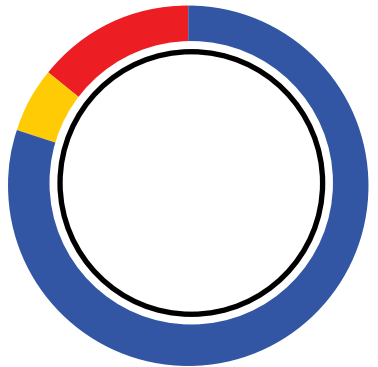
PERFORMANCE

SUMMARY OF PERFORMANCE INDICATORS, TARGETS AND ACHIEVEMENT THEREOF

Performance information presents a clear, coherent and integrated picture of how Magalies Water performed in the execution of its strategy.

The following diagram is a summary of the performance of Magalies Water against its 35 predetermined KPIs and targets:

Summary of performance



CUSTOMER PERSPECTIVE

The customer perspective seeks to align customer focused management actions to ensure that the needs and expectations of customers are consistently fulfilled in accordance to acceptable service levels. A key focus area is also to ensure that quality potable water that meets the standards is produced at all times. 75% of the KPIs within the customer perspective were achieved and are discussed in detail as follows:

Unplanned outages exceeding 24 hours at all water treatment plants combined

Consistent supply of water to maintain positive relations between Magalies Water and its customers could only be achieved through coordinated efforts to ensure minimal supply interruptions. The target was to have no more than four unplanned interruptions exceeding 24 hours at all WTPs. Subsequently, there were only two unplanned interruptions that exceed 24 hours reported for the entire 2014/15 financial year.

Documented customer contact business case

The business model of Magalies Water is customer centric in its nature. It was recognised that a contact centre solution will be one of the key initiatives in the operational implementation of the customer perspective of the strategy. A contact centre is heralded as a system that will continuously improve interactions between Magalies Water and its current and potential customers.

Implementation of the contact centre solution will therefore minimise fragmented and decentralised communication as it will provide a single point of contact whereby all customer queries and requests will be centrally managed and reported accordingly. The customer contact business case was drafted and approved by the Capital Investment Committee during the 2014/15 financial year.

It is envisaged that the customer contact centre will be operating during the 2015/16 financial year.

Compliance with the requirements of the bulk supply agreement scorecard

The Bulk Supply Agreements entered into by Magalies Water and the WSA regulates service delivery expectations and obligations between Magalies Water and the WSA. A scorecard with 23 indicators was developed from the Bulk Supply Agreement that allows the customer to rate and provide feedback on the

performance of Magalies Water. Corrective action is taken when Magalies Water does not achieve the required levels of service and consolidating actions are taken to enhance service levels where service levels were achieved.

The level of compliance to service levels is measured on a four-scale method as follows:

- Conform which is 95% to 100%
- Fair conformance which is 75% to 95%
- Poor conformance which is less than 75%
- Failure which is service levels of less than 50%.

The levels of conform (95% to 100%) and fair conformance (75% to 95%) were viewed as acceptable performance. A target of 80% acceptable performance was set at the beginning of the financial year and an 83% acceptable performance was achieved.

Magalies Water will continue to intensify efforts in addressing the concerns raised by the WSAs.

Compliance with the quality requirements of SANS 241 standards

The SANS 241:2011 standards assume a risk based approach and provide for numerical limits that are applicable to the Water Services Institutions to assess the fitness of drinking water. This has led Magalies Water to provide the required assurance that water produced is safe for drinking purposes and does not pose any health risk.

Magalies Water has implemented the following management plans to ensure compliance with the SANS 241:2011 standards:

- Water quality risk assessment through risk assessment from the raw water intake to the point of sale
- Routine monitoring through implementation of a frequent water quality monitoring programme
- Monitoring and verification of drinking water quality through the limits specified in the SANS 241:2011.

The following table shows performance against the internal targets and the SANS 241:2011 standards:

Water quality compliance

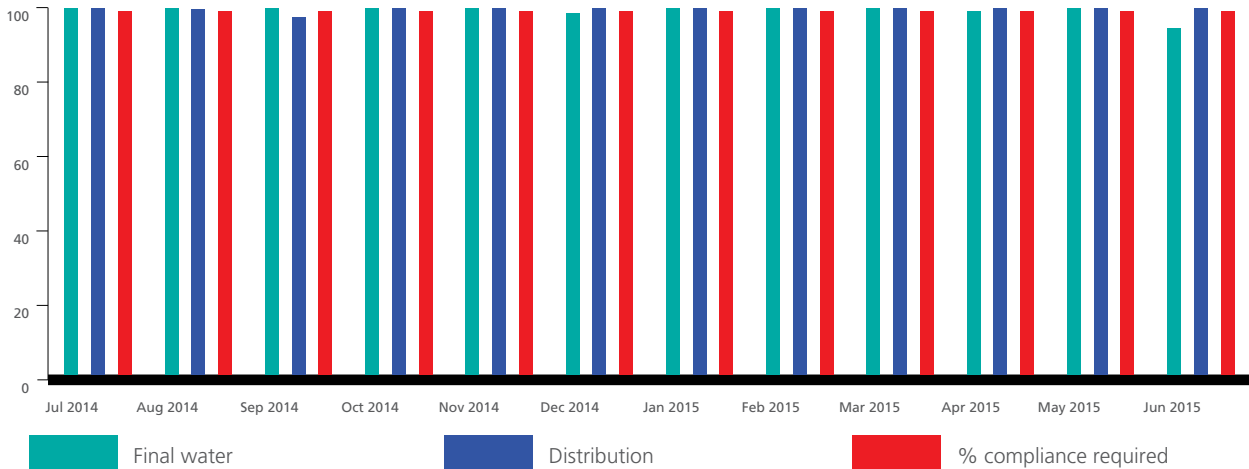
| SANS 241:2011 parameter | Internal Magalies Water target | Actual Magalies Water performance | SANS 241:2011 target |
|-------------------------|--------------------------------------|---|-------------------------|
| Acute 1 | 100% | 99% | 97% |
| Operational | 95% | 94.3% | 93% |
| Aesthetic | 95% | 96.9% | 93% |
| Chronic health | 97% | 97.9% | 95% |

Non-achievement of the internal targets relating to the two parameters as reflected above, neither implies that Magalies Water did not comply with SANS 241:2011 standards nor indicate that the potable water produced is not safe for drinking purposes.

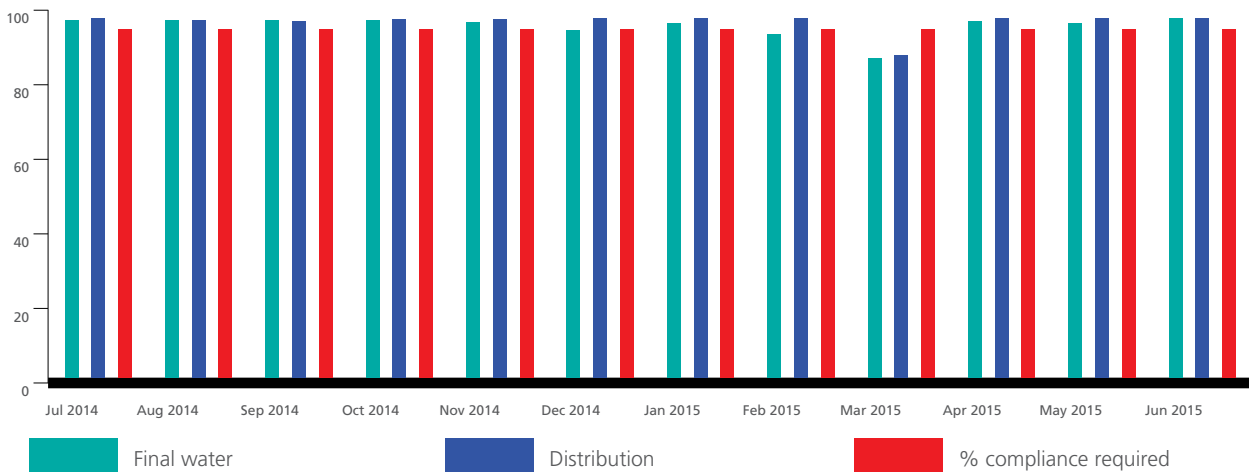
PERFORMANCE CONTINUED

The following graphs depict the quality profile of the potable water produced by Magalies Water:

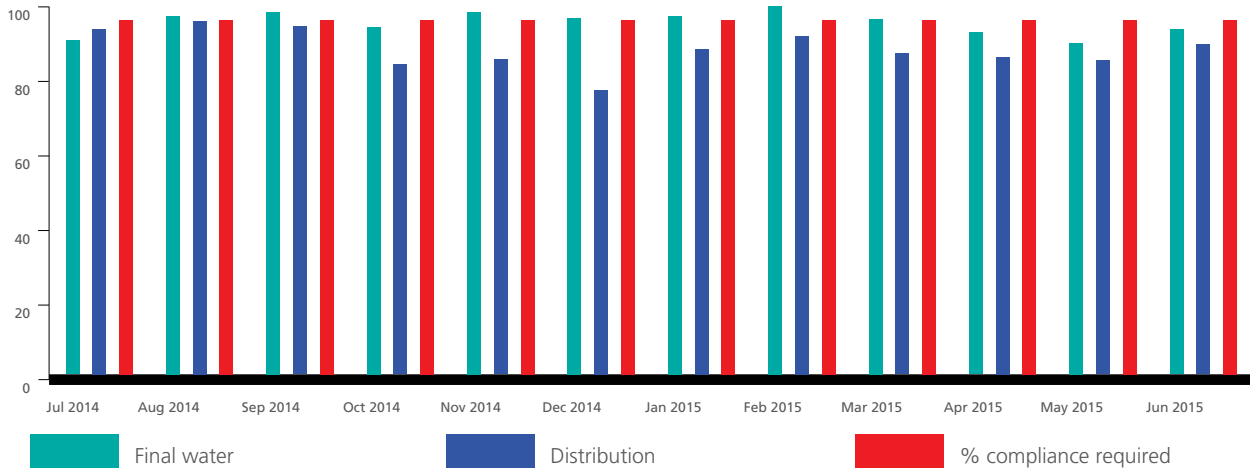
Acute 1 compliance: water quality compliance graph (risk-defined health-acute 1)



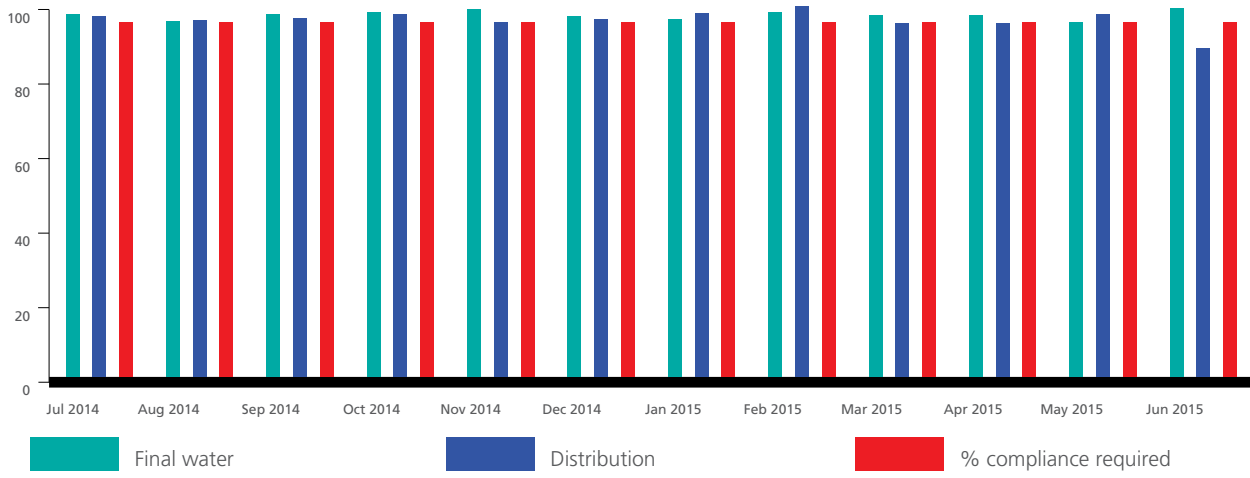
Chronic health compliance: water quality compliance graph (risk-defined health-chronic)



Operational compliance: water quality compliance graph (risk-defined health-operational)



Aesthetic compliance: water quality compliance graph (risk-defined health-aesthetic)



PERFORMANCE CONTINUED

Status of raw water resources

The status of raw water from the Pienaars River and Crocodile River catchments where raw water is extracted is poor and the following parameters are a concern:

- Nitrates
- Orthophosphates

The poor quality of raw water therefore threatens resilience of the treatment processes of Magalies Water.

FINANCE PERSPECTIVE

The finance perspective seeks to focus management efforts towards continued business growth and existence of Magalies Water. It aims to ensure that the organisation is financially viable to meet its strategic objectives in a sustainable manner and that it is capable of fulfilling its service delivery mandate. 83% of the KPIs within the finance perspective were achieved and are discussed below:

Percentage increase in water sales volumes

Water sales volumes are a fundamental business driver and serve as a primary source of revenue for Magalies Water. An increase of 1% in bulk water sales volumes was envisaged for the 2014/15 financial year to a total budgeted volumes of 83 213 179 kilolitres. The total sales volumes of 82 357 629 kilolitres were achieved, which is 1% less than the budgeted sales volumes. The achieved sales volumes compare favourably to the actual sales volumes of 75 513 808 kilolitres of the previous financial year which indicates a 9% increase. This signifies an imminent turnaround towards achievement of the desired sales volumes.

The following factors contributed to this deviation:

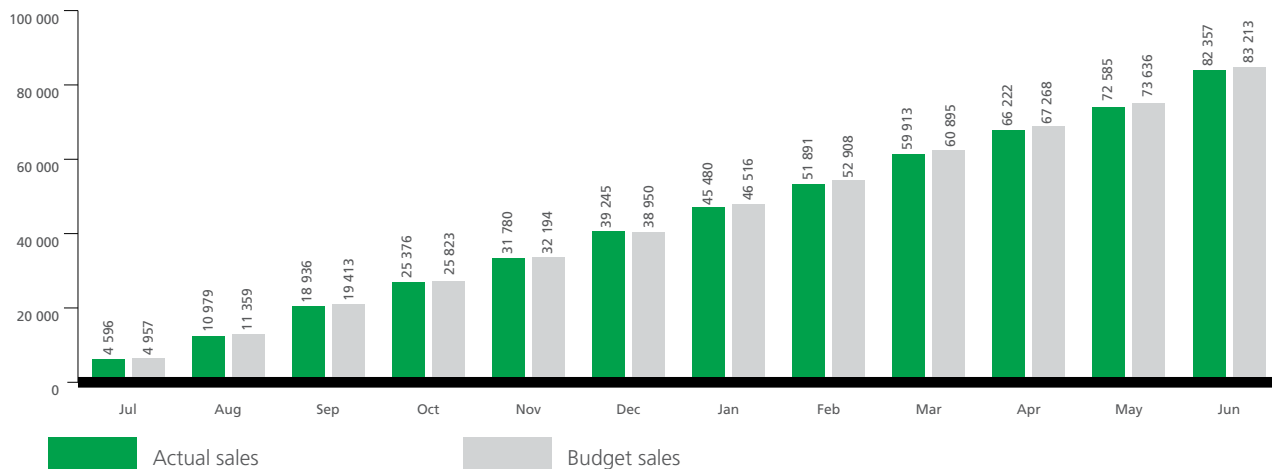
- Poor raw water quality; which necessitated the slowing down of production rates in order to manage the product quality
- Power outages; which led to production down times
- Emergency breakdowns; which also contributed to down times

The following management actions will be effected in the 2015/16 financial year to sustainably achieve the desired sales volumes:

- Acceleration of capital investments to increase the plant throughput and enhance product quality
- Feasibility studies for installation of generators as power outages pose a risk to the ability of Magalies Water to produce more water
- Process improvements for optimisation of water flow

The following graph depicts the total bulk sales volumes achieved compared to the budget for the period under review:

Actual and budget sales volumes (KLs)



Expand infrastructure to grow the business

The bulk infrastructure master plan that culminated from the current and future regional bulk infrastructure concept is still pursued to enhance water service delivery and increase shareholder value through infrastructure development. That infrastructure master plan is being effected through implementation of the following key projects:

Pilanesberg Bulk Water Supply Scheme

Implementation of the PBWSS is being effected through upgrades of the Vaalkop system, construction of the Pilanesberg South and Pilanesberg North Schemes, which are discussed below:

Upgrade of the Vaalkop System

This upgrade comprised of additional treatment capacity of 60ML/day, construction of a highlift pumpstation and a La Patrie reservoir. The first 30ML/day module was completed in the 2013/14 financial year and the additional module is 79% complete. Construction of the La Patrie reservoir is 82% complete while the highlift pumpstation is 71% complete. The social impact of this infrastructure will alleviate water shortages in the Moses Kotane and Rustenburg Local Municipalities. The economic aspect of this infrastructure is supply of water to the mines which will have significant impact on the social livelihoods of communities in the area through creation of jobs.

Pilanesberg North Scheme

The Northern part of the PBWSS comprises a 31-kilometre pipeline and a 35ML/day reservoir at Tuschenkomst. This infrastructure was completed and officially launched in the prior financial year. The social impact has been connection of villages that are in the vicinity of this bulk water infrastructure. These villages are Ngweding, Ntswana le Metsing, Mabeleng, Maologane, Witrandjie, Mmorogong, Tlhatlhaganyane and Magong.

PERFORMANCE CONTINUED

Pilanesberg South Scheme

The Southern part of PBWSS is the construction of a pipeline from Evergreen to the new reservoir in Mafenya. The social impact of this water supply system will be alleviation of water shortages in communities within the Moses Kotane and Rustenburg local municipalities including the Royal Bafokeng Authority. Construction of this infrastructure is 80% complete and it is expected that in future, this scheme will be extended to benefit communities in the Kgetleng Rivier Local Municipality. The economic impact of this infrastructure is supply of water to the Bakubung mines near Ledig and Boschoek.

Klipvoor Supply Scheme

The Klipvoor Supply Scheme is a Regional Bulk Water Scheme which traverses across the boundaries of North West and Limpopo provinces. It is a long-term solution for augmentation of water supply to the Moretele, Bela Bela, Modimolle and Mookgophong local municipalities. There is a possibility to also extend this water scheme to supply Dr JS Moroka Local Municipality. Project viability and concept reports for implementation were performed in the financial year under review. The engagements with the DWS, Limpopo and North West provinces as well as municipalities on funding requirements of this scheme are continuing.

Upgrades at the Klipdrift WTP

Klipdrift WTP is currently being upgraded from current capacity of 18ML/day to 42ML/day. This will improve capacity of the plant to meet increased demands of the Moretele, Bela Bela and Modimolle local municipalities. This upgrade will be completed in May 2016.

Upgrades at the Wallmannsthal WTP

The upgrades at the Wallmannsthal WTP are required to meet increasing demand in the Roodeplaat area situated in the North Eastern parts of the CoT. The plant will be extended with an additional 12ML/day and process improvements made as the plant has aged. The Wallmannsthal to Baviaanspoort pipeline and the Zonderwater pump station is 50% and 37% complete respectively.

Upgrades at the Cullinan WTP

The Cullinan WTP operates within the design capacity and the required upgrades are in relation to its mechanical, electrical and instrumentation components as well as the treatment processes.

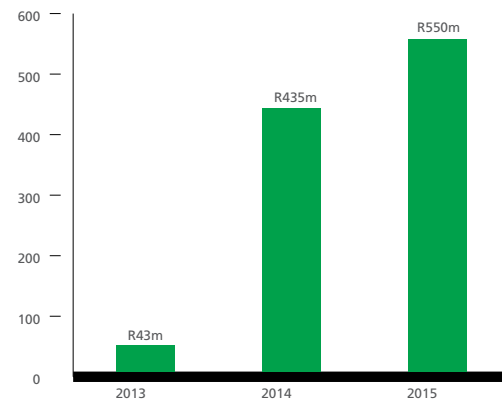
A concept and viability report for this upgrade has been done. It is envisaged that the required upgrade will occur in the 2015/16 financial year.

Capital expansion expenditure

A benchmark to measure progress against implementation of capital expansion in order to effect growth is computation of the percentage of actual capital expenditure against budget. A total amount of R550 million was spent on the capital expansion programme.

Implementation of a capital expansion programme commenced in the 2012/13 financial year. The following illustrates the path of our capital expenditure over the past three-year period.

Capital expenditure



Capacity enhancements of the Projects Management and SCM units will be performed in the 2015/16 financial year as a strategic measure to ensure that implementation of capital expansion is accelerated.

Percentage net surplus to equity

Capital expansion increases the organisations asset base which enhances infrastructure resilience and operational efficiencies in the delivery of water services. The ultimate output is the creation of a future capital base and value for the Shareholder. A benchmark for measurement of value creation for the Shareholder is a Return on Equity (RoE), of which 5% was achieved compared to a target of 3%.

Percentage EBITDA (operating surplus to sales)

The operating surplus to sales that was achieved for the 2014/15 financial year was 18% compared to a target of 13%. This means that Magalies Water is able to profitably trade and can generate positive cash flows from its own operations.

Percentage costs to revenue

The extent to which the revenue generated by Magalies Water covers the total expenditure was utilised to measure the effectiveness of budget management and implementation of cost containment measures as directed by the National Treasury. A cost/revenue ratio of 82% was achieved against the target of 87%. This ratio suggests that total costs made up 82% of the revenue generated. This was determined before taking the accounting adjustments into account.

