

UMNGENI-UTHUKELA WATER REVIEWED INTERIM FINANCIAL RESULTS AS AT 31 DECEMBER 2024





'Improving Quality of Life and Enhancing Sustainable Economic Development'

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1. CONDENSED INTERIM FINANCIAL STATEMENTS

CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group			Parent		
	6 Months ended 31 December 2024	6 Months ended 31 December 2023	12 Months ended 30 June 2024	6 Months ended 31 December 2024	6 Months ended 31 December 2023	12 Months ended 30 June 2024
	Reviewed	Reviewed	Audited	Reviewed	Reviewed	Audited
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue	3,843,486	3,280,074	6,895,942	3,832,874	3,272,560	6,889,591
Cost of sales	(1,848,594)	(1,334,730)	(3,152,893)	(1,848,594)	(1,334,730)	(3,152,893)
Gross profit	1,994,892	1,945,344	3,743,049	1,984,280	1,937,831	3,736,698
Other income	2,699	10,285	15,371	3,286	10,843	15,826
Other operating and administration expenses	(1,295,541)	(1,071,134)	(2,548,971)	(1,270,282)	(1,063,642)	(2,526,402)
Expected credit losses	(553,643)	(138,167)	(530,644)	(553,643)	(138,158)	(530,631)
Profit from operations	148,407	746,328	678,805	163,641	746,874	695,491
Net finance income	440,607	392,616	785,573	438,432	390,228	780,730
Share of profit from associates	3,459	1,045	4,011	-	-	-
Profit before tax	592,472	1,139,990	1,468,389	602,072	1,137,102	1,476,221
Taxation	(106)	(154)	(184)	-	-	-
Profit for the period	592,366	1,139,836	1,468,205	602,072	1,137,102	1,476,221

CONDENSED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont.)

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME	Group			Parent		
	6 Months ended 31 December 2024	6 Months ended 31 December 2023	12 Months ended 30 June 2024	6 Months ended 31 December 2024	6 Months ended 31 December 2023	12 Months ended 30 June 2024
	Reviewed	Reviewed	Audited	Reviewed	Reviewed	Audited
	R'000			R'000	R'000	R'000
Profit for the year	592 366	1 139 836	1 468 205	602 072	1 137 102	1 476 221
Other Comprehensive income for the period:						
Items that will not be reclassified to profit and loss:						
Remeasurement of gains and losses - retirement plans	-	-	(7 078)	-	-	(7 078)
Total comprehensive income for the period	592 366	1 139 836	1 461 127	602 072	1 137 102	1 469 143

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Group			Parent		
	6 Months ended 31 December 2024	6 Months ended 31 December 2023	12 Months ended 30 June 2024	6 Months ended 31 December 2024	6 Months ended 31 December 2023	12 Months ended 30 June 2024
	Reviewed	Restated	Audited	Reviewed	Restated	Audited
	R'000	R'000	R'000	R'000	R'000	R'000
ASSETS						
Non-current assets	14,050,420	11,985,362	13,482,808	14,014,310	11,956,670	13,448,677
Property, plant & equipment	13,146,080	11,421,733	12,408,429	13,125,308	11,400,983	12,387,113
Investment property	-	-	-	8,140	8,362	8,252
Intangible assets	275,798	233,200	262,394	272,739	230,286	259,377
Biological Assets	3,796	4,289	4,693	-	-	-
Investments in associates	14,026	6,125	10,567	-	-	-
Investments - financial instruments	570,598	286,371	755,248	570,598	286,371	755,248
Trade and other receivables	31,678	29,502	30,941	31,359	29,188	30,621
Right of use assets - leases	8,443	4,142	10,536	6,165	1,480	8,066
Current assets	8,653,316	8,587,321	8,301,081	8,628,683	8,497,845	8,223,875
Investments - financial instruments	6,073,011	6,360,664	6,176,824	6,073,011	6,360,664	6,176,824
Inventories	75,826	77,419	68,322	75,826	77,419	68,322
Trade and other receivables	1,789,415	1,368,082	1,398,054	1,830,974	1,364,911	1,406,319
Bank and cash	715,064	781,156	657,881	648,872	694,852	572,410
Assets held for sale	2,829	2,943	2,829	2,829	2,943	2,829
TOTAL ASSETS	22,706,565	20,575,626	21,786,718	22,645,822	20,457,458	21,675,382
EQUITY AND LIABILITIES						
Capital and reserves	18,194,693	17,281,035	17,602,513	18,116,894	17,182,778	17,514,819
Capital	442,847	442,847	442,847	442,847	442,847	442,847
OCI Reserve	503,975	511,053	503,975	503,975	511,053	503,975
Other Reserves	-	343,463	-	-	343,462	-
Accumulated profit	17,247,871	15,983,672	16,655,691	17,170,072	15,885,415	16,567,997
Non-current liabilities	2,178,730	2,026,447	2,071,515	2,175,836	2,021,595	2,068,528
Long-term debt	1,031,796	1,056,635	1,039,043	1,031,796	1,056,635	1,039,043
Contract liabilities	668,127	566,605	620,066	668,127	566,605	620,066
Provisions	75,576	29,934	21,188	75,576	29,934	21,188
Lease liability-Long term	6,951	10,095	7,043	4,056	5,243	4,056
Post retirement benefit obligations	380,679	350,858	368,574	380,679	350,858	368,574
Five year long service benefit	15,601	12,320	15,601	15,601	12,320	15,601
Current liabilities	2,333,142	1,268,144	2,112,692	2,353,093	1,253,085	2,092,035
Short-term debt	58,883	68,018	68,719	58,883	68,018	68,719
Provisions	84,889	14,444	278,901	83,738	13,035	276,641
Accounts payable	1,964,662	1,051,956	1,651,278	1,986,187	1,038,879	1,634,182
Contract liabilities	182,617	96,266	72,499	182,617	96,266	72,499
Lease liability-Short term	3,331	3,071	5,444	2,909	2,499	4,143
Post retirement benefit obligations	24,812	27,772	23,614	24,812	27,772	23,614
Five year long service benefit	13,947	6,617	12,237	13,947	6,617	12,237
TOTAL EQUITY AND LIABILITIES	22,706,565	20,575,626	21,786,718	22,645,822	20,457,458	21,675,382

