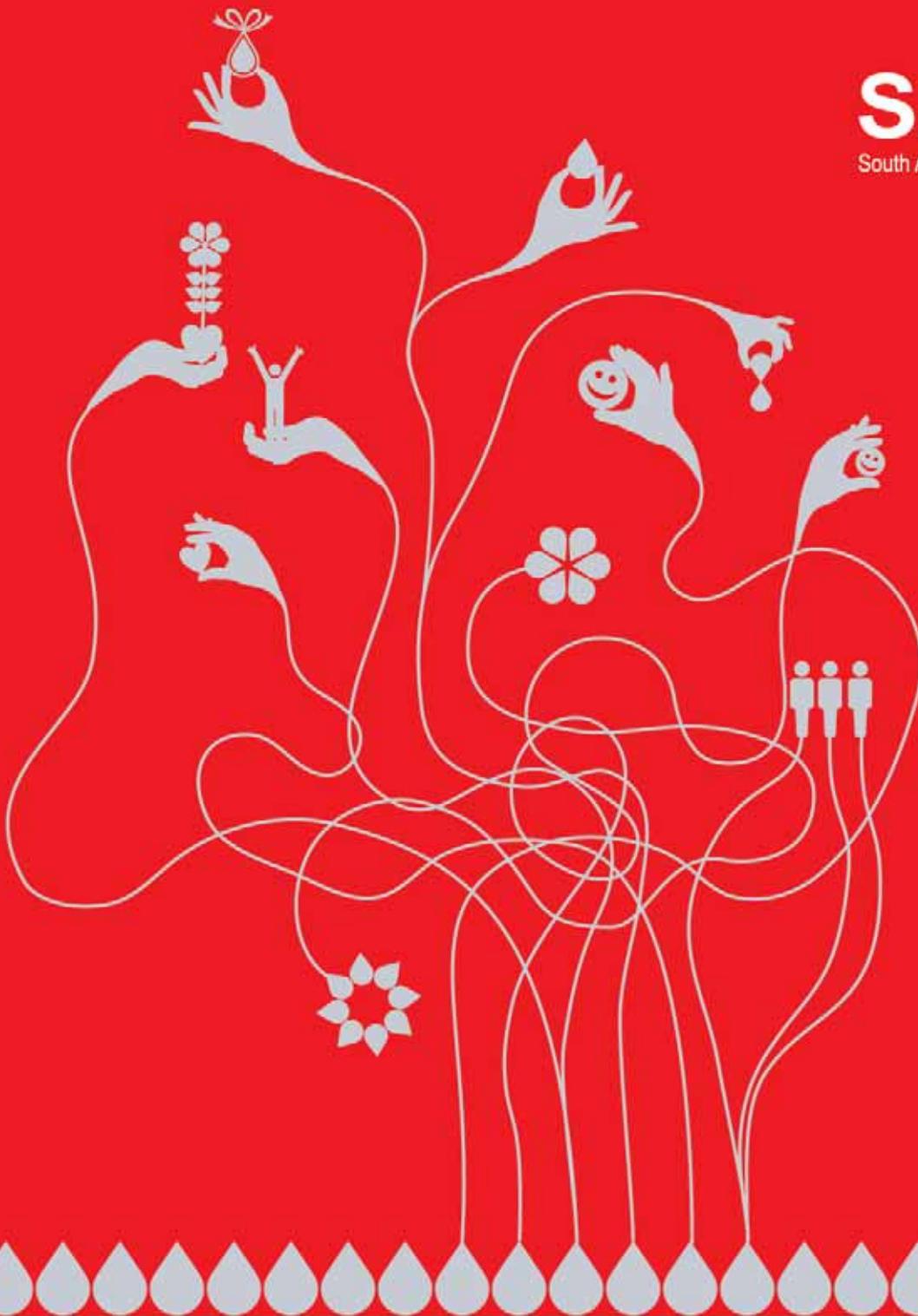


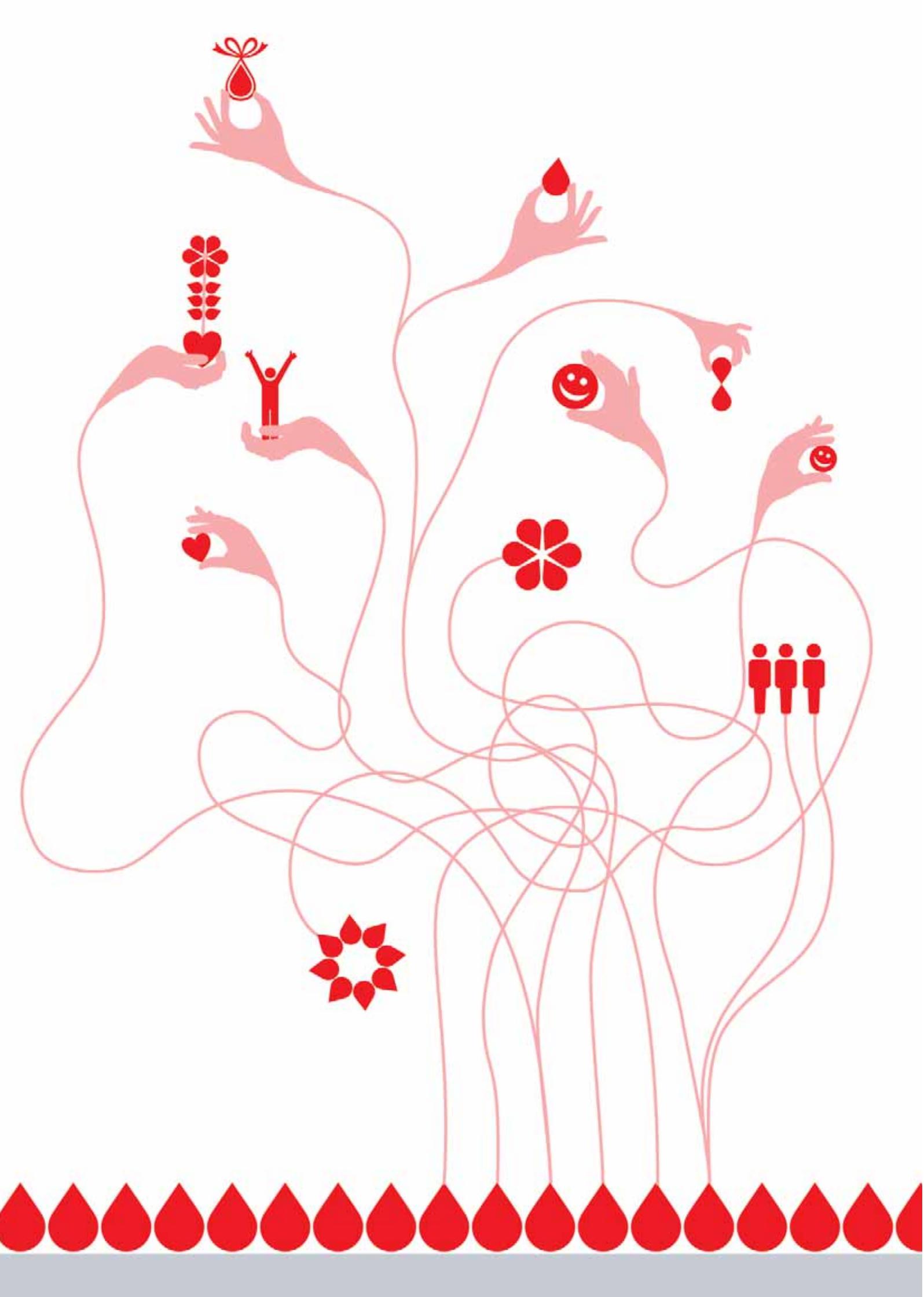


SANBS

South African National Blood Service



ANNUAL REPORT 2012



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1. SCOPE AND BOUNDARY OF THIS REPORT

Our 2011 financial report is SANBS's second integrated report, in accordance with the King III Code which is intended to provide stakeholders with an understanding of the organisation's business, performance, prospects and strategy. This report is also intended to provide stakeholders with an appreciation of the overall environment in which SANBS operates. We have worked towards providing our stakeholders with valuable information regarding our social, environmental, economic and financial performance and impact. Our performance during 2011 is on track to meet the objectives of our 5 year strategy – focused on innovation, efficiency and sustainability.