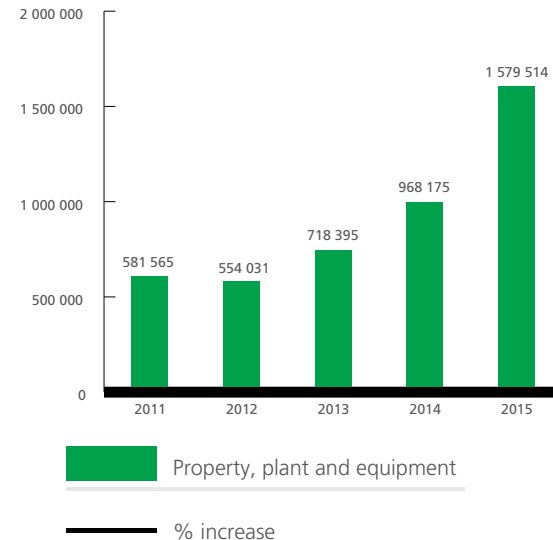
Effective management of working capital

A debtor's collection and creditor's payment of 60 days were targeted for the 2014/15 financial year. A collection period of 62 days was reported. Inter-Governmental Relations (IGR) processes were invoked for debt owed by Thabazimbi Local Municipality and Rustenburg Water Services Trust. Creditors were paid within 46 days. Investment returns of 7% were earned on invested funds and this performance is above the benchmark annualised Short Term Funds Interest of 6.3%.

Property, plant and equipment

The carrying value of property, plant and equipment increased significantly over a five-year period due to robust investments in capital expenditure. This resulted in the assets increasing three-fold in a period of three years.

Property plant and equipment (R'000)

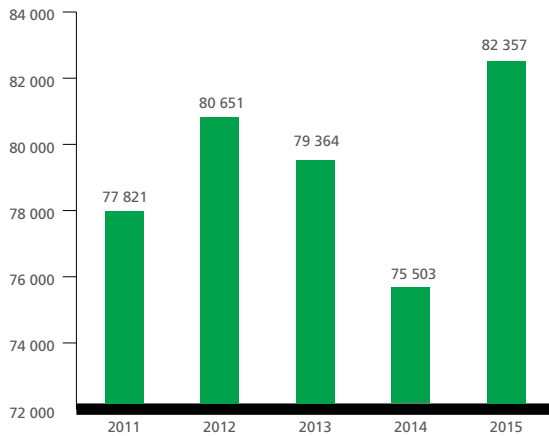


PERFORMANCE CONTINUED

Treated water sales volumes

There has been an inconsistent movement in sales volumes over the past four years due to capacity constraints at the plants. There was a significant increase of 9% during the 2014/15 financial year, as compared to the prior financial year. This can be attributed to some of the completed components of capital expenditure particularly at the Vaalkop WTP.

Treated water sales volumes (in KL'000)

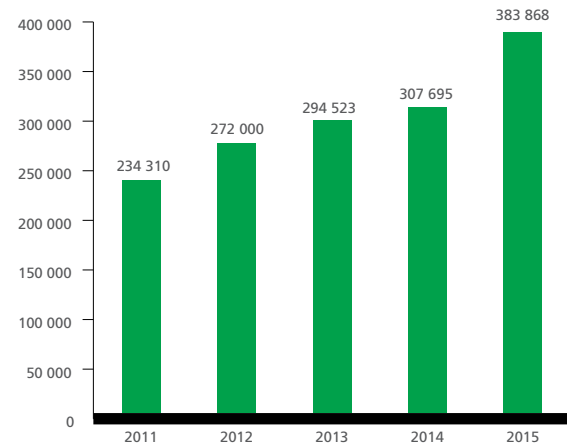


Treated water sales volumes

Revenue

Revenue generated from water sales has also slowly been increasing due to inconsistent movements in sales volumes. There is an increase of 24% in revenue as compared to the 2013/14 financial year and this can mainly be attributed to a corresponding increase in sales volumes.

Revenue (R'000)

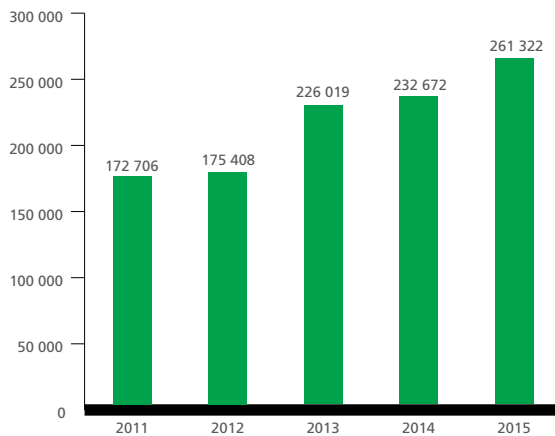


Revenue

Cost of sales

The cost of producing water has also slightly been increasing over the previous four financial years. This can be related to movements in treated sales volumes.

Cost of sales (R'000)



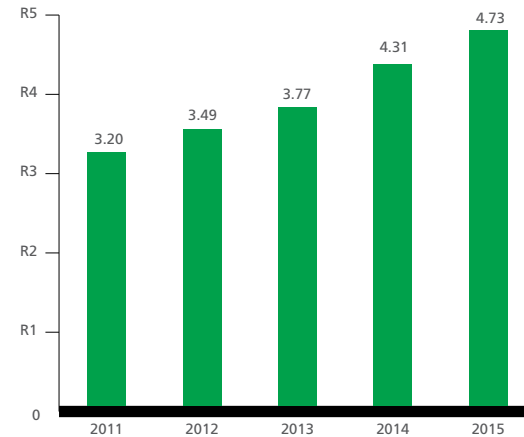
Cost of sales

Tariff determination

The tariffs were determined in accordance to Section 42 of the Local Government: Municipal Finance Management Act, 2005 (Act 56 of 2005). During the 2014/15 financial year, bulk water price increases for the 2015/16 financial year were determined and consultations were carried out with customers, National Treasury and the SALGA. Submissions were presented to the DWS for tabling at the National Assembly.

Tariffs were determined on a scheme basis as follows:

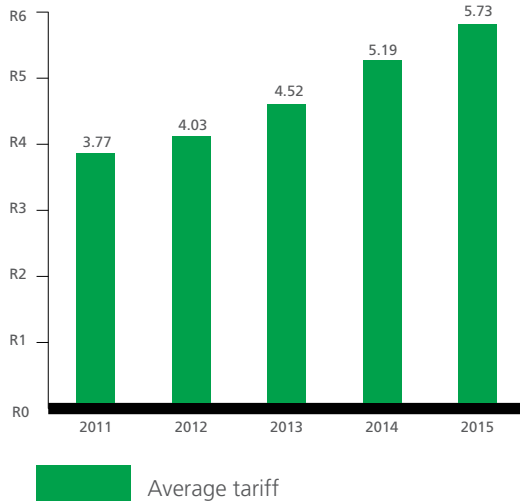
Vaalkop tariffs (R/KL)



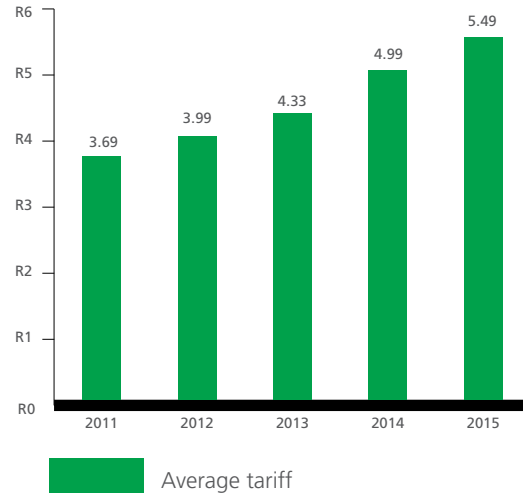
Average tariff

PERFORMANCE CONTINUED

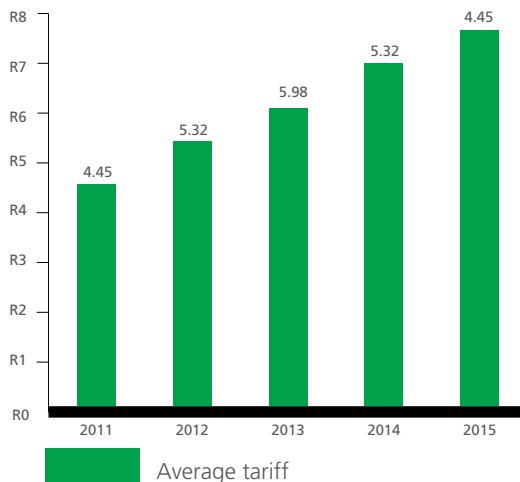
Klipdrift tariffs (R/KL)



Cullinan tariffs (R/KL)



Walmannsthal tariffs (R/KL)



To effectively and efficiently conduct Section 30 business

Conduct of Section 30 business is a critical social imperative and a vehicle that Magalies Water uses to intervene where there are service delivery challenges. This also strengthens the presence of Magalies Water in the supply area. The following Section 30 activities were performed:

- Operations and maintenance of rural infrastructure in the Madibeng and Moretele Local Municipalities
- Plant upgrade at the Madibeng Local Municipality which is a project funded through the Regional Bulk Infrastructure Grant
- Rain Water Harvesting projects on behalf of the DWS
- Accelerated Community Infrastructure Programmes in the Bojanala District Municipality. This included ground water optimisation and water supply delivery to Communities on behalf of the DWS
- Eradication of bucket sanitation in the City of Matlosana and Lekwa la Taemane Local Municipalities on behalf of the Provincial Department of Human Settlements, Cooperative Governance and Traditional Affairs

The financial impact on Magalies Water is that conduct of Section 30 business provided some diversification of revenue streams as an amount of R20 million was earned in the management fees. This culminated into a return of 12% on Section 30 business.

PROCESSES PERSPECTIVE

The processes perspective seeks to ensure efficiency of Magalies Water operations. 75% of performance indicators within this perspective were achieved, while 12.5% of indicators were either partially or not achieved. Performance indicators within this perspective are discussed below:

Plant and equipment availability

In the delivery of water services, it is important that production critical plant and equipment is available most of the time. It was envisaged that production critical equipment will be available 95% of the time. This was exceeded as a 98% plant and equipment availability was met. Implementation of a capital expansion programme will enhance availability of production critical equipment, condition and resilience of infrastructure over the long-term to result in minimal service delivery disruptions.

Average KiloWattsHour of energy load shifted at the Vaalkop Water Treatment Plant 3

The primary objective for the implementation of this Demand Side Management initiative at Vaalkop WTP (Plant 3) was to achieve an average daily load shift of 2 400 KilowattsHour (KwH). This initiative was funded by Eskom and was meant to reduce demand on the electricity grid.

An actual load shifting to an average of 585KwH was achieved during the 2014/15 financial year. The target could not be met due to high water demand and reservoir storage capacity constraints at the level of WSA. These operating conditions necessitated continuous pumping during peak electricity demand periods. The project has since been abandoned and alternative methods of power savings will be explored during the 2015/16 financial year.

Business requirements for an integrated Information Communications and Technology (ICT) solution across the value chain

Magalies Water is currently implementing an ICT Master Systems Plan (ICT) (MSP) which entails the data, application and network ICT domains. Consolidation of data, integrated applications, business process management and document management were identified as business requirements that should be implemented through the ICT MSP.

The Enterprise Resource Planning (ERP) was thus deemed to be an appropriate mode for the operational implementation of the ICT MSP. The ERP would further integrate all the functions of Magalies Water into a single database to serve all the organisational needs and provide an integrated database across all the core and non-core business processes with a range of applications and custom designed reporting systems.

Systems Applications and Products (SAP) was then deemed to be an integration solution to provide a consolidated data depository and a solution that is long-term oriented. A process to implement SAP commenced in February 2015. Core server configuration and analysis of business processes were completed. A system “go-live” is scheduled for November 2015.

ICT governance

ICT has become an integral part of the operations of Magalies Water, and is fundamental to support and sustain business growth. Guided by the Corporate Governance for Information Communications and Technology Policy Framework (CGICTPF), Magalies Water developed a Governance framework for ICT as follows:

Phase 1

An ICT Governance and management framework was developed and approved by the Risk Committee. This framework provides for roles and responsibilities relating to ICT, including various ICT committees and structures. The ICT Charter was also developed to provide an overarching framework for management of ICT resources in alignment to the organisational strategy.

An ICT security policy and a continuity plan were developed and are being utilised.

PERFORMANCE CONTINUED

Phase 2

The ICT strategic plan that was developed in the 2012/13 financial year and which included a five-year migration plan with annual milestones is currently being implemented. The strategic plan also led to the development of the ICT enterprise architecture which is aligned to the customer centric business model of Magalies Water. Performance management within the ICT realm in Magalies Water is managed through a specific ICT Annual Performance Plan which is also aligned to the organisational strategy.

Improvements will be made to all the implemented ICT requirements as mentioned above on a continuous basis.

LEARNING AND GROWTH PERSPECTIVE

The learning and growth perspective seeks to ensure that Magalies Water attracts, develops and retains the human capital in fulfilment of its strategic obligations. The perspective also ensures that there is contribution towards environmental conservation and that a safe and healthy working environment. It is through this perspective that a transformation trajectory is also profiled. All the KPIs in this perspective were achieved and are discussed in detail as follows:

Employees trained in technical, finance and administrative areas of expertise per annum

Magalies Water takes cognisance of the fact that talent management is a critical business imperative and through human

resource development initiatives, competency levels of employees are enhanced to effectively and effectively manage organisational processes for seamless strategy execution. During the 2014/15 financial year, employees were trained in the technical, finance and administrative areas of the business.

Job levels targeted for Performance Management System implementation

The employees of Magalies Water are fundamental drivers of the organisational strategy. In executing the strategy, there is a continuous alignment of employees' performance to organisational performance. During the financial year under review there was a roll-out of the Performance Management System (PMS) to employees on Peromnes level 8 and 9. It is planned that there will be a further roll-out of PMS up to employees on Peromnes level 14 in the 2015/16 financial year.

Staff turnover

The average staff turnover ratio achieved during the 2014/15 financial year was 1.56%, against a target of 3%. The total staff complement at the end of the financial year was 236, with males and females constituting 70% and 30% of the workforce respectively. The Africans, Coloured, Indians and Whites makes up 89%, 3%, 1% and 7% of the workforce respectively. The equity profile is depicted as follows:

Employment equity profile

| Occupational level | Total | Male | | | | Female | | | |
|--------------------------|------------|------------|----------|----------|----------|-----------|----------|----------|----------|
| | | African | Coloured | Indian | White | African | Coloured | Indian | White |
| Top management | 5 | 3 | – | – | 1 | 1 | – | – | – |
| Senior management | 10 | 4 | 1 | 2 | – | 3 | – | – | – |
| Professionally qualified | 10 | 5 | – | – | 1 | 2 | 1 | – | 1 |
| Skilled technical | 24 | 13 | – | – | – | 6 | 3 | – | 2 |
| Semi-skilled | 101 | 57 | 1 | – | 7 | 30 | 1 | – | 5 |
| Unskilled | 86 | 72 | – | – | – | 14 | – | – | – |
| Grand total | 236 | 154 | 2 | 2 | 9 | 56 | 5 | – | 8 |

The following factors had an impact on the above equity profile:

Terminations

| Occupational level | Total | Male | | | | Female | | | |
|--------------------------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | | African | Coloured | Indian | White | African | Coloured | Indian | White |
| Top management | – | – | – | – | – | – | – | – | – |
| Senior management | – | – | – | – | – | – | – | – | – |
| Professionally qualified | 11 | 3 | – | – | 2 | 6 | – | – | – |
| Skilled technical | 4 | 3 | – | – | – | 1 | – | – | – |
| Semi-skilled | 1 | 1 | – | – | – | – | – | – | – |
| Unskilled | – | – | – | – | – | – | – | – | – |
| Grand total | 16 | 7 | – | – | 2 | 7 | – | – | – |

Appointments

| Occupational level | Total | Male | | | | Female | | | |
|--------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | | African | Coloured | Indian | White | African | Coloured | Indian | White |
| Top management | – | – | – | – | – | – | – | – | – |
| Senior management | – | – | – | – | – | – | – | – | – |
| Professionally qualified | 5 | – | – | – | – | 5 | – | – | – |
| Skilled technical | – | – | – | – | – | – | – | – | – |
| Semi-skilled | 2 | – | – | – | – | 2 | – | – | – |
| Unskilled | – | – | – | – | – | – | – | – | – |
| Grand total | 7 | – | – | – | – | 7 | – | – | – |

Retention of ISO 14001 certification

Compliance with ISO 14001 environmental management standards seeks to enable Magalies Water to comply with environmental legal and other requirements to improve environmental performance of Magalies Water. Practises that have an adverse impact on the environment are eliminated. All the operational sites are ISO 14001 certified and Magalies Water managed to maintain the ISO 14001 certification since inception on 5 November 2004 at the Vaalkop WTP and on 3 February 2010 at the Klipdrift, Wallmannsthal and Cullian WTPs. Environmental audits were performed during the 2014/15 financial year and the non-conformities were addressed. Letters of clearance of non-conformities were received from the South

African Bureau of Standards for the operational sites. Re-certification of the operational sites of Magalies Water for ISO 14001 will be done in the 2015/16 financial year.

Disabling Injury Frequency Rate within threshold

Disabling Injury Frequency Rate (DIFR) is used as a benchmark to determine the extent of workplace safety in the organisation. The legislative imperative is to comply with Occupational Health and Safety Act, (Act 85 of 2005). A DIFR rate of zero was achieved against the target of one. This demonstrates that mitigating actions to ensure that disabling injuries in the work place are minimised have been effective.

PERFORMANCE CONTINUED

Closure of safety audit findings of the previous financial year

Achievement of a DIFR rate of zero could also be the culmination of management efforts to address findings of a baseline safety audit. A total of 83% of the findings raised were addressed during the 2014/15 financial year, and the remainder will be addressed in the 2015/16 financial year. This strategic indicator will mature as processes to implement accreditation for OHS18001 at the Vaalkop WTP will commence in the 2015/16 financial year.

Number of local people employed on the capital projects awarded

Having a socio-economic impact within the communities in the supply area is a critical business imperative to align with the sustainability agenda of job creation. At the end of the 2014/15 financial year, the total number of people employed through the capital expansion programme of Magalies Water was 746.

Procurement of goods and services

The socio-economic drive within Magalies Water is not only limited to the employment of local people, but is also supported through procurement of goods and services in both operations and capital expansion to advance the Broad-based Black Economic Empowerment (BBBEE) agenda. A total of 19% operational expenditure was spent through procurement from local Small, Medium and Micro Enterprises (SMME) and 83% of the total capital expenditure was spent on contractors and professional services providers who are BBBEE compliant.

IMPLEMENTED COMMUNITY DEVELOPMENT PROJECTS

Magalies Water strives to continuously invest in the communities within the area of operation, and as much as water is a notable social responsibility, the following transformational initiatives were undertaken to further contribute to community development:

External bursaries

During the 2014/15 financial year, 10 learners were awarded bursaries to study in the fields of mechanical, civil and electrical engineering. This initiative is meant to contribute towards skills development.

HIV/Aids home-based care training

A total of 18 home-based care givers in Tlhabane were trained to up skill them on HIV/AIDS home based care. This initiative is instrumental in primary healthcare outreach.

Learnership programme

The learnership programme is implemented as part of the skills development programme in the organisation. The intended social impact is to develop the youth within the area of service. During the 2014/15 financial year, a total of 50 learners were recruited for the programme.

Internship programme

The legislative imperative of implementing the internship programme is found in the Skills Development Act, 1997 (Act 97 of 1998). Magalies Water is also utilising this opportunity to provide an active learning environment to unemployed graduates.

Through the internship programme, Magalies Water offered an opportunity to six graduates in the SCM, infrastructure maintenance and scientific services disciplines.

Capacity building programme

The capacity building programme was launched as an imperative to empower and provide skills to graduates in the field of engineering using the current capital expansion programme implementation as a practical learning environment for the candidates. Ten graduates were recruited in the fields of civil and mechanical engineering following an intense selection process. Nine candidates were recruited from Tshwane University of Technology and one from the University of Pretoria. Candidates were placed where capital expansion are currently taking place.

CORPORATE SOCIAL INVESTMENT

The Board acknowledges that in addition to the execution of its mandate as articulated in Sections 29 and 30 of the Water Services Act, 1997 (Act 108 of 1997), Magalies Water has a strategic developmental role to contribute to the Governments' broader objectives of sustainable development. As such, a Corporate Social Investments (CSI) plan was drafted and approved. CSI was implemented in an attempt to tackle the complex socio-economic challenges that exists at a societal level. The following CSI activities were implemented during the 2014/15 financial year:

- Bela Bela Local Municipality: Ventilated Improved Pit (VIP) concrete toilets with cisterns and wash basin were installed at Tsakane Village. The VIP toilets will benefit 50 households as it provides a solution to the sanitation problem.
- CoT: A pay-point is being constructed at Ramotse Village. This will benefit 150 pensioners who will have a formal and secure paypoint. Material for this initiative has been procured and construction will be finalised in the 2015/16 financial year.
- Modimolle Local Municipality: A leaking reservoir has been resealed in the Alma Village and an additional storage capacity of 3ML/day is provided. A total of 1 553 community members are now benefiting from this project.
- Moretele Local Municipality: Augmentation of community water storage and supply was made available at the Mogogelo Village. A total number of 2 364 community members are benefiting from this project.
- Rustenburg Local Municipality: Communities in Lekgalong were supplied with water through connection from the Rustenburg Local Municipality water supply line. A total of 786 community members are benefiting from this project.
- Madibeng Local Municipality: Drilling and fitting of new boreholes were completed in the Bapong area to positively impact on the rural community water supply. The boreholes will further be tested for water quality and quantity. It is expected that a population of 15 468 will be supplied from this infrastructure.