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Group				
	Capital	OCI reserve	Other reserve	Accumulated profit	Total
	R'000	R'000	R'000	R'000	R'000
Balance as at 30 June 2023 (Audited)	442,847	511,053	-	13,441,032	14,394,932
Total comprehensive income for the 6 month period 31 December 2023	-	-	343,463	2,542,640	2,886,103
Profit for the 6 month period 31 December 2023	-	-	-	1,139,836	1,139,836
Takeon Mhlathuze Water as 1 July 2023	-	-	343,463	1,402,804	1,746,267
Balance as at 31 December 2023 (Restated)	442,847	511,053	343,463	15,983,672	17,281,035
Total comprehensive income for the 6 month period 30 June 2024	-	(7,078)	(343,463)	671,832	321,291
Profit for the 6 month period 30 June 2024	-	-	-	328,369	328,369
Other comprehensive Income for the 6 month period 30 June 2024	-	(7,078)	-	-	(7,078)
Transfers	-	-	(343,463)	343,463	-
Balance as at 30 June 2024 (Audited)	442,847	503,975	-	16,655,504	17,602,513
Total comprehensive income for the 6 month period 31 December 2024	-	-	-	592,366	592,366
Profit for the 6 month period 31 December 2024	-	-	-	592,366	592,366
Other comprehensive Income for the 6 month period 31 December 2024	-	-	-	-	-
Balance as at 31 December 2024 (Reviewed)	442,847	503,975	-	17,247,871	18,194,693
	Parent				
	Capital	OCI reserve	Other reserve	Accumulated profit	Total
	R'000	R'000	R'000	R'000	R'000
Balance as at 30 June 2023 (Audited)	442,847	511,053	-	13,345,509	14,299,409
Total comprehensive income for the 6 month period 31 December 2023	-	-	343,463	2,539,906	2,883,369
Profit for the 6 month period 31 December 2023	-	-	-	1,137,102	1,137,102
Takeon Mhlathuze Water as 1 July 2023	-	-	343,463	1,402,804	1,746,267
Balance as at 31 December 2023 (Restated)	442,847	511,053	343,463	15,885,415	17,182,778
Total comprehensive income for the 6 month period 30 June 2024	-	(7,078)	(343,463)	682,582	332,041
Profit for the 6 month period 30 June 2024	-	-	-	339,119	339,119
Other comprehensive Income for the 6 month period 30 June 2024	-	(7,078)	-	-	(7,078)
Transfers	-	-	(343,463)	343,463	-
Balance as at 30 June 2024 (Audited)	442,847	503,975	-	16,567,997	17,514,819
Total comprehensive income for the 6 month period 31 December 2024	-	-	-	602,072	602,072
Profit for the 6 month period 31 December 2024	-	-	-	602,072	602,072
Other comprehensive Income for the 6 month period 31 December 2024	-	-	-	-	-
Balance as at 31 December 2024 (Reviewed)	442,847	503,975	-	17,170,069	18,116,894