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Companies Act in South Africa and have been independently audited by Deloitte. In reporting on the non-financial aspects of the company's performance, SANBS has been guided by the Global Reporting Index (GRI) and the King Report on Governance for South Africa, 2009 (King III). The report has been further informed by various standards and codes that govern specific areas, including the Department of Trade and Industry's (DTI) Black Economic Empowerment (BEE) Codes of Good Practice.

2. ABOUT SANBS

SANBS is a Non-Profit Organisation (formerly known as Section 21 Company) incorporated in terms of the Companies Act (as amended) and the mandate of SANBS is to provide blood transfusion and related services.

We provide an essential service within South Africa and we are rated amongst the best in the world in the provision of blood and blood products, as well as in relation to the research and training provided.

SANBS operates across South Africa, with the exclusion of the Western Cape and is regarded as a major role player in the provision of technical knowledge support to countries in the SADC region.

2.1. VISION

SANBS strives to be a centre of excellence in the discipline of blood transfusion.

2.2. MISSION

Providing all patients with sufficient safe, quality blood products and medical services related to blood services in a sustainable manner.

2.3. CORE VALUES

- Excellence
- Respect
- Integrity
- Value diversity
- Honesty
- Transparency
- Accountability

2.4. SERVICE OFFERINGS

Red Cell Products

- Red Cell Concentrate in additive solution with the Buffy coat removed; used to increase tissue oxygenation due to reduced haemoglobin concentration.
- Red Cell Concentrate (Leucodepleted); used to increase tissue oxygenation due to reduced haemoglobin concentration, when the recipient may receive repeated transfusions.
- Red Cell Concentrate in additive solution; used to increase tissue oxygenation due to reduced haemoglobin concentration.
- Red Cell Concentrate Paediatric (Leucodepleted); used to increase tissue oxygenation in paediatrics due to reduced haemoglobin concentration, when the recipient may receive repeated transfusion.
- Whole Blood Leucodepleted (<5 Days old); used for Neonatal exchange transfusion.

Platelet products

- Platelet Concentrate Pooled Non-leucodepleted; used for Thrombocytopenia or platelet function abnormalities.
- Platelet Concentrate Paediatric Leucodepleted; used for Thrombocytopenia or platelet function abnormalities in paediatrics.

Plasma products

- Cryoprecipitate; used for Hypofibrinogenaemia and factor XIII deficiency.
- Fresh Frozen Plasma - Adult and Paediatric; used for clotting factors.
- FFP - (Cryo-poor); used for Thrombotic Thrombocytopenic Purpura (TTP).
- HLA-matched platelet concentrate (single donor apheresis platelet concentrate).

Other special services

- Autologous and Directed Blood Transfusion Programmes.
- Chemically Washed blood products.
- Cryo-preserved Progenetic Cells.

3. CHAIRMAN'S FOREWORD

It gives me great pleasure to present to you the 2011/2012 SANBS Annual Report. I will give a brief overview of the activities of the Board of Directors for the period. The past year has been filled with challenges and was interesting for all involved in saving lives.

In the reporting year under review, we are pleased to report that we were able to reach our target of 780 000 donations which were sufficient for the 8 of the 9 provinces in South Africa, under our jurisdiction. This is slightly higher than the previous year's target of 758 000 donations, signalling a positive investment by our voluntary non-remunerated Donor Members. Whilst our active donor base averages 440 000 of the eligible total population of 44 million in our area of jurisdiction ie from the total only those between 16 to 65 years can donate and they have been tremendous in making us reach our target. From this 1.8% of the South African population are active donors and we have made huge in roads into the black donor base from 24% to 26% increase. This translates to a 8.3% increase compared to the previous year. With this increase, our financial position has improved which bodes well for our sustainability. Whilst the increase looks good on our books, the safety of our blood and efficiency of our service is at our foremost thought and because of that our organisation is receiving accolades internationally.

Our contribution to the blood transfusion universe is being more and more recognised with our staff being invited to do talks all over the world.

Good Governance Practice has been a norm and the adoption of the King 3 Code was an easy transition with the basics having already been embedded. However, challenges were met head on and ironed out. We have consolidated our Audit committee to include Risk and IT Governance which were separate before. This consolidation comes in because of the excellent work done by those Board Sub-committees in ensuring that the Governance frameworks are in position and being followed by our organisation. Our Board has a good mixture of seasoned Board members and new members. The gender balance is also being looked at and we have had increase in female representation from 3 to 5 out of 15 Members. The two new Board members include Dr Charlotte Ingram, who is SANBS's Medical Director, and Getty Simelane, who chairs the HR and Remuneration Committee. We are fortunate to have this calibre of members join us.

In conclusion and on behalf of the Board, I would like to pass our sincere thanks and appreciation to the SANBS team for a job well done under the leadership of our CEO Dr Loyiso Mpuntsha.

Special gratitude goes to the SANBS Board of Directors, including our former Company Secretary, Allarice Prinsloo, for the outstanding work done in the period under review. Appreciation also goes to our current Company Secretary, Nohlanga Motaung, who had to hit the ground running. The undivided attention to SANBS affairs through open, frank and, occasionally, robust engagement is humbling and I am honoured to be part of such a committed leadership team.

I would also like to extend my gratitude and appreciation to my predecessor, Professor Philip Venter, who presided over the Board for most of the period under review for overcoming the stormy period and settling the ship. The Deputy Chairman, Ms Doris Dondur, also ushered in a breath of fresh air being the first female being elected to this position.

We continue to draw courage and guidance from the ever ready support we receive from the Donor Members, who come out in numbers whenever there is a call to donate.

We are truly humbled by your altruistic commitment to saving lives through your donation of blood and ensuring that South Africa survives. Without your continued support, these achievements would have been harder to attain. Kindly accept our sincere thanks and appreciation.

The Board is looking forward to the dawn of a new era under the envisaged Memorandum of Incorporation and renewed commitment to good governance as prescribed in the Companies Act and the King 3 Code of Governance.



Alex Christians

Chairman: Board of Directors

4. CHIEF EXECUTIVE OFFICER'S STATEMENT

Over the year 2011/12 the SANBS has carried on to a third year of success. Once again we continued to achieve good financial results, exceeded blood supply targets and performed well in all areas of operation for a third year in succession. The organisation has followed good governance principles in implementing internal control measures, financial discipline in managing debtors and creditors as well as its oversight of business assets. These measures resulted in SANBS recording a sufficient surplus for the year 2011/12.

Through the second year of our 5 year Strategic Plan we started to implement specific objectives that include innovation and broadening the blood product and services mix. In line with this approach, our annual business plans and budgets have focussed on re-investment in infrastructure and resources across the value chain to ensure a sustainable future.

SANBS is endowed with dedicated and committed Management and Board members who strive to achieve team work and service excellence.

SANBS Executives are ambassadors of our successful business model and keep being invited world-wide to share the SANBS story on blood transfusion service and operational excellence.

4.1. Top Management

Some new blood flowed into the Executive team with the establishment and filling of the IT Executive position and an appointment of a new Marketing and Communications Executive. A new Company Secretary also joined towards the end of the financial year. At Senior Management level SANBS had replacements of the IT Services, Marketing, Programme, Industrial Relations, Specialised Laboratory Services and Collections Managers. SANBS good results have continued indicating the hard work done by our committed senior staff managing transition in specific areas.

4.2. Governance and Stakeholder Relations

SANBS and the Provincial Departments of Health continued to collaborate in addressing the payment challenges and ended the year on mutually acceptable service levels and payments.

The SANBS Board and Executive Management reviewed the Strategic Risks facing the organisation and resumed the process to be followed annually. We continued to engage in Corporate Governance education for the Board and Executives and would continue to focus in the area of Business Ethics.

As various hospitals request local service points and SANBS continuously monitor blood usage, four new Blood Banks were accordingly opened this year. In similar vein, we added 20 emergency fridges to needy hospitals, bringing the number to 450 distributed over the last 4 years.