PROGRESS ON IMPLEMENTATION OF MINISTERIAL DIRECTIVES

The following directives were received from the Minister of Water and Sanitation during the 2014/15 financial year in terms of Section 41(1)(ii) of the Water Services Act, 1997 (Act 108 of 1997):

Emergency intervention in the Madibeng Local Municipality

The directive was issued to address poor quality of water and sanitation services.

Through the intervention of Magalies Water, the Brits WTP was optimised to consistently increase production to 60ML/day. Telemetry and communication systems were repaired and reservoirs are being consistently managed. Eleven community forums were established to involve communities in the intervention for educational and awareness purposes. Assessment of infrastructure requirements were made to identify the hotspots and costed action plans were developed to address those hotspots.

Engagements are taking place on the long-term lease of bulk infrastructure.

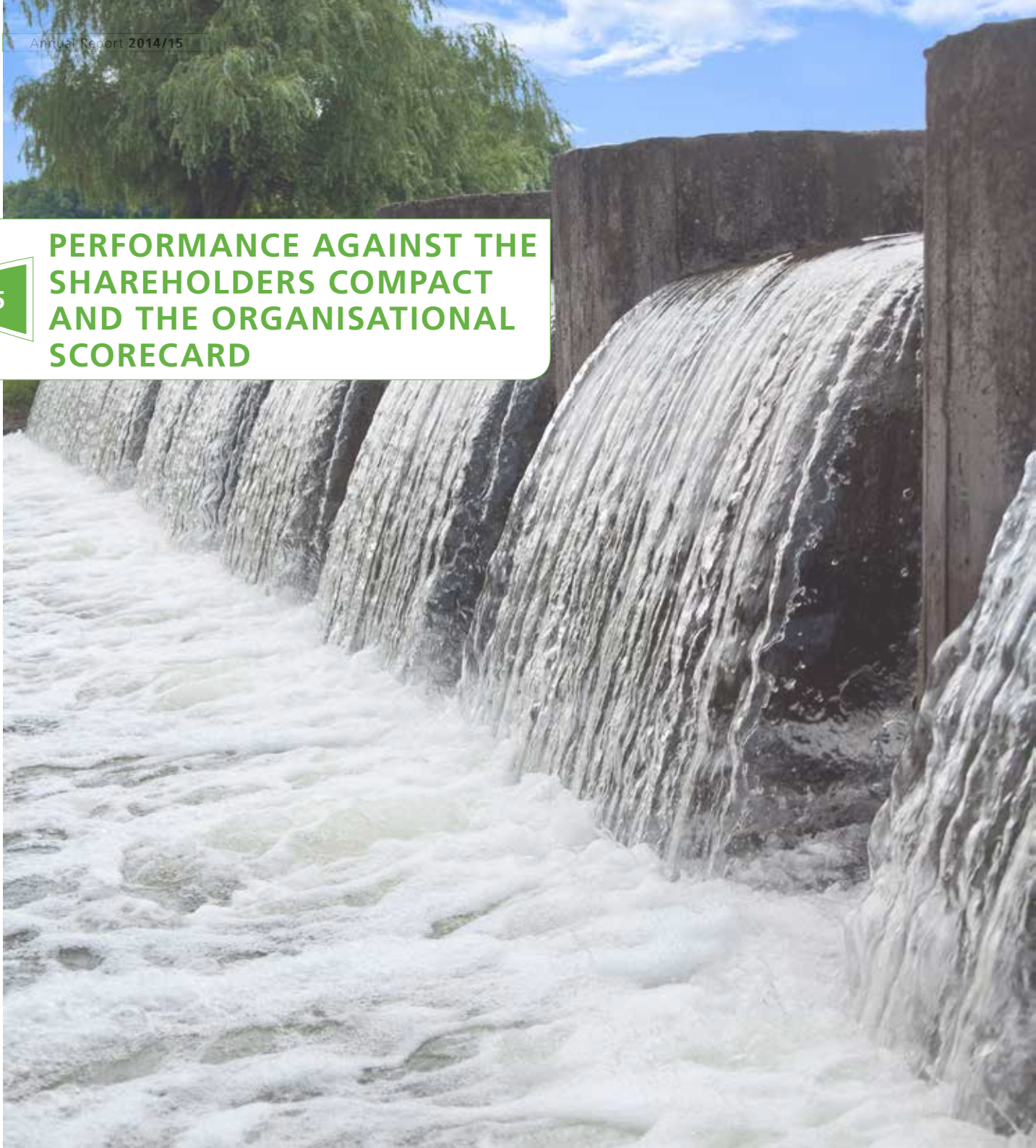
Emergency intervention in Majakaneng to address water challenges

This directive was issued to upgrade bulk water supply systems and associated infrastructure that provide water in the Majakaneng area of the Madibeng Local Municipality.

Geohydrological studies were performed, nine boreholes were drilled and five were connected to the water system. Leaks detection and repairs were done and 87% of the Majakaneng area is reticulated and have running water since the intervention by Magalies Water. Community forums were also established for consumer education and to localise the intervention. The remaining 13% is supplied through Jojo tanks as the area is not yet reticulated.

5

PERFORMANCE AGAINST THE SHAREHOLDERS COMPACT AND THE ORGANISATIONAL SCORECARD



PERFORMANCE AGAINST THE SHAREHOLDERS COMPACT AND THE ORGANISATIONAL SCORECARD

PERFORMANCE AGAINST THE SHAREHOLDERS COMPACT

The Shareholders Compact aligns the activities of Magalies Water to the Ministerial outcomes as contained in the Medium Term Strategic Framework and contains a set of Key Performance areas that are consistently applicable to the Water Boards, and performance thereto is as follows:

| Performance objective | Alignment | | | Target: | Actual |
|---|----------------------|--------------------|--|---|---|
| | Ministerial outcomes | DWS strategic plan | Indicators | 2014/15 | performance: 2014/15 |
| Water quality compliance | Outcome 12 | SO3.1 | Test results, SANS 241 | Acute health-100% Chronic health-97% Operational-95% Aesthetic-95% | Acute 1-99.0% Chronic health-99.7% Operational-94.3% Aesthetic-96.9% |
| Non-revenue water | Outcome 10 | SO2.1 and 2.4 | Water lost as a percentage of total water produced | 5% | 4% |
| Reliability of supply | Outcome 6 | SO3.1 | Percentage number of days supply disrupted/ total number supply days | 1% | 0.55% |
| Staff turnover | Outcome 12 | SO1.3 | Percentage of staff leaving | 3% | 1.56% |
| Board member attendance | Outcome 12 | SO1.6 | Actual attendance | 100% | 86% |
| Effective internal controls and risk management | Outcome 12 | SO6.5 and 6.6 | Internal audit reports | 0 | 0 |
| Improve financial ratios | Outcome 12 | SO1.2, 1.6 and 3.3 | Financial ratios | 2:1 | 3:1 |
| | | | | R412 703 | R415 816 |
| | | | | R339 800 | R344 064 |
| | | | | 13% | 18% |
| | | | | n/a | n/a |
| | | | | 16% | 15% |
| | | | | n/a | n/a |
| | | | | 3% | 5% |
| 60 days | 62 days | | | | |

PERFORMANCE AGAINST THE SHAREHOLDERS COMPACT AND THE ORGANISATIONAL SCORECARD CONTINUED

| Performance objective | Alignment | | Indicators | Target: 2014/15 | Actual performance: 2014/15 |
|---------------------------------|----------------------|--------------------|--|--|---|
| | Ministerial outcomes | DWS strategic plan | | | |
| Increase BBEE spend | Outcome 12 | SO1.6 | % of spend increased and increased new entrants | 30% increase (30% spent on BBEE against capital expenditure) | 24% |
| | | | | 0 | 23 |
| Capital expenditure | | | | | |
| | Outcome 6 | SO1.3 and 2.1 | Overall project expenditure within R target | 80% | 50% |
| | | | Overall project completion dates within targets | 0% | (5%) |
| Increased access to services | Outcome 9 | SO1.3 and 2.1 | Capex spend/projects | R1 089 925/36 | R550 731/22 |
| Jobs created | Outcome 12 | SO1.3 | Total number | 16 | 68 |
| | Outcome 12 | SO1.3 | Total number | 700 | 746 |
| Training and skills development | Outcome 12 | SO1.3 | Training courses, learnerships, bursaries | Technical skills – 70 Administrative skills – 30 | Technical skills – 197 Administrative skills – 161 |
| Good governance | Outcome 12 | SO1.6 | Breaches of materiality and significance framework | 0 breaches of materiality and significance framework | 0 breaches of materiality and significance framework |

| No | Strategic objectives | Key performance indicator | Annual target | Strategic risks | Year-to-date actual performance | Reasons for non-achievement or over-achievement | Status of indicator annually |
|----|---|---|--|---|---|--|------------------------------|
| 1 | To provide sustainable water services to bulk customers | Unplanned outages exceeding 24hrs at all water treatments plants combined | 4 | Bulk water infrastructure constraints Current Infrastructure not meeting current demand. | 2 | Two incidents are reported for the financial year due to load shedding and unplanned maintenance | Green |
| 2 | To manage customer relations | Documented Customer Contact business case | A developed customer contact business case | | Customer contact business case approved | | |
| 3 | To meet bulk supply agreement requirements | Compliance with the bulk supply agreement scorecard requirements | 80% | | 83% | | |
| 4 | To provide quality potable water | Compliance to quality requirements of SANS241 standards | Acute 1 – 100% Chronic health – 97% Operational – 95% Aesthetic – 95% | | Acute 1 – 99% Chronic health – 97.9% Operational – 94.3% Aesthetic – 96.9% | The Acute 1 and Operational parameters of quality were not met due to poor raw water quality as there is a huge decay of carbon material in the raw water making it very difficult to treat. This is prevalent in the Klipdrift and Walmannsthal Water Treatment Plants, however this does not pose any health risks as SANS241 targets have been met. | Red |

PERFORMANCE AGAINST THE SHAREHOLDERS COMPACT AND THE ORGANISATIONAL SCORECARD CONTINUED

| No | Strategic objectives | Key performance indicator | Annual target | Strategic risks | Year-to-date actual performance | Reasons for non-achievement or over-achievement | Status of indicator annually |
|----|--|--|---------------|---|---------------------------------|---|------------------------------|
| 5 | To ensure business growth | Percentage increase in water sales volumes | 1% | Bulk water infrastructure constraints Current infrastructure not meeting current demand. | -1% | The planned throughput was not achieved thus sales volumes being 1% below budget due to the following factors: – power failures – emergency breakdowns – poor raw water quality | |
| 6 | | Expand infrastructure to to grow the business | 80% | Infrastructure expansion Infrastructure investment to meet delivery mandate and growth plan Ability to deliver projects on time and within budget | 50% | A 50% expenditure on capital expansions is reflective of an actual amount spent of R550 million to a budget of R1 089 million. This is largely due to the following factors: community unrests in the Klipdrift and Wallmannsthal areas resulting in implementation delays – submitted bids were unresponsive to the set evaluation criteria for some of the projects, notably the Wallmannsthal reservoir, Zeekoegat pipeline and the Rustenburg emergency booster pump station and the Mafenya reservoir. | |
| 7 | To achieve sustainable financial returns | Percentage EBITDA (operating surplus to sales) | 13% | Finance operational risk Pricing and tariff methodology Inadequate tariff structure that does not support sustainable service delivery | 18% | Target has been over-achieved due to cost saving measures and additional income received from secondary activities. | |

| No | Strategic objectives | Key performance indicator | Annual target | Strategic risks | Year-to-date actual performance | Reasons for non-achievement or over-achievement | Status of indicator annually |
|----|---------------------------|---|---------------|--|---------------------------------|---|------------------------------|
| 8 | | Percentage net surplus to equity | 3% | Finance operational risk Pricing and tariff methodology Inadequate tariff structure that does not support sustainable service delivery | 5% | Target has been over-achieved due to cost saving measures and additional income received from secondary activities. | |
| 9 | To manage financial risks | Percentage return in investments | 5% | Finance operational risk Cashflow risk | 7% | Target has been over-achieved due to cost saving measures and additional income received from secondary activities. | |
| 10 | | Percentage costs to revenue | 87% | Finance operational risk Cashflow risk | 82% | Target has been over-achieved due to cost saving measures and additional income received from secondary activities. | |
| 11 | | Current assets to current liabilities ratio | 2 | Finance operational risk Cashflow risk | 3 | | |
| 12 | | Number of debtors days | 60 | Debtors collection Not collecting debtors due effectively | 62 days | Payments from the consumers were received after year end. Intergovernmental processes were invoked for the debt owing by the Rustenburg water services trust wherein a mediation process began with the department of water and sanitation. Payment arrangements have been made with the Thabazimbi Local Municipality. | |

PERFORMANCE AGAINST THE SHAREHOLDERS COMPACT AND THE ORGANISATIONAL SCORECARD CONTINUED




| No | Strategic objectives | Key performance indicator | Annual target | Strategic risks | Year-to-date actual performance | Reasons for non-achievement and over-achievement | Status of indicator annually |
|----|--|---|----------------------------------|--|--|---|------------------------------|
| 13 | | Number of creditors days | 60 | Finance operational risk Payments 1. Duplicated payments. 2. Late payments. | 46 days | | |
| 14 | To efficiently and effectively conduct Section 30 business | A developed Section 30 blueprint | A developed Section 30 blueprint | Section 30 portfolio Unsustainable Section 30 business portfolio | Section 30 blueprint has been developed and not yet approved by the exco | Section 30 business will be pursued as a growth opportunity as articulated in the 2015/16 corporate plan. | |
| 15 | | Average return on Section 30 activities | 6% | Section 30 portfolio Unsustainable Section 30 business portfolio | 12% | The target was over-achieved due to additional management fees earned due to implementation of the Pilanesberg Bulk Water Scheme. | |
| 16 | To contribute to an affordable tariff by managing production costs | Average unit costs of production | R2.77/kl | Finance operational risk Pricing and tariff methodology Inadequate tariff structure that does not support sustainable service delivery | R2.78/Kl | | |
| 17 | To develop business efficiency and effectiveness | Plant and equipment availability | 95% | Bulk water infrastructure constraints Current infrastructure not meeting current demand. | 98% | | |
| 18 | | Average KiloWattsHour of energy load shifted at the Vaalkop Water Treatment Plant 3 | 2 400Kwh | Bulk water infrastructure constraints Current infrastructure not meeting current demand | 585Kwh | The targeted kwh could not be attained due to continuous pumping during peak period, high water demand and reservoir storage capacity constraints of the customers. | |

| No | Strategic objectives | Key performance indicator | Annual target | Strategic risks | Year-to-date actual performance | Reasons for non-achievement or over-achievement | Status of indicator annually |
|----|---|---|--|---|---|---|------------------------------|
| 19 | | Business requirements for an integrated Information Communications and Technology (ICT) solution across the value chain | Documented business requirements for an integrated ICT solution across the value chain | ICT governance Lack of appropriate governance processes, structures and mechanisms to ensure optimum utilisation of ITC systems. | Business requirements for an integrated information communications and technology (ICT) solution documented and approved by exco. | | |
| 20 | | Average water loss | 5% | Bulk water infrastructure constraints Current infrastructure not meeting current demand. | 4% | | |
| 21 | | Enterprise risk management plan implemented | 22 risk management activities | Operational risk OCE Risk management implementation Not being able to cover enterprise risk management scope – risk, compliance, and governance (RCG) | 22 Risk management activities performed | | |
| 22 | | Audit opinion for the 2013/14 financial year | Unqualified | Legal and compliance Legal non-compliance | Unqualified audit opinion for the 2013/14 financial year achieved | | |
| 23 | To provide a safe and healthy working environment | Disabling Injury Frequency Rate (DIFR) within threshold | 1 | Health and safety Unsafe/unhealthy working environment (injuries, disease or death) | 0 | | |
| 24 | | Closure of safety audit findings of the previous financial year | 80% | Health and safety Unsafe/unhealthy working environment (injuries, disease or death) | 83% | | |

PERFORMANCE AGAINST THE SHAREHOLDERS COMPACT AND THE ORGANISATIONAL SCORECARD CONTINUED

| No | Strategic objectives | Key performance indicator | Annual target | Strategic risks | Year-to-date actual performance | Reasons for non-achievement or over-achievement | Status of indicator annually |
|----|--|--|---------------------------|--|---|---|------------------------------|
| 25 | To improve the competency levels of staff and maintain staff retention | Employees trained in technical areas of expertise per annum | 70 | Skills Inadequate systems to attract, develop and retain critical skills | 197 | The target was over-achieved due to inclusion of compliance based training. | |
| 26 | | Employees trained in finance and administrative areas of expertise per annum | 30 | Skills Inadequate systems to attract, develop and retain critical skills | 161 | The target was over-achieved due to inclusion of compliance based training. | |
| 27 | | Job levels targeted for Performance Management System implementation | Peromnes levels 8 and 9 | Performance management Incomplete roll-out of performance management system | Performance contracts and assessments performed for employees on peromnes levels 2 to 9 | | |
| 28 | | Staff turnover | 3% | Skills Inadequate systems to attract, develop and retain critical skills | 1.56% | | |
| 29 | To contribute to the conservation of the natural environment | Retention of ISO14001 certification | ISO letters of compliance | Health and safety Unsafe/unhealthy working environment (injuries, disease or death) | ISO letters of compliance obtained | | |
| 30 | To manage Stakeholder relations | Compliance with the Stakeholder engagement plan milestones | 100% | Reputation Erosion of reputation | 100% | | |

| No | Strategic objectives | Key performance indicator | Annual target | Strategic risks | Year-to-date actual performance | Reasons for non-achievement or over-achievement | Status of indicator annually |
|----|--|---|-------------------|--|---|---|------------------------------|
| 31 | To contribute towards transformational projects aligned to Government objectives | Implemented community development projects | 7 | Transformation agenda Inadequate implementation of transformation and empowerment plans | 7 | | |
| 32 | | Documented Corporate Social Investments (CSI) resources Plan | Approved CSI plan | Transformation agenda Inadequate implementation of transformation and empowerment plans | CSI resources plan developed and approved by exco | | |
| 33 | | Number of local people employed on the capital projects awarded | 700 | Transformation agenda inadequate implementation of transformation and empowerment plans | 746 | | |
| 34 | | Goods and services procured from local SMME | 10% | Transformation agenda Inadequate implementation of transformation and empowerment plans | 19% | | |
| 35 | | B-BBEE procurement spent on capital projects awarded | 30% | Transformation agenda Inadequate implementation of transformation and empowerment plans | 78% | | |

 Target not achieved
 Target achieved
 Target partially achieved



ANNUAL FINANCIAL STATEMENTS

CONTENTS

The reports and statements set out below comprise the annual financial statements presented to the Board:

| Index | Page |
|--|-------------|
| Report of the audit committee | 62 |
| Report of the independent auditors | 64 |
| Board responsibilities and approval | 68 |
| Statement of financial position | 70 |
| Statement of comprehensive income | 71 |
| Statement of changes in equity | 72 |
| Statement of cash flows | 73 |
| Accounting policies | 74 – 80 |
| Notes to the annual financial statements | 81 – 99 |

Published

20 October 2015

The annual financial statements set out on pages 70 to 99, which have been prepared on the going concern basis, were approved by the Board on 20 October 2015 and were signed on its behalf by:



Adv M Petlane
Chairperson

Rustenburg

20 October 2015



LC Mohalaba
Chief Executive (Acting)

REPORT OF THE AUDIT COMMITTEE

The Audit Committee is pleased to present its report for the financial year ended 30 June 2015. The Committee is an independent statutory committee appointed by the Board in compliance with the Public Finance Management Act, Act 1 of 1999 and the National Treasury Regulations. This report covers all the activities for the reporting period.

AUDIT COMMITTEE RESPONSIBILITIES

The Audit Committee reports that it has complied with its responsibilities arising from Section 51 of the PFMA and as well as provisions of Treasury Regulation 27.1.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

We have assisted the Board in fulfilling its oversight role by reviewing the financial reporting processes, internal controls, the audit processes including processes for monitoring compliance with accounting policies, legislation and applicable regulations.

COMPOSITION AND ATTENDANCE OF MEETINGS

The Audit Committee consists of six independent non-executive members of which three are members of the Board.

The Chief Executive, Chief Financial Officer, Outsourced Internal Audit Head, the Auditor-General and Risk Manager attend Committee meetings by invitation only. During the year under review six (6) meetings were held.

Attendance of the Audit Committee for the year is as follows:

| Members | Audit Committee meetings | | | | | |
|---------------------------|--------------------------|------------|------------|------------|------------|-----------|
| | 20/08/2014 | 30/10/2014 | 10/11/2014 | 28/01/2015 | 17/04/2015 | 6/05/2015 |
| Ms TF Zondi (Chairperson) | • | • | • | • | • | # |
| Ms N Mufamadi | • | • | • | # | • | • |
| Mr N Maepa* | | | | # | • | # |
| Ms M Ramataboe** | # | # | • | • | • | • |
| Mr N Baloyi** | • | • | • | • | • | • |
| Mr S Mamotheti** | • | • | # | # | • | • |

• Present

Absent with apology

* Member of the Audit Committee from January 2015

** Independent Audit Committee members

THE EFFECTIVENESS OF INTERNAL CONTROL

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with PFMA and the King III report on corporate governance requirements, internal audit provides the committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the internal auditors, the audit report on the annual financial statements, and the management letter of the auditor general, it was noted that during the period under review, there is continuous improvement in the general internal control systems within Magalies Water.

