SWAZILAND DEVELOPMENT FINANCE CORPORATION LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2017

SWAZILAND DEVELOPMENT FINANCE CORPORATION LIMITED AND ITS SUBSIDIARIES

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2017

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SWAZILAND DEVELOPMENT FINANCE CORPORATION LIMITED AND ITS SUBSIDIARIES

Statement of directors' responsibilities
for the year ended 31 March 2017

The Directors are responsible for the preparation, integrity and fair presentation of the Consolidated and separate financial statements of Swaziland Development Finance Corporation Limited and its subsidiaries (the Group). The financial statements presented on pages 20 to 86 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and include amounts based on judgements and estimates made by management.

The Directors consider that, in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all IFRS's that they consider to be applicable have been followed. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the period and the financial position of the Group as at the end of the period.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose, with reasonable accuracy, the financial position and results of the Group to enable the directors to ensure that the financial statements comply with relevant legislation.

The Group operates in an established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

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

The Group's external auditors, PricewaterhouseCoopers, audited the financial statements and their report is presented on page 3 to 7.

The annual financial statements which appear on pages 20 to 86 have been approved by the board of directors on 30 JUNE 2017 and are signed on its behalf by:

CHAIRMAN

MANAGING DIRECTOR

SWAZILAND DEVELOPMENT FINANCE CORPORATION LIMITED AND ITS SUBSIDIARIES

CORPORATE GOVERNANCE STATEMENT
for the year ended 31 March 2017

The Directors of Swaziland Development Finance Corporation Limited and its subsidiaries (the Group) confirm their commitment to the principles of openness, integrity and accountability as advocated in the King III Code on Corporate Governance. Through this process, shareholders and other stakeholders may derive assurance that the Company is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. Monitoring the Company's compliance with the King III Code on Corporate Governance forms part of the mandate of the Company's executive committee.

Board of directors

The Board has three committees:

- The Main Board
- Audit, Finance and Risk Committee and
- Remuneration Committee.

Both the Main Board and the other Executive committees meet quarterly, but special Board meetings are convened when necessary. The Main Board monitors management and ensures that material matters are subject to Board approval .The Executive Committee's main functions are to review the Company's financial statements, management accounts, operational matters, staff matters and then advise the Main Board.

The Board comprises 5 directors of whom only one serves in an executive capacity. The board is balanced so that no individual or Company can dominate decision-making. The directors of the Company are listed on pages 18. Roles of chairperson and chief executive do not vest in the same person and the chairperson is a non-executive. The non-executive directors comprise individuals with diverse backgrounds and expertise. The chairperson and managing director provide leadership and guidance to the Company's Board and encourages deliberation of all matters requiring the Boards attention, and obtains sufficient input from the other board members. The chairperson and directors are elected on a three-year basis.

Risk Management

Effective risk management is essential to the Company's objective of consistently adding value to the business objectives. The Company's management is continuously developing and enhancing its risk and control procedures to improve the means for identifying and monitoring risks.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures are in place to manage operating risk involving segregation of duties, transaction authorisation, supervision, monitoring and financial and managerial reporting.

Financial risk management is disclosed in the notes to the financial statements.

Independent auditor's report

To the Shareholders of Swaziland Development Finance Corporation Limited

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Swaziland Development Finance Corporation Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2009.

What we have audited

Swaziland Development Finance Corporation Limited's consolidated and separate financial statements set out on pages 20 to 86 comprise:

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

Basis for opinion

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

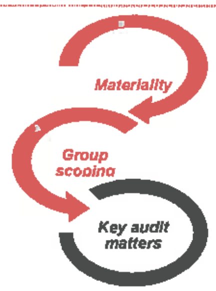
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the requirements of the Swaziland Institute of Accountants (SIA) Code of Ethics for Professional Accountants and other independence requirements applicable to performing audits of financial statements in Swaziland. We have fulfilled our ethical responsibilities in accordance with the SIA Code and in accordance with other ethical requirements applicable to performing audits in Swaziland.

Our audit approach

Overview



Overall group materiality

Overall group materiality: E 11 240 480, which represents 1% of the consolidated total assets.

Group audit scope

The group consists out of three components, Swaziland Development Finance Corporation Limited, First Finance Company (Pty) Ltd and Finsure Insurance Brokers (Pty) Ltd. Full scope audits have been performed on all components.

Key audit matters

Loans and advances impairments for sugar cane loans

Partner in Charge T Mason
PricewaterhouseCoopers, Rhus Office Park, Kal Grant Street, Mbabane, Swaziland
P O Box 569, Mbabane H100, Swaziland Telephone +268 2404 2861/3, or 2404 3143, Facsimile +268 2404 5015, www.pwc.com

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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	E 11 240 480
How we determined it	1 % of the consolidated total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because the Company was setup by government as a social development tool rather than an entity expected to generate profits for the government. It has two shareholders, being the Swaziland Government and Tibiyo Taka Ngwane. Tibiyo Taka Ngwane is an entity that holds assets in trust for the Swazi Nation. Tibiyo Taka Ngwane provided capital to the Company in response to government's call to help alleviate poverty through job creation. Therefore the benchmark we chose was 1% of total assets which is consistent with quantitative materiality thresholds used for asset based entities in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We audited all components of the Group. These components are all incorporated and located in Swaziland. A full scope statutory audit was performed on all three components because separate audit opinions are issued for each component.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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The key audit matter discussed below relates to the consolidated and separate financial statements.

Key audit matter	*How our audit addressed the key audit matter*
Loans and advances impairments for sugar cane loans Loans and advances are split between sugar cane loans, business loans and general purpose loans. Sugar cane loans are loans issued to farmers who grow sugar cane. The impairment for sugar cane loans is assessed on an individual basis. An impairment is recognised when the carrying amount of the loan is higher than the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statements of financial position. Management prepares a calculation of the present value of future cash flows that are expected to arise from the harvesting of the sugar cane each year for the duration of the loan. The total net present value of the cash flows is then compared to the carrying amount of the loan. An impairment of E12 199 000 on sugar cane loans was recognised in the current financial year in the consolidated and the separate financial statements. The disclosure relating to this impairment is set out in Note 38 - Loans and Advances, Note 38.1–Impairment of loans and advances and Note 9-Loans and advances impairment policy. We considered the impairment provision on sugar cane loans to be a matter of most significance to our audit because it has a high level of estimation uncertainty due to the judgement involved in determining its underlying key assumptions. The key assumptions are disclosed in Note 9, namely: • The sugar price per ton; • The yield per hectare; • The sucrose level/content; • The production cost per hectare; and • The effective interest rate.	We obtained the impairment computation performed by the company's management. We performed the following procedures on the impairment of sugar cane loans: • We obtained the sugar cane loan book and re-performed the calculation of the provision to test the mathematical accuracy thereof. No material differences were noted. • We assessed the reasonability of the key assumptions made in the determination of the future cash flows. This included recalculating the effective interest rate and comparing it to the effective interest rate used in the Sugar Loan Impairment Model; comparing the estimated sugar yield per hectare, the sucrose level/content and the sugar price per ton to the Crush Summary Report produced by the Sugar Cane Millers, that is, the Royal Swaziland Sugar Association and Illovo; and comparing the production cost per hectare to the production cost per hectare report produced by the TamilNadu Agricultural University and no material differences were noted. • We performed a look back procedure by comparing the prior financial year provision to actual impairment in the current year. Our procedures performed indicated that the previous provision was within a reasonable range of actual performance. • We made use of our valuations expertise to assess the approach adopted by management in the provisioning model. Based on our work performed, we found the approach to be consistent with market practice and the requirements of International Accounting Standard (IAS) 39 *Financial Instruments: Recognition and Measurement*.

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Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act, 2009, Corporate Governance Statement, Statement of directors' responsibility, Company detailed Statement of Comprehensive Income and Company Taxation schedules, which we obtained prior to the date of this auditor's report and the annual report which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2009, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

PricewaterhouseCoopers
Partner: Theo Mason
Registered Auditor
P.O. Box 569 Mbabane
Date: 12 October 2017

DIRECTORS' REPORT
for the year ended 31 March 2017

The Directors take pleasure in presenting an analysis of group operations and Annual Financial Statements for the year ended 31 March 2017.

1) NATURE OF THE BUSINESS

Swaziland Development Finance Corporation (Fincorp) is in the business of providing financial services to Swazi Citizens in order to economically empower Swazi entrepreneurs by providing access to credit and other support services. The ultimate objective being to create jobs and eradicate poverty. FINCORP is a Non-Bank Financial Institution duly licensed by the Swaziland Financial Services Regulatory Authority (FSRA).

2) STRATEGIC PLAN 2012 - 2017

Swaziland Development Finance Corporation reached the final year of the implementation of the five year strategic plan spanning 2012 to 2017. There is a shared consensus among key stakeholders that the organization did exceptionally well in rolling out the strategy and that the set targets in particular the size of the loan portfolio targeted at E1.0 Billion portfolio was achieved in 2015 two years in advance. Furthermore reasonable progress was made in the branch rollout exercise as manifested by the establishment of two outlaying branches under FINCORP and another two branches under the subsidiary company, FIRST FINANCE were established. Meanwhile a new subsidiary company namely FINSURE Insurance Brokers was set up being one of the biggest highlights of the strategic plan implementation programme.

In view of the fact that the company has reached its main strategic objective set in its 2012 – 2017 Strategic Plan of growing the loan book to a billion emalangeni by 2017, the company adopted a strategy of consolidating its lending operations during the year under review and concentrated efforts in ensuring that the existing loan portfolio performs very well, and that non-performing projects are resuscitated in order the enhance portfolio quality.

Meanwhile a new strategic planning process was undertaken during the fourth quarter of the year under review and as such the 2017 - 2022 strategy shall be in place in the first quarter of the next financial year.

3) REVIEW OF OPERATIONS

a) Lending Operations

The gross loan portfolio for the parent company, excluding intercompany transactions, declined by 13% from E393.4 million to E344.2 million. General business and agricultural loans approved during the year amounted to E27.4 million and E17.5 million respectively whilst Micro Loans and Sugar cane loan approvals stood at E2.7 million and E96.96 million respectively.

In contrast, gross loan portfolio for the subsidiary company, First Finance, which offers general purpose finance grew by 3% from E693.8 million to E717.98 million. New loan approvals for the year were E674.9 million and a significant proportion of lending activities under the subsidiary company goes towards educational and rural housing needs.

Total loan approvals for the group for the year, i.e. Fincorp and First Finance, as approved by the Board of Directors and Credit Committee, were to the value of E819.9 million. This finding was extended to a total of twelve thousand six hundred and ninety (12,690) clients.

DIRECTORS' REPORT (continued)
for the year ended 31 March 2017

A summary of these approvals are shown per quarter in the table below:

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Total To Date	
Sector	Amount (E)	Clients	Amount (E)	Clients	Amount (E)	Clients	Amount (E)	Clients	Amount (E)	Clients
Agricultural Loans	8 633 725	18	4 109 462	9	3 047 391	7	1 753 110	4	17 543 688	38
Business Loans	4 051 663	27	12 534 200	45	5 645 513	48	5 193 184	47	27 424 560	167
Kobwa Loans	89 634	22	34 266	7	172 346	36	120 936	24	417 182	89
Micro Loans	730 775	116	603 675	99	666 250	94	674 525	99	2 675 225	408
Sugar Cane Loans	11 293 025	12	36 554 503	30	39 762 696	29	9 352 327	4	96 962 551	75
First Finance Loans	177 086 571	3 605	294 219 634	4 864	143 457 252	2 577	60 145 946	867	674 909 403	11 913
	201 885 393	**3 800**	**348 055 740**	**5 054**	**192 751 448**	**2 791**	**77 240 028**	**1 045**	**819 932 609**	**12 690**

Outstanding loan commitments representing undisbursed approvals as at the end of the year were E56.9 million as shown in the summary below:

Sector	**Closing loan Commitments 31-Mar-16**	**Loans Approved During the year**	**Number of New Loans**	**Disbursed During the Year**	**Closing Loan Commitments 31-Mar-17**
Agricultural Loans	10 652 921	17 543 688	38	25 478 856	2 717 753
SME Loans	3 382 725	27 424 560	167	28 884 382	1 922 903
Sugar Cane Loans	37 179 130	96 962 551	75	82 309 329	51 832 352
General Purpose Loans	2 252 635	674 909 403	11 913	676 753 586	408 452
Kobwa Loan Scheme	0	417 182	89	417 182	0
Micro Loans	0	2 675 225	408	2 675 225	0
	53 467 411	**819 932 609**	**12 690**	**816 518 560**	**56 881 460**

b) Insurance Brokerage Business

The Brokerage business, under the subsidiary "FINSURE Insurance Brokers" continued to show stability in terms of financial results. The company recorded an after tax profit of E180 438.00. Business volumes were largely negatively affected by the reduced level of lending operations by First Finance and Fincorp as explained in (1) above. Finsure's business is largely underpinned by the credit life insurance transactions generated by the lending operations of the two related parties, First Finance and Fincorp. As of the current financial year, 85% of Finsure's commission income was generated through its related parties.

The balance sheet has also marginally declined by 3% from E3.5 million in March 2016 to E3.4 million in the year ended 31 March 2017. This decline is attributable to a decline in trust debtors and trade payables balances as efficiency levels improve in the subsidiary company.

4) SPECIAL PROJECTS – OFFICE BUILDING PROJECT

Fincorp acquired vacant land in Mbabane with the aim of constructing a FINCORP Head Office building. Preparations for construction of the five storey building in city centre have been finalized. Construction had not yet started at year end but it was expected to begin in the first quarter of next financial year and that the project is expected to take 18 months to be completed. Fincorp will not directly manage the project and its rollout but has opted for a Turn Key Project Solution fully outsourced to SANLAM (Swaziland).

These offices will house Fincorp's operations and those of the two subsidiaries namely; First Finance Company and Finsure Insurance Brokers. Any excess space will be leased out to external tenants.

5) FINANCIAL OVER-VIEW

The group is reporting profit after tax of E12.9 million. This is a decline from the profits of E16.4 million made the previous year and it is largely because of the consolidation of the lending operation over the year under review as part of the strategic initiatives explained above in (1), and largely because of an increase in provisions as explained in 5(c) below.

a) Interest Income

Interest income for the group is E133.1 million from E111.2 million made the previous year. This is an increase of 20% as the company's loan book (including intercompany loans) grew by 3% whilst that of the subsidiary, First Finance, grew by 2%.

Meanwhile commission income generated by the subsidiary, Finsure Insurance Brokers, amounted to E3 million against E3.7 million generated the previous year. This is a decline of 19% and it is largely attributable to the consolidation of lending operations by the First Finance and Fincorp as explained in b) above.

b) Interest Expense and Borrowings

The group's overall interest expense has increased by 20% from E69.6 million the previous year to E83.6 million this year ended 31 March 2017. Fincorp's interest expense is E58.6 million and First Finance incurred interest costs totalling E25.1 million (excluding interest on intercompany / related party loans of 65.8 million).

Interest rates increased by 50 basis points on the 27th May 2016, and a further 25 basis points on the 22nd February 2017.

A total of E233.7 million was raised as new debt and a total of E244 million was paid towards capital repayments for borrowings over the year under review. The new funding raised was generally concluded at increased interest rates, in particular the medium term notes.

Our borrowings thus decreased by 2% from E563.6 million to E550.6 million. The parent company, Fincorp, received E40 million in April, E55 million in May, E31.7 million in July and E30 million and E3,2 million December 2016, E30 million and E45 million from a local funding source in December 2016 and February 2017 respectively.