SANBS and the Western Province Blood Transfusion Service (WPBTS) collaborated with the Pathology Laboratory and Haematology groups in hosting the Laboratory Medicine Conference. This conference attracted over a 2000 delegates from the African Region and a few international attendees.

SANBS and the National Bio-products Institute (NBI) also continued to work interdependently and SANBS exceeded the annual target for plasma supply to meet the needs of the country for plasma fractionation medicinal products.

Through constant consultation with Health Department, SANBS CEO and Medical Director reported to the Deputy Minister in November 2011, sharing information on areas of innovation and expansion to meet the needs of the country, such as expanded stem cell transfusion and plasma exchange procedures.

5 of the 8 Executives and a few senior staff members have attended the International Society of Blood Transfusion (ISBT), the American Association of Blood Banks (AABB) and the Association of Donor Recruitment Practitioners (ADRP) conferences. The contributions and learning from SANBS staff get acknowledged in presentations and working groups.

4.3. The SANBS Strategic 5 Year Plan

This 2011/12 represents the second year of successful implementation of the plan. The Business Plans, Balanced Score Cards and Individual Performance Agreements are being utilised for monitoring implementation and alignment across SANBS functional areas.

I undertook Strategy Communication road shows across the seven Zones. Staff members were thereby engaged about the SANBS Strategy, Business Model, the Risk Management programme and the Values Charter.

This opportunity also allowed for all work related information to be shared with staff.



Dr Loyiso Mpuntsha
Chief Executive Officer



A Christians
Chairman



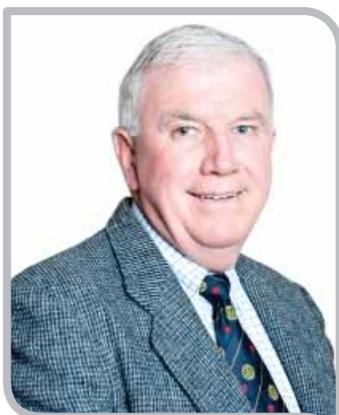
D Dondur
Deputy Chairman



L Mpuntsha
CEO



C Ingram
Medical Director



S Coffey
CFO/Deputy CEO



G Simelane
NED



C Mey
NED



W Gumede
NED



M Tshifularo
NED



M Nolan
NED



J Moate
NED



C Sanangura
NED



J Mahlangu
NED



P Venter
NED



R Brand
NED



N Motaung
Company Secretary

5. GOVERNANCE

In keeping with its vision and strategy, the SANBS complies with the Companies Act 71 of 2008, as amended, the National Health Act 61 of 2003 and subscribes to the principles underlying the King III Report on Governance for South Africa 2009.

SANBS is committed to conducting its affairs with integrity and holds itself responsible and accountable towards its Members.

5.1. Board of Directors

The Board of Directors provides strategic direction and responsible leadership to ensure that performance of SANBS with regard to the agreed strategy and business goals; and the proper discharge of SANBS's mandate.

The subscribing Members of SANBS are Donors nominated from Independent Donor Structures into the National Council. The National Council appoints the Board of Directors and holds the Board accountable for managing and controlling SANBS's operations in accordance with its mandate.

5.1.1. The responsibility of the Board

The Board of Directors is the custodian of corporate governance within SANBS.

In carrying its duties, the Board ensures compliance with all relevant laws and regulations and codes of best practice; and ensures that effective risk management processes are in place.

The directors are entitled to seek independent professional advice concerning the affairs of SANBS and have access to any information they may require in discharging their duties.

5.1.2. Composition of the Board of Directors

SANBS's Articles of Association provides that there shall not be more than 15 directors. The Board of Directors comprises of 15 Directors, 9 of whom are Donor Non-Executive Directors, 3 Independent Non-Executive Directors and 3 Executive Directors.

The Board operates within the company's Articles of Association.



During the year under review, the Board met six times and the names of all Directors and their dates of appointments as well as the attendance of meeting for the year under review are set out hereunder:

Name of director	Number of meeting		Directorship	Date of appointment
A Christians	6	6	Chairman, NED	Sep 08
D Dondur	6	6	Deputy Chairman, NED	Sep 08
P Venter	6	6	Former Chairman, NED	Feb 06
L Mpuntsha	6	6	CEO, ED	Jan 06
S Coffey	6	6	CFO, ED	Oct 00
C Ingram	5	5	Medical Director, ED	Jul 11
M Tshifularo	6	5	NED	Sep 08
J Mahlangu	6	5	Independent NED	Nov 04
R Brand	6	6	NED	Jul 03
B Kommel	3	3	NED	Oct 00
J Moate	6	6	NED	Sep 08
M Nolan	6	5	NED	Oct 00
C Mey	6	6	NED	Sep 08
C Sanangura	5	5	Independent, NED	May 11
W Gumede	5	4	Independent, NED	May 11
G Simelane	3	2	NED	Oct 11

* Alex Christians was elected Chairman of the Board in November 2011

* Doris Dondur was elected Deputy Chairman of the Board in November 2011

* Bertram Kommel resigned as a Director in October 2011

5.1.3. Delegation of Authority to the Chief Executive Officer

The Board retains full and effective control over SANBS's affairs through a balanced governance structure. The Board has however delegated the day to day running of SANBS operations to the Chief Executive Officer as set out in the approved corporate delegations of authority.

The Chief Executive Officer reports to the Board of Directors quarterly on business performance.

The Remuneration Committee and the Chairman of the Board subject to consultation with the other Directors evaluates the performance of the Chief Executive Officer.

5.1.4. Remuneration of Directors

The Non-Executive Directors, the Executive Directors and the Executive Managers of SANBS are remunerated fairly and responsibly in line with SANBS policies and best practices aligned with the company strategy.

The remuneration policies are reviewed regularly and are linked to the company's performance.

5.1.5. Company Secretary

The Company Secretary is responsible for developing systems and processes which enable the Board to discharge its functions.

The office of the Company Secretary is responsible for advising the Board on corporate governance and legal issues; developing the annual plan for the Board and Board-committees and monitoring compliance with the Companies Act and other relevant legislation; and keeping the Board updated on new legislation.

All directors have access to the advice and services of the Company Secretary, whose appointment is in accordance with the provisions of the Companies Act.

5.1.6. Board Committees

The Board has delegated some of its powers to various Board-committees. The specific responsibilities and powers delegated to Board-committees are clearly set out in the Terms of Reference approved by the Board.

The attendance of meetings for the Board Committees is set out below:



Member	Audit Com	Risk Com	IT Gov Com	Governance Com	HR and REMCO	Clinical Governance	HREC	Nomination Com	Strategy COM
R Brand	5 of 5			5 of 5	3 of 3				
A Christians	3 of 3		3 of 3	5 of 5				4 of 4	
D Dondur	5 of 5	4 of 4	2 of 3					1 of 1	1 of 2
J Mahlangu	2 of 3				3 of 3		5 of 5		1 of 2
G Simelane	1 of 2				3 of 3				
C Mey				5 of 5				3 of 3	
C Sanangura	1 of 2								
M Nolan		4 of 4		1 of 1				1 of 1	
P Venter		3 of 4		4 of 5		1 of 2		3 of 3	2 of 2
A Ramalho								4 of 4	
M Salojee								2 of 4	
J Moate							4 of 5		
T Jenkins							3 of 5		
L Motopi							5 of 5		
P Makhubela							5 of 5		
N Tsotsi							3 of 5		
T Wiblin							5 of 5		
P Molusi							5 of 5		
M Tshifularo						2 of 2			1 of 2
M Toubkin						2 of 2			
B Kommel				3 of 3		1 of 2			
J Mphahlele						2 of 2			
P Knox						1 of 2			
A Rantloane						1 of 2			
S Nossel			2 of 3						
W Gumede				1 of 1					

Audit, Risk and IT Governance Committee

In December 2011, the Audit Committee, Risk Committee and IT Governance Committees were merged into one Committee: the Audit, Risk and IT Governance Committee.