The committee has however noted the material finding in respect of the strategic objective of providing sustainable water services to bulk customers as identified by the Auditor-General. The committee has reviewed the responses and undertakings by Management to mitigate against the identified control weakness and is satisfied of the proposed actions for the next financial year.

Management committed to resolve issues relating to deviations from Supply Chain Management and prevent recurrence of irregular expenditure.

THE QUALITY OF THE IN YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA

Monthly and quarterly reports on performance information and Magalies Water's finances were presented and reported in committee meetings and were monitored throughout the year. The committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the accounting authority of Magalies Water in the year under review.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The committee has:

- reviewed and discussed the draft annual financial statements to be included in the annual report, with the auditor general and the accounting authority;
- reviewed and discussed the performance information with management;
- reviewed changes in accounting policies and practices;
- noted that no significant adjustment resulting from the audit;
- reviewed the entities compliance with legal and regulatory provisions; and

The committee concurs with and accepts the Auditor-General's report of the annual financial statements.

INTERNAL AUDIT

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Water Board in the audits undertaken during the period under review.

EXTERNAL AUDIT

We have met with the Auditor-General South Africa to ensure that there were no unresolved issues. We also concur with the issues raised by them in their report.

COMBINED ASSURANCE

Magalies Water has developed a formalised combined assurance plan. The plan is currently evolving although having been implemented during the 2014/15 year. The current plan encompasses three lines of defence and the committee has received assurance from management as well as internal and external assurance providers that risks are being appropriately managed.



Ms TF Zondi

Chairperson of the Audit Committee

20 October 2015

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON MAGALIES WATER

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Magalies Water set out on pages 70 to 99, which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No 1 of 1999) (PFMA), and for such internal controls as the accounting authority determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of Magalies Water as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with IFRS and the requirements of the PFMA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation and internal controls. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the entity for the year ended 30 June 2015:
 - Objective 1a: To provide sustainable water services to bulk customers on page 53
 - Objective 1b: To contribute to an affordable tariff by managing production costs on page 56
 - Objective 1c: To manage customer relations on page 53
 - Objective 2a: To provide quality potable water on page 53
 - Objective 4a: To ensure business growth on page 54
 - Objective 7b: To contribute to the conservation of the natural environment on page 58
 - Objective 8b: To efficiently and effectively conduct Section 30 business on page 56.
9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPPI).
11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
12. The material findings in respect of the selected objective are as follows:

Strategic objective 1a: To provide sustainable water services to bulk customers

Reliability of reported performance information

13. The FMPPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. We were unable to obtain the information and explanations we considered necessary to satisfy ourselves as to the reliability of the reported performance information. This was due to limitations placed on the scope of our work due to the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following objectives:
 - Objective 1b: To contribute to an affordable tariff by managing production costs
 - Objective 1c: To manage customer relations
 - Objective 2a: To provide quality potable water
 - Objective 4a: To ensure business growth
 - Objective 7b: To contribute to the conservation of the natural environment
 - Objective 8b: To efficiently and effectively conduct Section 30 business.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON MAGALIES WATER CONTINUED

Additional matters

15. I draw attention to the following matters:

Achievement of planned targets

16. Refer to the annual performance report on pages 53 to 59 for information on the achievement of planned targets for the year. This information should be considered in the context of material findings on conclusions expressed on usefulness and reliability of the reported performance information in paragraphs 11 and 12 of this report.

Adjustment of material misstatements

17. We identified material misstatements in the annual performance report submitted for auditing on the reported performance information of the objective; To provide sustainable water services to bulk customers, To manage customer relations, To provide quality potable water and To ensure business growth. As management subsequently corrected only some of the misstatements, I identified material findings on the reliability of the reported performance information.

Compliance with legislation

18. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Strategic planning and performance management

19. The corporate plan did not include the strategic objectives and outcomes agreed upon by the Department of Water and Sanitation in the shareholder's compact as required by Treasury Regulation 29.1.1(a).

Expenditure management

20. The accounting authority did not take effective and appropriate steps to prevent irregular expenditure, as per the requirements of Section 51(1)(b)(ii) of the PFMA.

Procurement and contract management

21. Some goods, works or services were not procured through a procurement process which is fair, equitable, transparent and competitive as required by the PFMA Section 51(1)(a)(iii).

22. Some construction contracts were awarded to contractors that did not qualify for the contract in accordance with CIDB Regulations 17 and 25(7A).

23. Some contracts were awarded to bidders based on points given for criteria that were not stipulated in the original invitation for bidding, in contravention of the Preferential Procurement Regulations 4(3).

Consequence management

24. Effective and appropriate disciplinary steps were not taken against some officials who made or permitted irregular expenditure and fruitless and wasteful expenditure, as required by Section 51(1)(iii) of the PFMA.

INTERNAL CONTROL

25. I considered internal controls relevant to my audit of the financial statements, performance report and compliance with legislation. The matters reported below are limited to the significant internal controls deficiencies that resulted in the findings on the performance report and the findings on non-compliance with legislation included in this report.

Leadership

26. Ineffective review and monitoring of controls in place to ensure accurate and valid performance information reported.
27. Inadequate monitoring of the performance of the systems of internal controls regarding procurement and contract management to prevent irregular expenditure.
28. No disciplinary actions taken against some employees who incurred irregular expenditure.

Financial and performance management

29. Proper record keeping was not implemented in a timely manner to ensure that complete, relevant and accurate information was accessible and available to support performance reporting. There is also poor record keeping of tender documents.
30. Inadequate review and monitoring resulted in non-compliance with laws and regulations and adjustments to the reported performance information.

Governance

31. Actions are not taken in a timely manner to address the risks relating to the achievement of complete and accurate performance reporting as well as compliance with laws and regulations.

OTHER REPORTS

Performance audit

32. There is a performance audit on the entity's programmes and water sales volumes currently being undertaken by the entity and the audit is still ongoing.

Auditor general

Pretoria

23 October 2015

BOARD RESPONSIBILITIES AND APPROVAL

The Board is required in terms of the Water Services Act No 108 of 1997 and the Public Finance Management Act No 1 of 1999 (as amended) to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the Board's responsibility to ensure that the financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

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

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

The Board has reviewed the entity's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

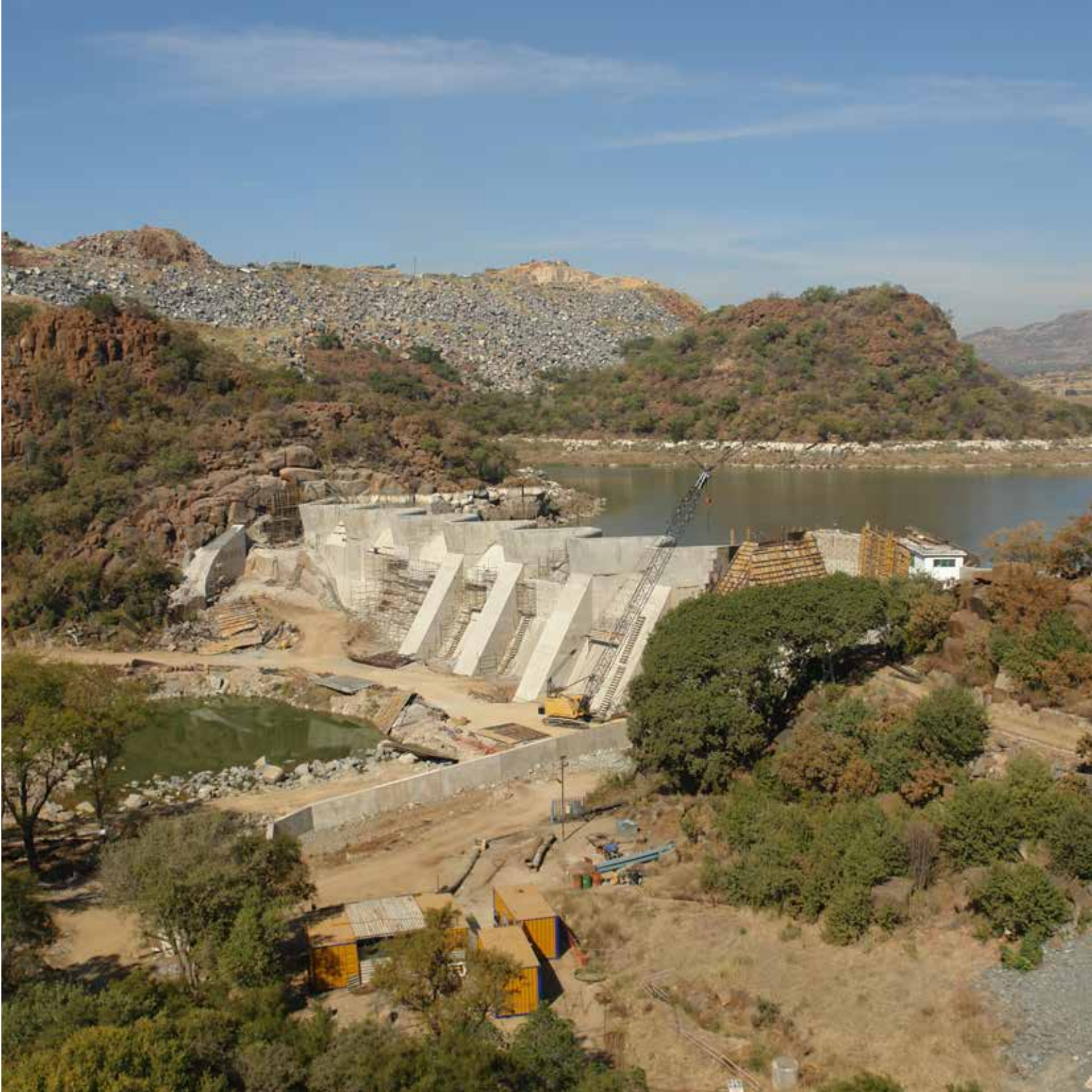
The annual financial statements set out on pages 70 to 99, which have been prepared on the going concern basis, were approved by the Board on 21 October 2015 and were signed on its behalf by:



Adv M Petlane
Chairperson



LC Mohalaba
Chief Executive (Acting)



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

| | Note(s) | 2015 R'000 | 2014 R'000 |
|-------------------------------------|---------|------------------|---------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 3 | 1 579 514 | 968 175 |
| Intangible assets | 4 | 19 387 | 1 801 |
| | | 1 598 901 | 969 976 |
| Current assets | | | |
| Financial assets | 5 | 193 650 | 453 442 |
| Inventories | 7 | 22 037 | 15 938 |
| Trade and other receivables | 8 | 336 315 | 301 916 |
| Cash and cash equivalents | 9 | 17 130 | 39 407 |
| | | 569 132 | 810 703 |
| Total assets | | 2 168 033 | 1 780 679 |
| EQUITY AND LIABILITIES | | | |
| Equity and liabilities | | | |
| Retained income | | 1 192 742 | 1 131 448 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Deferred income | 10 | 130 036 | 133 342 |
| Capital contributions | 11 | 93 884 | 93 884 |
| Deferred government grant | 12 | 511 590 | 260 606 |
| | | 735 510 | 487 83 |
| Current liabilities | | | |
| Deferred income | 10 | 3 306 | 3 306 |
| Government grant | 12 | 1 903 | – |
| Operating lease liability | 13 | 4 | 377 |
| Trade and other payables | 14 | 234 568 | 157 716 |
| | | 239 781 | 161 399 |
| Total liabilities | | 975 291 | 649 231 |
| Total equity and liabilities | | 2 168 033 | 1 780 679 |

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

| | Note(s) | 2015 R'000 | 2014 R'000 |
|--|---------|----------------|---------------|
| Revenue | 15 | 383 868 | 307 695 |
| Cost of sales | 16 | (261 322) | (232 672) |
| Gross profit | | 122 546 | 75 023 |
| Other income | 17 | 27 667 | 24 241 |
| Operating expenses | | (115 053) | (99 012) |
| Operating profit | 18 | 35 160 | 252 |
| Finance income | 19 | 26 134 | 33 895 |
| Finance costs | 20 | – | (5) |
| Profit for the year | | 61 294 | 34 142 |
| Total comprehensive income for the year | | 61 294 | 34 142 |

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

| | Retained income R'000 | Total equity R'000 |
|--|--------------------------|-----------------------|
| | 1 097 306 | 1 097 306 |
| Profit for the year | 34 142 | 34 142 |
| Other comprehensive income | – | – |
| Total comprehensive income for the year | 34 142 | 34 142 |
| Balance at 1 July 2014 | 1 131 448 | 1 131 448 |
| Profit for the year | 61 294 | 61 294 |
| Other comprehensive income | – | – |
| Total comprehensive income for the year | 61 294 | 61 294 |
| Balance at 30 June 2015 | 1 192 742 | 1 192 742 |

Note(s)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

| | Note(s) | 2015 R'000 | 2014 R'000 |
|---|---------|------------------|------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 21 | 100 802 | (88 891) |
| Finance income | | 26 134 | 33 895 |
| Finance costs | | – | (5) |
| Net cash from operating activities | | 126 936 | (55 001) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 3 | (643 269) | (278 636) |
| Proceeds on sale of property, plant and equipment | 3 | 14 | 1 247 |
| Purchase of other intangible assets | 4 | (18 637) | (80) |
| Movement in other financial assets | | 259 792 | (5 358) |
| Sale of financial assets | | – | 32 635 |
| Net cash from investing activities | | (402 100) | (250 192) |
| Cash flows from financing activities | | | |
| Movement in capital contributions | | – | 70 400 |
| Movement in deferred government grant | | 252 887 | 234 370 |
| Net cash from financing activities | | 252 887 | 304 770 |
| Total cash movement for the year | | (22 277) | (423) |
| Cash at the beginning of the year | | 39 407 | 39 830 |
| Total cash at end of the year | 9 | 17 130 | 39 407 |

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2015

1. BASIS OF PREPARATION

Magalies Water is a Water Board established in terms of section 28 of the Water Services Act, (Act No 108 of 1997) and Public Entity as per Schedule 3B of the Public Finance Management Act (Act No 1 of 1999), as amended. The address of its registered office, principal place of business and principal activities of the entity are described in the Accounting Authority's report.

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of those standards and the Public Finance Management Act of 1999 as amended. In terms of section 79 of the PFMA, the National Treasury issued the entity with the approval authorising the use of IFRS as the accounting reporting framework.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

(c) Functional and presentation currency

The financial statements are presented in South African Rands, which is the entity's functional currency. All information presented has been presented to the nearest thousand Rands.

These accounting policies are consistent with those applied in the previous period.

1.1 Significant judgments and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates. Estimates and assumptions are reviewed on an annual basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Management has made the following significant judgments that have a significant risk of causing material adjustment to the amounts recognised in the financial statements:

Impairment of trade receivables and other receivables

The entity assesses its trade receivables and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The entity considers evidence of impairment at two levels, specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed with receivables that are not individually significant. In assessing collective impairment, the entity uses historical trends of the probability of default and timing of recoveries.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Losses are recognised in profit or loss and reflected against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease is reversed through profit or loss.

Allowance for slow moving, damaged and obsolete stock

Obsolete, slow moving and redundant stock items are identified and written off in profit/loss.

Useful lives and residual values

The useful lives and residual values of property, plant and equipment as well as useful lives of intangibles are reviewed at each reporting date. The useful lives are estimated by management based on historical analysis and other available information. The residual values are estimated based on useful lives as well as other available information.

1.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Land is not depreciated.

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

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

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

| Item | Average useful life |
|--------------------------|----------------------------|
| Buildings | 40 – 45 years |
| Pipelines and Reservoirs | 45 – 65 years |
| Plant and machinery | 18 – 25 years |
| Furniture and fixtures | 6 – 10 years |
| Motor vehicles | 4 – 10 years |
| Office equipment | 3 – 10 years |
| IT equipment | 3 – 10 years |
| Laboratory equipment | 5 – 10 years |

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset is depreciated separately. The depreciation charge for each period is recognised in profit or loss.

The carrying amount of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss.

Assets under construction are carried at cost less any accumulated impairment loss. Costs include the cost of materials, direct labour costs, professional fees, direct project overheads and any costs which are directly attributable to bringing the asset to its present location and condition.

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2015

1. BASIS OF PREPARATION (continued)

1.3 Intangible assets

An intangible asset is recognised when it is probable that the expected economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably.

Acquired computer software is capitalised on the basis of costs incurred to acquire and bring into use the specific software. Costs associated with maintaining computer software programs and acquisition of licences are recognised as an expense when they are incurred.

Servitudes are rights granted to Magalies Water for an indefinite period of time. The life of the servitude will remain in force as long as the relevant infrastructure is still in use. A servitude will only become impaired if the infrastructure to which the servitude is linked is derecognised.

Amortisation

Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite.

The estimated useful lives are as follows:

| Item | Useful life |
|-------------------|-------------|
| Computer software | 3 – 5 years |
| Servitudes | Indefinite |

1.4 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the entity also tests intangible assets with an indefinite useful life. The impairment test is performed during the annual period and at the same time every period.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

1.5 Inventories

Inventories are measured at the lower of cost, determined on the weighted average cost basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories held by the entity comprise of water, chemicals, maintenance spares and consumables.

1.6 Financial instruments

Classification of financial assets and financial liabilities

The entity classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. The entity classifies the financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Classification is re-assessed on an annual basis.

Initial recognition and subsequent measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

The entity classifies financial liabilities as subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the entity has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

At each reporting date the entity assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account.

Subsequent recoveries of amounts previously written off are credited against operating expenses. Reversals of impairment losses are recognised in profit or loss.

Trade and other receivables and loans receivables

Trade and other receivables and loans receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less impairment losses. A provision for impairment of trade receivables is recognised when there is objective evidence that the entity will not be able to recover the amount due. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2015

1. BASIS OF PREPARATION (continued)

1.6 Financial instruments (continued)

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances and are initially measured at fair value and subsequently measured at amortised cost.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or expense over the relevant period.

1.7 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered) are recognised in the period in which the service is rendered and are not discounted.

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

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

Defined contribution plan

The entity contributes towards Magalies Water Retirement Fund and the fund is registered and controlled in terms of the Pensions Fund Act 24 of 1956. The entity is under no obligation to cover any unfunded benefits.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Revenue

The entity recognises revenue when the amount of revenue can be reliably measured and it is probable that the economic benefits will flow to the entity. Revenue is measured at the fair value of the consideration received or receivable net of discounts and value added taxation (VAT). Revenue from sale of goods and services is recognised as follows:

- Revenue from sale of water is recognised when significant risks and rewards are passed to the customer.
- Revenue from services is recognised in the period in which the services are rendered.
- Management fees are recognised in the period in which the services are rendered in accordance with the substance of the relevant agreements.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.10 Cost of sales

Cost of sales includes the cost of raw water, chemicals, electricity and all other direct operating costs associated with the production of water.

1.11 Government grant

Government grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the entity will comply with the conditions associated with the grant. The grant is related to the construction of an asset and has been presented in the statement of financial position by setting up the grant as deferred income. The grant will be recognised as revenue on a systematic basis over the useful life of the related asset when it is brought into use.

1.12 Transfer of assets from customers

Transferred assets from customers are measured on initial recognition at fair value. The corresponding amount is recognised as deferred income. Revenue is recognised on a systematic basis over the useful life of the assets.

1.13 Capital contributions

The contributions are recognised as revenue on a systematic basis over the useful life of the assets when the assets are brought into use.

1.14 Related parties

Magalies Water is a state controlled entity and has related party relationships with all other entities within the sphere of government. Unless otherwise disclosed, all transactions with related parties are on arm's length basis at market related prices.

1.15 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose events will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and liabilities are disclosed in note 25.

ACCOUNTING POLICIES (continued)

FOR THE YEAR ENDED 30 JUNE 2015

1. BASIS OF PREPARATION (continued)

1.16 Irregular, fruitless and wasteful expenditure

Irregular expenditure

Irregular expenditure incurred and identified during the current financial period and which has been condoned before year end and/or before the finalisation of the financial statements is recorded appropriately in the irregular expenditure register.

Fruitless and wasteful expenditure

Expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the year that the expenditure is incurred. When the expenditure is recovered, it is subsequently accounted for as income in the income statement.