DIRECTORS' REPORT (continued)
for the year ended 31 March 2017

Below are the details of the capital repayments that were made during the year under review:

FINANCIER	30-Jun-16	30-Sep-16	30-Dec-16	31-Mar-17	Total
AFRICAN ALLIANCE	20 698 082,00	-	-	-	20 698 082,00
MEDIUM TERM NOTES	30 000 000,00	30 537 003,80	72 545 783,65	56 744 324,73	189 827 112,18
NORSAD	1 094 518,00	-	2 189 035,08	-	3 283 553,08
ICDF	-	10 416 000,00	-	15 276 639,16	25 692 639,16
SNPF	-	-	-	793 051,77	793 051,77
SWAZILAND GOVERNMENT	-	-	-	3 741 904,81	3 741 904,81
	51 792 600,00	**40 953 003,80**	**74 734 818,73**	**76 555 920,47**	**244 036 343,00**

A first bond listing of E300 million was issued with the Swaziland Stock Exchange in 2013, out of which E252.9 million was subscribed. Of that amount E16.2 million was outstanding at year end as E236.7 million had matured and had been repaid.

A second issue of E300 million was done in 2015 which was fully subscribed as at 31 March 2017. Of that amount E221.2 million was outstanding at year end as E138.1 million had matured and had been repaid.

c) Provisions

A total of E47.7 million has been charged as provisions for impaired loans and advances for the year. Of this E25.9 million relates to the parent company, Fincorp, whilst E21.8 million is for the subsidiary company, First Finance. This increases accumulated provisions to E36.9 million which represents 51% of total loan portfolio at risk and 3% of the total loan portfolio. The difference of 49% of the total loan portfolio at risk not provided for is compensated / covered by security pledged against most of these loans.

The sharp increase in level of loan provisions during the year under review is largely attributed to agricultural loans that were affected by the severe drought experienced in the Southern Africa region. General decline in domestic economic growth has resulted in negative effects on the profitability and sustainability of SMEs. Lastly timing difference on employer monthly remittances towards loan repayments for March 2017 at the subsidiary FIRST FINANCE also contributed to the increase in provisions.

d) Key performance Indicators

Performance of the group declined when compared to the previous financial period due to the reasons as indicated above.

DIRECTORS' REPORT (continued)
for the year ended 31 March 2017

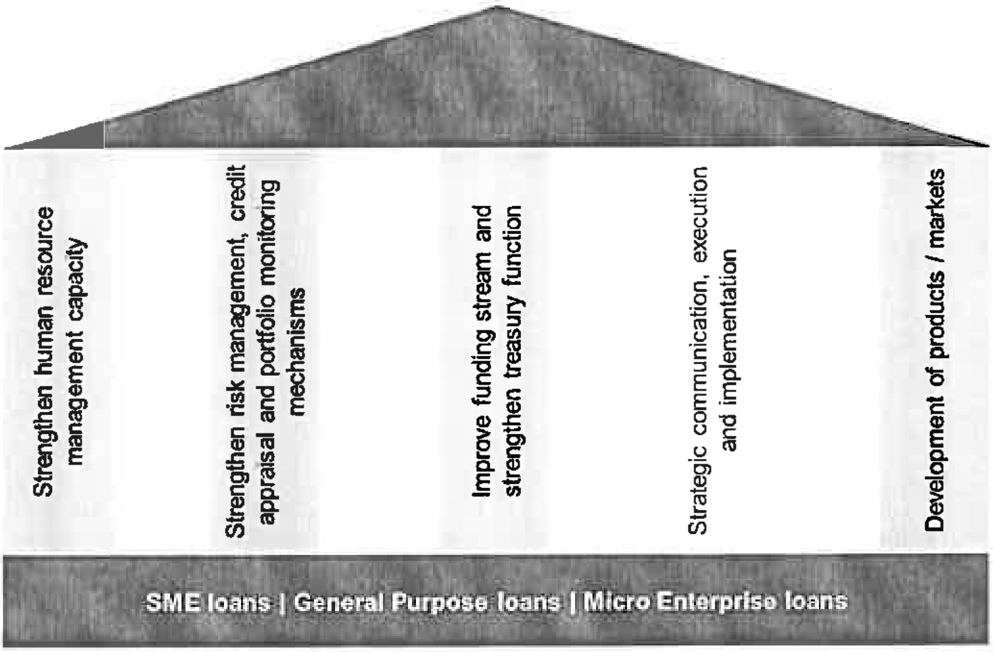
Some key performance indicators showing the performance of the corporation are shown below:

RATIOS	FINCORP	GROUP	DESCRIPTION
Profitability			
Profit Margin	3%	10%	Profit for the period / Interest Income
Portfolio Yield	15%	20%	Interest Income/Gross Portfolio.
Return on Equity	2%	4%	Net Profit / Equity.
Return on assets	0%	1%	After Tax Profit / Assets.
Portfolio Quality			
Loan Loss Reserve Ratio	10%	8%	Acc provisions / gross portfolio.
Portfolio at risk	34%	16%	Account Balances of Overdue loans / Gross Portfolio.
Write-off Ratio	5%	2%	Write-offs / Gross Portfolio.
Risk Coverage Ratio	31%	51%	Provision Reserve / Portfolio at risk (90 days overdue).
Provision Expense Ratio	7%	3%	Provision Expense / Gross Portfolio.
Financial Management			
Debt / Equity Ratio	1,43	1,47	Debt / Equity.
Debt to Assets	70%	68%	Debt / Total Assets
Debt Service Coverage Ratio	0,20	0,29	Net Profit+ depreciation+provisions+trading income + Interest Expense / Annual Debt Repayments.
Financial Expense Coverage	1,87	1,63	Interest Income / Interest Expense.
Financial Expense Ratio	19%	8%	Interest Expense to Net Portfolio.
Average Cost of Funds Ratio	9%	10%	Interest Expense / Borrowings.
Liquidity Ratio	1,69	1,59	Current Assets to Current Liabilities.
Acid Test / Quick Ratio	2,28	1,67	Current Assets less interest receivable/ Current Liabilities.
Portfolio to Assets	83%	88%	Portfolio / Assets.
Efficiency and Productivity			
Operational Self Sufficiency	126%	140%	Financial Income / Total Expenses (excl provisions).
Operational Efficiency	102%	108%	Financial Income / Total Expenses.
Financial Self Sufficiency	102%	108%	Adjusted Financial Revenue/Adjusted (Financial Expense + Impairment + Operating Expense).
Operating Expense Ratio	6%	7%	Operating Expenses/Total Assets.
Overheads Expense Ratio	3%	4%	Overhead Expenses / Total Assets.
Personnel Expense Ratio	3%	4%	Staff Costs Expenses / Total Assets.
Active Clients	1 485	17 630	
Average loan size 'E'	237 088	60 700	

DIRECTORS' REPORT (continued)
for the year ended 31 March 2017

6). STRATEGIC PLAN IMPLEMENTATION REVIEW

The current Strategic plan is for the period 01 April 2012 to 31 March 2017. The current financial year marks the final year of the life of the strategy. The core pillars of the Strategic Plan stand as shown below:



FINCORP strategic initiatives

This being the final year of the strategy, the company delivered on the strategic objectives as shown below:

Strategic Initiative	Activities	Outputs / Outcomes
Improve Funding Streams and Strengthening of the Treasury Function	Listing of the second E300 Million Medium Term Note; negotiation of a E355 Million facility from The African Development Bank and securing funding from other local sources, have adequately addressed the objectives of this strategic initiative.	Total drawdown under the second E300 Million Medium Term Note issue during the year was E158.7 Million and E75 million was raised from other local sources during the year. By the end of the financial year the relisted bond of E300 Million had been fully subscribed. An additional E59.3 Million was raised under promissory notes.
Strengthening of Risk Management mechanisms, Credit Appraisals and Portfolio Monitoring	The training of officers under the credit department on credit appraisal and risk management is a continuous process through the existing forums of SADC DFRC and AADFI. The implementation of the Commonwealth Business Process Re-engineering report is work-in-progress	The Board adopted the implementation of the Commonwealth Secretariat Report with a few amendments and the company has been implementing the recommendation over the years.

DIRECTORS' REPORT (continued)
for the year ended 31 March 2017

Strategic Initiative	Activities	Outputs / Outcomes
Strengthen Human Resource Management Capacity.	Strengthening of HR function was achieved through the setting up of a separate department and the appointment of the Human Resource and Administration Manager. Furthermore processes are underway to rollout an HR Management Software.	Handling of staff development related issues and all other industrial relations matters has drastically improved. Furthermore the delivery of services to clients has improved as a result as the employees continue to be trained.
Strategic Communication, Execution and Implementation	Activities including the Stakeholder Engagement Forum held in November 2013; Siphofaneni and Tshaneni Branch opening in 2014 and 2015 presented a good platform for the organization to communicate its strategic initiatives. Meanwhile internal Strategic communication with staff continues to be undertaken from time to time. Publication of annual reports was undertaken throughout the five year period.	Indications are that stakeholders are now more aware of who we are and what we stand for as an organization. Staff is adequately informed in terms of future direction of the organization and expectations from the different strategic business units within the organization. Monitoring of key departmental deliverables is still a continuous exercise.
Development of Products/Markets	A country wide market research was commissioned and undertaken by UNISWA Consultancy & Training Centre (CTC). The main aim of the survey is to better understand the product and service needs of our existing and potential clients.	The research was concluded and presented to the Board of Directors during the third quarter of the financial year wherein it was adopted. Implementation of the findings continue to be work in progress.

DIRECTORS' REPORT (continued)
for the year ended 31 March 2017

7). REGULATORY REQUIREMENTS

The company fully satisfied the licensing requirements of the Financial Services Regulatory Authority (FSRA) and was accordingly given the license to operate as an authorized Financial Services Provider over and above the oversight control that is exercised by the Ministry of Finance under the Public Enterprise Unit.

8). THE MANAGEMENT OF RISK

Risk Management Framework and Objectives

The Board acknowledges its responsibility for establishing and communicating appropriate risk and control policies and ensuring that adequate risk management processes are in place. The Corporation has a number of committees which deal with the various aspects on policies for accepting risks, including approval of loans and advances, use of limits and avoiding undue concentrations of risk as detailed below:

Responsibility for an Audit, Finance and Risk Committee

An Audit Committee, appointed by the Corporation's Board, is in place to assist the Board in discharging its risk management obligations.

The principal objective of the Corporation's Audit, Finance and Risk Management committee are to:

- Review the Corporation's risk philosophy, strategy, policies and processes recommended by Executive Management;
- Review compliance with risk policies and with the overall risk profile of the Corporation
- Review and assess the integrity of the process and procedures for identifying, assessing, recording and monitoring of risk;
- Review the adequacy and effectiveness of the Corporation's risk management function and its implementation by management;
- Ensure that material corporate risks have been identified, assessed and received attention; and
- Provide the Board with an assessment of the state of risk management within the Corporation.
- Act as an effective communication channel between the Board on one hand and the External Auditors and the Head of Internal Audit on the other;
- Satisfy the Board that adequate internal, financial and operating controls are being identified, addressed and monitored by management and that material corporate risks have been identified and are being contained and monitored through the Corporation's risk committee; and
- Enhance the quality, effectiveness, relevance and communication value of the published financial statements and other public documentation of a financial nature issued by the Corporation, with focus being placed on the actuarial assumptions, parameters, valuations and reporting guidelines and practices adopted by the statutory actuary as appropriate to the Corporation's life insurance activities.

DIRECTORS' REPORT (continued)
for the year ended 31 March 2017

Responsibility for an Audit, Finance and Risk Committee (continued)

A significant part of Corporation's business involves the acceptance and management of risk. Primary responsibility for risk management at an operational level rests with the Executive Committee. The Corporation's risk management processes, of which the systems of internal, financial and operating controls are an integral part, are designed to control and monitor risk throughout the Corporation. For effectiveness, these processes rely on regular communication, sound judgement and a thorough knowledge of the products and markets by the people closest to them. Management and various specialist committees are tasked with integrating the management of risk into the day-to-day activities of the Corporation.

Remuneration Committee

The Corporation's Remuneration Committee principal objectives are as follows:

- Ensuring that the Corporation recruits and retains staff that is of relevant qualification and good caliber for the maintenance of a quality portfolio.
- Developing and monitoring strategies and general guidelines for employee compensation, including variable plans and retirement compensation;
- Approving variable pay under the previous year's plan (beginning of each year);
- Preparation of the long-term variable plan for the referral to the Board and subsequent resolution by the General Meeting of Shareholders, and
- Preparation of the targets for variable pay for the following year for resolution by the Board.

Executive Committee

This Committee's principal objectives are as follows:

- This committee is responsible for all the implementation of the policies and recommendations of the other committees.
- It ensures the proper administration and functioning of the Corporation.
- It ensures proper reporting to all the other Committees and third parties.

Credit Committee

The Corporation's Finance and Credit Committee's principal objectives pertaining to risk are as follows:

- Ensure that the Corporation ensures approval of high quality of loan investments.
- Ensure compliance to lending policies of the organization
- Ensure consistent maintenance of high quality loan portfolio.
- Ensure proper approval of annual budgets and adherence there-to.

9) SPECIAL PROJECTS

a) Branch Rollout Strategy

The official launch of the Tshaneni and Nhlangano Branches was successfully conducted in March 2015 following their being opened to the public as a test phase in January 2015. The people of Tshaneni showed great appreciation for the new branch and are visiting our offices in large numbers as manifested by the growth of the portfolio. Meanwhile the new branch for the subsidiary at Nhangano has shown positive growth signs notwithstanding the curtailed lending operations across the Group.

DIRECTORS' REPORT (continued)
for the year ended 31 March 2017

10). SHARE CAPITAL

The authorized share capital is 10,000 ordinary shares at E1.00 each of which 1,000 ordinary shares were issued at a premium of E84 224.07 per share, and has remained unchanged during the year.

11). DIVIDENDS

The Directors have recommended that a dividend equivalent to 10% of profits after tax be paid for the period under review.