The responsibilities of the Audit, Risk and IT Governance Committee are to oversee financial reporting, internal controls, risk management, funding plans and strategies, compliance, corporate governance and policies.

The establishment of the Committee is not set out in terms of the Memorandum of Association and therefore it is not a statutory Audit Committee.

In fulfilling its duties with regard to risk management, the Audit Committee is assisted by the Executive Management Committee.

The Committee comprises 5 Directors, all of whom are Non-Executive Directors with 1 Independent Non-Executive Director.

HR and Remuneration Committee

The committee is accountable for monitoring and overseeing the remuneration of all SANBS employees; giving due regard to the competitiveness within the relevant market as well as the financial well-being of the organisation.

The Committee comprises 4 Directors, all of whom are Non-Executive Directors with 1 Independent Non-Executive Director.

Governance, Social and Ethics Committee

The Committee is tasked with assisting the Board in ensuring that SANBS's overall governance is effective, appropriate and within the bounds of sound corporate governance practices; and also ensuring that SANBS is and is seen to be a responsible corporate citizen and that it is concerned about the organisation's performance within the economic, social and environmental context within which it operates.

The Committee is comprised of 8 Directors, 7 of whom are Non-Executive Directors with 1 Independent Non-Executive Director and 1 Executive Director.

Clinical Governance Committee

The function of the Committee is to assist the Board in ensuring that at SANBS is and is seen to be a responsible corporate citizen and that it is concerned about the organisation's performance within the social and environmental context through ensuring the quality and safety of donors, patients and healthcare professionals' care.

The Committee comprises 7 Directors, 5 of whom are co-opted Specialist Directors, 1 Non-Executive Director and 1 Executive Director.

Nomination Committee

The role of the committee is to assist in the nomination and selection of Directors who are fit and proper persons to be directors of SANBS having regard to appropriate composition, skills, experience and other qualities required of directors from time to time.

The Committee is comprised of 5 Directors, 3 of whom are Non-Executive Directors and 2 Co-opted Specialist Directors.

5.1.7. Other Committees

Human Research Ethics Committee

The Committee is established in terms of and complies with the National Health Act 2003 as well the Committee's Terms of Reference prescribed by the National Department of Health.

The purpose of this Committee is to apply and maintain the highest ethical principles and respect to human dignity and the rights of individuals, particularly those who may be vulnerable to confidentiality and informed decision-making in all matters related to the conduct of research on humans.

5.1.8. Conflict of Interest

The Company Secretary maintains a Conflict of interest and Related Party Disclosures register of the all Directors.

On appointment, the Directors sign an undertaking to disclose any conflict of interest that might arise during their tenure at every meeting.

The declaration of interest is also a standard item in the agenda of all meetings of the board and subcommittee meetings.

5.1.9. Code of Ethics

SANBS is committed to upholding the highest standard of ethical behaviour amongst its directors, management and staff in line with the adopted Code of Ethics. The Code of Ethics has been communicated to SANBS staff.

SANBS promotes sound values and is committed to those values.

Reported transgressions with the code and other policies:

31 significant allegations of misconduct have been filed at SANBS in the financial year under review.

5.2. Integrated risk management

5.2.1. Risk management, governance structures and accountability

SANBS endeavours to have risk management processes entrenched in the day-to-day operations of the business by continuous identification, understanding of risk factors and incidents that may impact on the business objectives, development of appropriate response strategies and continual monitoring and reporting.

The governance of risk within SANBS rests in the following structures:

- a. **Board of Directors:** the Board ensures that there are processes in place for the management of risk in SANBS. The Board together with Management identifies risks and determines the risk appetite of the company.
- b. **Audit, Risk and IT Governance Committee:** this committee oversees the management of risk. The Committee reviews risks management strategies, policies and procedures to ensure that they are appropriate. The Committee considers the risk assessment reports and monitors the implementation of the risk mitigation plans thereto.
- c. **Chief Executive Officer:** The CEO manages the organisational risks.
- d. **Executive Management:** Each Line manager in all business units within SANBS is accountable and responsible for identifying and managing risks to the operations of his/her business unit.
- e. **Internal Audit and Risk Management:** the incumbent is responsible for ensuring that an effective framework for risk management is in place and for driving its implementation throughout SANBS by increasing Management's awareness of risk.

The internal audit function independently audits the adequacy and effectiveness of SANBS's risk management, controls and governance processes. The Unit also conducts risk assessment on a consultancy basis on approval by the Audit Committee.



The following are the top 10 risks identified and effectively managed in the year under review:

Category	Risk Identified	Mitigation Control	Outcome
Financial instability	Ineffective debt collection process	The debt collection processes were reviewed by Management. Relationship with key Customers such as Medical Aids and Government.	Acceptable liquidity was maintained
	Inadequate cost management process	Budgetary processes were reviewed; procurement processes were reviewed and improved; and the relationship with key suppliers was managed effectively	Cost control was significantly improved
	Poor customer care (recipient) and inappropriate product mix	A Donor Retention Strategy was developed and implemented Annual Service Level agreements were reviewed and signed off.	Customer care has been slightly improved but more still needs to be done
Business Risk	Inadequate safety of blood supply	Haemovigilance and look back programme was introduced.	No reported transfusion infection Blood collections exceeded targets
	Inability to procure sufficient blood	Electronic donor clinic scheduling implemented	
	Inappropriate strategy and execution (long term)	An integrated planning framework was introduced.	
Fraud risk	Fraud, corruption and theft	Fraud management road shows were held throughout the Zones. A tip-offs line was introduced and managed effectively. A gift declaration register was introduced.	Improved fraud risk management and reporting
Reputational Risk	Inappropriate stakeholder management	A CRM programme was piloted A Stakeholder Officer function was established	More awareness on Stakeholder relationship has resulted on management
	Poor customer care (recipient) and Inappropriate product mix	A Customer satisfaction survey was conducted. Educational sessions was held with the relevant hospitals.	Increased awareness of Customer interests
Human resources risk	Inadequate skills base	An assessment of scarce skills was conducted. A job grading exercise for critical skills was conducted.	The Nursing Manager job grade was reviewed and upgraded

The Board of Directors has determined the risk appetite for the 2012/13 financial year and the following top 5 risks have been identified and a mitigation plan has been developed and is being implemented by Management:

No	Fees
1	Inadequate Information Technology Governance
2	Non Compliance to legislation
3	Inadequate safety of blood supply
4	Inability to procure sufficient blood
5	Financial instability

5.2.2. Stakeholder Management

The Board of Directors recognises that the stakeholders' perception may affect SANBS's reputation and therefore endeavours to find an appropriate balance between its stakeholder groups in the best interest of SANBS.

The management of stakeholder engagement has been delegated to Management by the Board. Management is in the process of development an inclusive Stakeholder Management Framework.

5.2.3. IT Governance

Chapter 5 of the King III Code of Corporate Governance highlights the importance of Information Technology in business and has placed the responsibility of IT Governance on the Board to ensure that IT Governance supports the effective and efficient management of IT resources and facilitates the achievement of the SANBS' strategic objectives.

An IT Governance Committee, chaired by a Non-Executive Director, was formed in 2010. The committee was constituted to assist the Board in fulfilling its duties in terms of IT performance. During 2011 the IT Governance Committee was consolidated into the now Audit, Risk and IT Governance Committee.

In 2011, SANBS appointed a Chief Information Officer (CIO) who is responsible for the implementation of IT Governance and IT Security. The CIO is accountable to the CEO on matters related to Information Technology.

Following the incorporation of the IT Governance Committee into the Audit, Risk and IT Governance committee a new IT Governance charter has been drafted. An IT Steering Committee which incorporates a Change Advisory Board (CAB) was formed.

CAB is responsible for approving changes to IT systems and processes as well as prioritising new IT initiatives amongst other things. The Steering Committee, which is chaired by the CIO, comprises senior business managers and divisional Executives and IT personnel.