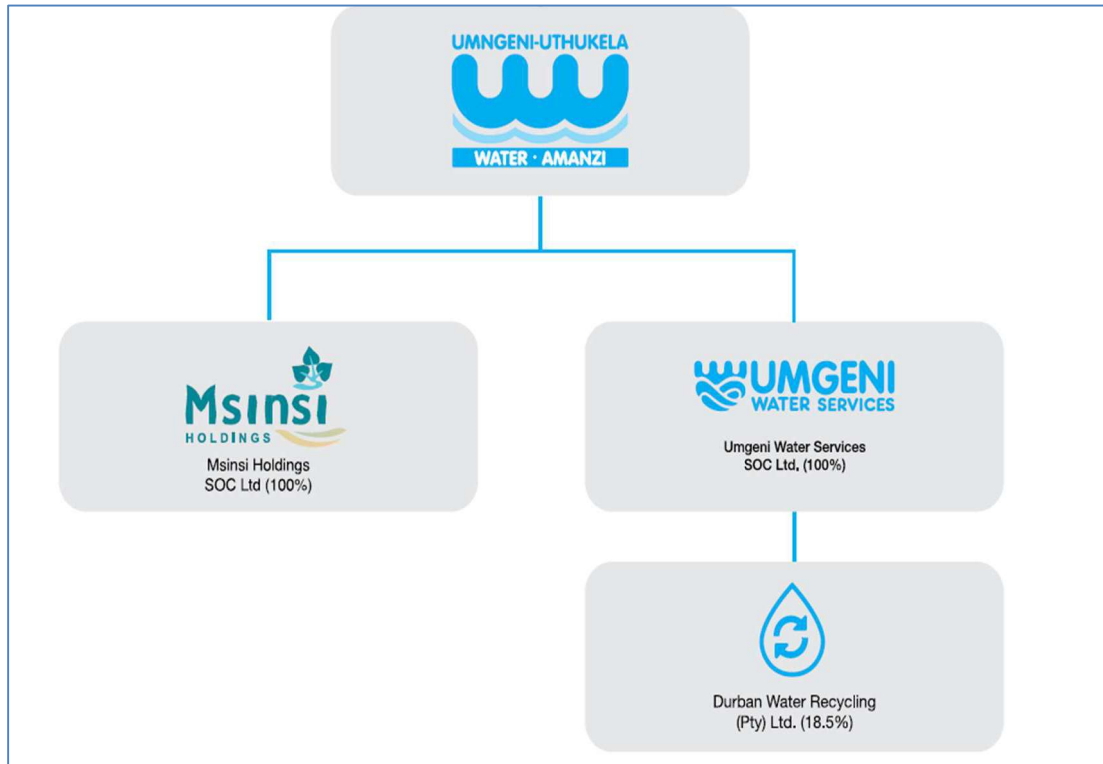
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS						
	Group			Parent		
	6 Months ended 31 December 2024	6 Months ended 31 December 2023	12 Months ended 30 June 2024	6 Months ended 31 December 2024	6 Months ended 31 December 2023	12 Months ended 30 June 2024
	Reviewed	Restated	Audited	Reviewed	Restated	Audited
	R'000	R'000	R'000	R'000	R'000	R'000
Cash receipts from customers	3,064,098	3,183,698	6,432,574	2,957,155	3,190,812	6,422,278
Cash paid to suppliers and employees	(2,512,669)	(2,286,338)	(4,127,729)	(2,385,401)	(2,301,990)	(4,137,274)
Cash from operating activities	551,430	897,360	2,304,845	571,754	888,822	2,285,004
Interest income: Call Investments	23,832	19,179	37,600	21,538	19,179	32,408
Net cash from operating activities	575,262	916,539	2,342,445	593,292	908,001	2,317,412
Proceeds on disposal of assets	181	159	159	181	159	159
Receipt of Regional bulk Infrastructure grants	273,913	233,913	233,916	273,913	233,913	233,916
Additions to property, plant and equipment	(1,269,460)	(1,168,961)	(2,608,396)	(1,268,613)	(1,165,632)	(2,602,421)
Additions to intangible assets	(50,909)	(163,877)	(231,073)	(50,851)	(163,420)	(230,520)
(Increase) / decrease in investment in subsidiaries	-	-	-	-	(15,672)	-
(Increase) / decrease in investments	409,255	(37,967)	(118,366)	409,255	(37,967)	(118,366)
Assets acquired through business combination	-	-	634,055	-	-	634,055
Dividend received from associate	-	-	2,273	-	-	-
Increase/ decrease in redemption assets	(124,126)	(124,126)	(248,252)	(124,126)	(124,126)	(248,252)
Takeon Mhlathuze Water as at 01 July 2023	-	634,055	-	-	634,055	-
Interest received	321,435	283,038	525,653	321,435	282,469	525,653
Net cash used in investing activities	(439,711)	(343,766)	(1,810,031)	(438,807)	(356,221)	(1,805,776)
Long - term borrowing repaid	(17,592)	(18,297)	(35,408)	(17,592)	(18,297)	(35,408)
Finance costs paid	(58,464)	(61,673)	(122,436)	(58,345)	(61,829)	(122,087)
Interest paid on lease liability	(853)	(260)	-	(853)	(260)	-
Lease payments	(1,401)	(1,808)	(7,109)	(1,234)	(1,719)	(6,910)
Net cash used in financing activities	(78,308)	(82,038)	(164,953)	(78,023)	(82,105)	(164,405)
Net increase in cash and cash equivalents	57,240	490,736	367,461	76,462	469,675	347,231
Opening balance	657,822	290,420	290,420	572,410	225,178	225,179
Closing balance	715,064	781,156	657,881	648,872	694,852	572,410