1.17 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

| Standard/Interpretation | Effective date: Years beginning on or after | Expected impact |
|--|--|------------------------|
| IFRS 13 Fair Value Measurement – Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle | 1 July 2014 | Impact is not material |
| IAS 24 Related Party Disclosures – Annual Improvements 2010-2012 Cycle | 1 July 2014 | Impact is not material |

2.2 Standards and interpretations that are not yet effective

The entity has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 1 July 2015 or later periods:

| Standard/Interpretation | Effective date: Years beginning on or after | Expected impact |
|---|--|--|
| IFRS 7 Financial Instruments Disclosures – Annual Improvements 2012-2014 Cycle | 1 January 2016 | Impact is currently being assessed |
| IFRS 9 Financial Instruments: A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments | 1 January 2018 | Impact is currently being assessed |
| IFRS 14 Regulatory Deferral Accounts | 1 January 2016 | Impact is currently being assessed |
| IFRS 15 Revenue from Contracts from Customers | 1 January 2017 | Unlikely there will be a material impact |
| IAS 1 Presentation of financial statements: Disclosure Initiative | 1 January 2016 | Unlikely there will be a material impact |
| IAS 16 Property, Plant and Equipment – Amendment to the principle of depreciation | 1 January 2016 | Unlikely there will be a material impact |
| IAS 38 Intangible Assets – Amendment to the principle of amortisation | 1 January 2016 | Unlikely there will be a material impact |
| IAS 19 Employee Benefits – Annual Improvements 2012- 2014 Cycle | 1 January 2016 | Unlikely there will be a material impact |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2015

3. PROPERTY, PLANT AND EQUIPMENT

| | 2015 | | | 2014 | | |
|--------------------------|------------------|--------------------------|------------------|------------------|--------------------------|----------------|
| | Cost/Valuation | Accumulated depreciation | Carrying value | Cost/Valuation | Accumulated depreciation | Carrying value |
| Land | 4 564 | – | 4 564 | 4 564 | – | 4 564 |
| Buildings | 106 776 | (56 548) | 50 228 | 104 950 | (54 133) | 50 817 |
| Plant and machinery | 198 694 | (87 020) | 111 674 | 145 233 | (78 871) | 66 362 |
| Furniture and fixtures | 5 880 | (3 472) | 2 408 | 4 541 | (2 990) | 1 551 |
| Motor vehicles | 20 365 | (18 504) | 1 861 | 20 306 | (17 217) | 3 089 |
| IT equipment | 15 697 | (7 506) | 8 191 | 9 697 | (6 477) | 3 220 |
| Pipelines and reservoirs | 861 166 | (299 184) | 561 982 | 816 341 | (280 616) | 535 725 |
| Capital work in progress | 838 606 | – | 838 606 | 302 847 | – | 302 847 |
| Total | 2 051 748 | (472 234) | 1 579 514 | 1 408 479 | (440 304) | 968 175 |

Reconciliation of property, plant and equipment – 2015

| | Opening balance | Additions | Disposals | Depreciation | Total |
|--------------------------|-----------------|----------------|-------------|-----------------|------------------|
| Land | 4 564 | – | – | – | 4 564 |
| Buildings | 50 817 | 1 826 | – | (2 415) | 50 228 |
| Plant and machinery | 66 362 | 53 461 | – | (8 149) | 111 674 |
| Furniture and fixtures | 1 551 | 1 339 | – | (482) | 2 408 |
| Motor vehicles | 3 089 | 59 | – | (1 287) | 1 861 |
| IT equipment | 3 220 | 6 000 | (10) | (1 019) | 8 191 |
| Pipelines and reservoirs | 535 725 | 44 825 | – | (18 568) | 561 982 |
| Capital work In progress | 302 847 | 535 759 | – | – | 838 606 |
| | 968 175 | 643 269 | (10) | (31 920) | 1 579 514 |

Reconciliation of property, plant and equipment – 2014

| | Opening balance | Additions | Disposals | Depreciation | Impairment loss | Total |
|--------------------------|--------------------|-----------|-----------|--------------|--------------------|---------|
| Land | 1 261 | 3 303 | – | – | – | 4 564 |
| Buildings | 50 620 | 2 694 | – | (2 488) | (9) | 50 817 |
| Plant and machinery | 62 528 | 9 863 | – | (5 995) | (34) | 66 362 |
| Furniture and fixtures | 1 408 | 637 | – | (493) | (1) | 1 551 |
| Motor vehicles | 4 159 | – | (119) | (951) | – | 3 089 |
| IT equipment | 2 693 | 1 147 | (13) | (605) | (2) | 3 220 |
| Pipelines and reservoirs | 553 871 | – | – | (18 146) | – | 535 725 |
| Capital work in progress | 41 855 | 260 992 | – | – | – | 302 847 |
| | 718 395 | 278 636 | (132) | (28 678) | (46) | 968 175 |

Compensation received for losses on property, plant and equipment – included in operating profit

| | 2015 R'000 | 2014 R'000 |
|--|---------------|---------------|
| Motor vehicles | – | 148 |
| IT equipment | 16 | 60 |
| | 16 | 208 |
| Other information | | |
| Fully depreciated property, plant and equipment still in use | 8 243 | 6 717 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2015

4. INTANGIBLE ASSETS

| | 2015 | | | 2014 | | |
|-------------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|
| | Cost/Valuation | Accumulated amortisation | Carrying value | Cost/Valuation | Accumulated amortisation | Carrying value |
| Computer software | 25 523 | (6 703) | 18 820 | 6 886 | (5 652) | 1 234 |
| Servitudes | 567 | – | 567 | 567 | – | 567 |
| Total | 26 090 | (6 703) | 19 387 | 7 453 | (5 652) | 1 801 |

Reconciliation of intangible assets – 2015

| | Opening balance | Additions | Amortisation | Total |
|-------------------|-----------------|---------------|----------------|---------------|
| Computer software | 1 234 | 18 637 | (1 051) | 18 820 |
| Servitudes | 567 | – | – | 567 |
| | 1 801 | 18 637 | (1 051) | 19 387 |

Reconciliation of intangible assets – 2014

| | Opening balance | Additions | Amortisation | Total |
|-------------------|-----------------|-----------|----------------|--------------|
| Computer software | 3 426 | 80 | (2 272) | 1 234 |
| Servitudes | 567 | – | – | 567 |
| | 3 993 | 80 | (2 272) | 1 801 |

5. FINANCIAL ASSETS

| | 2015 R'000 | 2014 R'000 |
|---|----------------|----------------|
| Held to maturity investment – current portion | | |
| Financial assets consist of held to maturity investments held with various institutions | – | 453 258 |
| Loans and receivables – current portion | | |
| Loans and receivables consist of short-term deposits held with various financial institutions | 193 650 | 184 |
| Financial assets | 193 650 | 453 442 |
| Current assets | | |
| At amortised cost – held to maturity investments | – | 453 258 |
| At amortised cost – loans and receivables | 193 650 | 184 |
| | 193 650 | 453 442 |

6. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

2015

| | Loans and receivables | Total |
|-----------------------------|--------------------------|----------------|
| Sanlam | 19 614 | 19 614 |
| Short-term investments | 174 036 | 174 036 |
| Cash and cash equivalents | 17 130 | 17 130 |
| Trade and other receivables | 336 315 | 336 315 |
| | 547 095 | 547 095 |

2014

| | Loans and receivables | Held to maturity investments | Total |
|----------------------------------|--------------------------|---------------------------------|----------------|
| Eastern Gauteng Services Council | 184 | – | 184 |
| INCA Zero Coupon Investment | – | 5 834 | 5 834 |
| SCMB Zero Coupon Investment | – | 14 304 | 14 304 |
| Sanlam | 3 006 | 15 007 | 18 013 |
| Short-term investments | 415 106 | – | 415 106 |
| Cash and cash equivalents | 39 407 | – | 39 407 |
| Trade and other receivables | 301 916 | – | 301 916 |
| | 759 619 | 35 145 | 794 764 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2015

7. INVENTORIES

| | 2015 R'000 | 2014 R'000 |
|---------------------------|---------------|---------------|
| Water inventory | 1 110 | 1 509 |
| Spares, consumables etc | 18 656 | 11 715 |
| Chemicals | 2 303 | 2 714 |
| | 22 069 | 15 938 |
| Inventories (write-downs) | (32) | – |
| | 22 037 | 15 938 |

7.1 Inventory Schedule

| | | |
|-------------------------|---------------|--------|
| Water inventory | 1 110 | 1 509 |
| Chemicals | 2 303 | 2 714 |
| Spares, consumables etc | 18 656 | 11 715 |
| | 22 069 | 15 938 |

8. TRADE AND OTHER RECEIVABLES

| | | |
|---------------------------|----------------|---------|
| Trade receivables | 309 849 | 278 132 |
| Impairment of receivables | (8 793) | (8 048) |
| Prepayments | 4 319 | 26 588 |
| Deposits | 1 553 | 1 438 |
| VAT | 25 308 | – |
| Sundry debtors | 4 079 | 3 806 |
| | 336 315 | 301 916 |

Trade and other receivables are classified as loans and receivables and the carried at amortised cost. Trade debtors are granted credit terms of 30 days from the date of invoice to settle outstanding debts.

Trade and other receivables past due but not impaired

Trade and other receivables which are 30 days and 60 days past due are not considered to be impaired. At 30 June 2015, R10 840 (2014: R34 347) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

| | 2015 R'000 | 2014 R'000 |
|---------|---------------|---------------|
| 30 days | 9 507 | 30 804 |
| 60 days | 1 333 | 3 543 |

Trade and other receivables impaired

As of 30 June 2015, trade and other receivables were assessed for impairment and the allowance for impairment has been provided for. The amount of the provision is R8 793 as of 30 June 2015 (2014: R8 048).

The ageing of these receivables is as follows:

| | 2015 R'000 | 2014 R'000 |
|--|---------------|---------------|
| 3 to 6 months | 5 775 | 7 853 |
| Over 6 months | 38 773 | 33 986 |
| Reconciliation of impairment loss of trade and other receivables | 8 048 | 10 726 |
| (Reversal of impairment)/Impairment loss | 1 287 | (2 530) |
| Amounts written off as uncollectable | (542) | (148) |
| | 8 793 | 8 048 |

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

| | | |
|---------------|---------------|---------------|
| Cash on hand | 10 | 10 |
| Bank balances | 17 120 | 39 397 |
| | 17 130 | 39 407 |

10. DEFERRED INCOME

Transferred assets from customers are measured on initial recognition at fair value. The corresponding amount is recognised as deferred income. Revenue is recognised on a systematic basis over the useful life of the assets.

| | | |
|-------------------------|----------------|----------------|
| Non-current liabilities | 130 036 | 133 342 |
| Current liabilities | 3 306 | 3 306 |
| | 133 342 | 136 648 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2015

11. CAPITAL CONTRIBUTIONS

The contributions are recognised as revenue when the assets are brought into use over the useful life of the assets.

| | 2015 R'000 | 2014 R'000 |
|------------------------------|---------------|---------------|
| Capital contributions | | |
| Non-current portion | 93 884 | 93 884 |

12. DEFERRED GOVERNMENT GRANT

Government grant consists primarily the grant received from the Department of Water and Sanitation for the construction of the Pilanesberg Scheme. The grant will be recognised as revenue when the asset is brought into use over the useful life of the asset. Phase 1 of the Pilanesberg Scheme was completed during the year, and a portion of deferred income has been recognised as revenue over the useful life of the asset.

Department of Water and Sanitation

| | | |
|---------------------|----------------|---------|
| Non-current portion | 511 590 | 260 606 |
| Current portion | 1 903 | – |
| | 513 493 | 260 606 |

13. OPERATING LEASE

Operating lease payments represent rentals payable by the entity for premises and office equipment. Leases are negotiated for an average term of three years. Rentals for premises escalate on an annual basis at 10%. Rentals for office equipment are fixed for three years. Lease payments are recognised as an expense on a straight line basis over the lease term.

Lease smoothing

| | | |
|-------------------------|---|-----|
| Operating lease accrual | 4 | 377 |
|-------------------------|---|-----|

14. TRADE AND OTHER PAYABLES

| | | |
|-----------------------------|----------------|---------|
| Trade payables and accruals | 165 147 | 103 614 |
| Amounts received in advance | 2 956 | 20 333 |
| Retentions | 47 499 | 20 225 |
| Accrual for bonuses | 10 711 | 5 934 |
| Deposits received | 603 | 594 |
| Accrual for leave pay | 7 591 | 6 957 |
| Unknown deposits | 61 | 59 |
| | 234 568 | 157 716 |

Trade and other payables are carried at amortised cost and the carrying amount approximates fair value. Trade payables are normally settled within 30 days from the date of receipt of invoice.

15. REVENUE

| | 2015 R'000 | 2014 R'000 |
|---------------|---------------|---------------|
| Sale of Water | 383 868 | 307 695 |

16. COST OF SALES

Cost of sales is made up as follows:

| | | |
|----------------------------|----------------|----------------|
| Raw water purchases | 73 452 | 63 460 |
| Chemicals | 22 510 | 22 619 |
| Direct employee costs | 46 161 | 43 588 |
| Electricity | 73 966 | 63 607 |
| Depreciation | 26 717 | 24 142 |
| Other production overheads | 18 516 | 15 256 |
| | 261 322 | 232 672 |

17. OTHER INCOME

| | | |
|-----------------------------------|---------------|---------------|
| Profit and loss on sale of assets | 4 | 1 115 |
| Management fees | 20 321 | 15 131 |
| Tender fees | 338 | 942 |
| Deferred income | 4 099 | 3 306 |
| Lab analysis | 1 105 | 591 |
| Cost recovery income | 1 311 | 1 050 |
| Sundry income | 489 | 2 106 |
| | 27 667 | 24 241 |

18. OPERATING PROFIT

Operating profit for the year is stated after accounting for the following:

Other income

| | | |
|-----------------|---------------|---------------|
| Deferred income | 4 099 | 3 306 |
| Management fees | 20 321 | 15 131 |
| | 24 420 | 18 437 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2015

18. OPERATING PROFIT (continued)

| | 2015 R'000 | 2014 R'000 |
|---|----------------|---------------|
| Operating lease charges | | |
| Premises | | |
| • Contractual amounts | 30 | 27 |
| Equipment | | |
| • Contractual amounts | 979 | 1 044 |
| | 1 009 | 1 071 |
| Consulting fees | 13 057 | 14 099 |
| Impairment on property, plant and equipment | – | 47 |
| Amortisation on intangible assets | 1 051 | 2 272 |
| Provision for slow moving and obsolete stock | 32 | – |
| Inventory recognised as an expense | 11 501 | 5 481 |
| Depreciation on property, plant and equipment | 31 933 | 28 679 |
| Employee costs | 101 873 | 89 985 |
| 19. FINANCE INCOME | | |
| Interest earned on: | 20 578 | 28 321 |
| Banks | 1 238 | 164 |
| Trade receivables | 4 318 | 5 410 |
| | 26 134 | 33 895 |
| 20. FINANCE COSTS | | |
| Trade and other payables | – | 5 |

21. CASH GENERATED FROM OPERATIONS

| | 2015 R'000 | 2014 R'000 |
|------------------------------------|----------------|-----------------|
| Profit before taxation | 61 294 | 34 142 |
| Adjustments for: | | |
| Depreciation, amortisation | 32 971 | 30 951 |
| Profit/loss on sale of assets | (4) | (1 115) |
| Interest received – investment | (26 134) | (33 895) |
| Finance costs | – | 5 |
| Impairment of assets | – | 47 |
| Operating lease accrual | (373) | 157 |
| Changes in working capital: | | |
| Inventories | (6 099) | (5 790) |
| Trade and other receivables | (34 399) | (177 456) |
| Trade and other payables | 76 852 | 67 369 |
| Deferred income | (3 306) | (3 306) |
| | 100 802 | (88 891) |
| 22. AUDITORS' REMUNERATION | | |
| Fees | 2 053 | 1 774 |

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2015

23. EMOLUMENTS

Board

2015

| | Expenses*** | Committees fees | Total |
|-------------------------------------|-------------|-----------------|--------------|
| Adv MM Petlane (Chairperson) | | | |
| Ms PN Nkwinika (Deputy Chairperson) | 82 | 486 | 568 |
| Ms M Hlahla | 27 | 274 | 301 |
| Mr DR Sibanda | 62 | 308 | 370 |
| Ms TF Zondi | 28 | 259 | 287 |
| Ms TD Monewe | 28 | 260 | 288 |
| Mr TT Mohapi | 82 | 281 | 363 |
| Ms F Saloojee | 24 | 270 | 294 |
| Mr FP Vilakazi | 52 | 325 | 377 |
| Ms N Mufamadi | 40 | 275 | 315 |
| Kgosi SV Suping** | 51 | 194 | 245 |
| Ms MS Ratlhagane** | 51 | 245 | 296 |
| Mr AN Maepa** | 7 | 164 | 171 |
| | 627 | 3 918 | 4 545 |

** Board Members appointed on 1 July 2014.

*** Expenses comprise travel and accommodation.

2014

| | Expenses*** | Committees fees | Total |
|--|-------------|-----------------|--------------|
| Adv. MM Petlane (Chairperson from May 2014) | | | |
| Ms PN Nkwinika (Interim Chairperson from Feb – Apr 2014) | 150 | 206 | 356 |
| Prof MI Jahed (Chairperson – resigned on 31 Dec 2013) | 1 | 17 | 18 |
| Ms M Hlahla | 31 | 51 | 82 |
| Mr WB Mahlangu | 19 | 94 | 113 |
| Mr DR Sibanda | 34 | 143 | 177 |
| Ms TF Zondi | 49 | 170 | 219 |
| Ms TD Monewe | 67 | 108 | 175 |
| Mr TT Mohapi | 80 | 87 | 167 |
| Ms F Saloojee | – | 8 | 8 |
| Mr FP Vilakazi | 1 | 8 | 9 |
| Ms N Mufamadi | – | 8 | 8 |
| | 439 | 924 | 1 363 |

*** Expenses comprise travel and accommodation.

Executive management**2015**

| | Salaries | Acting allowance | Expenses* | Performance bonus | Total |
|---|--------------|------------------|------------|-------------------|--------------|
| Chief Executive | | | | | |
| GM Finance | 1 373 | – | 111 | 266 | 1 750 |
| GM Engineering Services | 1 438 | – | 81 | 274 | 1 793 |
| GM Water Services (appointed in November 2014) | 845 | – | 203 | – | 1 048 |
| GM Corporate Services | 1 187 | – | 88 | 225 | 1 500 |
| Acting GM Water Services | – | 34 | – | – | 34 |
| | 6 511 | 34 | 628 | 1 086 | 8 259 |

* Expenses comprise travel, accommodation and cellphone allowances.

2014

| | Salaries | Acting allowance | Expenses* | Performance bonus | Total |
|------------------------------|--------------|------------------|------------|-------------------|--------------|
| Chief Executive | 1 559 | – | 183 | 301 | 2 043 |
| GM Finance | 1 258 | – | 97 | 497 | 1 852 |
| GM Engineering Services | 1 308 | – | 90 | 512 | 1 910 |
| GM Water Services | 1 215 | 42 | 213 | – | 1 470 |
| GM Corporate Services | 595 | – | 77 | 210 | 882 |
| Acting GM Corporate Services | – | 22 | – | – | 22 |
| | 5 935 | 64 | 660 | 1 520 | 8 179 |

* Expenses comprise travel, accommodation and cellphone allowance.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2015

24. COMMITMENTS

| | 2015 R'000 | 2014 R'000 |
|--|----------------|---------------|
| Capital commitments | | |
| Already contracted but not provided for | | |
| Property, plant and equipment | 406 545 | 794 191 |
| Department of Water and Sanitation S30 projects | 219 565 | – |
| | 626 110 | 794 191 |
| The committed capital expenditure will be financed through existing cash resources, government grants and capital contributions. | | |
| Operating lease commitments | | |
| Minimum lease payments due | | |
| – within one year | 759 | 879 |
| – in second to fifth year inclusive | 366 | 1 125 |
| | 1 125 | 2 004 |

Operating lease payments represent rentals payable by the entity for office equipment and premises. Leases are negotiated for an average term of three years. Rentals for premises escalate on an annual basis at 10%. Rentals for office equipment are fixed for three years. No contingent rent is payable.

25. CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities

Guarantees of R512 378 were issued by Standard Bank in respect of payments to Eskom.

Legal proceedings have been instituted against Magalies Water by ex-employees. There are currently no estimates on legal fees and no provision has been made in the financial statements.

Contingent assets

Magalies Water is suing CF Smit for non-payment of water account of R622 098 including interest. The matter is being defended in court. The matter is going to trial and awaiting a trial date.

Magalies Water is claiming R318 891 from Engine Room. The company was contracted to develop and produce the annual report for 2010/21 year end. The contract was cancelled due to failure by Engine Room to deliver on its obligations in terms of the contract. A default judgment application has been lodged. As at 30 June 2015, no recoveries have been made in respect of this claim.

26. RELATED PARTIES

Relationships

Ultimate holding company

National Government

Shareholder

Minister of Water and Sanitation

The entity has elected to adopt the provisions of IAS 24 that provides the entity an exemption from disclosure requirements for related party transactions and outstanding balances with other government related entities.

The Board and Executive Management are considered as key management and there were no related party transactions between the entity and key management during the year under review.

| | 2015 R'000 | 2014 R'000 |
|---|---------------|---------------|
| Related party balances | | |
| Amounts included in trade receivables | | |
| Rand Water | 13 708 | 11 599 |
| Department of Water and Sanitation | 191 418 | 152 820 |
| Amounts included in government grant | | |
| Department of Water and Sanitation | 516 798 | 260 606 |
| Amounts included in capital contributions | | |
| Department of Public Works | 23 484 | 23 484 |
| Amounts included in cost of sales | | |
| Department of Water and Sanitation | 68 676 | 63 644 |
| Compensation to the Board and Executive Management | | |
| Short-term employee benefits | 12 804 | 9 542 |

27. POST-RETIREMENT BENEFITS

Defined contribution plan

Magalies Water contributes towards Magalies Water Retirement Fund. This fund is registered and controlled in terms of the Pensions Fund Act 24 of 1956.

Employees make a 7.5% contribution and the employer contributes 10%. The entity is under no obligation to cover any unfunded benefits.

| | | |
|------------------------------------|--------|--------|
| The total contribution to the Fund | 11 292 | 10 857 |
|------------------------------------|--------|--------|

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2015

28. IRREGULAR EXPENDITURE

| | 2015 R'000 | 2014 R'000 |
|--|-----------------|---------------|
| Irregular expenditure | | |
| Opening balance – 1 July | 58 971 | 12 538 |
| Irregular expenditure related to capital expenditure | 41 928 | 22 175 |
| Irregular expenditure related to procurement policy | 7 701 | 24 258 |
| | 108 600 | 58 971 |
| Expenditure condoned during the year | (68 929) | – |
| | 39 671 | 58 971 |

Details of the current financial movement are as follows:

Capital expenditure

(a) CIDB regulation not complied with in awarding the contract – R6.8 million

This relates to the contract that was evaluated in three phases (ie Phase 1, Phase 2A, Phase 2B). However, the contract was awarded as a whole for the three phases to the bidder. In terms of the CIDB regulations, the CIDB grading of the bidder did not qualify it to be awarded the contract for Phase 2A.