SANBS complies with the principles outlined in chapter 5 of the King III Code of Corporate Governance as follows:

1. The Board is responsible for IT Governance
2. IT is aligned with the performance and sustainability objectives of the company
3. The Board has delegated to management the responsibility for the implementation of an IT Governance framework
4. The Board evaluates and monitors significant IT investment and expenditure
5. IT forms an integral part of the company's risk management
6. The Board ensures the information assets are managed effectively
7. The Audit, Risk and IT Governance Committee assists the Board in carrying out its IT responsibilities

To fulfil its obligations in implementing a Governance framework, SANBS IT has adopted the Control Objectives in Information and related Technologies (CoBIT) framework as well as ISO 27001 for Information Security. During 2011, the foundation was laid for the implementation of CoBIT by undertaking a maturity assessment and defining short and long term maturity targets. During 2012, key CoBIT processes will be implemented followed by the remaining processes in the following two years.

Management is in the process of developing an IT Policy Framework that will consist of IT Governance processes, IT Governance charter, IT Risk register template and an Information Security Charter.

During the 2012/13 financial year we aim to further entrench Information Security best practices in SANBS.

5.3. Report of the Audit, Risk and IT Governance Committee

The Audit, Risk and IT Governance Committee is pleased to present its report for the financial year ended 31 March 2012.

The Audit, Risk and IT Governance Committee is pleased to present its report for the financial year ended 31 March 2012.

5.3.1. Audit and Risk Committee responsibility

The Committee is a committee of the Board and has discharged its responsibilities accordingly has regulated its affairs in compliance with the adopted terms of reference and has discharged its responsibilities contained therein.

5.3.2. Effectiveness of internal control and Accounting practices

The Committee evaluated controls to determine their effectiveness and the efficiency of information systems, the reliability and integrity of financial and operational information, the effectiveness of operations, the safeguarding of assets and compliance with laws, regulations and controls.

During the year under review Committee has received and considered various reports by the Internal Auditors including the Issue Tracking report on the External Auditor's Report for 2010/11 and the Management Letter. Based on the outcome of such reviews and the information provided by Management, the Committee is of the opinion that the internal controls of SANBS operated effectively throughout the year under review.

No material failings in the functioning of the internal controls, procedures and systems have occurred during the year under review that has come to the attention of the Audit and Risk Committee.

The Committee has considered and dealt with concerns relating to accounting practices.

5.3.3. Risk management and governance

Risk Management - SANBS has in place a risk management framework and policy that was adopted and approved by the Board. A risk assessment was conducted by the Internal Audit function in the year under review and the corporate risk profile was updated accordingly.

Governance - During the year SANBS adopted and approved various policies and procedures to strengthen the control environment. Governance of various committees was also improved, with the adoption and approval of formal terms of references.

Fraud Management - SANBS has an Anti- Fraud and Corruption Policy in place and Management ensures implementation and compliance with the policy.

IT Governance - the Committee has assessed the business's overall exposure to IT risks from a strategic and business perspective, including the areas of the business that are most dependent on IT for effective and continual operation and the IT risks were adequately addressed through the organisational risk management, monitoring and assurance processes.

The Committee received appropriate assurance from Management that the controls in place are effective in addressing IT risks.

Going concern status - The Committee believes and confirms that SANBS will continue to operate as a going concern taking into consideration the appropriated budget for 2012/13 financial year.

5.3.4. Internal audit

The Committee reviewed the activities of the Internal Audit function and it is satisfied that:

- the function is operating effectively and has addressed all the identified risks applicable to SANBS;
- there were no unjustified restrictions or limitations in performing its function;
- The internal audit reports were reviewed at quarterly meetings, including its annual audit plan, co-ordination with the external auditors, the reports of significant investigations and the responses of management to the issues reported therein.

5.3.5. External auditors

Deloitte are the External Auditors for SANBS and have been invited to attend the quarterly meetings of the Committee throughout the year.

The Committee has considered and approved the external auditors' scope and work plan to ensure that key areas of the business were being addressed during the audit process, as well as their independence.

5.3.6. Business plan and budget

The Committee has considered and recommend to the Board for approval, the Business Plan and Budget for sustainability.

5.3.7. Evaluation of the Annual Financial Statements

The Committee has evaluated the annual financial statements of SANBS for the year ended 31st March 2012 and; to the best of the Committees knowledge, the Committee believes that the Annual Financial Statements have been prepared and do comply, in all material respects, with the requirements of the Companies Act and IFRS.

The Audit Committee has:

- together with the Deloitte and the Chief Executive Officer considered the Audited Annual Financial Statements to be included in the Annual Report;
- considered Deloitte's Report together with the Management Letter and the Management's response thereto;
- noted Management's responses and made its own recommendations;
- reviewed SANBS's compliance with legal and regulatory provisions; and
- noted and concurred with the unqualified audit opinion by Deloitte and remains committed to assisting Management in discharging their duties.

The Annual Financial Statements were considered by the Committee at their meeting of the 27th of August 2012 and recommended the same for approval by the Board.

BY THE CHAIRMAN OF THE AUDIT COMMITTEE

Rodney Brand



6. STRATEGY AND PERFORMANCE

6.1. SANBS goals and strategic objectives

SANBS goals and strategic objectives for the 5 year period are to:

- a) Procure sufficient blood to meet South Africa's requirements;
- b) Offer an optimal product mix to meet health care demand;
- c) Manage blood safety and risk at appropriate/defendable levels;
- d) Harness technology for internal processes;
- e) Ensure sustainability through product diversification and innovation;
- f) Ensure an enabled, empowered and engaged employees to build a values-based culture;
- g) Ensure sustainable business operating model;
- h) Be a responsible corporate citizen; and
- i) Ensure optimal Customer and Stakeholder relations

6.2. Performance overview

SANBS continue to grow its business and improve operational efficiencies during 2011; delivering excellent financial results. SANBS has performed extremely well for the period under review with collections having exceeded our target and have also better than the previous period by 3%. SANBS has collected 789898 units and issued 735534 units for the period under review. Our financial indicators for the period have shown outstanding improvement and the organisation well positioned for the sustainable future. The great performance has been underpinned by continued focus on continues operational improvement and cost management.

6.2.1. Human Capital

SANBS strategic objective is to become an Employer of Choice by 2015. The organisation participated for the first time in the Deloitte Human Capital's Best Company to Work For survey in 2011. This gave the organisation an opportunity to benchmark against best practice and similar organisations and companies in the country. SANBS overall rating was 3.57 out of 5. This was quite an achievement considering that the organisation was participating in the survey for the first time.

The outcome of the survey provided a base which we could work from in order to achieve the strategic objective of becoming the employer of choice. Our strategy going forward is to participate in the survey annually so as to measure our progress during the next four years and to implement action plans to address key priority issues raised by employees in the surveys.

There were three areas where the organisation did not do very well namely Performance Management, Remuneration and Career Development. The organisation has since embarked on initiatives to address these areas of concern such as introducing a new and automated performance management system, conducting a salary benchmarking exercise and implementing the succession management through the Talent Management Framework.

Organised Labour

As a good corporate citizen SANBS complies with all relevant legislation and is committed to the protection of human rights.

Employees enjoy freedom of association and the organisation recognises two labour unions, with approximately 76% of total staff complement being members of the unions.

Management consults with organised labour on an on-going basis through various workplace and national labour forums. Annual wage negotiations between management and organised labour were concluded on time and without any industrial action or involvement of any third party.

Developing and retaining our Human Capital

As an organisation whose main objective is to save lives, our current and future success is dependent on SANBS ability to attract and retain and develop highly skilled employees.

The organisation employs a total of 2416 permanent and contract employees throughout the country. The total cost of employment was R491,890,361 for the period. The company's employment costs were averaged 46% and the average target is 45% of total turnover. The staff overall turnover rate was relatively low at 5,6% as only 136 employees left the organisation, whilst the critical positions' turnover was 3.2% and the average target is <5% .

The reasons for their exit varied from resignations, dismissals, retirements and deaths.

The organisation has a retention strategy for key and critical positions which are crucial to its survival.

In 2011 108 employees received funding for various certificates, diplomas and degrees. In addition to that a total of 56 employees attended a variety of short courses provided by external companies.

A total of 15 learners were recruited for the Phlebotomy learnership for the period under review.