CONDENSED CONSOLIDATED SEGMENTAL REPORT

	Primary activities			Other activities			Total		
	6 months ending 31 December 2024 Reviewed	6 months ending 31 December 2023 Reviewed	12 months ending 30 June 2024 Audited	6 months ending 31 December 2024 Reviewed	6 months ending 31 December 2023 Reviewed	12 months ending 30 June 2024 Audited	6 months ending 31 December 2024 Reviewed	6 months ending 31 December 2023 Reviewed	12 months ending 30 June 2024 Audited
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Revenue	3,372,813	2,935,099	6,059,205	470,673	344,975	836,737	3,843,486	3,280,074	6,895,942
Cost of sales	(1,572,712)	(1,179,415)	(2,696,383)	(275,882)	(155,315)	(456,510)	(1,848,594)	(1,334,730)	(3,152,893)
Gross profit	1,800,101	1,755,684	3,362,822	194,791	189,660	380,227	1,994,892	1,945,344	3,743,049
Other income	3,286	10,843	15,134	(587)	(558)	237	2,699	10,285	15,371
Other operating and admin expenses	(1,177,923)	(945,395)	(2,318,043)	(117,618)	(125,740)	(230,929)	(1,295,541)	(1,071,134)	(2,548,971)
Expected credit losses	(545,379)	(110,903)	(504,030)	(8,263)	(27,263)	(26,614)	(553,643)	(138,167)	(530,644)
Profit from operations	80,084	710,231	555,884	68,323	36,100	122,921	148,407	746,328	678,805
Net finance income (costs)	410,075	380,418	780,730	30,532	12,198	4,843	440,607	392,616	785,573
Share of profit from associate	-	-	-	3,459	1,045	4,011	3,459	1,045	4,011
Profit before tax	490,159	1,090,649	1,336,614	102,314	49,343	131,775	592,472	1,139,989	1,468,389
Taxation	-	-	-	(106)	(154)	(184)	(106)	(154)	(184)
Profit for the year	490,159	1,090,649	1,336,614	102,208	49,189	131,591	592,366	1,139,836	1,468,205
Capital expenditure - for the period	1,308,656	1,342,420	2,832,941	6,153	3,783	6,528	1,314,809	1,346,203	2,839,469
Segment assets	14,376,073	12,330,821	14,028,560	866,898	767,647	71,258	15,242,972	13,098,467	14,099,818
Investments	6,460,993	6,550,769	6,859,573	182,617	96,266	72,499	6,643,610	6,647,035	6,932,072
Interest in associate	-	-	-	14,026	6,125	10,567	14,026	6,125	10,567
Unallocated	-	-	-	-	-	-	805,958	823,999	744,261
Consolidated total assets							22,706,565	20,575,626	21,786,718
Segment liabilities	1,758,807	1,691,258	1,727,828	182,617	96,266	72,499	1,941,424	1,787,525	1,800,327
Unallocated	-	-	-	-	-	-	2,570,448	1,507,067	2,383,880
Consolidated total liabilities							4,511,872	3,294,591	4,184,207

2. Nature of Business

Umngeni-Uthukela Water is a schedule 3B public entity and referred to as a National Government business enterprise. As such it is regulated by and operates in accordance with the Water Services Act No. 108 of 1997, and the Public Finance Management Act No. 1 of 1999, as amended. Its primary function is to supply bulk water services, both potable and wastewater to its customers. The organisation is also involved in other activities (as defined in section 30 of the Water Services Act) which complement and support its primary activities.