(b) Non-compliance with Delegations of Authority – R25.4 million

Irregular expenditure amounting to R25.4 million relates to services rendered and paid over and above the original contract value without following proper delegations of authority. The circumstances under which the transactions occurred are subject to investigation.

(c) Non-compliance with Preferential Procurement Regulations Section 4 – R9.5 million

The irregular expenditure of R9.5 million relates to non-compliance with the functionality evaluation criteria. The circumstances under which the irregular expenditure occurred are being investigated and necessary measures will be taken on finalisation of the investigation.

Other expenditure

Non-compliance with procurement policy – R7.7 million

The irregular expenditure of R7.7 million relates various transactions on procurement of goods and services without following proper procurement policy. The process of disciplinary action is still being considered.

29. FRUITLESS AND WASTEFUL EXPENDITURE

| | 2015 R'000 | 2014 R'000 |
|---|---------------|---------------|
| Fruitless and wasteful expenditure | | |
| Opening balance – 1 July | 5 | – |
| Expenditure incurred during the year | 46 | 5 |
| Expenditure condoned during the year | (51) | – |
| | – | 5 |

Fruitless and wasteful expenditure incurred in the current financial year relates to legal fees. The opening balance relates to interest paid to Eskom for late payment of the account.

30. RISK MANAGEMENT

Capital risk management

Magalies Water's objective for managing capital is to enhance shareholder value and generate sufficient surplus to meet the required capital expenditure programme, thus sustaining future development of the entity and its ability to continue as a going concern. This objective has remained consistent with prior years.

The entity's retained income at 30 June 2015 is R1 192 742 (2014: R1 131 448).

There have been no changes to what the entity manages as capital and the strategy for capital maintenance from the previous year.

Financial risk management

The principal financial risks to which Magalies Water is exposed as a result of its financial instruments are: liquidity risk, credit risk and market risk (interest rate risk).

The entity's overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the entity's financial performance. Risk management is carried out by the entity's investment advisors under policies approved by the Board. The investment policy provides guide for overall risk management, as well as investment of excess liquidity.

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulties in meeting the obligations associated with its financial liabilities. Magalies Water's approach to managing liquidity risk is to ensure that the entity will always have sufficient liquidity to meet its liabilities when they fall due.

Magalies Water monitors its risk to shortage of funds using projected cash flows from operations and has provision for cash buffer investment. The entity also manages liquidity risk through an ongoing review of future commitments.

Cash flow forecasts are prepared and the entity has borrowing limits approved by the National Treasury.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2015

30. RISK MANAGEMENT (continued)

The table below reflects Magalies Water's maximum exposure to liquidity risk, which equals the carrying value of trade and other payables at reporting date:

| | 2015 R'000 | 2014 R'000 |
|---------------------------------|----------------|---------------|
| Trade and other payables | | |
| Current | 234 568 | 157 716 |

Interest rate risk

As the entity has no interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates. Magalies Water is exposed to interest rate as a result of investments held with various financial institutions. The entity has variable interest rate facilities which are reset on changes in prime interest rate, and therefore exposed to cash flow interest rate risk.

A sensitivity analysis to a change in interest rate has been performed based on the exposure to interest rates on investments at reporting date. A 1% increase or decrease has been used and represent management's assessment of the reasonable possible change in interest rates. The sensitivity analysis has been performed on the same basis as the previous year.

The following table illustrates the sensitivity of the entity to interest rate changes by 1%.

| | 2015 R'000 | 2014 R'000 |
|----------------------------------|----------------|---------------|
| 1% decrease | | |
| Decrease in financial assets | (594) | (1 590) |
| Decrease in comprehensive income | (594) | (1 590) |
| | (1 188) | (3 180) |
| 1% increase | | |
| Increase in financial assets | 1 586 | 1 548 |
| Increase in comprehensive income | 1 586 | 1 548 |
| | 3 172 | 3 096 |

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

Magalies Water minimises loss by default of customers through implementation of policies and procedures relating to debt collection. All known risks are disclosed to the Board. Interest is charged at prime rate on debt over 30 days from the date of invoice.

The Board does not expect any of the counterparties to fail to meet their obligations, hence no investment has been impaired during the current and prior year.

Financial assets exposed to credit risk at year end were as follows:

| | 2015 | 2014 |
|------------------------------|----------------|---------|
| | R'000 | R'000 |
| Financial | | |
| Held to maturity investments | – | 453 258 |
| Loans and receivables | 193 650 | 184 |
| Trade and other receivables | 336 315 | 301 916 |
| Cash and cash equivalents | 17 130 | 39 407 |
| | 547 095 | 794 765 |

31. GOING CONCERN

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

32. EVENTS AFTER THE REPORTING PERIOD

No subsequent events were identified by management.

CULLINAN WTW FINAL WATER QUALITY REPORT

REPORTING PERIOD: 1 JULY 2014 TO 30 JUNE 2015

| Parameter | Specifications (based on SANS 241:2015) | |
|--|---|------------------|
| | Units | Standards limits |
| Analysis | | |
| Table 1 – Risk-defined Health-Acute 1 | | |
| E. coli | count/100mL | ≤ 1 |
| Nitrate | mg/L N | ≤ 11 |
| Nitrite | mg/L N | ≤ 0.90 |
| Sulphate | mg/L SO ₄ | ≤ 500 |
| Free Cyanide | ug/L CN- | ≤ 70 |
| Average compliance | | |
| Table 2 – Risk-defined Health-Acute 2 | | |
| Giardia cysts [#] | count/10L | ≤ 1 |
| Cryptosporidium oocysts [#] | count/10L | ≤ 1 |
| Enteric viruses: PCR (direct) [#] | count/10L | ≤ 1 |
| Average compliance | | |
| Table 3 – Risk-defined Health-Chronic | | |
| Chlorine Free | mg/L | ≤ 5.00 |
| Fluoride | mg/L F- | ≤ 1.5 |
| Iron | ug/L Fe | ≤ 2000.0 |
| Manganese | ug/L Mn | ≤ 500 |
| Chromium | ug/L Cr | ≤ 50 |
| Cobalt | ug/L Co | ≤ 500 |
| Copper | ug/L Cu | ≤ 2000 |
| Lead | ug/L Pb | ≤ 10 |
| Nickel | ug/L Ni | ≤ 70 |
| Cadmium | ug/L Cd | ≤ 3.00 |
| Uranium [#] | ug/L U | ≤ 15 |
| Vanadium [#] | ug/L V | ≤ 200 |
| Arsenic [#] | ug/L As | ≤ 10 |
| Antimony [#] | ug/L Sb | ≤ 20 |
| Selenium [#] | ug/L Se | ≤ 10 |
| Mercury | µg/L Hg | ≤ 6.0 |
| Organic Carbon total | mg/L C | ≤ 10.0 |
| Bromoform | mg/L | ≤ 0.100 |
| Bromodichloromethane | mg/L | ≤ 0.0600 |
| Chloroform | mg/L | ≤ 0.300 |
| Dibromochloromethane | mg/L | ≤ 0.100 |
| Microcystin Toxins | ug/L | ≤ 1.0 |
| Average compliance | | |

| Total number of samples | Average result | % compliance achieved | % compliance required | Quality of Water Supply System |
|-------------------------|----------------|-----------------------|-----------------------|--------------------------------|
| 51 | 0 | 100,0% | ≥ 99 | Excellent |
| 49 | 1.1 | 100,0% | ≥ 99 | Excellent |
| 50 | 0.16 | 100,0% | ≥ 99 | Excellent |
| 11 | 28 | 100,0% | ≥ 99 | Excellent |
| 9 | 38 | 100,0% | ≥ 99 | Excellent |
| | | 100,0% | ≥ 99 | Excellent |
| 4 | 0 | 100,0% | 100 | Excellent |
| 4 | 0 | 100,0% | 100 | Excellent |
| 4 | 0 | 100,0% | 100 | Excellent |
| | | 100,0% | 100 | Excellent |
| 51 | 1.80 | 100,0% | ≥ 97 | Excellent |
| 50 | 0.29 | 100,0% | ≥ 97 | Excellent |
| 50 | 35 | 100,0% | ≥ 97 | Excellent |
| 50 | 27 | 100,0% | ≥ 97 | Excellent |
| 11 | 15 | 100,0% | ≥ 97 | Excellent |
| 11 | 15 | 100,0% | ≥ 97 | Excellent |
| 11 | 16 | 100,0% | ≥ 97 | Excellent |
| 11 | 10 | 100,0% | ≥ 97 | Excellent |
| 11 | 15 | 100,0% | ≥ 97 | Excellent |
| 11 | 3.00 | 100,0% | ≥ 97 | Excellent |
| 7 | 10 | 100,0% | ≥ 97 | Excellent |
| 10 | 25 | 100,0% | ≥ 97 | Excellent |
| 10 | 10 | 100,0% | ≥ 97 | Excellent |
| 10 | 20 | 100,0% | ≥ 97 | Excellent |
| 10 | 10 | 100,0% | ≥ 97 | Excellent |
| 9 | 1.2 | 100,0% | ≥ 97 | Excellent |
| 41 | 6.14 | 97,6% | ≥ 97 | Excellent |
| 45 | 0.0243 | 97,8% | ≥ 97 | Excellent |
| 45 | 0.0315 | 91,1% | ≥ 97 | Unacceptable |
| 45 | 0.449 | 86,7% | ≥ 97 | Unacceptable |
| 45 | 0.00833 | 100,0% | ≥ 97 | Excellent |
| 50 | 0.15 | 100,0% | ≥ 97 | Excellent |
| | | 98,8% | ≥ 97 | Excellent |

CULLINAN WTW FINAL WATER QUALITY REPORT (continued)

REPORTING PERIOD: 1 JULY 2014 TO 30 JUNE 2015

| Parameter | | Specifications (based on SANS 241:2015) |
|--|------------------------|---|
| | Units | Standards limits |
| Analysis | | |
| Table 4 – Risk-defined Health-Operational | | |
| Total Coliform | count/100mL | ≤ 10 |
| Total Plate Count | count/1mL | ≤ 1000 |
| Somatic coliphages | count/10mL | ≤ 1 |
| pH @ 25°C | pH units | ≥ 5.00 to ≤ 9.70 |
| Turbidity | NTU | ≤ 1.00 |
| Aluminium | µg/L Al | ≤ 300 |
| Average compliance | | |
| Table 5 – Risk-defined Health-Aesthetic | | |
| Electrical Conductivity @ 25°C | mS/m | ≤ 170.0 |
| Total dissolved solids at 180°C | mg/L | ≤ 1200 |
| Turbidity | NTU | ≤ 5.00 |
| Colour | mg/L Pt-Co | ≤ 15 |
| Chloride | mg/L Cl ⁻ | ≤ 300 |
| Sulphate | mg/L SO ₄ | ≤ 250 |
| Ammonium | mg/L N | ≤ 1.50 |
| Iron | ug/L Fe | ≤ 300 |
| Manganese | ug/L Mn | ≤ 100 |
| Sodium | mg/L Na | ≤ 200 |
| Zinc | mg/L Zn | ≤ 5.0 |
| Average compliance | | |
| Table 6 – Other determinands | | |
| Temperature | °C | ≤ 30 |
| Alkalinity total | mg/L CaCO ₃ | ≥ 250 to ≤ 300 |
| Calcium | mg/L Ca | ≥ 150 to ≤ 300 |
| Magnesium | mg/L Mg | ≥ 70 to ≤ 100 |
| Hardness total | mg/L CaCO ₃ | ≥ 250 to ≤ 300 |
| Calcium precipitation potential | mg/L CaCO ₃ | ≥ 5 to ≤ 20 |
| Potassium | mg/L K | ≥ 50 to ≤ 100 |
| 2-Methylisoborneol | ng/L | ≤ 10 |
| Geosmin | ng/L | ≤ 10 |
| Pesticides | ug/L | ≤ 0.10 |
| Chlorophyll – a | ug/L | ≥ 1.0 to ≤ 2.0 |
| Orthophosphate | mg/L P | ≥ 1.0 to ≤ 10.0 |
| Average compliance | | |

Subcontracted determinant

| Total number of samples | Average result | % compliance achieved | % compliance required | Quality of Water Supply System |
|-------------------------|----------------|-----------------------|-----------------------|--------------------------------|
| 51 | 0 | 100,0% | ≥ 95 | Excellent |
| 51 | 510 | 96,1% | ≥ 95 | Excellent |
| 18 | 0 | 100,0% | ≥ 95 | Excellent |
| 51 | 8.14 | 100,0% | ≥ 95 | Excellent |
| 51 | 0.588 | 90,2% | ≥ 95 | Unacceptable |
| 30 | 35 | 100,0% | ≥ 95 | Excellent |
| | | 97,7% | ≥ 95 | Excellent |
| 51 | 33.03 | 100,0% | ≥ 95 | Excellent |
| 40 | 213 | 100,0% | ≥ 95 | Excellent |
| 51 | 0.588 | 100,0% | ≥ 95 | Excellent |
| 51 | 11 | 86,3% | ≥ 95 | Unacceptable |
| 11 | 23 | 100,0% | ≥ 95 | Excellent |
| 11 | 28 | 100,0% | ≥ 95 | Excellent |
| 50 | 0.028 | 100,0% | ≥ 95 | Excellent |
| 50 | 35 | 100,0% | ≥ 95 | Excellent |
| 50 | 27 | 98,0% | ≥ 95 | Excellent |
| 9 | 18 | 100,0% | ≥ 95 | Excellent |
| 11 | 0.02 | 100,0% | ≥ 95 | Excellent |
| | | 98,6% | ≥ 95 | Excellent |
| 51 | 20 | 100,0% | ≥ 95 | Excellent |
| 49 | 102 | 100,0% | ≥ 95 | Excellent |
| 48 | 24 | 100,0% | ≥ 95 | Excellent |
| 45 | 14 | 100,0% | ≥ 95 | Excellent |
| 44 | 118 | 100,0% | ≥ 95 | Excellent |
| 46 | 3 | 100,0% | ≥ 95 | Excellent |
| 9 | 6 | 100,0% | ≥ 95 | Excellent |
| 49 | 10 | 100,0% | ≥ 95 | Excellent |
| 49 | 10 | 100,0% | ≥ 95 | Excellent |
| 11 | 0.0 | 100,0% | ≥ 95 | Excellent |
| 48 | 0.2 | 100,0% | ≥ 95 | Excellent |
| 50 | 0.13 | 100,0% | ≥ 95 | Excellent |
| | | 100,0% | ≥ 95 | Excellent |

KLIPDRIFT WTW FINAL WATER QUALITY MONITORING REPORT

REPORTING PERIOD: 1 JULY 2014 TO 30 JUNE 2015

| Parameter | Specifications (based on SANS 241:2015) | Standards limits |
|--|---|------------------|
| Analysis | | Units |
| Table 1-Risk-defined Health-Acute 1 | | |
| E. coli | count/100mL | ≤ 1 |
| Nitrate | mg/L N | ≤ 11 |
| Nitrite | mg/L N | ≤ 0.90 |
| Sulphate | mg/L SO ₄ | ≤ 500 |
| Free Cyanide | ug/L CN- | ≤ 70 |
| Average compliance | | |
| Table 2-Risk-defined Health-Acute 2 | | |
| Giardia cysts [#] | count/10L | ≤ 1 |
| Cryptosporidium oocysts [#] | count/10L | ≤ 1 |
| Enteric viruses: PCR (direct) [#] | count/10L | ≤ 1 |
| Average compliance | | |
| Table 3-Risk-defined Health-Chronic | | |
| Chlorine Free | mg/L | ≤ 5.00 |
| Fluoride | mg/L F- | ≤ 1.5 |
| Iron | ug/L Fe | ≤ 2000.0 |
| Manganese | ug/L Mn | ≤ 500 |
| Chromium | ug/L Cr | ≤ 50 |
| Cobalt | ug/L Co | ≤ 500 |
| Copper | ug/L Cu | ≤ 2000 |
| Lead | ug/L Pb | ≤ 10 |
| Nickel | ug/L Ni | ≤ 70 |
| Cadmium | ug/L Cd | ≤ 3.00 |
| Uranium [#] | ug/L U | ≤ 15 |
| Vanadium [#] | ug/L V | ≤ 200 |
| Arsenic [#] | ug/L As | ≤ 10 |
| Antimony [#] | ug/L Sb | ≤ 20 |
| Selenium [#] | ug/L Se | ≤ 10 |
| Mercury | µg/L Hg | ≤ 6.0 |
| Organic Carbon total | mg/L C | ≤ 10.0 |
| Bromoform | mg/L | ≤ 0.100 |
| Bromodichloromethane | mg/L | ≤ 0.0600 |
| Chloroform | mg/L | ≤ 0.300 |
| Dibromochloromethane | mg/L | ≤ 0.100 |
| Microcystin Toxins | ug/L | ≤ 1.0 |
| Average compliance | | |

| Total number of samples | Average result | % compliance achieved | % compliance required | Quality of Water Supply System |
|-------------------------|----------------|-----------------------|-----------------------|--------------------------------|
| 50 | 0 | 100.0% | ≥ 99 | Excellent |
| 49 | 5.8 | 87,8% | ≥ 99 | Unacceptable |
| 49 | 0.16 | 100.0% | ≥ 99 | Excellent |
| 11 | 35 | 100.0% | ≥ 99 | Excellent |
| 9 | 43 | 100.0% | ≥ 99 | Excellent |
| | | 97,6% | ≥ 99 | Good |
| 3 | 0 | 100.0% | 100 | Excellent |
| 3 | 0 | 100.0% | 100 | Excellent |
| 3 | 0 | 100.0% | 100 | Excellent |
| | | 100.0% | 100 | Excellent |
| 50 | 1.83 | 100,0% | ≥ 97 | Excellent |
| 49 | 0.28 | 100,0% | ≥ 97 | Excellent |
| 49 | 43 | 100,0% | ≥ 97 | Excellent |
| 49 | 91 | 98,0% | ≥ 97 | Excellent |
| 10 | 16 | 100,0% | ≥ 97 | Excellent |
| 10 | 16 | 100,0% | ≥ 97 | Excellent |
| 10 | 18 | 100,0% | ≥ 97 | Excellent |
| 10 | 10 | 100,0% | ≥ 97 | Excellent |
| 10 | 15 | 100,0% | ≥ 97 | Excellent |
| 10 | 3.00 | 100,0% | ≥ 97 | Excellent |
| 8 | 10 | 100,0% | ≥ 97 | Excellent |
| 10 | 25 | 100,0% | ≥ 97 | Excellent |
| 10 | 10 | 100,0% | ≥ 97 | Excellent |
| 10 | 20 | 100,0% | ≥ 97 | Excellent |
| 10 | 10 | 100,0% | ≥ 97 | Excellent |
| 10 | 1.2 | 100,0% | ≥ 97 | Excellent |
| 39 | 6.14 | 100,0% | ≥ 97 | Excellent |
| 44 | 0.00852 | 97,7% | ≥ 97 | Excellent |
| 44 | 0.0343 | 86,4% | ≥ 97 | Unacceptable |
| 44 | 0.159 | 86,4% | ≥ 97 | Unacceptable |
| 44 | 0.159 | 97,7% | ≥ 97 | Excellent |
| 46 | 0.63 | 76,1% | ≥ 97 | Unacceptable |
| | | 97,4% | ≥ 97 | Excellent |

KLIPDRIFT WTW FINAL WATER QUALITY MONITORING REPORT

(continued)

REPORTING PERIOD: 1 JULY 2014 TO 30 JUNE 2015

Specifications (based
on SANS 241:2015)

| Parameter | | Standards limits |
|--|------------------------|------------------|
| Analysis | | |
| Units | | |
| Table 4 – Risk-defined Health-Operational | | |
| Total Coliform | count/100mL | ≤ 10 |
| Total Plate Count | count/1mL | ≤ 1000 |
| Somatic coliphages | count/10mL | ≤ 1 |
| pH @ 25°C | pH units | ≥ 5.00 to ≤ 9.70 |
| Turbidity | NTU | ≤ 1.00 |
| Aluminium | µg/L Al | ≤ 300 |
| Average compliance | | |
| Table 5 – Risk-defined Health-Aesthetic | | |
| Electrical Conductivity @ 25°C | mS/m | ≤ 170.0 |
| Total dissolved solids at 180°C | mg/L | ≤ 1200 |
| Turbidity | NTU | ≤ 5.00 |
| Colour | mg/L Pt-Co | ≤ 15 |
| Chloride | mg/L Cl ⁻ | ≤ 300 |
| Sulphate | mg/L SO ₄ | ≤ 250 |
| Ammonium | mg/L N | ≤ 1.50 |
| Iron | ug/L Fe | ≤ 300 |
| Manganese | ug/L Mn | ≤ 100 |
| Sodium | mg/L Na | ≤ 200 |
| Zinc | mg/L Zn | ≤ 5.0 |
| Average compliance | | |
| Table 6 – Other determinands | | |
| Temperature | °C | ≤ 30 |
| Alkalinity total | mg/L CaCO ₃ | ≥ 250 to ≤ 300 |
| Calcium | mg/L Ca | ≥ 150 to ≤ 300 |
| Magnesium | mg/L Mg | ≥ 70 to ≤ 100 |
| Hardness total | mg/L CaCO ₃ | ≥ 250 to ≤ 300 |
| Calcium precipitation potential | mg/L CaCO ₃ | ≥ 5 to ≤ 20 |
| Potassium | mg/L K | ≥ 50 to ≤ 100 |
| 2-Methylisoborneol | ng/L | ≤ 10 |
| Geosmin | ng/L | ≤ 10 |
| Pesticides | ug/L | ≤ 0.10 |
| Chlorophyll – a | ug/L | ≥ 1.0 to ≤ 2.0 |
| Orthophosphate | mg/L P | ≥ 1.0 to ≤ 10.0 |
| Average compliance | | |