The organisation also provides financial support for the children or dependants of employees in the form of bursaries. 24 external applicants received bursaries which included 12 new and 12 existing applicants.

6.2.2. Medical Services

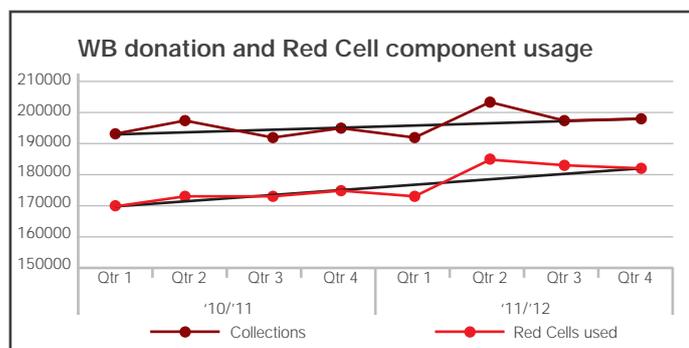
Blood is a national resource, and SANBS is legally and ethically obliged to ensure donor safety, promote appropriate blood usage and optimize transfusion safety in South Africa, the medical division plays an important role in ensuring the safety of our blood supply. The Medical Division executes its responsibility through addressing various critical points in the collection, testing, processing, issuing and ultimately the transfusion of blood and blood products. The division has played a leading role in developing and strengthening regulatory controls, not only for blood and blood products, but also in the fields of bone marrow and stem cell transplants as well as cellular therapies.

Blood Transfusion Regulations

Regulations relating to Blood and Blood Products, under the National Health Act (2003) (R269), were published in the Government Gazette, for comment, on 1 April 2011. In addition, regulations relating to the import and export of Human Tissue, Blood, Blood Products, Cultured cells, Stem cells, Embryos, Zygotes and Gametes (R266) and regulations regarding the General Control of Human Bodies, Tissue, Blood, Blood Products and Gametes (R268) were also published for comment on 1 April 2011. Representatives of SANBS, WPBTS, and NBI reviewed the draft regulations and compiled a response & recommendations.

Whole Blood Collection and Red Cell Component Issue

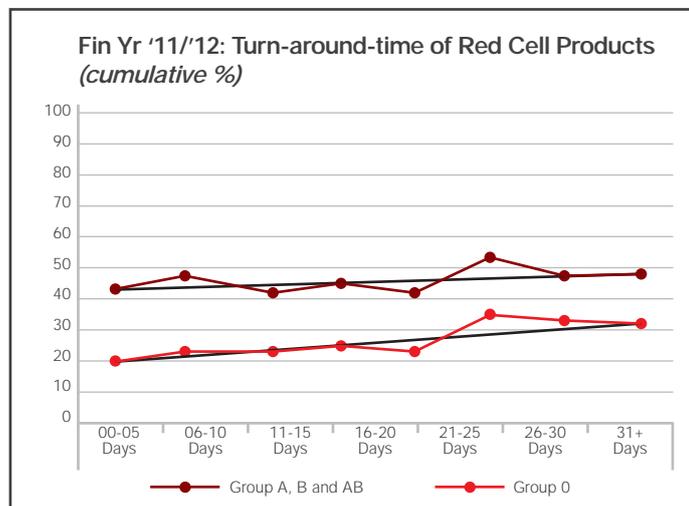
Whole blood collections have increased during the 2011-12 financial year as compared to the previous year, 789 898 vs 775 311 for the respective years. During this financial year, 91% of the whole blood collections were issued as red cell concentrate for transfusion. Usage of Group O collections was 96% and for all other groups, it was 87%.



Turn-around-time of Red Cell Products

Fifty-five per cent of red cells products issued during '11/'12 Financial Year were issued within 5 days of collection. Turn-around time of Group O blood products is shorter with 60.1% of products issued within 5 days of collection compared to only 49.6% of Blood Groups A, B and AB products being issued within 5 days.

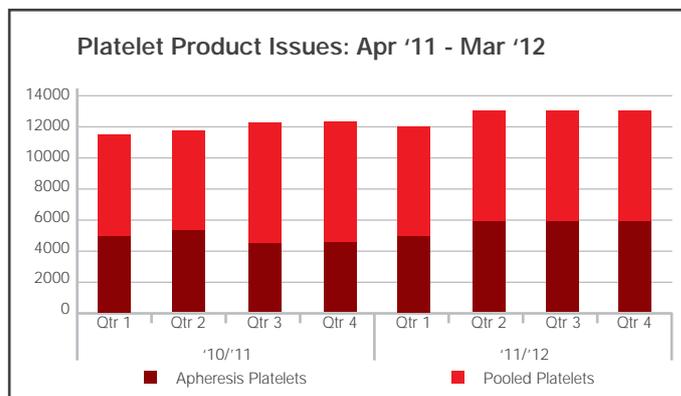
Red cell product turnaround time:



Platelet products issued:

During the year under review 52 925 platelet products were issued. This includes 26 445 apheresis platelet products and 26 480 pooled platelet products. SANBS issued 49 426 platelet products during the previous financial year. The Gauteng province issued 53% of all platelets, and 66 % of apheresis platelets.

Platelet quarterly usage for 2010/11 and 2011/12



Platelet usage by province

Province	Apheresis platelets	Pooled platelets	Total platelets
Eastern Cape	1850	1406	3256
Free State	1765	911	2676
Gauteng	17457	10776	28233
Kwa-Zulu Natal	4384	6466	10850
Limpopo	237	2448	2685
Mpumalanga	125	2335	2460
North West	449	1514	1963
Northern Cape	79	314	393
Other	99	310	409
Grand Total	26445	26480	52925

HIV Residual Risk

Weuston Model Residual Risk estimates based on Repeat donations:

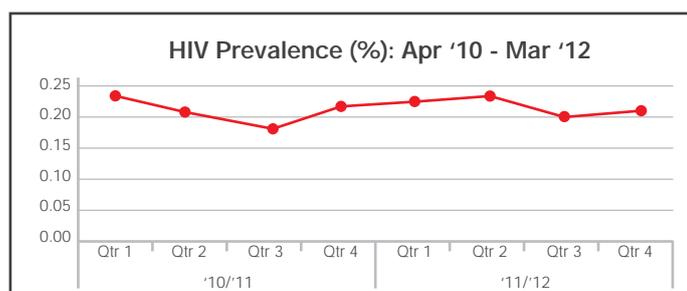
	Fin Yr '10/'11	Fin Yr '11/'12
Repeat Donation	628 015	629 981
Observation days (sero-converters)	49 006	50 397
Mean observation interval (sero-converters)	180.17	173.19
HIV Positive donations (concordant)	272	291
Residual Risk		
Incidence per mil donations	10.35	11.49
Risk: 1 in X	1 in 96 580	1 in 87 023

Viral Surveillance

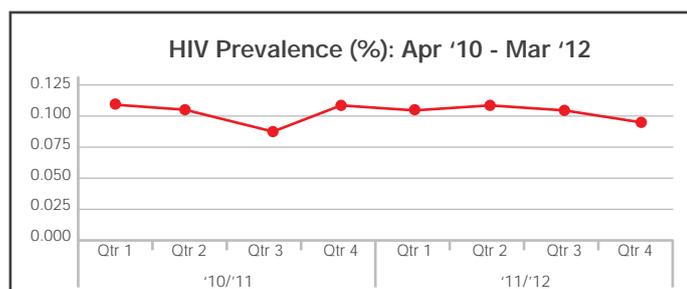
Viral rates (%) by donor type for HIV, HBV and HCV for Financial Year '11/'12 and comparisons with previous financial year are as follows:

Financial Year	Collections	HIV rate (%)	HBV rate (%)	HCV rate (%)
Fin Yr '11/'12				
Repeat	628735	0.0463	0.0105	0.0002
New	103877	1.1735	0.7153	0.0318
Rejoin	93457	0.2836	0.0503	0.0128
Overall	826107	0.2149	0.1036	0.0056
Fin Yr '10/'11				
Repeat	627727	0.0433	0.0127	0.0006
New	95377	1.2341	0.7213	0.0283
Rejoin	86160	0.2588	0.0499	0.0174
Overall	809302	0.2066	0.1003	0.0057

HIV prevalence:



Hepatitis B prevalence:



HIV & Blood Transfusion

Since the introduction of Antiretroviral treatment in public hospitals the use of blood transfusion to treat HIV anaemia in public hospitals has been gradually increasing, although a causal relationship is yet to be established. Many clinicians are concerned about the impact of blood transfusion on HIV positive patients, its risks and benefits. SANBS in conjunction with the executive of the HIV Clinicians society, WPBTS, Safe Blood & KZN university established a working Group to develop Guidelines for Blood transfusion of HIV positive patients. The Working Group comprising of SANBS and WPBTS staff, the SA HIV Clinicians Society and other healthcare professionals has reviewed the practice of blood transfusion amongst HIV positive patients in South Africa and developed the final draft review. The Review for Blood transfusion of HIV positive patients will be published in the Southern African Journal of HIV Medicine.