12). BOARD OF DIRECTORS

The directors who acted during the period are:

Board Member	Representing	Appointed	Current Renewal
Mr. Musa Dlamini, Chair	Swaziland Government	17 September 2008	27 September 2014
Mr. Dumisani Msibi	Group Managing Director	01 February 2016	-
Mr. Musa Mdluli	Tibiyo TakaNgwane	08 September 2005	01 September 2014
Mr. Simanga Simelane	Tibiyo TakaNgwane	08 September 2005	01 September 2014
Mr. Wandile Mathonsi	Swaziland Government	15 February 2017	-
Ms. Phindile Dlamini	Swaziland Government	15 November 2010	02 February 2015
Mr. Vusi Dlamini	Swaziland Government	11 July 2016	-
Ms. Maureen Gabuza	Tibiyo TakaNgwane	01 April 2012	01 April 2015
Prof. Patricia Joubert	Swaziland Government	15 February 2017	-

13). AUDIT COMMITTEE MEMBERS

The Audit Committee members who acted during the period are:

Mr. Musa Mdluli	Chairperson, Representing Tibiyo Takangwane
Mr. Simanga Simelane	Representing Tibiyo TakaNgwane
Prof. Patricia Joubert	Representing Swaziland Government
Ms. Vusi Dlamini	Representing Swaziland Government
Mr. Dumisani Msibi	Group Managing Director

DIRECTORS' REPORT (continued)
for the year ended 31 March 2017

14). REMUNERATIONS COMMITTEE MEMBERS

The Remuneration Committee members who acted during the period are:

Ms. Maureen Gabuza	Chairperson, Representing Tibiyo TakaNgwane
Mr. Wandile Mathonsi	Representing Swaziland Government
Ms. Phindile Dlamini	Representing Swaziland Government
Mr. Dumisani Msibi	Group Managing Director

15). SECRETARY OF THE CORPORATION

The Secretary of the Corporation is: Mr. Sikolemaswati Ntshalintshali

16). BANKERS

The Bankers of the Corporation are:

First National Bank Swaziland Limited
PO Box 261
EVENI
Swaziland

Nedbank Swaziland Limited
PO Box 68
MBABANE
Swaziland

Standard Bank Swaziland Limited
PO Box A294
SWAZI PLAZA
Swaziland

17). BUSINESS AND POSTAL ADDRESS OF THE CORPORATION

Business Address:

7th Floor Dlanubeka Building
Corner of Mdada and Lalufadlana Streets
MBABANE
Swaziland

Postal Address:

PO Box 6099
MBABANE
Swaziland
H100

18). AUDITORS

The Auditors of the Corporation are Pricewaterhouse Coopers

Business Address:

Rhus Office Park
Kal Grant Street
MBABANE
Swaziland

Postal Address:

PO Box 569
MBABANE
Swaziland
H100

DIRECTORS' REPORT (continued)
for the year ended 31 March 2017

19). EVENTS SINCE BALANCE SHEET DATE

(a) Have been fully taken into account insofar as they have a bearing on the amounts attributed to assets and/or liabilities at that date;

(b) Apart from changes in the ordinary course of business, have not made the present financial position substantially different from that shown by the balance sheet;

(c) Have not required adjustments to the fair value measurements and disclosures included in the financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
for the year ended 31 March 2017

	Notes	Group 2017 E'000	Group 2016 E'000	Company 2017 E'000	Company 2016 E'000
Revenue					
Interest income	27	**133 089**	111 212	**109 364**	83 184
Interest expense	28	**(83 572)**	(69 600)	**(58 559)**	(49 547)
Net interest income		**49 517**	41 612	**50 805**	33 637
Fee income	29	**84 311**	78 811	**2 033**	2 607
Net trading expense	30	**(287)**	(14 766)	**(287)**	(14 766)
Other operating income	31	**6 238**	6 459	**20 712**	19 974
Net interest income before impairment of loans and advances		**139 779**	112 116	**73 263**	41 452
Impairment of loans and advance	39	**(47 027)**	(15 926)	**(25 243)**	(8 936)
Net interest income after impairment of loans and advances		**92 752**	96 190	**48 020**	32 516
Employee compensation and benefits	33	**(40 351)**	(37 031)	**(24 044)**	(21 869)
General and administrative expenses	32	**(32 718)**	(28 864)	**(17 852)**	(18 030)
Depreciation of property, plant and equipment and amortisation of intangible assets	32	**(1 743)**	(1 940)	**(1 295)**	(1 401)
Income/(loss) from operations		**17 940**	28 355	**4 829**	(8 784)
Income tax expense	34	**(5 018)**	(11 936)	**(1 405)**	(1 645)
Profit/(loss) for the year		**12 922**	16 419	**3 424**	(10 429)
Total profit/(loss) Attributable to:					
Owners of the parent		**12 922**	16 419	**3 424**	(10 429)
		12 922	16 419	**3 424**	(10 429)

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION
at 31 March 2017

	Note	Group 2017 E'000	Group 2016 E'000	Company 2017 E'000	Company 2016 E'000
ASSETS					
Goodwill	43.2	**736**	736	-	-
Property, plant and equipment	36	**14 974**	16 375	**12 731**	13 805
Intangible assets	37	**457**	603	**457**	603
Loans and advances	38	**988 127**	1 033 825	**313 332**	371 623
Amounts due from related parties	58	-	-	**488 142**	374 853
Investment in subsidiary	43	-	-	**13 995**	13 995
Financial investments	40	**1 956**	1 628	**1 956**	1 628
Other assets	41	**20 589**	19 178	**59 730**	85 444
Non-Current Assets held for sale	41.1	-	3 500	-	3 500
Cash and cash equivalents	42	**91 805**	50 191	**49 137**	26 127
Deferred tax asset	35	**3 821**	2 807	**3 317**	2 452
Taxation asset	48	**1 583**	-	**1 847**	3 103
Total assets		**1 124 048**	1 128 843	**944 644**	897 133
EQUITY AND LIABILITIES					
Shareholders' funds					
Ordinary share capital	44	**1**	1	**1**	1
Share premium	44	**184 224**	184 224	**184 224**	184 224
General risk reserve	45	**9 502**	10 577	**6 159**	7 314
Retained income		**111 829**	98 655	**28 228**	24 472
Total equity		**305 556**	293 457	**218 612**	216 011
Liabilities					
Borrowings	46	**786 941**	793 349	**593 699**	600 142
Trade and other payable	47	**26 353**	32 768	**129 300**	78 958
Taxation payable	48	-	5 898	-	-
Provisions	49	**5 198**	3 371	**3 033**	2 022
Total liabilities		**818 492**	835 386	**726 032**	681 122
Total equity and liabilities		**1 124 048**	1 128 843	**944 644**	897 133

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 March 2017

	Share capital E'000	Share premium E'000	General Risk reserve E'000	Retained Income E'000	Total Equity E'000
GROUP -2017					
Balance at 31 March 2016	**1**	**184 224**	10 577	**98 655**	**293 457**
Shareholders capital contribution	-	-	-	-	-
Total comprehensive income for the year	-	-	-	12 922	12 922
Profit for the year	-	-	-	12 922	12 922
Dividends paid				(823)	(823)
Transfer from General Risk Reserve	-	-	(1 075)	1 075	-
Balance at 31 March 2017	1	**184 224**	**9 502**	**111 829**	**305 556**
GROUP -2016					
Balance at 31 March 2015	1	184 224	11 945	80 868	277 038
Shareholders capital contribution	-	-	-	-	-
Total comprehensive income for the year	-	-	-	16 419	16 419
Profit for the year	-	-	-	16 419	16 419
Other comprehensive Income					
Transfer from General Risk Reserve	-	-	(1 368)	1368	-
Balance at 31 March 2016	1	184 224	10 577	98 655	293 457

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY (continued)
for the year ended 31 March 2017

	Share capital	Share Premium	General risk reserve	Retained income	Total equity
	E'000	E'000	E'000	E'000	E'000
COMPANY - 2017					
Balance at 31 March 2016	1	**184 224**	**7 314**	**24 472**	**216 011**
Total comprehensive income for the year	-	-	-	**2 601**	**2 601**
Profit for the year	-	-	-	**3 424**	**3 424**
Dividends paid				**(823)**	**(823)**
Transfer from General Risk Reserve	-	-	(1 155)	1 155	-
Balance at 31 March 2017	1	**184 224**	**6 159**	**28 228**	**218 612**
COMPANY - 2016					
Balance at 31 March 2015	1	184 224	8 954	33 261	226 440
Shareholders capital contribution	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(10 429)	(10 429)
Profit for the year	-	-	-	(10 429)	(10 429)
Other comprehensive Income					
Transfer from General Risk Reserve	-	-	(1 640)	1 640	-
	1	184 224	7 314	24 472	216 011

CONSOLIDATE AND SEPARATE STATEMENTS OF CASHFLOWS
for the year ended 31 March 2017

	Notes	Group		Company	
		2017 E'000	2016 E'000	**2017 E'000**	2016 E'000
Cash flows from operating activities					
Cash utilised from operations	52	**68 599**	(38 403)	**37 242**	(33 766)
Income taxes paid	48	**(13 515)**	(9 624)	**(1 017)**	(1 609)
		55 084	(48 027)	**36 225**	(35 375)
Cash flows from investing activities					
Purchase of property, plant and equipment	36	**(218)**	(3 299)	**(97)**	(2 057)
Purchase of intangible assets	37	**-**	(275)	**-**	(275)
Proceeds from sale of property, plant and equipment		**1 023**	2 368	**1 023**	2 368
Increase in shareholders' funds		**-**	-	**-**	(1 803)
Acquisition of financial instrument		**(328)**	(106)	**(328)**	(106)
		477	(1 312)	**598**	(1 873)
Cash flows from financing activities					
Proceeds from long-term financing		**182 590**	209 925	**182 456**	127 487
Borrowing repayments		**(195 714)**	(108 582)	**(195 446)**	(66 780)
Dividends paid to shareholders		**(823)**	-	**(823)**	-
		(13 947)	101 343	**(13 813)**	60 707
Net increase in cash and cash equivalents		**41 614**	52 004	**23 010**	23 461
Cash and cash equivalents at beginning of the year		**50 191**	(1 813)	**26 127**	2 666
Cash and cash equivalents at the end of the year	42	**91 805**	50 191	**49 137**	26 127

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31March 2017

1. General Information

Swaziland Development Finance Corporation ('the company') and its subsidiary (together, "the group") carries on the business of advancing business and general purpose loans to members of the public.

Swaziland Development Finance Corporation Limited is a limited liability company incorporated and domiciled in Swaziland.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of Swaziland Development Finance Corporation Limited have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRIC Interpretations and Swaziland Companies Act of 2009 provisions applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention,. The following are measured at fair value; derivative financial instruments at fair value through profit or loss and available-for-sale financial assets.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in accounting policy 2.1.

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the company

IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the company's financial statements.

IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS36 by the issue of IFRS 13.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 April 2016 will not have a material impact on the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(b) New standards, amendments and interpretations

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

2.1 Basis of preparation (continued)

(b) New standards, amendments and interpretations (continued)

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The company is yet to assess IFRS 9's full impact.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

3. Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the by virtue of de-facto control. De-facto control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the relevant activities.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

3. Consolidation (continued)

(a) Subsidiaries

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

4. Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Lilangeni (E), which is the company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains – net'.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

5. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use by management. After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on the reducing balance method to write off the cost or revalued amount of the asset to their residual value over their estimated useful lives as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

5. Property, plant and equipment (continued)

The principal annual rates used for this purpose are:-

Computer Equipment	33⅓%
Furniture and fittings	10%
Office furniture	10%
Motor vehicle	20%-25%

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in operating profit. When revalued assets are sold, the amounts included in fair value reserves are transferred to retained earnings.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the assets when it is probable that future economic benefits will flow to the Corporation. Major renovations are depreciated over the remaining useful life of the related assets.

6. Intangible assets

a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquire over the fair value of the identifiable net assets acquired.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

b) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised at cost as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

6. Intangible assets (continued)

b) *Computer software* (continued)

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

7. Impairment of non-financial assets

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

8. Loans and advances

Loans and advances are recognised when cash is advanced to borrowers. They are derecognised when either borrower(s) repay their obligations, or the loans are sold or written off, or substantially all the risks and rewards of ownership are transferred.

They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less impairment losses. Where loans and advances are hedged by derivatives designated and qualifying as fair value hedges, the carrying value of the loans and advances so hedged includes a fair value adjustment for the hedged risk only.

9. Loans and advance impairment

Losses for impaired loans are recognised promptly when there is objective evidence that impairment of a loan or portfolio of loans has occurred. Impairment allowances are calculated on individual loans and on Corporations of loans assessed collectively. Impairment losses are recorded as charges to the income statement. The carrying amount of impaired loans on the statement of financial position is reduced through the use of impairment allowance accounts. Losses expected from future events are not recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

9. Loans and advance impairment (continued)

Individually assessed loans and advances

For all loans that are considered individually significant, the Corporation assesses on a case-by-case basis at each statement of financial position date whether there is any objective evidence that a loan is impaired. For those loans where objective evidence of impairment exists, impairment losses are determined considering the following factors:

- the Corporation's aggregate exposure to the customer;
- the viability of the customer's business model and their capacity to trade successfully out of financial difficulties and generate sufficient cash flow to service debt obligations;
- the amount and timing of expected receipts and recoveries;
- the likely dividend available on liquidation or bankruptcy;
- the extent of other creditors' commitments ranking ahead of, or *pari passu* with, the Corporation and the likelihood of other creditors continuing to support the Corporation;
- the complexity of determining the aggregate amount and ranking of all creditor claims and the extent to which legal and insurance uncertainties are evident;
- the realisable value of security (or other credit mitigants) and likelihood of successful repossession;
- the likely deduction of any costs involved in recovery of amounts outstanding;

Impairment losses are calculated by discounting the expected future cash flows of a loan at its original effective interest rate, and comparing the resultant present value with the loan's current carrying amount.

For Sugar Loan impairment model the entity uses the following key assumptions;

The Sugar price per ton
The Yield per hectare
The sucrose level/content
The production cost per hectare
The effective interest rate.

The provision model for the sugar cane loans uses the discounted cashflow model, that is, discounting the yield from the Farmers' Sugar proceeds over the life of the loan agreement. The NPV of the discounted cashflows is compared to the carrying amount of the loan and if the Carrying amount is greater than the NPV of the net cash inflows the excess is recognised as an impairment.

The rationale for this approach is that the Sugar Farming Loans are specific loans and the repayments towards this loans are derived from the sale of the Sugar Cane to the local Sugar Millers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

9. Loans and advance impairment (continued)

Individually assessed loans and advances (continued)

A change of +/-10% in Sugar Price per ton at the reporting date would have increased (decreased) profit or loss and provision for doubtful debtors by the amounts shown below:

Loan provisions 2017	**E**	**E**
	Equity	**Profit or loss**
Increase in price per ton by 10%	**(2 459 696)**	**(2 459 696)**
Decrease in price per ton by 10%	**2 459 696**	**2 459 696**

Loan provisions 2016	E	E
	Equity	Profit or loss
Increase in price per ton by 10%	(1 967 757)	(1 967 757)
Decrease in price per ton by 10%	1 967 757	1 967 757

A change of +/-1% in the effective interest rate at the reporting date would have increased (decreased) profit or loss and provision for doubtful debtors by the amounts shown below:

Loan provisions 2017	**E**	**E**
	Equity	**Profit or loss**
Increase in effective interest rate by 1%	**(96 624)**	**(96 624)**
Decrease in effective interest rate by 1%	**96 624**	**96 624**

Loan provisions 2016	E	E
	Equity	Profit or loss
Increase in effective interest rate by 1%	(77 299)	(77 299)
Decrease in effective interest rate by 1%	77 299	77 299

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

9. Loans and advance impairment (continued)

Individually assessed loans and advances (continued)

A change of +/-10% in Yield per hectare at the reporting date would have increased (decreased) profit or loss and provision for doubtful debtors by the amounts shown below:

Loan provisions 2017	**E**	**E**
	Equity	**Profit or loss**
Increase in yield per hectare by 10%	**(5 572 665)**	**(5 572 665)**
Decrease in yield per hectare by 10%	**5 572 665**	**5 572 665**

Loan provisions 2016	E	E
	Equity	Profit or loss
Increase in yield per hectare by 10%	(4 458 132)	(4 458 132)
Decrease in yield per hectare by 10%	4 458 132	4 458 132

Write-off of loans and advances

A loan (and the related impairment allowance account) is normally written off, either partially or in full, when there is no realistic prospect of recovery of the principal amount and, for a collateralised loan, when the proceeds from realising the security have been received.

Reversals of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the loan impairment allowance account accordingly. The write back is recognised in the income statement.

Renegotiated/rescheduled loans

Loans subject to impairment assessment whose terms have been renegotiated are no longer considered past due, but are treated as new loans for measurement purposes once the minimum number of payments required under the new arrangements has been received. Loans subject to individual impairment assessment, whose terms have been renegotiated, are subject to ongoing review to determine whether they remain impaired or should be considered past due. The carrying amounts of loans that have been classified as renegotiated retain this classification until maturity or derecognition.