Subcontracted determinant

| Total number of samples | Average result | % compliance achieved | % compliance required | Quality of Water Supply System |
|-------------------------|----------------|-----------------------|-----------------------|--------------------------------|
| 50 | 0.3 | 98,0% | ≥ 95 | Excellent |
| 49 | 181 | 95,9% | ≥ 95 | Excellent |
| 17 | 0 | 100,0% | ≥ 95 | Excellent |
| 50 | 7.83 | 100,0% | ≥ 95 | Excellent |
| 50 | 1.12 | 68,0% | ≥ 95 | Unacceptable |
| 10 | 63 | 100,0% | ≥ 95 | Excellent |
| | | 93.7% | ≥ 95 | Good |
| 50 | 47.50 | 100,0% | ≥ 95 | Excellent |
| 41 | 284 | 100,0% | ≥ 95 | Excellent |
| 50 | 1.12 | 96,0% | ≥ 95 | Excellent |
| 50 | 9.0 | 88,0% | ≥ 95 | Unacceptable |
| 11 | 41 | 100,0% | ≥ 95 | Excellent |
| 11 | 35 | 100,0% | ≥ 95 | Excellent |
| 49 | 0.050 | 100,0% | ≥ 95 | Excellent |
| 49 | 43 | 100,0% | ≥ 95 | Excellent |
| 49 | 91 | 98,0% | ≥ 95 | Excellent |
| 9 | 36 | 100,0% | ≥ 95 | Excellent |
| 10 | 0.02 | 100,0% | ≥ 95 | Excellent |
| | | 98,4% | ≥ 95 | Excellent |
| 50 | 20 | 100,0% | ≥ 95 | Excellent |
| 49 | 129 | 100,0% | ≥ 95 | Excellent |
| 47 | 29 | 100,0% | ≥ 95 | Excellent |
| 43 | 17 | 100,0% | ≥ 95 | Excellent |
| 43 | 143 | 100,0% | ≥ 95 | Excellent |
| 45 | (0.6) | 100,0% | ≥ 95 | Excellent |
| 9 | 7 | 100,0% | ≥ 95 | Excellent |
| 47 | 10 | 97,9% | ≥ 95 | Good |
| 47 | 10 | 100,0% | ≥ 95 | Excellent |
| 11 | 0.0 | 100,0% | ≥ 95 | Excellent |
| 47 | 0.2 | 100,0% | ≥ 95 | Excellent |
| 48 | 0.46 | 100,0% | ≥ 95 | Excellent |
| | | 99,8% | ≥ 95 | Good |

WALLMANNSTHAL WTW FINAL WATER QUALITY MONITORING REPORT

REPORTING PERIOD: 1 JULY 2014 TO 30 JUNE 2015

| Parameter | Specifications (based on SANS 241:2015) | |
|--|---|------------------|
| | Units | Standards limits |
| Analysis | | |
| Table 1 – Risk-defined Health-Acute 1 | | |
| E. coli | count/100mL | ≤ 1 |
| Nitrate | mg/L N | ≤ 11 |
| Nitrite | mg/L N | ≤ 0.90 |
| Sulphate | mg/L SO ₄ | ≤ 500 |
| Free Cyanide | ug/L CN- | ≤ 70 |
| Average compliance | | |
| Table 2 – Risk-defined Health-Acute 2 | | |
| Giardia cysts [#] | count/10L | ≤ 1 |
| Cryptosporidium oocysts [#] | count/10L | ≤ 1 |
| Enteric viruses: PCR (direct) [#] | count/10L | ≤ 1 |
| Average compliance | | |
| Table 3 – Risk-defined Health-Chronic | | |
| Chlorine Free | mg/L | ≤ 5.00 |
| Fluoride | mg/L F- | ≤ 1.5 |
| Iron | ug/L Fe | ≤ 2000.0 |
| Manganese | ug/L Mn | ≤ 500 |
| Chromium | ug/L Cr | ≤ 50 |
| Cobalt | ug/L Co | ≤ 500 |
| Copper | ug/L Cu | ≤ 2000 |
| Lead | ug/L Pb | ≤ 10 |
| Nickel | ug/L Ni | ≤ 70 |
| Cadmium | ug/L Cd | ≤ 3.00 |
| Uranium [#] | ug/L U | ≤ 15 |
| Vanadium [#] | ug/L V | ≤ 200 |
| Arsenic [#] | ug/L As | ≤ 10 |
| Antimony [#] | ug/L Sb | ≤ 20 |
| Selenium [#] | ug/L Se | ≤ 10 |
| Mercury | µg/L Hg | ≤ 6.0 |
| Organic Carbon total | mg/L C | ≤ 10.0 |
| Bromoform | mg/L | ≤ 0.100 |
| Bromodichloromethane | mg/L | ≤ 0.0600 |
| Chloroform | mg/L | ≤ 0.300 |
| Dibromochloromethane | mg/L | ≤ 0.100 |
| Microcystin Toxins | ug/L | ≤ 1.0 |
| Average compliance | | |

| Total number of samples | Average result | % compliance achieved | % compliance required | Quality of Water Supply System |
|-------------------------|----------------|-----------------------|-----------------------|--------------------------------|
| 52 | 0 | 100,0% | ≥ 99 | Excellent |
| 51 | 4.8 | 94,1% | ≥ 99 | Unacceptable |
| 51 | 0.15 | 100,0% | ≥ 99 | Excellent |
| 12 | 35 | 100,0% | ≥ 99 | Excellent |
| 10 | 40 | 100,0% | ≥ 99 | Excellent |
| | | 98,8% | ≥ 99 | Good |
| 4 | 0 | 100,0% | 100 | Excellent |
| 4 | 0 | 100,0% | 100 | Excellent |
| 4 | 0 | 100,0% | 100 | Excellent |
| | | 100,0% | 100 | Excellent |
| 52 | 1.47 | 98,1% | ≥ 97 | Excellent |
| 51 | 0.29 | 100,0% | ≥ 97 | Excellent |
| 52 | 92 | 100,0% | ≥ 97 | Excellent |
| 51 | 36 | 100,0% | ≥ 97 | Excellent |
| 11 | 15 | 100,0% | ≥ 97 | Excellent |
| 11 | 15 | 100,0% | ≥ 97 | Excellent |
| 11 | 23 | 100,0% | ≥ 97 | Excellent |
| 11 | 10 | 100,0% | ≥ 97 | Excellent |
| 11 | 16 | 100,0% | ≥ 97 | Excellent |
| 11 | 3.00 | 100,0% | ≥ 97 | Excellent |
| 8 | 10 | 100,0% | ≥ 97 | Excellent |
| 11 | 25 | 100,0% | ≥ 97 | Excellent |
| 11 | 10 | 100,0% | ≥ 97 | Excellent |
| 11 | 20 | 100,0% | ≥ 97 | Excellent |
| 11 | 10 | 100,0% | ≥ 97 | Excellent |
| 11 | 0.96 | 100,0% | ≥ 97 | Excellent |
| 38 | 8.44 | 71,1% | ≥ 97 | Unacceptable |
| 44 | 0.0122 | 97,7% | ≥ 97 | Excellent |
| 45 | 0.0174 | 95,6% | ≥ 97 | Good |
| 45 | 0.0932 | 95,6% | ≥ 97 | Good |
| 45 | 0.238 | 97,8% | ≥ 97 | Excellent |
| 45 | 0.37 | 91,1% | ≥ 97 | Unacceptable |
| | | 97,6% | ≥ 97 | Excellent |

WALLMANNSTHAL WTW FINAL WATER QUALITY MONITORING REPORT (continued)

REPORTING PERIOD: 1 JULY 2014 TO 30 JUNE 2015

Specifications (based
on SANS 241:2015)

Parameter

Standards limits

Analysis

Units

Table 4 – Risk-defined Health-Operational

| | | |
|--------------------|-------------|------------------|
| Total Coliform | count/100mL | ≤ 10 |
| Total Plate Count | count/1mL | ≤ 1000 |
| Somatic coliphages | count/10mL | ≤ 1 |
| pH @ 25°C | pH units | ≥ 5.00 to ≤ 9.70 |
| Turbidity | NTU | ≤ 1.00 |
| Aluminium | µg/L Al | ≤ 300 |
| Average compliance | | |

Table 5 – Risk-defined Health-Aesthetic

| | | |
|---------------------------------|----------------------|---------|
| Electrical Conductivity @ 25°C | mS/m | ≤ 170.0 |
| Total dissolved solids at 180°C | mg/L | ≤ 1200 |
| Turbidity | NTU | ≤ 5.00 |
| Colour | mg/L Pt-Co | ≤ 15 |
| Chloride | mg/L Cl ⁻ | ≤ 300 |
| Sulphate | mg/L SO ₄ | ≤ 250 |
| Ammonium | mg/L N | ≤ 1.50 |
| Iron | ug/L Fe | ≤ 300 |
| Manganese | ug/L Mn | ≤ 100 |
| Sodium | mg/L Na | ≤ 200 |
| Zinc | mg/L Zn | ≤ 5.0 |
| Average compliance | | |

Table 6 – Other determinands

| | | |
|---------------------------------|------------------------|-----------------|
| Temperature | °C | ≤ 30 |
| Alkalinity total | mg/L CaCO ₃ | ≥ 250 to ≤ 300 |
| Calcium | mg/L Ca | ≥ 150 to ≤ 300 |
| Magnesium | mg/L Mg | ≥ 70 to ≤ 100 |
| Hardness total | mg/L CaCO ₃ | ≥ 250 to ≤ 300 |
| Calcium precipitation potential | mg/L CaCO ₃ | ≥ 5 to ≤ 20 |
| Potassium | mg/L K | ≥ 50 to ≤ 100 |
| 2-Methylisoborneol | ng/L | ≤ 10 |
| Geosmin | ng/L | ≤ 10 |
| Pesticides | ug/L | ≤ 0.10 |
| Chlorophyll – a | ug/L | ≥ 1.0 to ≤ 2.0 |
| Orthophosphate | mg/L P | ≥ 1.0 to ≤ 10.0 |
| Average compliance | | |

Subcontracted determinant

| Total number of samples | Average result | % compliance achieved | % compliance required | Quality of Water Supply System |
|-------------------------|----------------|-----------------------|-----------------------|--------------------------------|
| 52 | 0.1 | 100,0% | ≥ 95 | Excellent |
| 51 | 500 | 86,3% | ≥ 95 | Unacceptable |
| 19 | 20 | 94,7% | ≥ 95 | Good |
| 52 | 7.66 | 100,0% | ≥ 95 | Excellent |
| 52 | 1.28 | 48,1% | ≥ 95 | Unacceptable |
| 11 | 82 | 100,0% | ≥ 95 | Excellent |
| | | 88,2% | ≥ 95 | Unacceptable |
| 52 | 47.39 | 100,0% | ≥ 95 | Excellent |
| 40 | 290 | 100,0% | ≥ 95 | Excellent |
| 52 | 1.28 | 98,1% | ≥ 95 | Excellent |
| 51 | 24 | 35,3% | ≥ 95 | Unacceptable |
| 12 | 44 | 100,0% | ≥ 95 | Excellent |
| 12 | 35 | 100,0% | ≥ 95 | Excellent |
| 51 | 0.27 | 100,0% | ≥ 95 | Excellent |
| 52 | 92 | 94,2% | ≥ 95 | Good |
| 51 | 36 | 98,0% | ≥ 95 | Excellent |
| 10 | 34 | 100,0% | ≥ 95 | Excellent |
| 11 | 0.04 | 100,0% | ≥ 95 | Excellent |
| | | 93,2% | ≥ 95 | Good |
| 52 | 20 | 100,0% | ≥ 95 | Excellent |
| 50 | 122 | 100,0% | ≥ 95 | Excellent |
| 49 | 31 | 100,0% | ≥ 95 | Excellent |
| 43 | 17 | 100,0% | ≥ 95 | Excellent |
| 43 | 146 | 97,7% | ≥ 95 | Good |
| 47 | -4 | 97,9% | ≥ 95 | Good |
| 10 | 7 | 100,0% | ≥ 95 | Excellent |
| 49 | 10 | 100,0% | ≥ 95 | Excellent |
| 49 | 10 | 100,0% | ≥ 95 | Excellent |
| 12 | 0.0 | 100,0% | ≥ 95 | Excellent |
| 49 | 2.4 | 91,8% | ≥ 95 | Unacceptable |
| 51 | 0.27 | 100,0% | ≥ 95 | Excellent |
| | | 98,9% | ≥ 95 | Good |

VAALKOP WTW 1 FINAL WATER QUALITY MONITORING REPORT

REPORTING PERIOD: 1 JULY 2014 TO 30 JUNE 2015

| Parameter | Specifications (based on SANS 241:2015) | |
|--|---|------------------|
| | Units | Standards limits |
| Analysis | | |
| Table 1 – Risk-defined Health-Acute 1 | | |
| E. coli | count/100mL | ≤ 1 |
| Nitrate | mg/L N | ≤ 11 |
| Nitrite | mg/L N | ≤ 0.90 |
| Sulphate | mg/L SO ₄ | ≤ 500 |
| Free Cyanide | ug/L CN- | ≤ 70 |
| Average compliance | | |
| Table 2 – Risk-defined Health-Acute 2 | | |
| Giardia cysts [#] | count/10L | ≤ 1 |
| Cryptosporidium oocysts [#] | count/10L | ≤ 1 |
| Enteric viruses: PCR (direct) [#] | count/10L | ≤ 1 |
| Average compliance | | |
| Table 3 – Risk-defined Health-Chronic | | |
| Chlorine Free | mg/L | ≤ 5.00 |
| Fluoride | mg/L F- | ≤ 1.5 |
| Iron | ug/L Fe | ≤ 2000.0 |
| Manganese | ug/L Mn | ≤ 500 |
| Chromium | ug/L Cr | ≤ 50 |
| Cobalt | ug/L Co | ≤ 500 |
| Copper | ug/L Cu | ≤ 2000 |
| Lead | ug/L Pb | ≤ 10 |
| Nickel | ug/L Ni | ≤ 70 |
| Cadmium | ug/L Cd | ≤ 3.00 |
| Uranium [#] | ug/L U | ≤ 15 |
| Vanadium [#] | ug/L V | ≤ 200 |
| Arsenic [#] | ug/L As | ≤ 10 |
| Antimony [#] | ug/L Sb | ≤ 20 |
| Selenium [#] | ug/L Se | ≤ 10 |
| Mercury | µg/L Hg | ≤ 6.0 |
| Organic Carbon total | mg/L C | ≤ 10.0 |
| Bromoform | mg/L | ≤ 0.100 |
| Bromodichloromethane | mg/L | ≤ 0.0600 |
| Chloroform | mg/L | ≤ 0.300 |
| Dibromochloromethane | mg/L | ≤ 0.100 |
| Microcystin Toxins | ug/L | ≤ 1.0 |
| Average compliance | | |

| Total number of samples | Average result | % compliance achieved | % compliance required | Quality of Water Supply System |
|-------------------------|----------------|-----------------------|-----------------------|--------------------------------|
| 52 | 0 | 100,0% | ≥ 99 | Excellent |
| 49 | 2.0 | 98,0% | ≥ 99 | Good |
| 50 | 0.16 | 100,0% | ≥ 99 | Excellent |
| 11 | 95 | 100,0% | ≥ 99 | Excellent |
| 9 | 43 | 100,0% | ≥ 99 | Excellent |
| | | 99,6% | ≥ 99 | Excellent |
| 4 | 0 | 100,0% | 100 | Excellent |
| 4 | 0 | 100,0% | 100 | Excellent |
| 4 | 0 | 100,0% | 100 | Excellent |
| | | 100,0% | 100 | Excellent |
| 51 | 3.03 | 98,0% | ≥ 97 | Excellent |
| 50 | 0.34 | 100,0% | ≥ 97 | Excellent |
| 49 | 45 | 100,0% | ≥ 97 | Excellent |
| 49 | 42 | 98,0% | ≥ 97 | Excellent |
| 9 | 15 | 100,0% | ≥ 97 | Excellent |
| 9 | 15 | 100,0% | ≥ 97 | Excellent |
| 9 | 16 | 100,0% | ≥ 97 | Excellent |
| 9 | 10 | 100,0% | ≥ 97 | Excellent |
| 9 | 15 | 100,0% | ≥ 97 | Excellent |
| 9 | 3.00 | 100,0% | ≥ 97 | Excellent |
| 7 | 10 | 100,0% | ≥ 97 | Excellent |
| 9 | 25 | 100,0% | ≥ 97 | Excellent |
| 9 | 10 | 100,0% | ≥ 97 | Excellent |
| 9 | 20 | 100,0% | ≥ 97 | Excellent |
| 9 | 10 | 100,0% | ≥ 97 | Excellent |
| 10 | 0.95 | 100,0% | ≥ 97 | Excellent |
| 41 | 5.08 | 100,0% | ≥ 97 | Excellent |
| 47 | 0.0759 | 97,9% | ≥ 97 | Excellent |
| 47 | 0.0413 | 85,1% | ≥ 97 | Unacceptable |
| 47 | 0.227 | 91,5% | ≥ 97 | Unacceptable |
| 47 | 2.27 | 95,7% | ≥ 97 | Good |
| 49 | 0.15 | 100,0% | ≥ 97 | Excellent |
| | | 98,5% | ≥ 97 | Excellent |

VAALKOP WTW 1 FINAL WATER QUALITY MONITORING REPORT

(continued)

REPORTING PERIOD: 1 JULY 2014 TO 30 JUNE 2015

| Parameter | Specifications (based on SANS 241:2015) | |
|--|---|------------------|
| | Units | Standards limits |
| Analysis | | |
| Table 4 – Risk-defined Health-Operational | | |
| Total Coliform | count/100mL | ≤ 10 |
| Total Plate Count | count/1mL | ≤ 1000 |
| Somatic coliphages | count/10mL | ≤ 1 |
| pH @ 25°C | pH units | ≥ 5.00 to ≤ 9.70 |
| Turbidity | NTU | ≤ 1.00 |
| Aluminium | µg/L Al | ≤ 300 |
| Average compliance | | |
| Table 5 – Risk-defined Health-Aesthetic | | |
| Electrical Conductivity @ 25°C | mS/m | ≤ 170.0 |
| Total dissolved solids at 180°C | mg/L | ≤ 1200 |
| Turbidity | NTU | ≤ 5.00 |
| Colour | mg/L Pt-Co | ≤ 15 |
| Chloride | mg/L Cl ⁻ | ≤ 300 |
| Sulphate | mg/L SO ₄ | ≤ 250 |
| Ammonium | mg/L N | ≤ 1.50 |
| Iron | ug/L Fe | ≤ 300 |
| Manganese | ug/L Mn | ≤ 100 |
| Sodium | mg/L Na | ≤ 200 |
| Zinc | mg/L Zn | ≤ 5.0 |
| Phenolic compounds | ug/L | ≤ 10 |
| Average compliance | | |
| Table 6 – Other determinands | | |
| Chlorine total | mg/L | ≤ 5.00 |
| Temperature | °C | ≤ 30 |
| Alkalinity total | mg/L CaCO ₃ | ≥ 250 to ≤ 300 |
| Calcium | mg/L Ca | ≥ 150 to ≤ 300 |
| Magnesium | mg/L Mg | ≥ 70 to ≤ 100 |
| Hardness total | mg/L CaCO ₃ | ≥ 250 to ≤ 300 |
| Calcium precipitation potential | mg/L CaCO ₃ | ≥ 5 to ≤ 20 |
| Potassium | mg/L K | ≥ 50 to ≤ 100 |
| 2-Methylisoborneol | ng/L | ≤ 10 |
| Geosmin | ng/L | ≤ 10 |
| Pesticides | ug/L | ≤ 0.10 |
| Chlorophyll – a | ug/L | ≥ 1.0 to ≤ 2.0 |
| Orthophosphate | mg/L P | ≥ 1.0 to ≤ 10.0 |
| Average compliance | | |

Subcontracted determinant

| Total number of samples | Average result | % compliance achieved | % compliance required | Quality of Water Supply System |
|-------------------------|----------------|-----------------------|-----------------------|--------------------------------|
| 52 | 0 | 100,0% | ≥ 95 | Excellent |
| 51 | 3 | 100,0% | ≥ 95 | Excellent |
| 17 | 0 | 100,0% | ≥ 95 | Excellent |
| 52 | 7.41 | 100,0% | ≥ 95 | Excellent |
| 52 | 0.466 | 92,3% | ≥ 95 | Unacceptable |
| 28 | 24 | 100,0% | ≥ 95 | Excellent |
| | | 98,7% | ≥ 95 | Excellent |
| 52 | 67.52 | 100,0% | ≥ 95 | Excellent |
| 41 | 454 | 100,0% | ≥ 95 | Excellent |
| 52 | 0.466 | 100,0% | ≥ 95 | Excellent |
| 52 | 5 | 98,1% | ≥ 95 | Excellent |
| 11 | 85 | 100,0% | ≥ 95 | Excellent |
| 11 | 95 | 100,0% | ≥ 95 | Excellent |
| 50 | 0.027 | 100,0% | ≥ 95 | Excellent |
| 49 | 45 | 98,0% | ≥ 95 | Excellent |
| 49 | 42 | 91,8% | ≥ 95 | Unacceptable |
| 8 | 56 | 100,0% | ≥ 95 | Excellent |
| 9 | 0.02 | 100,0% | ≥ 95 | Excellent |
| 1 | 0.5 | 100,0% | ≥ 95 | Excellent |
| | | 99,0% | ≥ 95 | Excellent |
| 51 | 3.61 | 90,2% | ≥ 95 | Unacceptable |
| 52 | 20 | 100,0% | ≥ 95 | Excellent |
| 51 | 108 | 100,0% | ≥ 95 | Excellent |
| 49 | 38 | 100,0% | ≥ 95 | Excellent |
| 45 | 24 | 100,0% | ≥ 95 | Excellent |
| 44 | 199 | 95,5% | ≥ 95 | Good |
| 46 | -10 | 100,0% | ≥ 95 | Excellent |
| 8 | 7 | 100,0% | ≥ 95 | Excellent |
| 50 | 10 | 100,0% | ≥ 95 | Excellent |
| 50 | 10 | 100,0% | ≥ 95 | Excellent |
| 10 | 0.0 | 100,0% | ≥ 95 | Excellent |
| 49 | 0.1 | 100,0% | ≥ 95 | Excellent |
| 50 | 0.13 | 100,0% | ≥ 95 | Excellent |
| | | 98,9% | ≥ 95 | Good |