The uMngeni-uThukela Water Group consists of a parent entity with two subsidiaries.

The Executive Committee is the top management structure of uMngeni-uThukela Water Parent, and for the reporting year comprised five members including the Chief Executive, the Chief Operations Officer, the Chiefs Governance and Compliance Officer, Chief Financial Officer and the Chief Shared Services Officer. The Chief Executive guides the day-to-day activities of the entity with powers delegated to him by the Board.

The non-executive Board is the Accounting Authority and provides strategic leadership to the Executive Committee. The Board is appointed by the Minister of Water and Sanitation.

With respect to the subsidiaries, uMngeni-uThukela Water has 100% shareholding in Msinsi Holdings SOC Ltd and Umgeni Water Services SOC Ltd.

3. Financial Overview

The prior financial year amalgamation of two water boards into one entity that covers the rest of the province has subsided and formed a solid foundation as confirmed by the financial performance of the audited financial statements of 30 June 2024. Revenue growth was 17%, which was attributable to the primary business because of the 2% sales volumes growth and the approved potable water tariff increase for 2024/2025 of 10%. The group profit for the period under review totalled R592m (Dec 2023: R1 140m) due to mainly an increase in credit losses. The primary activities direct operating costs grew by 33% arising from the main cost drivers. Other operating and administration expenses increased by 52% year on year attributable to the increase in the ICT systems maintenance contract due to the integration of the RB region onto SAP. The increase of 301% in credit losses is due to the non-payment by major customers even though there are customer engagements and payment arrangements. Net finance income increased by 12% year on year because of lower finance costs, mostly resulting from increases in investments as CAPEX remains under target.

The net operating cash flows totalled R575m (Dec 2023: R917m). The decrease of R342m year on year is primarily due to a decrease of receipts from customers that are not paying on time.

Net cash used in investing activities was R440m (Dec 2023: R344m) due to additions to property, plant and equipment as well as intangible assets of R1 320m (Dec 2023: R1 333m) less RBIG received of R274m (Dec 2023: R234m).

Net cash used in financing activities totalled R78m, which is significantly consisted of R58m net interest paid, net cash used in financing activities for December 2023 amounted to R82m.

Current trade and other receivables were R1 789m (Dec 2023: R1 368m) and debtors' days were 52 (Dec 2023: 46 days).

UMngeni-uThukela Water (Parent) capital expenditure for the 6-month period totalled R1 320m (Dec 2023: R1 329m) against the target of R1 763m due to delays in procurement processes and project disruptions. The total accumulated cost of work in progress for development projects was R 1 527m (Dec 2023: R1 093m) while accumulated grant funding was R1 336m (Dec 2023: R1 062m).

Capital commitments as at 31 December totalled R3 504m (Dec 2023: R3 129m). Impairment assessments on Property, plant and equipment were not performed during this period as they are done annually in June each year in terms of the approved business processes.

The nominal amount of total interest bearing debt as at 31 December 2024 was R1 057m (Dec 2023: R1 092m). The debt to equity ratio was at 0.06 (Dec 2023: 0.07) in line with the target, whilst the interest cover ratio was 2.45 times (Dec 2023: 12.12), which is below the target of 2.5 times by 0.05 times. The breach to the debt covenant will be reported to the bank and the interest cover ratio will be monitored throughout the rest of the financial year. The below target interest cover ratio is attributable to lower than expected earnings before interest and tax as a result of the significant increase in expected credit losses. The credit risk is strictly monitored and measures are in place to ensure that this breach is corrected by year end.

UMngeni-uThukela Water is rated by both Standard & Poors & Fitch Ratings. The national scale ratings are as follows:

Rating Agency	Date of rating re- affirmation or change	Long-term Rating	Short-term rating
Standard & Poor's (National Scale)	14 June 2024	zaAAA	zaA-1+
Fitch Ratings	06 September 2024	AA+(zaf)	F1+(zaf)

Contingencies

There were no significant movement in contingent liabilities since the 30 June 2024 financial year end and its subsequent events reported in the audited financial statements.