Assets acquired in exchange for loans

Non-financial assets acquired in exchange for loans as part of an orderly realisation are recorded as assets held for sale and reported in 'Other assets'. The asset acquired is recorded at the lower of its fair value (less costs to sell) and the carrying amount of the loan (net of impairment allowance) at the date of exchange. No depreciation is charged in respect of assets held for sale. Any subsequent write-down of the acquired asset to fair value less costs to sell is recognised in the income statement, in 'Other operating income'. Any subsequent increase in the fair value less costs to sell, to the extent this does not exceed the cumulative write down, is also recognised in 'Other operating income', together with any realised gains or losses on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

10. Finance and Operating leases

Leases of property, plant and equipment where the Corporation has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. In all significant leasing arrangements in place during the year, the Corporation acted as a lessee.

11. Share capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

When such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in 'Total shareholders' equity', net of any directly attributable incremental transaction costs and related income tax effects.

12. Financial assets

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

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

12. Financial assets (continued)

(c) Available-for-sale financial assets (continued)

Recognition and measurement (continued)

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for- sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

13. Offset of financial assets and liabilities

Financial assets and financial liabilities are offset in the amount represented in the statement of financial position when the Corporation has a legally enforceable right to set off the recognised amount, and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

14. Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

14. Impairment of financial assets (continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

15. Revenue recognition

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

(a) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Corporation reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost–recovery basis as conditions warrant.

From an operational perspective, it suspends the accrual of interest on a loan when its recovery is considered doubtful. However, in terms of IAS 39 interest income on impaired advances is thereafter recognised based on the original effective interest rate used to determine the recoverable amount.

(b) Non-interest income

Fee income
The Corporations earns fee income from a diverse range of services provided to its customers. Fee income comprise mainly of application fee, loan monitoring fee, administration fee and management fee. Fee income is accounted for as follows:

- income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, project monitoring)
- income earned from the provision of services is recognised as revenue as the services are provided (for example, asset management, portfolio and other management advisory and service fees); and
- Income which forms an integral part loan or project appraisal (application fee) is recognised when the application of loan is being approved.

Net trading income/(expense)
Net trading income comprises all gains and losses from changes in the fair value of financial assets and financial liabilities held for trading, together with related interest income, expense and dividends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

14. Revenue recognition (continued)

(c) Non-interest income

Dividend income
Dividend income is recognised when the right to receive payment is established. This is the ex-dividend date for equity securities.

Commission income
The Corporation recognises commission income on an accrual basis when the service is rendered.

16. General Risk Reserve

General provisions which are calculated at 2% of the net loans after specific provisions are dealt with within the statement of changes in equity as appropriation of retained earnings. This treatment is in accordance with the Corporation policies.

17. Financial Instruments

Financial instruments carried in the statement of financial position include cash and bank balances, investments, receivables, trade creditors, leases and borrowings and derivatives. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

(1) Financial risk factors

The Corporation's activities expose it to a variety of financial risks including currency risk, fair value interest risk and price risk. The Corporation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Corporation. The Corporation uses derivative financial instruments to hedge certain risk exposures.
Risk management is carried out by management under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Corporation operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk, credit risk and investing excess liquidity.

a) Market risk

Market risk comprised of three types of risks, namely: foreign exchange risk, interest rate risk and price risk.

i) Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instrument will fluctuate as a result of changes in foreign exchange rates.

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

Foreign exchange risk arises from future commercial transactions or recognised assets and liabilities are denominated in the currency that is not the entity's functional currency.

As at 31 March 2017, if the Lilangeni weakened by 5% against the US dollar with all the other variables held constant, post tax profits for the year would have been E (1 890 828) (2016: E 3 117 775) lesser mainly as a result of foreign exchange losses on the translation of US dollar denominated borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

17. Financial Instruments (continued)

(1) Financial risk factors (continued)

a) Market Risk (continued)

ii) Price risk

Price risk includes equity price risk and cash flow and interest rate risk.

1) Equity Price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

The Corporation is currently not exposed to equity price risk because at the statement of financial position date there were no investments held by the Corporation and classified either as available for sale or at fair value through profit and loss.

The permanent shares at Swaziland Building Society classified as "available-for-sale" are not exposed the equity price risk since they are redeemable at nominal value.

Cash flow and interest rate risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rates.

As the Corporation has significant interest-bearing assets, the Corporation's income and operating cash flows are substantially independent of changes in the market interest rates. The Corporation has no policies in place to hedge against fluctuating interest rate.

The Corporation's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Corporation to cash flow interest rate risk. Borrowings and long-term loans issued at fixed rates expose the Corporation to fair value interest rate risk. Currently the corporation has borrowings at both floating and fixed interest rates. Borrowings obtained at fixed interest rates are on-lent on loans at fixed interest rates. Loans that are issued at floating interest rates are financed and matched with borrowings that are at floating rates. As such the Corporation is not exposed to fair value interest rate risk.

During 2017 and 2016, the Corporation's borrowings at variable rates were denominated in the Swaziland lilangeni and US Dollars.

The Corporation analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Corporation calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

17. Financial Instruments (continued)

(1) Financial risk factors (continued)

a)Market risk (continued)

ii)Price risk (continued)

A change of 50 basis points in prime lending rates at the reporting date would have increased (decreased) profit or loss after tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2016:

GROUP AND COMPANY	Profit or loss		Equity	
	2017	2016	**2017**	2016
	E'000	E'000	**E'000**	E'000
Increase of 50 basis points	**5 781**	5 917	-	-
Decrease of 50 basis points	**(5 781)**	(5 917)	-	-

The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the management.

The table below gives an indication of the Group's monetary sensitivity to changes in interest rates in 2017.

	Financial Investment	Cash at bank	Loans and advance	Borrowings
	E'000	E'000	E'000	E'000
Base amounts	1 956	91 805	988 127	786 941
Interest plus 1%	25	12	10 253	7 776
Interest less 1%	(25)	(12)	(10 253)	(7 776)

17. Financial Instruments

b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation and cause the Corporation to incur a financial loss.

The Corporation has exposure to credit risk, which is the risk that a counterpart will be unable to pay amounts in full when due. Key areas where the Corporation is exposed to credit risk are:

- loans and advances,
- other assets,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

17. Financial Instruments (continued)

b) Credit risk (continued)

The Corporation structures the levels of credit risk it accepts by placing limits on its exposure to a single counterpart, or Corporations of counterparties. Such risks are subject to an annual or more frequent review.

The major concentration of credit risk arises from the Corporation's receivables and investment securities in relation to the nature of customers and issuers. Collateral is required in respect of loans issued by the Corporation. Reputable financial institutions are used for investing and cash handling purposes.

Mechanisms are in place to monitor the risk of default by individual loan holders. Exposures to individual loan holders and Corporation of loan holders are collected within the ongoing monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual loan holders, or homogenous Corporation of loan holders, a financial analysis carried out by the Corporation.

Quality control and risk department makes regular reviews to assess the degree of compliance with the Corporation procedures on credit and the overall control environment.

At the statement of financial position date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

The table below shows the security deposit and balance of the ten major counterparties at the statement of financial position date.

GROUP AND COMPANY

	31 March 2017		31 March 2016	
Counterparty	**Balance E'000**	**Security valuation E'000**	Balance E'000	Security valuation E'000
Emtini (Pty) Ltd	**25 782**	**29 000**	27 232	29 000
DD4 Investments (Pty) Ltd – lease	**15 823**	**-**	12 621	-
Hhohho Cotton Growers	**15 800**	**1 585**	17 889	-
Swaziland perishable foods (Pty) Ltd	**13 558**	**13 370**	11 686	13 370
Dudas Investments (Pty) Ltd	**10 949**	**1 400**	6 217	1 400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

17. Financial Instruments (continued)

	31 March 2017		31 March 2016	
Counterparty	**Balance E'000**	**Security valuation E'000**	Balance E'000	Security valuation E'000
Lomdashi Limited	**8 879**	**-**	15 785	-
Agritech Investments	**6 675**	**1 510**	6 299	1 510
Greenacres Tutorial Academy	**6 038**	**3 810**	5 264	3 810
Vukani Farmers Association	**5 487**	**428**	6 084	428
Qwabe Claribel	**5 337**	**684**	7 483	684

The securities placed as collateral are all land & buildings.

d) Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in raising funds to meet commitments associated with financial instruments.

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

Management monitors rolling forecasts of the Corporation's liquidity reserve (comprises undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow.

Forecasted liquidity reserve per 31 March 2017 is as follows:

	31-Mar-2018 E'000	**2017 E'000**
Opening balance for the period	**29 091**	**18 095**
Net Operating proceeds	**(15 982)**	**(62 069)**
Net cash from investing activities	**(17 627)**	**(500)**
Net cash inflow from financing Activities	**56 551**	**73 565**
At End of the year	**52 033**	**29 091**

The above forecasted liquidity analysis uses the forecasted cashflow for the upcoming financial year ending 31 March 2018. The forecasted cashflow include estimated growth in loans and advances and outflows to finance the business.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

17. Financial Instruments (continued)

(d) Liquidity risk (continued)

GROUP

31 March 2017

	Less than 1 year E'000	Between 1 and 2 years E'000	Between 2 and 5 years E'000	Over 5 years E'000	Total E'000
Financial Liabilities:					
Trade and other payables	**26 353**	-	-	-	**26 353**
Other short-term liabilities	**5 198**	-	-	-	**5 198**
Overdraft	-	-	-	-	-
Borrowings	**365 941**	**337 646**	**82 162**	**1 193**	**786 941**
	397 492	**337 646**	**82 162**	**1 193**	**818 492**

2016

	Less than 1 year E'000	Between 1 and 2 years E'000	Between 2 and 5 years E'000	Over 5 years E'000	Total E'000
Financial Liabilities:					
Trade and other payables	38 666	-	-	-	38 666
Other short-term liabilities	3 371	-	-	-	3 371
Overdraft	-	-	-	-	-
Borrowings	406 263	124 808	212 278	50 000	793 349
	442 402	124 808	212 278	50 000	835 386

COMPANY

31 March 2017

	Less than 1 year E'000	Between 1 and 2 years E'000	Between 2 and 5 years E'000	Over 5 years E'000	Total E'000
Financial Liabilities:					
Trade and other payables	**129 300**	-	-	-	**129 300**
Bank overdraft	-	-	-	-	-
Other short-term liabilities	**3 033**	-	-	-	**3 033**
Long term liabilities	**362 698**	**147 646**	**82 162**	**1 193**	**593 699**
	495 031	**147 646**	**82 162**	**1 193**	**726 032**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

2016

31 March 2016					
Financial Liabilities:					
Trade and other payables	78 958	-	-	-	78 958
Bank overdraft	-	-	-	-	-
Other short-term liabilities	2 022	-	-	-	2 022
Long term liabilities	403 187	124 808	72 147	-	600 142
	484 167	124 808	72 147	-	681 122

17. Financial Instruments

(d) Liquidity risk (continued)

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

In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or enter into further financing as applicable.

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

(2) Capital risk management (continued)

During the year ended 2017, the Group's strategy, was to maintain a gearing ratio not exceeding 1:4 (80%). The gearing ratios as at 31 March 2017 and 2016 were as follows:

	Group		Company	
	2017	2016	**2017**	2016
	E'000	E'000	**E'000**	E'000
Total borrowings	**786 941**	793 349	**593 699**	600 142
Long term borrowings (Note 40)	**786 941**	793 349	**593 699**	600 142
Bank overdraft (Note 42)	-	-	-	-
Less: cash and cash equivalents	**(91 805)**	(50 191)	**(40 937)**	(26 127)
Net debt	**695 136**	743 158	**552 762**	574 015
Total equity	**305 556**	293 494	**218 612**	216 011
Total capital	**1 000 692**	1 036 652	**771 374**	790 026
Gearing ratio	**69%**	72%	**72%**	73%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

(3) Fair value estimation

The fair value of financial instruments traded in active market (such as trading and available for sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Corporation is the current bid price.

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

For financial assets and liabilities with maturity of less than one year, the face value less any estimated credit adjustments are assumed to approximate their fair values.

17. Financial Instruments

Effective 1 January 2006, the company adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

GROUP	Loans and advances	Other assets	Cash and cash equivalents	Financial instruments	Total
	E'000	E'000	E'000	E'000	E'000
As at 31 March 2017					
Fair value measurement hierarchy levels:					
- Level 1	-	-	-	-	-
- Level 2	-	-	91 805	-	91 805
- Level 3	988 127	20 589	-	1 956	1 010 672
	988 127	20 589	91 805	1 956	1 102 477

Level 3 Disclosure

i) Loans and advances

Methods and assumptions used in the valuation:
The company uses the discounted cashflows of the loans to estimate their fair value. The discounted cashflows are performed over the life of the loan in line with each individual loan agreement. The company uses an imputed discount rate to calculate the cashflows over the life of the loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

17. Financial Instruments (continued)

ii) Other assets

Methods and assumptions used in the valuation:
Other assets comprises of loans and advances to staff and other related party receivables. The company assumes that the carrying amount approximates the fair value.

iii) Financial instruments

Methods and assumptions used in the valuation:
Financial instruments are investment held at cost with local financial institutions. The company assumes that the carrying amount approximates the fair value.

As at 31 March 2016					
Fair value measurement hierarchy levels:					
- Level 1	-	-	-	-	-
- Level 2	-	-	50 191	-	50 191
- Level 3	1 033 825	19 178	-	1 628	1 054 631
	1 033 825	19 178	50 191	1 628	1 104 822

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

17. Financial Instruments (continued)

(3) Fair value estimation (continued)

COMPANY

	Loans and Advance	Other assets	Cash and cash equivalents	Financial instruments	Total
	E'000	E'000	E'000	E'000	E'000
As at 31 March 2017					
Fair value measurement hierarchy levels:					
- Level 1	-	-	-	-	-
- Level 2	-		49 137	-	49 137
- Level 3	801 474	59 730	-	1 956	863 160
	801 474	59 730	49 137	1 956	912 297

COMPANY

	Loans and Advance	Other assets	Cash and cash equivalents	Financial instruments	Total
	E'000	E'000	E'000	E'000	E'000
As at 31 March 2016					
Fair value measurement hierarchy levels:					
- Level 1	-	-	-	-	-
- Level 2	-		26 127	-	26 127
- Level 3	746 476	85 444	-	1 628	833 548
	746 476	85 444	26 127	1 628	859 675

18. Provisions

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

18. Provisions (continued)

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held with banks, other short term high liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are included within borrowings in current liabilities on the statement of financial position.

20. Property in possession

In certain circumstances, property is repossessed following the foreclosure on loans that are in default. Repossessed properties are measured at the lower of carrying amount and fair value less costs to sell and reported within 'Other assets'.

21. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

22. Borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred, when they become party to the contractual provisions. Borrowings are subsequently stated at amortised cost using the effective interest rate method; any difference between the proceed (net of transaction value) and the redemption value is recognised in the income statement over the period of the borrowings.

23. Employee benefits

Short-term employee benefits
The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The provision for employee entitlements to salaries and annual leave represent the amount that the Corporation has a present obligation to pay, as a result of employees' services provided up to the statement of financial position date. The provision has been calculated at undiscounted amounts based on current salary rates.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

23. Employee benefits (continued)

Termination benefits
Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Corporation recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

Performance bonus
A liability for employee benefits in the form of performance bonus is recognised in current provisions when there is no alternative but to settle the liability, and at least one of the following conditions is met;

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or
- past practice has created a valid expectation by employees that they will receive a bonus and the amount can be determined before the time of issuing the financial statements.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

24. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical information, experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The corporation makes estimates and assumptions concerning the future. The resulting accounting estimate will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of loans and receivables within the next financial year as discussed below.

Estimated impairment of loans and receivables
The Corporation tests annually whether loans and receivables suffered any impairment in accordance with the accounting policy stated in 23. The recoverable amounts of loans and receivables have been determined based on discount cash inflows. These calculations require the use of estimates (Note 37 and 38).