Donor Projects

In an initiative to simplify our processes in order to accommodate our donors, the Double-Reds project (two blood units donated at one sitting) was started in January 2012 with the training of staff. A pilot study was performed during March 2012 in the Northern Cape. Although this program is still very new, it holds promise to increase our Group O and B collections, reduce travelling and inconvenience to our donors and decrease overall collection costs over the long-term in this demographically challenging area.

Quality Control Testing

The Standards of Practice for Blood Transfusion in South Africa requires that 1% of all products must be quality control tested. Of those tested, at least 80% of the products must meet specifications as set out in the Standards. The Medical Quality Control Department, perform tests on 4.9% of all products produced during the period under review and of those 95.6% met the required specifications.

The Quality Control Department also offers a transfusion medicine proficiency program within SANBS as well as to other neighbouring SADC countries and external Pathology Laboratories. We currently have 12 external participants enrolled. These include Namibia, Zimbabwe, Eritrea, Rwanda, Lesotho, GCV Lab, and multiple NHLS haematology laboratories. Malawi and the Universitas NHLS joined the program in 2011.

Cellular Therapeutics Programme Expansion

Over the past year, SANBS continued to expand its cellular therapy programme in both the Provincial and Private sector. The programme performed 953 therapeutic plasma exchange procedures and 134 peripheral blood stem cell collections. One hundred and forty three (143) stem cell collections (including collections performed by other service providers) were cryopreserved by SANBS in the vapour phase of liquid nitrogen. SANBS staff assisted with the thawing and infusion, at the patients' bedside, of 57 cryopreserved units. Red cell exchange procedures were performed on patients with sickle cell disease and on patients with severe malaria. There is potential for SANBS to continue the growth of providing these cellular therapeutic services, especially to the under serviced areas of South Africa.

Haemovigilance

Haemovigilance has become a crucial part of the blood safety concept. Data is sourced from private and public hospitals in South Africa. Increasingly, health care professionals in the public and private sectors, search for evidence based utilization and improved patient outcomes for blood transfusions. For the first time, the 2010 annual haemovigilance report for the South Africa blood transfusion services, covered not only adverse reactions of recipients of blood transfusion but included a section on donor vigilance, detailing the adverse reactions of blood donors. The inclusion of donor reactions is an effort to improve on donor healthcare by tracking all adverse events associated with blood donation from the collection to the end delivery outcome.

Healthcare Worker Training and development

Ensuring that both internal and external stakeholders have appropriate access to clinical support from an appropriately qualified medical staff became a priority within the Medical Division of SANBS. To this end, a plan to have all zones covered by a medical officer, a medical liaison officer and a hospital liaison officer was implemented during 2011. Extensive education and training campaigns to all levels of health care, on all topics pertaining to transfusion and donor safety are held within all zones.

The Medical Division provided education and training on various aspects of Blood Transfusion and Transfusion Medicine to 4988 healthcare workers. Education was provided at all levels of hospitals, from small, rural district hospitals through to the large academic training hospitals. Training was provided to both the public and private sector and included representatives from the various clinical disciplines, but also from laboratories, transport, finance and administration.

Number of Healthcare Workers Trained by Zone:

Province	No of HCW Trained
Kwa-Zulu Natal	2144
Free State & Northern Cape	529
Eastern Cape	603
Egoli & Vaal	1058
Northerns & Mpumalanga	348
Other	306
Total	4988

Hospital Transfusion Committees (HTC)

HTC's are established and functional in: 100% Tertiary Hospitals:

- 25 % Regional Hospitals
- 15, 7 % District Hospitals

The SANBS-PEPFAR Project

The funding from this project supports the following 7 objectives:

- Donor Education
- Donor Recruitment
- Donor Notification and Counselling of all donors who test positive for HIV
- The objective of this programme is to develop and implement a SANBS Policy for comprehensive post-donation counselling.
- Emergency blood supply for maternal haemorrhage - Maternal Mortality Workshops
- This project is aimed at ensuring the availability of emergency blood stock in all hospitals that perform caesarean sections under the 'Saving Mothers, Saving Babies' Campaign.
- Quality Assurance for blood safety
- Blood Transfusion Training

6.2.3. Operations Performance Highlights

- Blood collections exceeded target for the financial year for all groups and group O.
- There was a slight increase in demand for cellular products and plasma resulting in additional revenue.
- Plasma supply to National Bioproducts Institute (NBI) exceeded target.
- On-going use of the Collections Management system and Scoreboard provides real time monitoring and management of potential shortages, enabling quicker responses.
- A number of Donor Award ceremonies, Principal's Breakfasts and Clinic Contact functions were held during the quarter and these were very well received by donors and stakeholders.
- 22.7 % of donations were procured from Black donors for the year while Black donors comprise 27 % of the donor base for whole blood donations for the year. Ongoing initiatives are in place to try and increase the donation frequency among our regular Black donors and the 2012 donor retention strategy will focus more intensively on this area.
- The number of donors deferred for the year to date was 19.1% nationally.
- Apheresis platelet procured for the year to date was 3% over target and 15 342 units were collected compared to a target of 15 000.
- As of end March, 2012 all hospitals registered as performing caesarian sections have been supplied with emergency blood fridges and there have been 10 requests to supply hospitals that do not perform caesarian section procedures with emergency blood fridges.
- The testing strategy using serology and ID-NAT continues to be successful and there were no reported or confirmed transmission of HIV, HCV or HBV by blood in this year.

6.2.4. Presentations by SANBS at International and National Congresses

- Risk of viral infection in South African blood donors with non-repeatable reactive results in individual donation Triplex nucleic acid testing, Marion Vermeulen, Thys Van Emmenis, Nico Lelie, Ronel Swanevelder, Ravi Reddy: ISBT Lisbon June 2011
- Risk of viral infection in South African blood donors with non-repeatable reactive results in individual donation Triplex nucleic acid testing, Marion Vermeulen, Thys Van Emmenis, Nico Lelie, Ronel Swanevelder, Ravi Reddy: AABB San Diego October 2011
- Recent insights in testing for transfusion transmissible viral infections. (Invited speaker) M Vermeulen, Nico Lelie, R Reddy. ISBT Lisbon June 2011
- The effect of change in testing strategy and increasing the black donor base on the HIV window period transmission risk in South Africa: A five year analysis. Marion Vermeulen, Charl Coleman, Lilian Gaggia, Wendy Sykes, Robert Crookes, Nico Lelie, Ronel Swanevelder, Michael Busch, Ravi Reddy. ISBT Lisbon June 2011
- The Logistical Challenges and Ultimate Success of Implementing ID-NAT: The South African Experience. Marion Vermeulen: Latin American symposium AABB San Diego October 2011
- Sensitivity of NAT Options, The SANBS Experience. Ravi Reddy, ISBT, Lisbon June 2011

- ID NAT Testing: Technical, Practical, Safety/Economic considerations and the SANBS Experience. Ravi Reddy, AABB PEPFAR Meeting, San Diego, October 2011
- Impact of ID-NAT testing on Blood Safety and Sustainability. R Reddy, GenProbe, San Diego, October 2011
- 40 staff made oral and poster presentations at the Laboratory Medicine Congress, Sandton, September 2011
- NASA CONGRESS: SANBS were one of the sponsors of the Neurology Association of South Africa's annual congress as part of raising awareness of therapeutic plasma exchange (TPE) as a treatment modality for certain select neurological conditions. TPE is the gold standard treatment for some of these conditions and through its sponsorship, SANBS aimed to not only improve the sustainability of the therapeutics division, but also improve overall patient care.