Allowance for credit losses

The management of credit risk in relation to trade and other receivables of uMngeni-uThukela Water aims to minimise loss caused by default of customers through specific policies and procedures. Monitoring of compliance with these policies is carried out by internal audit, EXCO and oversight by Board committees. All known risks are required to be fully disclosed and accounted for and are provided for in the allowance for credit losses. Credit risk relating to bulk supply water service authorities is managed in terms of the contractual arrangements and legislation applicable to organs of state. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are bulk or commercial customers, their aging profile and existence of previous financial difficulties in line with IFRS 9. The average credit period allowed is 30 days from invoice date. Interest is charged at prime rate on debtors over 30 days from date of invoice. The group trade and other receivables totalled R1 821m (2023: R1 398m) which comprises both current and non-current components. Trade debtor's days were 52 (December 2023: 46) at the end of the reporting period. The allowance for credit losses increased by 56% as a result of the overdue amounts, amounting to R2 723m (December 2023: R1 749m).

Customer credit risk mitigation

Engagements with all customers with increased credit risk have been ongoing and payment plans have been proposed with other municipalities. Some municipalities continue to pay in line with the payment plan agreement. In addition, the credit risks are reported on a monthly basis under the financial performance section of the report to the Minister of Water and Sanitation and in the Section 41 MFMA report to National Treasury, Provincial Treasury, and COGTA. The Board has also intervened in trying to resolve the contractual issues with the materially owing municipalities.

4. Basis of preparation of the results and Accounting Policies

The results for the six months period ended 31 December 2024 contained in this publication are prepared in accordance with JSE Listing requirements for condensed results. The report is prepared in accordance with:

- The framework concepts and the recognition and measurement requirements of International Financial Reporting Standards (IFRS), including interpretations issued by IFRS Interpretation Committee.
- Financial Reporting pronouncements as issued by the Financial Reporting Council.
- As a minimum, the financial information required by IAS 34: Interim Financial Reporting (IFRS).

The accounting policies and methods of computation followed in the interim financial statements are consistent with the most recent annual financial statements. The results of the associate are for the 6-month period to 30 June 2024 and are unaudited.

The consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and comply with all the new and amended accounting standards effective during the current reporting period.

Accounting Policies

The condensed results incorporate accounting policies that are in terms of IFRS and consistent with those used in the preparing of the Audited Financial Results or the year ended 30 June 2024, as published in the Annual Report of 2023/24 financial year.

The following amendments were applicable from 1 January 2024:

IFRS Accounting Standard	Summary description	Issue date	Effective date
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) – UUW does not have sale and leaseback.	22 September 2023	1 January 2024
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current The amendments aim to promote consistency in applying the requirements by helping entities determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.	1 January 2020	1 January 2024

IFRS Accounting Standard	Summary description	Issue date	Effective date
IAS 1 (Amendments)	<p>Non-current Liabilities with Covenants</p> <p>The amendments improved the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants.</p>	1 October 2022	1 January 2024
IAS 7 and IFRS 7 (Amendments)	<p>Supplier Finance Arrangement</p> <p>The amendments require an entity to provide additional disclosures (both qualitative and quantitative) about its supplier finance arrangements.</p>	1 May 2023	1 January 2024

None of the new or amended IFRS standards which became effective for the six months period ended 31 December 2024 had a significant impact on the group's reported earnings, financial position, reserves or accounting policies.

5. Going Concern

The Directors have reviewed the group's forecast financial performance for the year to 30 June 2025 as well as the longer term business plans and, in light of this review and the current financial position, they are satisfied that the group has access to adequate resources to continue as a going concern for the foreseeable future. Any increase in credit risk has been adequately taken into account in the allowance for credit losses. There are adequate resources to continue operating for the foreseeable future and it is therefore appropriate to adopt the going concern basis in preparing the interim condensed financial statements.

6. Tariff policy

UMngeni-uThukela Water's tariff policy is to set the lowest possible constant tariff in real terms. The underlying principles of this policy are:

- The promotion of the efficient and sustainable use of water;
- The equitable access to water supply services, whereby the basic water services should be affordable; and
- The solvency and sound financial management of uMngeni-uThukela Water.
- The approved tariffs are as follows:

	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>2025</u>			
Weighted average bulk tariff (R/kl)	8.39	8.95	9.80
Total Tariff increase (%)*	3%	6.6%	9.5%

**The total tariff increase is a weighted increase of price and volumes, of which 10% comprises the approved bulk water tariff increase for 2025.*

7. Revenue

UMngeni-uThukela Water recognises revenue for both goods and services at a point in time and over time in accordance with the accounting policies. Revenue is derived from the sale of goods and services within the KwaZulu-Natal Province as disclosed in the disaggregation of revenue.