25. Derecognition of financial assets and liabilities

Financial assets are derecognised when the contractual right to receive cash flows from the assets has expired; or when the Corporation has transferred its contractual right to receive the cash flows of the financial assets, and either:
– Substantially all the risks and rewards of ownership have been transferred; or
– The Corporation has neither retained nor transferred substantially all the risks and rewards, but has not retained control.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

26. Comparative Figures

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

	Group		Company	
27 Interest income	**2017 E'000**	2016 E'000	**2017 E'000**	2016 E'000
Revenue consists of the aggregate of interest income received and accrued.				
The analysis of interest income by category/section is as follows:				
Business loans	**16 794**	14 214	**16 794**	14 214
Micro loans	**158**	125	**158**	125
General purpose loans	**89 564**	79 352	**-**	-
Intercompany loan	**-**	-	**65 840**	51 324
Agriculture loans	**12 454**	7 875	**12 454**	7 875
Sugar cane loans	**14 119**	9 646	**14 118**	9 646
	133 089	111 212	**109 364**	83 184

Included in interest income is interest income amounting to E8 122 507 (2016: E6 498 006) earned from impaired loans.

	Group		Company	
28 Interest expenditure	**2017 E'000**	2016 E'000	**2017 E'000**	2016 E'000
The analysis of interest expense by category is as follows:				
Bank overdraft	**377**	227	**43**	50
Interest on customer security deposits	**310**	185	**310**	185
Interest payable on long term loans	**82 885**	69 188	**58 206**	49 312
	83 572	69 600	**58 559**	49 547

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

28 Interest expenditure (continued)

28.1 The analysis of interest expenditure by measurement is as follows:

COMPANY	Measured at fair value E'000	Measured at amortised cost E'000	Total E'000
31 March 2017			
Bank overdraft	-	**43**	**43**
Interest on security deposits	-	**310**	**310**
Interest payable on long term loans	-	**58 206**	**58 206**
Total interest expense	-	**58 559**	**58 559**
31 March 2016			
Bank overdraft	-	50	50
Interest on security deposits	-	185	185
Interest payable on long term loans	-	49 312	49 312
Total interest expense	-	49 547	49 547

GROUP	Measured at fair value E'000	Measured at amortised cost E'000	Total E'000
31 March 2017			
Bank overdraft	-	**377**	**377**
Interest on security deposits	-	**310**	**310**
Interest payable on long term loans	-	**82 885**	**82 885**
Total interest expense	-	**83 572**	**83 572**
31 March 2016			
Bank overdraft	-	227	227
Interest on security deposits	-	185	185
Interest payable on long term loans	-	69 188	69 188
Total interest expense	-	69 600	69 600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

	Group		Company	
29 Fee income	**2017**	2016	**2017**	2016
	E'000	E'000	**E'000**	E'000
Facility fee	**1 377**	1 983	**1 377**	1 983
Application fee	**1 545**	1 782	**136**	194
Settlement fee	**2 799**	2 357	**-**	-
Administration fee	**78 590**	72 689	**520**	430
	84 311	78 811	**2 033**	2 607

	Group		Company	
	2017	2016	**2017**	2016
	E'000	E'000	**E'000**	E'000
30 Net trading expense				
Foreign exchange losses on long term loan	**(287)**	(14 766)	**(287)**	(14 766)
	(287)	(14 766)	**(287)**	(14 766)

	Group		Company	
31 Other operating income	**2017**	2016	**2017**	2016
	E'000	E'000	**E'000**	E'000
Interest on bank deposits	**1 629**	926	**1 222**	800
Insurance commission (31.1)	**3 038**	3 666	**-**	-
Management fees receivable from subsidiary	**-**	-	**17 934**	17 342
Interest on staff loans	**1 134**	912	**1 134**	912
Other non-interest income	**437**	955	**422**	920
	6 238	6 459	**20 712**	19 974

	Group		Company	
31.1 Insurance commission	**2017**	2016	**2017**	2016
	E'000	E'000	**E'000**	E'000
First Finance	**-**	-	**-**	-
Fincorp	**-**	-	**-**	-
Finsure	**3 038**	3 666	**-**	-
	3 038	3 666	**-**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

		Group 2017	2016	Company 2017	2016
32	**Income from operation before income tax**	**E'000**	E'000	**E'000**	**E'000**
	Income from operations before income tax is arrived at after taking into account the following items:				
	External Auditors remuneration	**1 033**	1 210	**567**	742
	First Finance	**461**	468	**-**	-
	Fincorp	**567**	742	**567**	742
	Finsure	**5**	-	**-**	-
	Depreciation on property, plant and equipment and amortisation	**1 743**	1 940	**1 295**	1 401
	Property, plant and equipment (Note 36)	**1 597**	1 743	**1 149**	1 204
	Amortisation of Intangible assets (Note 37)	**146**	197	**146**	197
	Net impairment charges and other credit risk	**47 027**	15 926	**25 243**	8 936
	Loan impairment charges and other credit risk	**21 884**	13 718	**10 172**	7 096
	Bad debts written off	**26 258**	3 177	**15 928**	2 549
	Bad debts recovered	**(1 115)**	(969)	**(857)**	(709)
	Director expenses	**830**	830	**645**	645
	First Finance	**103**	103	**-**	-
	Fincorp	**645**	645	**645**	645
	Finsure	**82**	82	**-**	-
	Donations	**264**	175	**228**	155
	First Finance	**21**	20	**-**	-
	Fincorp	**228**	155	**228**	155
	Finsure	**15**	-	**-**	-
	Legal fees	**617**	533	**553**	401
	First Finance	**14**	129	**-**	-
	Fincorp	**553**	401	**553**	401
	Finsure	**50**	3	**-**	-
	(Profit) on disposal on property, plant and equipment	**(1 000)**	(114)	**(1 000)**	(114)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

32 Income from operation before income tax *(continued)*

	Group 2017 E'000	Group 2016 E'000	Company 2017 E'000	Company 2016 E'000
Repairs and maintenance	**224**	284	**146**	137
First Finance	**76**	84	**-**	-
Fincorp	**146**	137	**146**	137
Finsure	**2**	63	**-**	-
Operating lease rentals	**3 174**	2 837	**1 423**	1 423
First Finance	**1 487**	1 331	**-**	-
Fincorp	**1 560**	1 423	**1 423**	1 423
Finsure	**127**	83	**-**	-
Professional fees	**410**	689	**410**	689
First Finance	**-**	-	**-**	-
Fincorp	**410**	689	**410**	689
Finsure	**-**	-	**-**	-
Employee compensation and benefits (note 33)	**40 351**	37 031	**24 044**	21 869
First Finance	**14 460**	13 385	**-**	-
Fincorp	**24 044**	21 869	**24 044**	21 869
Finsure	**1 847**	1 777	**-**	-
Travelling and entertainment & International conferences	**965**	860	**952**	844
First Finance	**13**	16	**-**	-
Fincorp	**952**	844	**952**	844
Finsure	**-**	-	**-**	-

33 Employee compensation and benefits

	Group 2017 E'000	Group 2016 E'000	Company 2017 E'000	Company 2016 E'000
Salaries and wages	**28 962**	25 182	**16 822**	15 101
Provident Fund Contributions	**146**	175	**22**	65
Pension costs (defined contribution plan)	**3 528**	3 268	**2 054**	1 850
Staff group life cover	**369**	369	**202**	217
Staff training	**2 066**	1 502	**2 044**	1 496
Medical aid contribution	**3 510**	3 442	**1 889**	1 955
Leave, bonus & gratuity payment	**1 770**	3 093	**1 011**	1 185
	40 351	37 031	**24 044**	21 869

The average number of persons employed during the year was 51 at Fincorp and 42 and 6 at First Finance and Finsure respectively (2015:42 at Fincorp, 39 at First Finance and 6 at Finsure).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31March 2017

34 Income tax expense

	Group 2017 E'000	Group 2016 E'000	Company 2017 E'000	Company 2016 E'000
Tax debit to the income statement	**5 018**	11 936	**1 407**	1 645
Swaziland normal	**6 034**	11 295	**2 272**	817
Current year tax charge	**6 034**	11 295	**2 272**	817
Prior year tax charge	**-**	-	**-**	-
-Deferred tax (refer note 35)	**(1 016)**	641	**(865)**	828
	5 018	11 936	**1 407**	1 645
Taxation rate reconciliation: The income tax charge for the year can reconciled to the effective rate of taxation in Swaziland as follows:				
Accounting profit	**17 940**	28 355	**4 829**	(8 784)
Tax calculated at standard rate 27.5%	**4 934**	7 798	**1 327**	(2 416)
Non deductable expenses	**84**	4 138	**80**	4 061
Tax on permanent differences	**84**	4 140	**80**	4 061
Utilisation of unrecognised deferred tax	**-**	(2)	**-**	-
Income tax expense	5 018	11 936	**1 405**	1 645

The current year effective tax rate for the Company and the Group is 27.5% and 27.5% respectively (2016: 27.5% for both group and company).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

35 Deferred tax

Deferred income taxes are calculated in full on temporal differences under the liability method using a principal tax rate of 27.5%. Deferred tax arises from the following item:

	Group		Company	
	2017	2016	**2017**	2016
The movement on the deferred income tax account is as follows:	**E'000**	E'000	**E'000**	E'000
At the beginning of the year	**2 807**	3 448	**2 452**	3 280
Income statement charge (refer note 34)	**1 014**	(641)	**865**	(828)
Deferred tax asset at year end	**3 821**	2 807	**3 317**	2 452

GROUP

	Opening balance	**Charged to Profit or loss**	**Closing Balance**
	E'000	**E'000**	**E'000**
31 March 2017			
Deferred tax liabilities and assets:			
Provisions	**2 826**	1 014	**3 840**
Assessed loss	**-**	-	**-**
Prepayments	**(19)**	-	**(19)**
	2 807	**1 014**	**3 821**
31 March 2016			
Deferred tax liabilities and assets:			
Provisions	2 528	298	2 826
Assessed loss	975	(975)	-
Prepayments	(55)	36	(19)
	3 448	(641)	2 807

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31March 2017

35 Deferred tax (continued)

COMPANY

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the period is as follows:-

	Opening balance E'000	Charged to profit or loss E'000	Closing Balance E'000
31 March 2017			
Deferred tax liabilities and assets:			
Provisions	2 455	865	3 320
Assessed loss	-	-	-
Prepayments	(3)	-	(3)
	2 452	865	3 317
31 March 2016			
Deferred tax liabilities and assets:			
Provisions	2 307	148	2 455
Assessed loss	975	(975)	-
Prepayments	(2)	(1)	(3)
	3 280	(828)	2 452

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

36 Property, plant and equipment

GROUP	Computer equipment	Furniture & fittings	Office equipment	Motor vehicles	Land & Buildings	Total
	E'000	E'000	E'000	E'000	E'000	E'000
Year ended 31 March 2017						
Opening Balance	1 323	2 250	1 334	3 870	7 598	16 375
Additions	116	32	70	-	-	218
Disposal at cost	(42)	(23)	-	-	-	(65)
Disposal	29	14	-	-	-	43
Depreciation	(394)	(240)	(130)	(833)	-	(1 597)
Closing net book amount	1 032	2 033	1 274	3 037	7 598	14 974
At 31 March 2017						
Cost	3 337	3 446	2 091	5 716	7 598	22 188
Accumulated depreciation	(2 305)	(1 413)	(817)	(2 679)	-	(7 214)
Carrying amount at year end	1 032	2 033	1 274	3 037	7 598	14 974

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

36 Property, plant and equipment (continued)

GROUP

	Computer equipment E'000	Furniture & fittings E'000	Office equipment E'000	Motor vehicles E'000	Land & Buildings E'000	Total E'000
Year ended 31 March 2016						
Opening Balance	1 258	2 216	1 248	3 342	9 206	17 270
Additions	532	274	314	2 179	-	3 299
Disposal at cost	(125)	(8)	(48)	(1 742)	(1 608)	(3 531)
Disposal	111	2	42	925	-	1 080
Depreciation	(453)	(234)	(222)	(834)	-	(1 743)
Closing net book amount	1 323	2 250	1 334	3 870	7 598	16 375
At 31 March 2016						
Cost	3 263	3 437	2 021	5 716	7 598	22 035
Accumulated depreciation	(1 940)	(1 187)	(687)	(1 846)	-	(5 660)
Carrying amount at year end	1 323	2 250	1 334	3 870	7 598	16 375

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

36 Property, plant and equipment (continued)

COMPANY

	Computer equipment E'000	**Furniture & fittings E'000**	**Office equipment E'000**	**Motor vehicles E'000**	**Land & Buildings E'000**	**Total E'000**
Year ended 31 March 2017						
Opening Balance	598	1 498	783	3 328	7 598	13 805
Additions	71	3	23	-	-	97
Disposal at cost	(42)	(23)	-	-	-	(65)
Disposal	29	14	-	-	-	43
Depreciation	(206)	(150)	(75)	(718)	-	(1 149)
Closing net book amount	450	1 342	731	2 610	7 598	12 731
At 31 March 2017						
Cost	2 010	2 395	1 259	4 738	7 598	18 000
Accumulated depreciation	(1 560)	(1 053)	(528)	(2 128)	-	(5 269)
Carrying amount at year end	450	1 342	731	2 610	7 598	12 731

COMPANY

	Computer equipment E'000	Furniture & fittings E'000	Office equipment E'000	Motor vehicles E'000	Land & Buildings E'000	Total E'000
Year ended 31 March 2016						
Opening Balance	746	1 633	753	2 869	9 206	15 207
Additions	130	33	115	1 779	-	2 057
Disposal at cost	(116)	(3)	-	(1 559)	(1 608)	(3 286)
Disposal	106	-	-	925	-	1 031
Depreciation	(268)	(165)	(85)	(686)	-	(1 204)
Closing net book amount	598	1 498	783	3 328	7 598	13 805
At 31 March 2016						
Cost	1 979	2 414	1 236	4 737	7 598	17 964
Accumulated depreciation	(1 381)	(916)	(453)	(1 409)	-	(4 159)
Carrying amount at year end	598	1 498	783	3 328	7 598	13 805

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

37 Intangible Assets

	Computer Software E'000	Total E'000
COMPANY AND GROUP		
Year ended 31 March 2017		
Opening Balance	603	603
Additions	-	-
Amortisation	(146)	(146)
Closing net book amount	457	457
At 31 March 2017		
Cost	1 688	1 688
Accumulated amortisation	(1 231)	(1 231)
Carrying amount at year end	457	457
Year ended 31 March 2016		
Opening Balance	525	525
Additions	275	275
Amortisation	(197)	(197)
Closing net book amount	603	603
At 31 March 2016		
Cost	1 688	1 688
Accumulated amortisation	(1 085)	(1 085)
Carrying amount at year end	603	603

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

38	Loans and advances	Group 2017 E'000	Group 2016 E'000	Company 2017 E'000	Company 2016 E'000
	Line of credit				
	Sugar cane loans	**107 276**	138 517	**107 276**	138 517
	Agricultural loans	**90 055**	101 246	**90 055**	101 246
	Business loans	**145 209**	152 113	**145 209**	152 113
	Micro loans	**1 354**	1 303	**1 354**	1 303
	Kobwa loans	**285**	184	**285**	184
	Intercompany loan	-	-	**488 142**	374 853
	Consumer loans	**717 975**	693 759	-	-
	Invoice discounting	**99**	138	-	-
	Other loans	**11 676**	12 133	**5 326**	5 891
	Gross advances	**1 073 929**	1 099 373	**837 647**	774 107
	Less: Impairment	**(85 802)**	(65 548)	**(36 173)**	(27 631)
	- sugar cane loans	**(12 199)**	(12 828)	**(12 199)**	(12 828)
	- business loans	**(12 121)**	(11 805)	**(12 121)**	(11 805)
	- agricultural loans	**(11 853)**	(2 998)	**(11 853)**	(2 998)
	- general purpose loans	**(49 629)**	(37 917)	-	-
	Total loans and advances	**988 127**	1 033 825	**801 474**	746 476

NOTES TO THE CON SOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

38 Loans and advances (continued)

A maturity analysis of loans and advances is set out below and is based on the remaining periods to contractual maturity from the year end.