VAALKOP WTW 2 FINAL WATER QUALITY MONITORING REPORT

REPORTING PERIOD: 1 JULY 2014 TO 30 JUNE 2015

| Parameter | Specifications (based on SANS 241:2015) | |
|--|---|----------|
| | Standards limits | |
| Analysis | Units | |
| Table 1-Risk-defined Health-Acute 1 | | |
| E. coli | count/100mL | ≤ 1 |
| Nitrate | mg/L N | ≤ 11 |
| Nitrite | mg/L N | ≤ 0.90 |
| Sulphate | mg/L SO ₄ | ≤ 500 |
| Free Cyanide | ug/L CN- | ≤ 70 |
| Average compliance | 100.0% | ≥ 99 |
| Table 2 – Risk-defined Health-Acute 2 | | |
| Giardia cysts [#] | count/10L | ≤ 1 |
| Cryptosporidium oocysts [#] | count/10L | ≤ 1 |
| Enteric viruses: PCR (direct) [#] | count/10L | ≤ 1 |
| Average compliance | | |
| Table 3 – Risk-defined Health-Chronic | | |
| Chlorine Free | mg/L | ≤ 5.00 |
| Monochloramines | mg/L | ≤ 3.00 |
| Fluoride | mg/L F- | ≤ 1.5 |
| Iron | ug/L Fe | ≤ 2000.0 |
| Manganese | ug/L Mn | ≤ 500 |
| Chromium | ug/L Cr | ≤ 50 |
| Cobalt | ug/L Co | ≤ 500 |
| Copper | ug/L Cu | ≤ 2000 |
| Lead | ug/L Pb | ≤ 10 |
| Nickel | ug/L Ni | ≤ 70 |
| Cadmium | ug/L Cd | ≤ 3.00 |
| Uranium [#] | ug/L U | ≤ 15 |
| Vanadium [#] | ug/L V | ≤ 200 |
| Arsenic [#] | ug/L As | ≤ 10 |
| Antimony [#] | ug/L Sb | ≤ 20 |
| Selenium [#] | ug/L Se | ≤ 10 |
| Mercury | µg/L Hg | ≤ 6.0 |
| Organic Carbon total | mg/L C | ≤ 10.0 |
| Bromoform | mg/L | ≤ 0.100 |
| Bromodichloromethane | mg/L | ≤ 0.0600 |
| Chloroform | mg/L | ≤ 0.300 |
| Dibromochloromethane | mg/L | ≤ 0.100 |
| Microcystin Toxins | ug/L | ≤ 1.0 |
| Average compliance | | |

| Total number of samples | Average result | % compliance achieved | % compliance required | Quality of Water Supply System |
|-------------------------|----------------|-----------------------|-----------------------|--------------------------------|
| 51 | 0 | 100,0% | ≥ 99 | Excellent |
| 49 | 0.97 | 100,0% | ≥ 99 | Excellent |
| 49 | 0.16 | 100,0% | ≥ 99 | Excellent |
| 11 | 94 | 100,0% | ≥ 99 | Excellent |
| 9 | 43 | 100,0% | ≥ 99 | Excellent |
| 4 | 0 | 100,0% | 100 | Excellent |
| 4 | 0 | 100,0% | 100 | Excellent |
| 4 | 0 | 100,0% | 100 | Excellent |
| 50 | 2.15 | 100,0% | ≥ 97 | Excellent |
| 48 | 0.32 | 100,0% | ≥ 97 | Excellent |
| 49 | 0.32 | 100,0% | ≥ 97 | Excellent |
| 48 | 54 | 100,0% | ≥ 97 | Excellent |
| 48 | 38 | 100,0% | ≥ 97 | Excellent |
| 10 | 16 | 100,0% | ≥ 97 | Excellent |
| 10 | 16 | 100,0% | ≥ 97 | Excellent |
| 10 | 17 | 100,0% | ≥ 97 | Excellent |
| 10 | 10 | 100,0% | ≥ 97 | Excellent |
| 10 | 16 | 100,0% | ≥ 97 | Excellent |
| 10 | 3.00 | 100,0% | ≥ 97 | Excellent |
| 8 | 10 | 100,0% | ≥ 97 | Excellent |
| 10 | 25 | 100,0% | ≥ 97 | Excellent |
| 10 | 10 | 100,0% | ≥ 97 | Excellent |
| 10 | 20 | 100,0% | ≥ 97 | Excellent |
| 10 | 10 | 100,0% | ≥ 97 | Excellent |
| 10 | 0.91 | 100,0% | ≥ 97 | Excellent |
| 42 | 5.42 | 97,6% | ≥ 97 | Excellent |
| 44 | 0.00989 | 100,0% | ≥ 97 | Excellent |
| 44 | 0.0593 | 65,9% | ≥ 97 | Unacceptable |
| 44 | 0.0863 | 97,7% | ≥ 97 | Excellent |
| 44 | 0.0407 | 90,9% | ≥ 97 | Unacceptable |
| 47 | 0.13 | 100,0% | ≥ 97 | Excellent |
| | | 97,9% | ≥ 97 | Excellent |

VAALKOP WTW 2 FINAL WATER QUALITY MONITORING REPORT

(continued)

REPORTING PERIOD: 1 JULY 2014 TO 30 JUNE 2015

| Parameter | Specifications (based on SANS 241:2015) | |
|--|---|------------------|
| | Units | Standards limits |
| Analysis | | |
| Table 4 – Risk-defined Health-Operational | | |
| Total Coliform | count/100mL | ≤ 10 |
| Total Plate Count | count/1mL | ≤ 1000 |
| Somatic coliphages | count/10mL | ≤ 1 |
| pH @ 25°C | pH units | ≥ 5.00 to ≤ 9.70 |
| Turbidity | NTU | ≤ 1.00 |
| Aluminium | µg/L Al | ≤ 300 |
| Average compliance | | |
| Table 5 – Risk-defined Health-Aesthetic | | |
| Electrical Conductivity @ 25°C | mS/m | ≤ 170.0 |
| Total dissolved solids at 180°C | mg/L | ≤ 1200 |
| Turbidity | NTU | ≤ 5.00 |
| Colour | mg/L Pt-Co | ≤ 15 |
| Chloride | mg/L Cl ⁻ | ≤ 300 |
| Sulphate | mg/L SO ₄ | ≤ 250 |
| Ammonium | mg/L N | ≤ 1.50 |
| Iron | ug/L Fe | ≤ 300 |
| Manganese | ug/L Mn | ≤ 100 |
| Sodium | mg/L Na | ≤ 200 |
| Zinc | mg/L Zn | ≤ 5.0 |
| Phenolic compounds | ug/L | ≤ 10 |
| Average compliance | | |
| Table 6 – Other determinands | | |
| Chlorine total | mg/L | ≤ 5.00 |
| Temperature | °C | ≤ 30 |
| Alkalinity total | mg/L CaCO ₃ | ≥ 250 to ≤ 300 |
| Calcium | mg/L Ca | ≥ 150 to ≤ 300 |
| Magnesium | mg/L Mg | ≥ 70 to ≤ 100 |
| Hardness total | mg/L CaCO ₃ | ≥ 250 to ≤ 300 |
| Calcium precipitation potential | mg/L CaCO ₃ | ≥ 5 to ≤ 20 |
| Potassium | mg/L K | ≥ 50 to ≤ 100 |
| 2-Methylisoborneol | ng/L | ≤ 10 |
| Geosmin | ng/L | ≤ 10 |
| Pesticides | ug/L | ≤ 0.10 |
| Chlorophyll – a | ug/L | ≥ 1.0 to ≤ 2.0 |
| Orthophosphate | mg/L P | ≥ 1.0 to ≤ 10.0 |
| Average compliance | | |

Subcontracted determinant

| Total number of samples | Average result | % compliance achieved | % compliance required | Quality of Water Supply System |
|-------------------------|----------------|-----------------------|-----------------------|--------------------------------|
| 51 | 0 | 100,0% | ≥ 95 | Excellent |
| 50 | 7 | 100,0% | ≥ 95 | Excellent |
| 17 | 0 | 100,0% | ≥ 95 | Excellent |
| 51 | 7.84 | 100,0% | ≥ 95 | Excellent |
| 51 | 1.04 | 66,7% | ≥ 95 | Unacceptable |
| 29 | 40 | 100,0% | ≥ 95 | Excellent |
| | | 94,4% | ≥ 95 | Good |
| 51 | 67.59 | 100,0% | ≥ 95 | Excellent |
| 39 | 442 | 100,0% | ≥ 95 | Excellent |
| 51 | 1.04 | 100,0% | ≥ 95 | Excellent |
| 51 | 12 | 74,5% | ≥ 95 | Unacceptable |
| 11 | 83 | 100,0% | ≥ 95 | Excellent |
| 11 | 94 | 100,0% | ≥ 95 | Excellent |
| 49 | 0.075 | 100,0% | ≥ 95 | Excellent |
| 48 | 54 | 97,9% | ≥ 95 | Excellent |
| 48 | 38 | 95,8% | ≥ 95 | Excellent |
| 9 | 56 | 100,0% | ≥ 95 | Excellent |
| 10 | 0.02 | 100,0% | ≥ 95 | Excellent |
| 1 | 0.5 | 100,0% | ≥ 95 | Excellent |
| | | 97,4% | ≥ 95 | Excellent |
| 50 | 2.64 | 98,0% | ≥ 95 | Good |
| 51 | 21 | 100,0% | ≥ 95 | Excellent |
| 50 | 110 | 100,0% | ≥ 95 | Excellent |
| 48 | 38 | 100,0% | ≥ 95 | Excellent |
| 45 | 31 | 97,8% | ≥ 95 | Good |
| 44 | 197 | 95,5% | ≥ 95 | Good |
| 44 | -0.2 | 100,0% | ≥ 95 | Excellent |
| 9 | 7 | 100,0% | ≥ 95 | Excellent |
| 48 | 10 | 95,8% | ≥ 95 | Good |
| 48 | 10 | 100,0% | ≥ 95 | Excellent |
| 10 | 0.0 | 100,0% | ≥ 95 | Excellent |
| 49 | 0.1 | 100,0% | ≥ 95 | Excellent |
| 49 | 0.13 | 100,0% | ≥ 95 | Excellent |
| | | 99,0% | ≥ 95 | Good |

VAALKOP WTW 3 FINAL WATER QUALITY MONITORING REPORT

REPORTING PERIOD: 1 JULY 2014 TO 30 JUNE 2015

| Parameter | Specifications (based on SANS 241:2015) | |
|--|---|------------------|
| | Units | Standards limits |
| Analysis | | |
| Table 1-Risk-defined Health-Acute 1 | | |
| E. coli | count/100mL | ≤ 1 |
| Nitrate | mg/L N | ≤ 11 |
| Nitrite | mg/L N | ≤ 0.90 |
| Sulphate | mg/L SO ₄ | ≤ 500 |
| Free Cyanide | ug/L CN- | ≤ 70 |
| Average compliance | | |
| Table 2-Risk-defined Health-Acute 2 | | |
| Giardia cysts [#] | count/10L | ≤ 1 |
| Cryptosporidium oocysts [#] | count/10L | ≤ 1 |
| Enteric viruses: PCR (direct) [#] | count/10L | ≤ 1 |
| Average compliance | | |
| Table 3-Risk-defined Health-Chronic | | |
| Chlorine Free | mg/L | ≤ 5.00 |
| Monochloramines | mg/L | ≤ 3.00 |
| Fluoride | mg/L F- | ≤ 1.5 |
| Iron | ug/L Fe | ≤ 2000.0 |
| Manganese | ug/L Mn | ≤ 500 |
| Chromium | ug/L Cr | ≤ 50 |
| Cobalt | ug/L Co | ≤ 500 |
| Copper | ug/L Cu | ≤ 2000 |
| Lead | ug/L Pb | ≤ 10 |
| Nickel | ug/L Ni | ≤ 70 |
| Cadmium | ug/L Cd | ≤ 3.00 |
| Uranium [#] | ug/L U | ≤ 15 |
| Vanadium [#] | ug/L V | ≤ 200 |
| Arsenic [#] | ug/L As | ≤ 10 |
| Antimony [#] | ug/L Sb | ≤ 20 |
| Selenium [#] | ug/L Se | ≤ 10 |
| Mercury | µg/L Hg | ≤ 6.0 |
| Organic Carbon total | mg/L C | ≤ 10.0 |
| Bromoform | mg/L | ≤ 0.100 |
| Bromodichloromethane | mg/L | ≤ 0.0600 |
| Chloroform | mg/L | ≤ 0.300 |
| Dibromochloromethane | mg/L | ≤ 0.100 |
| Microcystin Toxins | ug/L | ≤ 1.0 |
| Average compliance | | |

| Total number of samples | Average result | % compliance achieved | % compliance required | Quality of Water Supply System |
|-------------------------|----------------|-----------------------|-----------------------|--------------------------------|
| 52 | 0 | 100.0% | ≥ 99 | Excellent |
| 49 | 0.91 | 100.0% | ≥ 99 | Excellent |
| 49 | 0.16 | 100.0% | ≥ 99 | Excellent |
| 11 | 92 | 100.0% | ≥ 99 | Excellent |
| 9 | 42 | 100.0% | ≥ 99 | Excellent |
| | | 100.0% | ≥ 99 | Excellent |
| 4 | 0 | 100.0% | 100 | Excellent |
| 4 | 0 | 100.0% | 100 | Excellent |
| 4 | 0 | 100.0% | 100 | Excellent |
| | | 100.0% | 100 | Excellent |
| 51 | 1.46 | 100.0% | ≥ 97 | Excellent |
| 49 | 1.14 | 93.9% | ≥ 97 | Unacceptable |
| 50 | 0.31 | 100.0% | ≥ 97 | Excellent |
| 50 | 42 | 100.0% | ≥ 97 | Excellent |
| 50 | 29 | 100.0% | ≥ 97 | Excellent |
| 10 | 16 | 100.0% | ≥ 97 | Excellent |
| 10 | 16 | 100.0% | ≥ 97 | Excellent |
| 10 | 25 | 100.0% | ≥ 97 | Excellent |
| 10 | 10 | 100.0% | ≥ 97 | Excellent |
| 10 | 16 | 100.0% | ≥ 97 | Excellent |
| 10 | 3.00 | 100.0% | ≥ 97 | Excellent |
| 8 | 10 | 100.0% | ≥ 97 | Excellent |
| 10 | 25 | 100.0% | ≥ 97 | Excellent |
| 10 | 10 | 100.0% | ≥ 97 | Excellent |
| 10 | 20 | 100.0% | ≥ 97 | Excellent |
| 10 | 10 | 100.0% | ≥ 97 | Excellent |
| 10 | 0.92 | 100.0% | ≥ 97 | Excellent |
| 42 | 5.53 | 97.6% | ≥ 97 | Excellent |
| 47 | 0.0963 | 97.9% | ≥ 97 | Excellent |
| 47 | 0.0331 | 89.4% | ≥ 97 | Unacceptable |
| 47 | 0.104 | 97.9% | ≥ 97 | Excellent |
| 47 | 1.58 | 93.6% | ≥ 97 | Unacceptable |
| 47 | 0.13 | 100.0% | ≥ 97 | Excellent |
| | | 98.7% | ≥ 97 | Excellent |

VAALKOP WTW 3 FINAL WATER QUALITY MONITORING REPORT

(continued)

REPORTING PERIOD: 1 JULY 2014 TO 30 JUNE 2015

Specifications (based
on SANS 241:2015)

Parameter

Standards limits

Analysis

Units

Table 4 – Risk-defined Health-Operational

| | | |
|--------------------|-------------|------------------|
| Total Coliform | count/100mL | ≤ 10 |
| Total Plate Count | count/1mL | ≤ 1000 |
| Somatic coliphages | count/10mL | ≤ 1 |
| pH @ 25°C | pH units | ≥ 5.00 to ≤ 9.70 |
| Turbidity | NTU | ≤ 1.00 |
| Aluminium | µg/L Al | ≤ 300 |
| Average compliance | | |

Table 5 – Risk-defined Health-Aesthetic

| | | |
|---------------------------------|----------------------|---------|
| Electrical Conductivity @ 25°C | mS/m | ≤ 170.0 |
| Total Dissolved Solids at 180°C | mg/L | ≤ 1200 |
| Turbidity | NTU | ≤ 5.00 |
| Colour | mg/L Pt-Co | ≤ 15 |
| Chloride | mg/L Cl ⁻ | ≤ 300 |
| Sulphate | mg/L SO ₄ | ≤ 250 |
| Ammonium | mg/L N | ≤ 1.50 |
| Iron | ug/L Fe | ≤ 300 |
| Manganese | ug/L Mn | ≤ 100 |
| Sodium | mg/L Na | ≤ 200 |
| Zinc | mg/L Zn | ≤ 5.0 |
| Phenolic compounds | ug/L | ≤ 10 |
| Average compliance | | |

Table 6 – Other determinands

| | | |
|---------------------------------|------------------------|-----------------|
| Chlorine total | mg/L | ≤ 5.00 |
| Temperature | °C | ≤ 30 |
| Alkalinity total | mg/L CaCO ₃ | ≥ 250 to ≤ 300 |
| Calcium | mg/L Ca | ≥ 150 to ≤ 300 |
| Magnesium | mg/L Mg | ≥ 70 to ≤ 100 |
| Hardness total | mg/L CaCO ₃ | ≥ 250 to ≤ 300 |
| Calcium precipitation potential | mg/L CaCO ₃ | ≥ 5 to ≤ 20 |
| Potassium | mg/L K | ≥ 50 to ≤ 100 |
| 2-Methylisoborneol | ng/L | ≤ 10 |
| Geosmin | ng/L | ≤ 10 |
| Pesticides | ug/L | ≤ 0.10 |
| Chlorophyll – a | ug/L | ≥ 1.0 to ≤ 2.0 |
| Orthophosphate | mg/L P | ≥ 1.0 to ≤ 10.0 |
| Average compliance | | |

Subcontracted determinant

| Total number of samples | Average result | % compliance achieved | % compliance required | Quality of Water Supply System |
|-------------------------|----------------|-----------------------|-----------------------|--------------------------------|
| 52 | 0 | 100.0% | ≥ 95 | Excellent |
| 51 | 6 | 100.0% | ≥ 95 | Excellent |
| 17 | 0 | 100.0% | ≥ 95 | Excellent |
| 51 | 7.62 | 100.0% | ≥ 95 | Excellent |
| 51 | 0.806 | 82.4% | ≥ 95 | Unacceptable |
| 29 | 32 | 100.0% | ≥ 95 | Excellent |
| | | 97.1% | ≥ 95 | Excellent |
| 51 | 67.23 | 100.0% | ≥ 95 | Excellent |
| 41 | 449 | 100.0% | ≥ 95 | Excellent |
| 51 | 0.806 | 98.0% | ≥ 95 | Excellent |
| 50 | 12 | 74.0% | ≥ 95 | Unacceptable |
| 11 | 78 | 100.0% | ≥ 95 | Excellent |
| 11 | 92 | 100.0% | ≥ 95 | Excellent |
| 50 | 0.097 | 100.0% | ≥ 95 | Excellent |
| 50 | 42 | 100.0% | ≥ 95 | Excellent |
| 50 | 29 | 98.0% | ≥ 95 | Excellent |
| 9 | 55 | 100.0% | ≥ 95 | Excellent |
| 10 | 0.02 | 100.0% | ≥ 95 | Excellent |
| 1 | 0.5 | 100.0% | ≥ 95 | Excellent |
| | | 97.5% | ≥ 95 | Excellent |
| 51 | 2.71 | 100.0% | ≥ 95 | Excellent |
| 51 | 20 | 100.0% | ≥ 95 | Excellent |
| 50 | 108 | 100.0% | ≥ 95 | Excellent |
| 48 | 37 | 100.0% | ≥ 95 | Excellent |
| 45 | 25 | 100.0% | ≥ 95 | Excellent |
| 44 | 193 | 97.7% | ≥ 95 | Good |
| 45 | -4 | 100.0% | ≥ 95 | Excellent |
| 9 | 7 | 100.0% | ≥ 95 | Excellent |
| 50 | 10 | 98.0% | ≥ 95 | Good |
| 50 | 10 | 100.0% | ≥ 95 | Excellent |
| 10 | 0.0 | 100.0% | ≥ 95 | Excellent |
| 50 | 0.2 | 100.0% | ≥ 95 | Excellent |
| 50 | 0.12 | 100.0% | ≥ 95 | Excellent |
| | | 99.7% | ≥ 95 | Good |

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