DISAGGREGATION OF REVENUE				
As at 31 December 2024				
For the six month period ending 31 December 2024				
Revenue from major products/service lines as a result of performance obligations satisfied	Primary activities R'000	Other Activities R'000	Total R'000	Total Group R'000
Bulk water sales	3,077,450	156,686	3,234,136	3,234,136
Waste water sales	282,201	128,246	410,447	410,447
Clarified water	13,162	-	13,162	13,162
Scientific and environmental services	-	476	476	476
Operating and Maintenance	-	7,162	7,162	7,162
Training and capacity building	-	15,182	15,182	15,182
Other	-	152,310	152,310	162,922
Total Revenue	3,372,812	460,061	3,832,874	3,843,486
Timing of revenue recognition				
At a point in time	3,372,812	292,569	3,665,381	3,673,724
Over time	-	167,492	167,492	169,761
Total Revenue	3,372,812	460,061	3,832,874	3,843,486
For the six month period ending 31 December 2023				
Revenue from major products/service lines as a result of performance obligations satisfied	Primary activities R'000	Other Activities R'000	Total R'000	Total Group R'000
Bulk water sales	2,740,750	136,219	2,876,969	2,876,969
Waste water sales	182,339	117,996	300,335	300,335
Clarified Water	12,009	-	12,009	12,009
Scientific and environmental services	-	1,179	1,179	1,179
Operating and Maintenance	-	5,080	5,080	5,080
Training and capacity building	-	15,083	15,083	15,083
Other	-	61,905	61,905	69,418
Total Revenue	2,935,098	337,462	3,272,560	3,280,074
Timing of revenue recognition				
At a point in time	2,935,098	260,474	3,195,572	3,200,992
Over time	-	76,988	76,988	79,081
Total Revenue	2,935,098	337,462	3,272,560	3,280,074

REVENUE FROM CONTRACT LIABILITIES	Group		Parent	
	Dec 24 R'000	Dec 23 R'000	Dec 24 R'000	Dec 23 R'000
Revenue recognised that was included in the contract liability balance at the beginning of the period, due to performance obligations satisfied.	166 175	40 211	166 175	40 211

8. Related parties

The group is wholly owned by its shareholder, the Department of Water and Sanitation. Umngeni-Uthukela Water group comprise subsidiaries of Umngeni-Uthukela Water: Msinsi Holdings SOC Limited and Umgeni Water Services SOC Limited (UWS) and associate of UWS: Durban Water Recycling Pty Ltd. Related parties also include post-retirement benefit plans for the benefit of the employees and key management personnel of uMngeni-uThukela or its shareholder. Key management personnel for uMngeni-uThukela Water include the group's Board of directors and the Executive Management (EXCO).

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. Amounts receivable from related parties are included in the simplified approach for trade and other receivables. All related party transactions are carried within normal trade conditions. The following transactions were carried out with related parties.

IAS 24 Related Party disclosures provides government related entities an exemption which eliminates the requirements to disclose information that is costly to gather and of less value to users. The group applies the exemption in respect of its relationship with government related entities at national and local levels of government. Significant related party transactions and balances during the interim period are listed on the following table:

Related Parties	Group		Parent	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	Reviewed	Reviewed	Reviewed	Reviewed
	R'000	R'000	R'000	R'000
Revenue: Sale of goods and services				
Revenue: Section 30				
National Department	15,658	16,262	15,658	16,262
National Treasury	15,182	15,083	15,182	15,083
Department of Water and Sanitation	476	1,179	476	1,179
Sundry Income				
Subsidiaries	-	-	605	579
Cost of sales				
National Department	230,190	172,991	230,190	172,991
Department of water and sanitation	230,190	172,991	230,190	172,991
Other operating and administration expenses				
Subsidiaries and associates	-	-	48,165	43,048
Work-in-progress: Grant funding for rural development projects				
National Department	273,913	233,913	273,913	233,913
Investments in subsidiaries and associates				
Subsidiaries and associates	14,026	6,125	-	-
Trade and other receivables				
National Departments- Capital unit charge	-	89,613	-	89,613
Subsidiaries and associates	-	-	43,357	5,724
Other payables				
Subsidiaries and associates	-	-	29,976	-
National Department	713,196	40,155	713,196	40,155
Raw water purchases accrual	111,272	40,155	111,272	40,155
Capital Unit Charge Recovery	20,204	-	20,204	-
Capital Unit Charge accrual	581,720	-	581,720	-

Fair value disclosures

The carrying amounts of financial assets and liabilities are a reasonable approximation of the fair values with the exception of loans and borrowings where the fair value is estimated to be R1 057m (Dec 2023: R1 092m). The fair value of the loans and borrowings were based on discounted cash flows, using prices from observable current market transactions for similar instruments. These are classified as Level 2 fair values in line with IFRS 13.