The maturity of loans and advance is as follows:	**Group**		**Company**	
	2017	2016	**2017**	2016
	E'000	E'000	**E'000**	E'000
Not later than 1 year	**522 073**	466 704	**483 081**	435 940
Later than 1 year and not later than 2 years	**112 865**	78 719	**56 308**	26 279
Later than 3 years	**353 189**	488 402	**262 085**	284 257
	988 127	1 033 825	**801 474**	746 476

The effective interest rates on receivables (current and non-current) were as follow:

	Company and Group	**Company**
	2017	2016
	%	%
Business and other loans	**13.5**	13.25
Sugar cane loans	**11**	11
General purpose loans	**12**	12

The analysis of sugar cane loans is as follows:-

Sugar cane loans	**107 276**	138 517
Loans financed internally sourced funds	**(84 923)**	(116 164)
Loans financed by African Development Bank Funds	**22 353**	22 353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

38 Loans and advances (continued)	Group 2017 E'000	Group 2016 E'000	Company 2017 E'000	Company 2016 E'000
Sector analysis of loans and advance is as follows:				
Construction	**7 444**	9 025	**7 444**	9 025
Education	**8 877**	5 572	**8 877**	5 572
Forestry	**23 978**	21 977	**23 978**	21 977
Fruits and vegetables	**21 057**	23 315	**21 057**	23 315
General business	**30 787**	53 017	**30 787**	53 017
General purpose loans	**718 074**	693 897	-	-
Grocery and retailing	**9 400**	3 637	**9 400**	3 637
Hawking	**494**	602	**494**	602
Heavy Haulage	**64 837**	65 664	**64 837**	65 664
Hospitality	**31 002**	27 232	**31 002**	27 232
Intercompany loan	-	-	**488 142**	374 853
Livestock	**1 224**	8 433	**1 224**	8 433
Maize and other cereal	**7 275**	9 461	**7 275**	9 461
Other Agricultural activities	**8 741**	6 492	**8 741**	6 492
Sugar cane farming	**107 276**	138 517	**107 276**	138 517
Transport services	**21 787**	20 419	**21 787**	20 419
Other loans	**11 676**	12 133	**5 326**	5 891
	1 073 929	1 099 373	**837 647**	774 107
Impairment of loans and advances	**(85 802)**	(65 548)	**(36 173)**	(27 631)
	988 127	1 033 825	**801 474**	746 476

The fair values of loans and advances are as follows:

GROUP AND COMPANY

	Group 2017 E'000	Group 2016 E'000	Company 2017 E'000	Company 2016 E'000
Sugar cane loans	**107 277**	125 690	**107 277**	125 690
Business loans	**236 902**	240 042	**236 902**	240 042
General purpose loans	**718 074**	655 980	-	-
Loan to related company	-	-	**488 142**	374 853
Other loans	**11 676**	12 133	**5 326**	5 891
	1 073 929	1 099 373	**837 647**	774 107

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

38 Loans and advances (continued)

The above values of loans and advances approximate fair value. There is no concentration of credit risk with respect to loans and advances, as the Corporation has a large number of clients that are industry dispersed. The Corporation's historical experience in collection of loans and advances falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Corporations' loans and advances. The maximum exposure to credit risk at the reporting date is the fair value of each class of loans and advances mentioned above. The Corporation does hold collateral as security on some loans and advance. Loans and advances that are less than three months past due are not considered impaired. As of 31 March 2017, loans and advances of E 234 275 283 (2016: E 44 195 099) for company and for group E 890 470 000 (2016: E 145 586 429) were past due but not impaired. These relate to a number of independent loan accounts which are adequately secured.

The ageing analysis of these loans and advances that are past due but not impaired is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	E'000	E'000	**E'000**	E'000
From 31 - 90 days	**890 470**	145 586	**234 275**	44 195
	890 470	145 586	**234 275**	44 195

As of 31 March 2017, loans and advances of E 156 009 129 (2016: E 64 272 000) were impaired and provided for, the amount of the provision was E 27 630 075 (2016: E 20 534 493). The individually impaired loans and advances were mainly relating to sugar cane farmers and business and other agricultural loans, which are in unexpectedly difficult economic situations. The ageing of these receivables is as follows:

GROUP AND COMPANY	**Group**		**Company**	
The ageing analysis of these loans and advances is as follows:				
	2017	2016	**2017**	2016
	E'000	E'000	**E'000**	E'000
Up to 3 months	**10 604**	10 527	**10 527**	6 670
Over 3 months	**75 198**	55 021	**17 104**	13 864
	85 802	65 548	**27 631**	20 534
The carrying amounts of the Corporation's loans and advances are denominated in the following currencies:				
Emalangeni (SZL)	**1 073 929**	1 099 373	**837 647**	774 107

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

38 Loans and advances (continued)

38.1 Impairment of advances

	Group		Company	
	2017	2016	**2017**	2016
	E'000	E'000	**E'000**	E'000
Analysis of movement in impairment of advances At 31 March 2017				
Opening balance	**65 548**	51 830	**27 631**	20 535
Net new impairments created/reversed (Note 39)	**21 882**	13 718	**10 170**	7 096
Loans written-off against provisions	**(1 628)**	-	**(1 628)**	-
At 31 March 2017	**85 802**	65 548	**36 173**	27 631

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

	Group		Company	
	2017	2016	**2017**	2016
	E'000	E'000	**E'000**	E'000
39 Impairment of loans and advances				
Bad debts write-off	**26 258**	3 177	**15 928**	2 549
Provision raised/(reversed) in the current year *(note 38.1)*	**21 882**	13 718	**10 170**	7 096
Bad debts recovered	**(1 113)**	(969)	**(855)**	(709)
	47 027	15 926	**25 243**	8 936
40 Financial investment				
Swaziland Building Society permanent shares	**1 956**	1 628	**1 956**	1 628

The investment has been pledged as security in respect of staff housing loans with Swaziland Building Society (refer note 50).
The carrying amount of the investments approximates fair value. The shares will be redeemed at nominal value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

		Group		Company	
		2017	2016	**2017**	2016
		E'000	E'000	**E'000**	E'000
41	**Other assets**				
	Other receivables from related company	-	-	**39 304**	69 229
	Staff loans	**13 053**	13 549	**13 053**	13 549
	Prepayments	**(44)**	72	**13**	13
	Other receivables	**7 580**	5 557	**7 360**	2 653
		32 265	34 791	**65 056**	94 835
41.1	**Non-Current Assets held for sale**				
	Land and Buildings	-	3 500	-	3 500
	The non-current asset held for sale is repossessed property which was used as collateral for a loan. The company has the intention and ability to dispose the property through sale in the property market within 12 months from financial year ended 30 June 2016.				
	Profit/(loss) sale of non-current assets				
	Proceeds	**4 500**	-	**4 500**	-
	Carrying amount	**(3 500)**	-	**(3 500)**	-
	Profit on sale	**1 000**	-	**1 000**	-
	The profit on sale was recognised in other income.				
42	**Cash and cash equivalents**				
	Cash in hand	**329**	315	**282**	270
	Cash at bank	**91 476**	49 876	**48 855**	25 857
		91 805	50 191	**49 137**	26 127
	For the purpose of cash flow statement, cash and cash equivalent comprise the following:				
	Cash and bank balance	**91 805**	50 191	**49 137**	26 127
	Bank overdraft	-	-	-	-
	Cash and cash equivalents	**91 805**	50 191	**49 137**	26 127

42.1 First National Bank of Swaziland Limited

First National Bank of Swaziland Limited

The Corporation has an overdraft facility with First National Bank of Swaziland Limited of E3 000 000 to be utilised for working capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

43 Investment in subsidiaries

	2017	2016
First Finance Company (43.1)	11 436	11 436
Finsure Insurance Brokers (43.2)	2 559	2 559
Total	13 995	13 995

43.1 First Finance Company

On 1 April 2010 the company acquired shares at 100% in First Finance Company (Pty) Ltd, a company incorporated for administration of the general purpose loans portfolio of the company. There was no goodwill which arose due to the acquisition of the wholly owned subsidiary as the consideration made for the investment was equal to the net assets value of the company's assets.

	First Finance E'000
Loans and advances	100 527
Motor vehicles	324
Leased motor vehicles	156
Office Furniture	106
Computer Equipment	130
Office fittings	193
Long term borrowings	(90 000)
Total Net asset value	11 436
Non-controlling interest(Fair value)	-
Total consideration transferred	11 436
Consideration discharged other than transferring cash	(11 436)
Consideration discharged in cash	-
Cash and cash equivalents acquired	-
Net decrease in cash and cash equivalents	-

The consideration transferred relates to the total assets net of the borrowings, as First Finance Company is required to repay back the E 90 million as a loan was granted to First finance at acquisition.

Loans and advances acquired in the business combination have been recognised at their Fair value of E100 627 954 which was equal to the gross contractual amounts receivable at the acquisition date and there was no amounts expected to be not collectible.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31March 2017

43.2 Finsure Insurance Brokers

On 1 January 2015 the company acquired 100% in Finsure Insurance Brokers a company incorporated in Swaziland. Goodwill that arose as a result of the transaction amounted to E 930 041. On finalisation of the purchase, the purchase consideration was reduced by E 193 429 which resulted in the new goodwill balance of E 736 512.

Goodwill is monitored by management at the level of the operating segment identified. An asset-level summary of the goodwill allocation is presented below.

	Finsure Insurance Brokers E' 000
Property plant and equipment	12
Shareholders loan	100
Current tax prepayment	11
Trade debtors	562
Cash and cash equivalents	52
Goodwill	736

Significant estimate: key assumptions used for value-in-use calculations

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which the CGU operates.

	Finsure Insurance Brokers E' 000
Property plant and equipment	15
Shareholders loan	127
Current tax prepayment	14
Trade debtors	715
Cash and cash equivalents	66
Trade payables	(322)
Trust creditors	(789)
Total Net asset value	(174)
Non-controlling interest(Fair value)	-
Purchase consideration	562
Goodwill/(Purchase bargain)	736

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31March 2017

43.2.2 Movement in investment in subsidiary

	2017	2016
Opening balance	**2 559**	756
Additional capital investment	**-**	1 803
Closing balance	**2 559**	2 559

In 2016 the company injected capital of E 1 803 000 to Finsure. These funds were to fund capital infrastructure.

44 Share capital

The share capital of the Corporation consists of the following:

Authorised 10 000 ordinary shares at E1 each	**10**	10
Issued 1 000 ordinary shares of E 1 each *	**1**	1
* *- amounts are less than E1,000*		
Premium on issue of shares	**184 224**	184 224

45 General risk reserve

The general risk reserve arises from the disclosure requirement as per the Corporation's policy regarding the treatment of general provisions. General provisions are accounted for through the statement of changes in equity in the general risk reserve. General provisions which are calculated at 2% for the company and at 0.5% for the Subsidiary, of the net loans after specific provisions totalling E 740 585 360 (2016: E 740 585 360) for the company and E 655 979 098 (2015: E 601 614 099) for the subsidiary.

	Group		**Company**	
	2017 **E'000**	2016 E'000	**2017** **E'000**	2016 E'000
Opening balance	**10 577**	11 945	**7 315**	8 941
General provisions movement for the period	**(1 075)**	(1 368)	**(1 156)**	(1 626)
Closing balance	**9 502**	10 577	**6 159**	7 315

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

for the year ended 31March 2017

46 Borrowings

	Group		Company	
	2017	2016	**2017**	2016
	E' 000	E'000	**E'000**	E'000
Non-current (Note 46.1)	**467 367**	477 962	**274 123**	254 755
Current (Note 46.1)	**319 576**	345 387	**319 576**	345 387
Total borrowings	**786 941**	793 349	**593 699**	600 142

46.1 Long term loans

		Group		Company	
		2017	2016	**2017**	2016
		E'000	E'000	**E'000**	E'000
The analysis of long term loans is as follows:					
Swaziland Government	46.1.1	**18 204**	17 404	**18 204**	17 404
Swaziland Government – ADB	46.1.2	**79 669**	80 238	**79 669**	80 238
ICDF - Taiwan Loan	46.1.3	**37 817**	62 235	**37 817**	62 235
Swaziland National Provident Fund	46.1.4	**9 343**	(42)	**9 343**	(42)
Norsad	46.1.5	**1 755**	6 124	**1 755**	6 124
Kobwa loan fund	46.1.6	**1 194**	1 194	**1 194**	1 194
African Alliance	46.1.7	**76 172**	21 994	**76 172**	21 994
Public Service Pension Fund	46.1.8	**193 242**	193 207	**-**	-
PEU Loan	46.1.9	**20 750**	20 146	**20 750**	20 146
Swaziland Empowerment Limited	46.1.10	**42 985**	11 441	**42 985**	11 441
Stanlib	46.1.11	**54 563**	54 687	**54 563**	54 687
Medium Term Notes	46.1.12	**251 247**	324 721	**251 247**	324 721
Total long term loans		**789 641**	793 349	**593 699**	600 142

46.1.1 Swaziland Government

The loan with the Swaziland Government (E 10 million), received 11 February 2003, is for a 10 year period at 8% interest per annum payable semi-annually on 30 June and 31 December. The capital amount is payable in two instalments of E5m on 30 June 2008 and 30 June 2013.

46.1.2 Swaziland Government – ADB

The African Development Bank (ADB) in terms of which the bank advanced E150 million to the Government for the purposes of financing agricultural activities on the Komati Downstream Development Project. For this purpose, the Swaziland Government advanced E75 million to Swaziland Development Finance Corporation Limited. The amount has been advanced to the Corporation in five tranches of E12,500,000, E12,500,000, E19,230,000, E10 823 355 and E 7 200 000 at 10.5% per annum. The principal and interest payments shall commence 2 years after date of disbursement, with the first payment made on 31 December 2006. The loan shall be repaid over a period of 10 years and the last payment due on 31 December 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31March 2017

46. Borrowings (continued)

46.1.3 International Corporation for Development Finance (ICDF) Taiwan Loan

The International Corporation for Development Finance (ICDF) Taiwan granted Swaziland Development Finance Corporation a loan facility of 10 million United Stated Dollars and the first disbursement of USD$4 million was received in April 2013. This facility will be drawn in three tranches of USD $4 million (as received), and two tranches of USD$3 million. The term of the loan is 7 years with a grace period of 2 years and the interest rate is fixed at 4.5%. The loan will be repayable in full in January 2019.

46.1.4 Swaziland National Provident Fund

The Swaziland National Provident Fund (SNPF) loan agreement in terms of which will lend Swaziland Development Finance Corporation Limited E 10 million. Interest is calculated at prime plus one percent (prime +1%) per annum on the outstanding balance. The loan shall be settled in September 2021.

46.1.5 Norsad

The Current Norsad Finance loan agreement is for an advance of E12.1 million to Swaziland Development Finance Corporation. Interest is at variable interest rate of prime plus 100 basis points per annum calculated on the outstanding balance. The repayments shall be made in 7 years inclusive of one (1) grace period. Amounts due as a percentage of totals disbursed shall be 4.17% and interest is payable quarterly in March, June, September and December. The loan shall be settled in September 2017.

46.1.6 Kobwa loan fund

The Kobwa revolving fund is aimed at assisting residents of the communities that were displaced by Maguga and Driekopis dams. A large number of budding entrepreneurs are increasingly becoming aware of the opportunities presented by the revolving fund. The Corporation only helps in the administration of the loan fund and charges only a management fee on the management services provided to the Fund.

46.1.7 African Alliance

African alliance has loan agreements in terms of which the following loans were given :

E75 Million loan
The Corporation currently has two Promissory Note to African Alliance for E75 million signed on 23 December 2016 and 20 February 2017, for E 30 million and E 45 million, respectively. These notes are due for settling on 23rd June 2017 and 21st August 2017, respectively.

46. Borrowings (continued)

46.1.8 Public Service Pension Fund

The loan with Public Service Pension Fund amounting to E 140 million was granted 12 November 2013; with interest at prime plus 2.5%, as published by Swaziland Development and Savings bank, payable semi-annually. The loan shall be settled on the 12 November 2018.

An additional borrowing of E 50 000 000 was secured with the Public Service Pension Fund. The borrowing attracts a floating interest rate of prime plus 2.5% with interest being payable quarterly and the capital portion payable on 6 August 2021.

46.1.9 Public Enterprise Unit

Interest on the E20 Million Public Enterprise Unit loan is payable at a fixed rate of 6.5% and paid half yearly whilst the capital shall be repaid in five annual instalments of E 4 Million from 22 June 2012.

46.1.10 Swaziland Empowerment Limited

The SEL loan of E 42 million is payable at the end of 12 months. The loan was granted on 20 December 2016 and attracts a variable interest of prime plus 1.5% compounded quarterly.

46.1.11 Stanlib

The Stanlib loan is for E20M with interest rates at 9% and E24.5M at an interest rate of 9%.

46.1.12 E300 Million Medium Term Note

A first bond listing of E300 million was issued with the Swaziland Stock Exchange in 2013, out of which E252.9 million was subscribed. Of that amount E16.2 million was outstanding at year end as E236.7 million had matured and had been repaid.

A second issue of E300 million was done in 2015 and from that issue, E359.3 million had been subscribed as at 31 March 2017. Of that amount E237.5 million was outstanding at year end as E138.1 million had matured and had been repaid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2017

46 Borrowings (continued)

46.2 The maturity of the long term borrowing is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	E'000	E'000	**E'000**	E'000
Within 1 year	**365 940**	406 263	**362 698**	403 187
Between 1 and 2 years	**287 646**	124 808	**147 646**	124 808
Between 2 and 5 years	**132 162**	212 278	**82 162**	72 147
Over 5 year	**1 193**	50 000	**1 193**	-
Total long term borrowings	**786 941**	793 349	**593 699**	600 142
Long term loans-minimum payments				
Not later than 1 year	**445 756**	436 150	**417 339**	413 896
Later than 1 year and not later than 2 years	**271 825**	323 882	**112 995**	301 869
Later than 2 year and not later than 5 years	**166 417**	253 437	**116 417**	95 283
Later than 5 years	-	65 514	-	-
	837 634	1 039 331	**603 629**	774 472
Future finance charges on loans	**(97 057)**	(285 634)	**(53 052)**	(210 906)
	786 941	793 349	**593 699**	600 142

The carrying amounts and fair value of the long term loans are as follow:

	Group Carrying Amount E'000	**Company** Carrying Amount E'000	Fair Values E'000
Swaziland Government	**10 000**	10 000	**17 843**
Swaziland Government – ADB	**61 167**	**61 167**	**77 411**
SNPF	**9 207**	**9 207**	**9 341**
Norsad Agency	**1 746**	**1 746**	**1 700**
ICDF Taiwan loan	**37 576**	**37 576**	**37 193**
PEU-Public Enterprise Unit	**20 703**	**20 703**	**20 484**
Kobwa	1 194	1 194	**1 194**
Public Service Pension Fund	**190 000**	-	**193 866**
Swaziland Empowerment Limited	**42 979**	**42 979**	**42 641**
Stanlib	**53 500**	**53 500**	**54 536**
African Alliance	**75 000**	**75 000**	**76 141**
Medium Term Note	**237 505**	**237 505**	**254 709**
Other loans	**46 364**	**43 122**	**46 364**
	786 941	**593 699**	**833 423**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2017

		Group		Company	
47	**Trade and other payables**	**2017**	2016	**2017**	2016
		E'000	E'000	**E'000**	E'000
	Trade payables	**12 914**	14 805	**12 218**	9 605
	Accruals	**1 945**	2 874	**1 810**	2 071
	Security deposits	**323**	7 989	**323**	7 989
	Amounts due to First Finance	**-**	-	**106 817**	52 265
	Suspended interest	**8 123**	7 045	**8 123**	7 045
	Guarantee funds	**3 048**	55	**9**	(17)
		26 353	32 768	**129 300**	78 958
48	**Income tax liability/(Asset)**				
	Opening balance	**5 898**	4 227	**(3 103)**	(2 311)
	Taxation paid during the year	**(13 515)**	(9 624)	**(1 016)**	(1 609)
	Prepayment taken over (note 43)	**-**	-	**-**	-
	Current year tax (refer note 34)	**6 034**	11 295	**2 272**	817
	Closing balance	**(1 583)**	5 898	**(1 847)**	(3 103)

49 Provisions

GROUP	**Performance bonus and gratuity E'000**	**Leave pay E'000**	**Total E'000**
31 March 2017			
At 1 April 2016	1 915	1 456	**3 371**
Additional provision	5 089	149	**5 238**
Utilised during the year	(3 411)	-	**(3 411)**
At year-end	3 593	1 605	**5 198**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2017

49 Provisions (continued)

GROUP

	Performance bonus and gratuity E'000	Leave pay E'000	Total E'000
31 March 2016			
At 1 April 2016	3 049	1 014	4 063
Additional provision	1 405	785	2 190
Utilised during the year	(2 539)	(343)	(2 882)
At year-end	1 915	1 456	3 371

Analysis of total provisions:	**2017 E'000**	2016 E'000
Current	**5 198**	3 371

COMPANY

	Performance bonus and gratuity E'000	**Leave pay E'000**	**Total E'000**
31 March 2017			
At 1 April 2016	**1 105**	**917**	**2 022**
Additional provision	**3 016**	**-**	**3 016**
Utilised during the year	**(2 005)**	**-**	**(2 005)**
At year-end	**2 116**	**917**	**3 033**
31 March 2016			
At 1 April 2015	2 534	722	3 256
Additional provision	1 105	538	1 643
Utilised during the year	(2 534)	(343)	(2 877)
At year-end	1 105	917	2 022

Analysis of total provisions:	**2017 E**	2016 E
Current	**3 033**	2 022

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2017

49 Provisions (continued)

Leave pay provision

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

This provision in respect of staff and employees calculated on the number of days that the employees have not taken in respect of their leave entitlement. The anticipated utilisation of the amount provided is in the near future.

50 Contingencies

Contingent liabilities
At 31 March 2017 the Corporation had contingent liabilities in respect of a bank guarantee arising out in the ordinary course of business from which it is anticipated that no material liabilities will arise as the liability will not crystallise. In the ordinary course of business, the Corporation has given guarantees amounting to E1 956 356 (2016: E 1 628 051) to Swaziland Building Society in respect of staff housing loans.

51 Commitments

Capital Commitments
Loan amounts contracted and approved for at the statement of financial position date but not recognised in the financial statements are as follows:

	Group		**Company**	
	2017	2016	**2017**	2016
	E'000	E'000	**E'000**	E'000
Loan amounts approved but not disbursed	**56 881**	55 990	**56 473**	53 467

Current and future cash resources will fund the above loan amounts.

The future aggregate minimum lease payments under non-cancellable operating lease are as follows:	**Group**		**Company**	
	2017	2016	**2017**	2016
	E'000		**E'000**	E'000
Not later than 1 year	**1 190**	1 874	-	853
Later than 1 year and not later than 5 years	**679**	1 185	-	-
Later than 5 years	-	-	-	-
	1 869	3 059	-	853

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2017

51 Commitments (continued)

Operating lease commitments –where the Corporation is the lessee.

The Corporation entered into an operating lease agreement with Swaziland National Provident Fund Properties. Operating lease current year rentals amounts to E 67 095.88 per month with an annual fixed escalation rate of 6%.

52 Cash utilised by operations

	Group		Company	
	2017	2016	**2017**	2016
	E'000	E'000	**E'000**	E'000
Cash flows from operating activities:				
Profit/(loss) for the period before taxation	**17 939**	28 355	**4 829**	(8 784)
Adjustment for non-cash items:				
Bad debts	**26 258**	3 177	**15 928**	2 549
Impairment of loans and advances (Note 38.1)	**21 882**	13 718	**10 172**	7 096
Depreciation	**1 597**	1 743	**1 149**	1 204
Amortisation of intangible assets	**147**	197	**147**	197
Loss/(profit) on sale of fixed assets	**(1 000)**	(114)	**(1 000)**	(114)
Operating profit before working capital changes	**66 823**	47 076	**31 225**	2 148
Increase in working capital	**1 776**	(85 479)	**6 017**	(35 914)
Increase in loans and advances	**(2 881)**	(98 063)	**(81 662)**	(303 192)
Decrease in other current assets	**2 527**	(165)	**29 777**	200 678
Increase in current liabilities	**302**	13 441	**56 888**	67 834
Increase in provisions	**1 828**	(692)	**1 014**	(1 234)
Net cash outflows from operating activities	**68 599**	(38 403)	**37 242**	(33 766)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2017

53 Credit quality of financial assets

The credit quality of financial assets can be assessed by reference to the credit rating about the counterparty

GROUP

	Loans and Advance	Other assets	Cash and cash equivalents	Financial Instruments	Total
	E'000	E'000	E'000	E'000	E'000
As at 31 March 2017					
Counterparties without external credit ratings					
- Low Risk	**905 672**	**20 589**	**91 805**	**1 956**	**1 020 022**
- General Credit risk	**63 527**	-	-	-	**63 527**
- High risk	**104 730**	-	-	-	**104 730**
- Impairment	**(85 802)**	-	-	-	**(85 802)**
	988 127	**20 589**	**91 805**	**1 956**	**1 102 477**
As at 31 March 2016					
Counterparties without external credit ratings					
- Low Risk	902 916	19 178	50 191	1 628	973 913
- General Credit risk	119 846	-	-	-	119 846
- High risk	76 611	-	-	-	76 611
- Impairment	(65 548)	-	-	-	(65 548)
	1 033 825	19 178	50 191	1 628	1 104 822

COMPANY

	Loans and Advance	Other assets	Cash and cash equivalents	Financial instruments	Total
	E'000	E'000	E'000	E'000	E'000
As at 31 March 2017					
Counterparties without external credit ratings					
- Low Risk	**694 182**	**59 730**	**49 137**	**1 956**	**805 005**
- General Credit risk	**38 735**	-	-	-	**38 735**
- High risk	**104 730**	-	-	-	**104 730**
- Impairment	**(36 173)**	-	-	-	**(36 173)**
	801 474	**59 730**	**49 137**	**1 956**	**912 297**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2017

53 Credit quality of financial assets (continued)

COMPANY (continued)

	Loans and Advance E'000	Other assets E'000	Cash and cash equivalents E'000	Financial instruments E'000	Total E'000
As at 31 March 2016					
Counterparties without external credit ratings					
- Low Risk	642 204	85 444	26 127	1 628	755 403
- General Credit risk	85 422	-	-	-	85 422
- High risk	46 481	-	-	-	46 481
- Impairment	(27 631)	-	-	-	(27 631)
	746 476	85 444	26 127	1 628	859 675

The grouping of loans and advances is based on the following:

Low risk- This category is utilised for the performing loans that are classified as current, and comprise of consumer loans which are 0 to 30 days overdue.

General credit risk- This category is for all clients' accounts that are 31-120 days due. These are classified as "Watch" and 'Sub- standard"

High Risk- this category is for all high risk clients and comprises all clients immediately they are over 121 days due. These are the loans that have been classified as "Doubtful and Bad".

54 Financial instruments – maturity

The Corporation's financial instruments are made up of the following financial assets and liabilities by maturity:

GROUP	**Less than 1 year E'000**	**Between 1 and 2 years E'000**	**Between 2 and 5 years E'000**	**Over 5 years E'000**	**Total E'000**
31 March 2017					
Financial Assets:					
Other assets	20 589	-	-	-	20 589
Financial investment	1 956	-	-	-	1 956
Loans and advances	522 073	112 865	223 146	130 043	988 127
Cash and bank	91 805	-	-	-	91 805
	636 423	112 865	223 146	130 043	1 102 477
Financial Liabilities:					
Trade and other payables	26 353	-	-	-	26 353
Other short-term liabilities	5 198	-	-	-	5 198
Borrowings	365 940	287 646	132 162	1 193	786 941
	397 491	287 646	132 162	1 193	818 492

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2017

54 Financial instruments – maturity (continued)

GROUP (continued)

	Less than 1 year E'000	Between 1 and 2 years E'000	Between 2 and 5 years E'000	Over 5 years E'000	Total E'000
31 March 2016					
Financial Assets:					
Other assets	19 178	-	-	-	19 178
Financial investment	1 628	-	-	-	1 628
Loans and advances	466 704	78 719	346 615	141 787	1 033 825
Cash and bank	50 191	-	-	-	50 191
	537 701	78 719	345 615	141 787	1 104 822
Financial Liabilities:					
Trade and other payables	38 666	-	-	-	38 666
Provisions	3 371	-	-	-	3 371
Borrowings	406 263	124 808	212 278	50 000	793 349
	448 300	124 808	212 278	50 000	835 386

COMPANY

	Less than 1 year E'000	Between 1 and 2 years E'000	Between 2 and 5 years E'000	Over 5 years E'000	Total E'000
31 March 2017					
Financial Assets:					
Other assets	**59 730**	-	-	-	**59 730**
Financial investment	**1 956**				**1 956**
Loans and advances	**22 862**	**54 021**	**125 658**	**598 933**	**801 474**
Cash and bank	**49 137**	-	-	-	**49 137**
	133 685	**54 021**	**125 658**	**598 933**	**912 297**
Financial Liabilities:					
Trade and other payables	**129 300**	-	-	-	**129 300**
Other short-term liabilities	**3 033**	-	-	-	**3 033**
Borrowings	**362 698**	**147 646**	**82 162**	**1 193**	**593 699**
	459 031	**147 646**	**82 162**	**1 193**	**726 032**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2017

54 Financial instruments – maturity (continued)

COMPANY (continued)

	Less than 1 year E'000	Between 1 and 2 years E'000	Between 2 and 5 years E'000	Over 5 years E'000	Total E'000
31 March 2016					
Financial Assets:					
Other assets	85 444	-	-	-	85 444
Financial investment	1 628	-	-	-	1 628
Loans and advances	78 618	26 284	152 903	488 671	746 476
Cash and bank	26 127	-	-	-	26 127
	190 017	26 284	152 903	488 671	859 675
Financial Liabilities:					
Trade and other payables	78 958	-	-	-	78 958
Other short-term liabilities	2 022	-	-	-	2 022
Borrowings	403 187	124 808	72 147	-	600 142
	484 167	124 808	72 147	-	681 122

55 Assets charged as security for liabilities

	Group 2017 E'000	Group 2016 E'000	Company 2017 E'000	Company 2016 E'000
Financial assets pledged to secure liabilities were as follows as at 31 March 2017:				
Loans and advance	**55 720**	55 720	**53 467**	53 467
Cash and cash equivalents	**13 000**	13 000	**4 000**	4 000
Financial instrument	**1 628**	1 628	**1 628**	1 628
	70 348	70 348	**59 095**	59 095

These transactions are conducted under terms that are usual and customary to standard securities lending and repurchase agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2017

56 Litigation

The Corporation is party to a number of legal actions arising out of its normal business operations in which it has taken some of its clients for non-performing of loans and advances to court. In the on-going legal actions, there are no litigations that are against the Corporation.