Prior period error adjustment

Consolidated statement of cash flow

A reclassification of investment in redemption assets as disclosed in Note 31 of the 30 June 2024 Financial statements, due to an analysis of IAS 7, the Statement of cash flows indicated that the investment in redemption assets should be tested against the definition of "Financing Activities" per paragraph 17 of the standard read in conjunction with paragraphs 22 and 23A and then evaluate if the disclosure in the prior years in terms of paragraph 44A is relevant from a presentation perspective in terms of the Statement of Cash Flow. This introspection was in context of the liquidity risk disclosures (contractual maturities) made in Note 29 to the published Annual Financial Statements and as there is no direct reference in the guidance of the definition of financing activities to consider the investment in redemption assets to be a financing activity toward the ultimate redemption of the UG26 in March 2026, it was deemed appropriate to reclassify the investment in redemption assets as "Cash used in investing activities". Therefore the 31 December 2023 cash flows had to be restated for the reclassification. The details to the reclassification of the investment in redemption asset is fully disclosed in Note 31 of the published Annual Financial Statements.

Investment in subsidiaries

During the interim financial period ended 31 December 2023 UUW had erroneously recognised an Investment in subsidiaries of R15.672m. The amount was reclassified to be a receivable at the end of financial year 30 June 2024.

Take-on balance Mhlathuze Water as at 1 July 2023

At interim financial reporting of 31 December 2023, the Take-on balance of former Mhlathuze Water did not take in to account an adjustment of R19.094m which was corrected at 30 June 2024. The prior period error related to retained earnings of former Mhlathuze Water which was corrected within the same period of acquisition.

Property, Plant and Equipment

During the preparation of annual financial statement of 30 June 2024, a prior period was identified and corrected relating to costs that were recognised under PPE while they did not meet the recognition criteria, the full disclosure is on Note 31.2 in the published annual financial statements.

STATEMENTS OF FINANCIAL POSITION	Group			Parent		
	As previously reported	Restated	Prior Period Error	As previously reported	Restated	Prior Period Error
	2023	2023	2023	2023	2023	2023
	R'000	R'000	R'000	R'000	R'000	R'000
Assets						
Non Current Assets		11 421 733	(45 951)		11 400 983	(61 623)
Property, Plant and Equipment	11 467 684	11 421 733	(45 951)	11 446 934	11 400 983	(45 951)
Investment in subsidiaries	-	-	-	15 672	-	(15 672)
Current Assets						
Trade and other receivables	1 368 082	1 368 082	-	1 359 187	1 364 911	5 724
Equity		15 983 672	(27 044)		15 885 415	(26 857)
Accumulated Surplus	16 010 716	15 983 672	(27 044)	15 912 272	15 885 415	(26 857)
Liabilities						
Current Liabilities		1 051 956	18 907		1 038 879	29 042
Accounts Payable	1 070 863	1 051 956	18 907	1 067 921	1 038 879	29 042

9. Review of the Interim Financial statements

The interim financial statements have been reviewed by the Auditor General of South Africa.

10. Events after the reporting period

King Cetshwayo District Municipality at a special council meeting on the 13th of March 2025 resolved to terminate the bulk water supply contract between Uuw effective from 31 March 2025. Furthermore some of the customers that were not paying their debts in line with their payment terms started paying.

11. Outlook

The sustainability of financial resources available to fund the strategic objectives is crucial and is dependent on robust financial systems and controls being implemented to prevent deviations from planned expenditure that could impact the financial viability of the organisation, as well as close monitoring and management of the operating cash flows in the current operating environment where the organisation is exposed to increased credit risk with its customers

In this regard there will be a continued focus on preserving the financial resources to maintain financial sustainability whilst delivering on the strategic objectives of:

- Key bulk water resource infrastructure in the next five years,
- Provision of efficient and cost-effective water and sanitation;
- Enhanced security of water supply to support economic growth; and
- Enabled and innovative growth to quicken the pace of infrastructure implementation and finding sustainable and innovative solutions for current and future markets in the water service provision value chain.



Adv. Vusi Khuzwayo
Chairperson of the Board



Mr Sandile Mkhize
Chief Executive