Management considers that none of the actions is material, and none is expected to result in a significant favourable effect on the financial position of the Corporation, either individually or in the aggregate.

Management believes that adequate provisions have been made in respect of such litigation. The Corporation has not disclosed any contingent liability or asset associated with these legal actions because it is not practicable to do so.

57 Related party transactions

The Corporation is controlled by the Swaziland Government, which own 80% of the Corporation shares. The remaining 20% of the shares are held by Tibiyo TakaNgwane, in trust for the Swazi Nation. On the other hand the corporation is a 100% shareholder of First Finance Company (Pty) Ltd and Finsure Insurance Brokers.

The following transactions were carried out with related parties.

COMPANY

(i) **Borrowings from related parties:**	2017 E'000	2016 E'000
Amounts due to related party:		
Swaziland Government – ADB	**79 669**	80 238
Swaziland Government	**18 204**	17 404
	97 873	97 642

As at 31 March 2017, the company had three loan facilities obtained from or through the Government of Swaziland. These facilities had outstanding balances totalling E97.8million (2016: 97.6 Million) with interest rate ranging from 6.5% and 10.5%. There were no loan facilities obtained from Tibiyo TakaNgwane during the year under review.

57 Related party transactions (continued)

(ii) Loan to Group Managing Director:

	2017 E'000	2016 E'000
Balance at beginning of the year	**282**	387
Disbursed during the year	**-**	-
Interest accrued during the year	**49**	32
Loan repayments during the year	**(126)**	(137)
Balance at the end of the Period	**205**	282

The Group Managing Director has two loans with the company. One of the loans is for E 188,665. It was granted in December 2013 at staff rate. The other one is for E 200,000.00 it was granted in April 2016 at staff interest rates as well.

(iii) Loan to Board Member:

	2017 E'000	2016 E'000
Balance at beginning of the year	**217**	184
Disbursed during the year	**-**	20
Interest accrued during the year	**37**	26
Loan repayments during the year	**(4)**	(13)
Balance at the end of the Period	**250**	217

Ms Maureen Gabuza has one loan with the company. This loan was granted in September 2014 at Prime plus 4.5% interest.

(iv) Loan to W&N Enterprises (A company where Chairman of the Board has 33% shareholding)

	2017 E'000	2016 E'000
Balance at beginning of the year	**1 512**	1 354
Disbursed during the year	**-**	-
Interest accrued during the year	**242**	193
Loan repayments during the year	**-**	(35)
Balance at the end of the Period	**1 754**	1 512

Mr Musa Dlamini is a director at W&N Enterprises. His company has one loan with the company. It was granted in May 2014 at Prime plus 4.5% interest

(v) Loan to Chairman of the Board

	2017 E'000	2016 E'000
Balance at beginning of the year	**281**	406
Disbursed during the year	**6**	-
Interest and charges accrued during the year	**53**	69
Loan repayments during the year	**(57)**	(194)
Balance at the end of the Period	**283**	281

The Chairman to the Board has two loans with First Finance Company. The loans were granted in August 2014 and January 2015 respectively at commercial rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2017

57 Related party transactions (continued)

	2017 E'000	2016 E'000
Amounts due (to)/from related party		
Borrowing due from First Finance	**488 142**	374 853

The borrowing of the E 374 852 877 (2015: 108 108 752) to the company by Swaziland Development Finance was at prime plus 4.5%. The loan is payable over 20 years with a grace period of 5 years

Intercompany account-amount due to First Finance Company	**(106 316)**	(52 265)
Management fees		
Management fee due from related company	**35 275**	17 342

The company pays a charge of 2.5% of its loan portfolio at year end as management fee per annum for other function the company performs on behalf of First Finance which amongst others is the payroll function and Information Technology support.

Interest Income		
Interest receivable from related company	**3 875**	51 324

(vi) Doubtful debts
There is no provision for doubtful debts, nor any bad debt written off during the year, that relates to related parties.

58 Financial guarantees

		2017 E'000	2016 E'000
National Maize Corporation	58.1	**342**	332
Swaziland Dairy Board	58.2	**-**	42
Voluntary Deferred Pay Guarantee Fund	58.3	**38**	1 965
Shewula Account	58.4	**-**	31
FAO Grant Fund	58.5	**9 465**	39
SNTC	58.6	**62**	50
Happy Valley	58.7	**32**	151
University of Swaziland(UNISWA)	58.8	**1 125**	1 549
Swaziland post and telecommunication(SPTC)	58.9	**710**	675
Raleigh Fitkin Memorial Hospital (RFM)	58.10	**817**	226
The Times of Swaziland	58.11	**294**	609

58.1 National Maize Corporation (NMC) Guarantee
Swaziland Development Finance Corporation Limited has agreed to administer loans to local maize farmers. NMC will pay 8% of the total amount loaned by the Corporation as management fee at the end of each season. NMC has agreed to provide up to E2 million as guarantee against these loans. The funds are kept in a separate bank account called NMC Credit Guarantee Fund with interest accruing to the NMC Fund. There were no loan balances outstanding on this scheme as at 31 March 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2017

58 Financial guarantees (continued)

58.2 Swaziland Dairy Board (SDB)
Swaziland Development Finance Corporation Limited has agreed to administer loans to smallholder dairy farmers. SDB will pay 10% of the total amount loaned by the Corporation as management fee at the end of each season. SDB has agreed to provide up to E1.5 million as guarantee against these loans. The funds are kept in a separate bank account called SDB Credit Guarantee Fund with interest accruing to the SDB fund. Swaziland Development Finance Corporation Limited acts as signatories to this account.

58.3 Voluntary Deferred Pay Special Fund (VDPSF)
In terms of a 5 year contract with VDPSF, Swaziland Development Finance Corporation Limited has agreed to administer loans to qualifying ex-miners in order to enable them to engage in meaningful income generating activities. VDPSF will pay 8% of the total amount loaned by the Corporation as management fee at the end of each season. VDPSF agreed to provide E2.5 million as guarantee against these loans. The funds are kept in a separate bank account called Voluntary Deferred Pay Guarantee Fund with interest accruing to the VDPS fund. There were no loan balances outstanding on this scheme as at 31 March 2017.

58.4 Shewula Account
The values reflected as Shewula funds in the books refers to funds that were left by volunteers from Italy to FINCORP on behalf of Shewula people. These volunteers from Italy had come to the country to help set up a certain project for the Shewula people. They could not finish this project and there were funds remaining for the project. Realising that they could not give it to anyone there to oversee the completion of the project, they decided to give the money to FINCORP to advance to people seeking to start projects that will develop Shewula. So far no one has come up with a project to be advanced on in that respect.

58.5 FAO Grant Fund
The FAO Grant Fund gave money to FINCORP of which they would lend to qualifying business people. This money is maintained in its own bank account.

58.6 SNTC
First Finance company has agreed to administer loans to employees of SNTC. As means to minimise credit risk inherent in loans to individuals the company requires the employers of the customers to guarantee payment of the outstanding loan amount. The guaranteed funds are kept in a separate bank account called SNTC Trust account with interest accruing to the SNTC Trust. The trust accounts for the SNTC scheme are held at Swaziland Building Society. Interest earned on the account is utilised by the company to make good of loan amounts which are not performing well under the Scheme.

58.7 Happy Valley
First Finance company has agreed to administer loans to employees of Happy Valley. As means to minimise credit risk inherent in loans to individuals the company requires the employers of the customers to guarantee payment of the outstanding loan amount. The guaranteed funds are kept in a separate bank account called Happy Valley Trust account with interest accruing to the Happy Valley trust. The trust accounts for the Happy Valley scheme are held at Swaziland Building Society. Interest earned on the account is utilised by the company to make good of loan amounts which are not performing well under the Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2017

58 Financial guarantees (continued)

58.8 University of Swaziland (UNISWA)

First Finance company has agreed to administer loans to employees of UNISWA. As means to minimise credit risk inherent in loans to individuals the company requires the employers of the customers to guarantee payment of the outstanding loan amount. The guaranteed funds are kept in a separate bank account called UNISWA Trust account with interest accruing to the UNISWA trust. The trust accounts for the UNISWA scheme are held at Standard bank, Stanlib and African alliance. Interest earned on the account is utilised by the company to make good of loan amounts which are not performing well under the Scheme.

58.9 Swaziland post and telecommunication (SPTC)

First Finance company has agreed to administer loans to employees of SPTC. As means to minimise credit risk inherent in loans to individuals the company requires the employers of the customers to guarantee payment of the outstanding loan amount. The guaranteed funds are kept in a separate bank account called SPTC Trust account with interest accruing to the SPTC trust. The trust account for the SPTC scheme is held at Swaziland Building Society. Interest earned on the account is utilised by the company to make good of loan amounts which are not performing well under the Scheme.

58.10 Raleigh Fitkin Memorial Hospital(RFM)

First Finance company has agreed to administer loans to employees of RFM. As means to minimise credit risk inherent in loans to individuals the company requires the employers of the customers to guarantee payment of the outstanding loan amount. The guaranteed funds are kept in a separate bank account called RFM Trust account with interest accruing to the RFM trust. The trust account for the RFM scheme is held at Swaziland Building Society. Interest earned on the account is utilised by the company tc make good of loan amounts which are not performing well under the Scheme.

58.11 The Times of Swaziland

First Finance company has agreed to administer loans to employees of the Times of Swaziland. As means to minimise credit risk inherent in loans to individuals the company requires the employers of the customers to guarantee payment of the outstanding loan amount. The guaranteed funds are kept in a separate bank account called Times of Swaziland Trust account with interest accruing to the Times of Swaziland trust. The trust account for the Times of Swaziland scheme is held at Swaziland Building Society. Interest earned on the account is utilised by the company to make good of loan amounts which are not performing well under the Scheme.

58.12 Customer deposit Account

FINCORP sometimes requires that some projects be secured by a deposit. These deposit monies are then banked with Swaziland Building Society in the clients name but with FINCORP holding the deposit book and the withdrawal rights of the funds from Swaziland Building Society. After the client has settled the funds are withdrawn and given to the client with interest. As at year end there were 0 (2015: 125) sub-accounts to the Customer Deposit Account. In March 2015 these deposits were transferred to Fincorp bank account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2017

The corporation has identified its reportable segments in terms of products offered and geographical location. There were no judgements made by management in identifying the operating segments. The financial results of the segments are presented below:

		Company	
		2017	2016
		E'000	E'000
59	**Summary segment report**		
59.1	**Interest Income**		
	Interest income – by product		
	Business Loans	**16 794**	14 214
	Micro Loans	**158**	125
	General Purpose Loans	**89 564**	79 352
	Agriculture loans	**12 454**	7 875
	Sugar cane loans	**14 119**	9 646
	Total Interest Income	**133 089**	111 212
	Fee Income		
	Fee income segmented by component		
	First Finance Company (Proprietary) Limited	**82 278**	76 204
	Swaziland Development Finance Corporation	**2 033**	2 607
	Finsure	**-**	-
	Total Fee Income	**84 311**	78 811
59.2	**Interest Expense**		
	Interest Expense segmented by component:		
	First Finance Company (Proprietary) Limited	**25 013**	20 053
	Swaziland Development Finance Corporation	**58 559**	49 547
	Finsure	**-**	-
	Total Interest Expense	**83 572**	69 600
59.3	**Administrative expenses**		
	Expenses segmented by component:		
	First Finance Company (Proprietary) Limited	**28 472**	23 316
	Swaziland Development Finance Corporation	**41 896**	39 899
	Finsure	**2 701**	2 680
	Total operating expenses	**73 069**	65 895
59.4	**Total assets**		
	Total assets segmented by component:		
	First Finance Company (Proprietary) Limited	**717 030**	684 962
	Swaziland Development Finance Corporation	**403 652**	440 355
	Finsure	**3 366**	3 526
	Total assets	**1 124 048**	1 128 843

59 Summary segment report (continued)

59.5 Total liabilities

	Company 2017 E'000	Company 2016 E'000
Total Liabilities segmented by component:		
First Finance Company (Proprietary) Limited	**198 752**	205 509
Swaziland Development Finance Corporation	**619 216**	628 857
Finsure	**524**	1 020
Total liabilities	**818 492**	835 386

Annexure 1

SWAZILAND DEVELOPMENT FINANCE CORPORATION LIMITED AND ITS SUBSIDIARIES

DETAILED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2017

COMPANY

	2017 E'000	2016 E'000
INCOME		
Interest receivable	109 364	83 184
Bad debts recovered	857	709
Fee income	20 712	2 607
Sundry Income	2 033	19 974
Profit on disposal	1 000	114
	133 966	106 588
EXPENSES		
Advertising	(1 358)	(1 141)
Audit remuneration	(567)	(741)
Bad debts written off	(15 928)	(2 549)
Bank charges	(512)	(667)
Board expenses	(644)	(667)
Cleaning	(160)	(182)
Computer expenses	(69)	(74)
Computer maintenance	(10)	(128)
Consulting fees	(405)	-
Depreciation	(1 297)	(1 401)
Donations	(228)	(155)
Entertainment	(542)	(522)
Facility fee charge	(2 840)	(3 587)
Forex gains and losses	(287)	(14 766)
Impairment of loans and advances	(10 172)	(7 096)
Insurance	(515)	(509)
Interest expense	(58 559)	(49 547)
International conferences	(279)	(241)
Legal fees	(553)	(401)
Subscriptions and Magazines	(2 334)	(2 827)
Motor vehicle expenses	(815)	(976)
Postage	(21)	(9)
Printing and stationery	(456)	(654)
Professional fees	(410)	(698)
Rent, water and light	(1 560)	(1 423)
Repairs and maintenance	(146)	(137)
Salaries and wages	(24 044)	(21 869)
Security	(888)	(865)
Staff uniforms	(528)	(176)
Rates and taxes	(42)	(53)
Tea, coffee, other expenses	(139)	(180)
Communication cost	(1 584)	(1 581)
Internal conferences	-	531
Travelling expenses	(130)	(81)
Financial Services Regulatory authority levies	(1 115)	-
Total operating expenses	(129 137)	(115 372)
Profit /(Loss) before tax	4 829	(8 784)
Income tax expense	(1 405)	(1 645)
(Loss)/for the year	3 424	(10 429)

SWAZILAND DEVELOPMENT FINANCE CORPORATION LIMITED AND ITS SUBSIDIARIES

TAXATION SCHEDULE
for the year ended 31 March 2017

COMPANY

		2017 E'000	2016 E'000
Profit/ (Loss) before tax		**4 829**	(8 784)
Add back:	Provision for leave pay and bonus current period	**3 033**	2 022
	Acquisition of Subsidiary	-	-
	Forex loss/(gains)	**287**	14 767
	Donations	-	-
	Legal fees	-	-
	Penalties	-	-
	Prepayment prior year	**13**	10
	Impairment current period @ 25%	**9 043**	6 908
Deduct:	Provision for leave pay & bonus prior year	**(2 022)**	(3 257)
	Prepayment current	**(13)**	(13)
	Bad debts written-off	-	-
	Provision for impairment-prior year @ 25%	**(6 908)**	(5 134)
Taxable income/(loss)		**8 262**	6 519
Assessed loss brought forward		-	(3 545)
Taxable income/(loss)		**8 262**	2 974
Taxation at 27.5%		**2 273**	817
(Assessed loss) carried forward		-	-

These schedules do not form part of the financial statements and are unaudited