6.2.5. Research and Publications

- REDS-III Contract: SANBS (together with Brazil and China) has been awarded the REDS-III Contract. The Recipient Epidemiology and Donor Evaluation Study (REDS-III) is a collaborative research initiative which will be conducted over the next seven years with the University of California San Francisco (UCSF). The goal of the programme is to improve the safety and effectiveness of Blood Banking and Transfusion Medicine Practices in South Africa by performing Laboratory and Epidemiological Research.
- Staff members from SANBS had following manuscripts accepted for publication during 2011/12
 - * Water Administration and the risk of syncope and pre-syncope during blood donation: a randomized clinical trial. (Accepted in Transfusion) – K van den Berg
 - * A review of the use of blood and blood products in HIV-infected patients; (Accepted in The Southern African Journal of HIV Medicine.) - R Crookes, K van den Berg, C Ingram
- Dr Ingram was acknowledged for her part in the MALARIA 055 (MAL055) study (published in the ICMJE for the RTS,S Clinical Trials Partnership):
 - * Efficacy of the RTS,S/AS01 Malaria Vaccine Against Uncomplicated Clinical Malaria in African Children 5-17 Months of Age
 - * Efficacy of the RTS,S/AS01 Malaria Vaccine Against Severe Malaria in African infants and Young Children
- M Vermeulen, Nico Lelie, R Reddy (2011) - Recent insights in testing for transfusion transmissible viral infections. ISBT Scientific series 2011;6, 229-33
- Reshma Kassanjee; Alex Welte; Thomas A McWalter Sheila M Keating, Marion Vermeulen; Susan L Stramer and Michael P Busch - (2011) Seroconverting Blood Donors as a Resource for Characterising and Optimising Recent Infection Testing Algorithms for Incidence Estimation. PLoS One 6: e20027
- Weusten J, Vermeulen M, Van Drimmelen H, Lelie N - Refinement of a viral transmission risk model for blood donations screened by NAT in different pool sizes and repeat test algorithms. Transfusion 2011;51:203-215
- E Bloch, M Vermeulen, E Murphy (2012) - Blood transfusion safety in Africa: a literature review of infectious disease and organizational challenges. Transfus Med Rev, 26, 164-80

6.2.6. Marketing and Communications

Customer relations

To ensure effective customer relations, the following projects were implemented

- The Call Centre hours increased in order to provide and efficient service to donors.
- A Customer Feedback System at all mobile and fixed donor centres was implemented in order to monitor the service levels.

As a result of these improved mechanism, a 96% average of service levels was achieved.

Special Projects

Donor retention campaign: with the assistance and the support of Tiger wheel and Tyre a campaign that drives retention by offering free wheel balancing vouchers to all donors was launched in October, during the year under review.

Donor Education campaign: The Sunrise Breakfast show on ETV adopted blood donation and played a huge role in providing education on blood donation and related topics.

Brand Positioning

To improve our brand exposure, SANBS has relied mainly on publicity through various mediums. Our reach was further achieved through many African language radio stations.

Partnerships with various media stakeholders were established and it is through these partnerships that the dissemination of information to the public was effective. SANBS maintained 99% positive media coverage. It is estimated that for the year 2011/2012 SANBS received more than R5.8million worth of free publicity, through these various channels.

Our Social media platforms has also grown considerable with Facebook having 10270 fans and Twitter with 2049 followers at the end of March 2012.

Youth Strategy (16-25 years)

Programmes such as "adopt-a-month", Club 25 and Peer Promoters where used to educate and target the youth. A total of 256 501 units where collected from the youth through such programmes. This was an increase of 6% on collections from the previous year.

Market Research

An outsourced marketing and communications research analysis with regards to trends relating to blood donation was conducted in 2011 in order to guide marketing initiatives. The research was conducted with donors, lapsed donors, non-donors, customers and staff.

The findings of the research were as follows:

- Awareness of SANBS; donors, current (100%) and lapsed (99%) with an average awareness level at 74% across all groups.
- Above the line mediums of advertising and communications proved to be the most successful with Radio being the largest source of information at 27%, and television at 20%. Newspapers were also very high in terms of reaching donors and non-donors with 23%.
- 33% of current donors and 44% of lapsed donors heard about blood donation and SANBS at school or at university.
- Main barrier to blood donation; 63% are scared of knowing their HIV status, 60% due to fear of needles and 46% due to lack of knowledge.
- Main barrier with the youth is a fear of needles.
- Brand Perception: Donors have a very positive perception of the SANBS brand with more than 74% associating SANBS with superior customer service, keeps donors informed, a life giving brand, has a good reputation and a brand that will be recommended.

Promotions

Ambassador Programme: The success of the programme continues, with more local celebrities who have signed up as advocates of the blood donation cause and use every opportunity they have to mention the importance of blood donations.

2011 World Blood Donor Day: this programme is an annual event in the global blood transfusion industry. SANBS celebrated this day at with a flagship event at the Mafanony Mall in Soweto. A partnership with radio stations to build awareness nationally resulted in 4408 units being collected on the day.

December Donation: the campaign was introduced in December of 2011 to address the December blood shortages as well as to assist donors on locating their nearest donor centre by sending an SMS of their name and post code and an automated response of the donor centre was sent to them. This campaign brought in 3687 new interests to blood donation in a period of 4 weeks.

Other initiatives, such as Nelson Mandela Day, where the public was encouraged to adopt blood donation as the cause they would like to participate in as their action for Mandela day also contributed positively to SANBS awareness and brand. SANBS adopted many children's homes across the country.

7. SANBS AS A RESPONSIBLE CORPORATE CITIZEN

SANBS is committed to protecting, enhancing and investing in the wellbeing of the South African economy, the society within which it operates and the natural environment.

7.1. Economic contribution

SANBS is a non-profit organisation and therefore its income is ploughed back into the operations. The organisations endeavours to contribute to the economic growth of our country by providing sustainable jobs and procuring services from all classes of service providers, small, medium sized and big businesses.

We are committed to sustainable transformation and have aligned ourselves with the Codes of Practice under the Broad-based Black Economic Empowerment (B-BBEE) Act.

Our BEE rating is also showing an impressive improvement from the previous performance, SANBS is now a level 4 contributor as the per the BEE scorecard, shown below.

Elements	Available Points	2009	2010
Ownership	n/a	n/a	n/a
Management Control	15.00	14.10	15.04
Employment Equity	15.00	11.91	11.68
Skills Development	20.00	16.00	16.00
Preferential Procurement	20.00	10.41	14.17
Enterprise Development	15.00	00	0.00
Socio-Economic Development	15.00	15.00	15.00
Total Score	100	67.42	71.89
Level		4	4

Fig. 1: SANBS BEE Scorecard

7.2. Social contribution

SANBS recognises that the Blood Donors are the most critical stakeholders SANBS As well as the fundamental source of SANBS existence.

We are committed to the wellbeing of our Donors and the society within which we operate. SANBS has undertaken the following social projects in the year under review:

- **SANBS HIV Counseling:** HIV counselling and testing (HCT) is an important tool in the on-going mission to prevent and control HIV/AIDS in any country.

The South African National Blood Service (SANBS) does not provide pre-test counselling for the donors but the donors are fully informed that their blood will be tested for HIV, Hepatitis B, Hepatitis C and Syphilis. SANBS does however provide HIV counselling to those donors who test HIV positive. A total of 1712 of donors tested positive for HIV in the period 01 April 2011 – 31 March 2012 and 30% - 40% of those, presented to SANBS for HIV counselling. It is our aim to increase the number of donors who come to SANBS for counselling to at least 60 % but there are significant challenges in this regard. In particular, some donors are not contactable, do not honour their appointments and some simply refuse to come for counselling.

HCT is the key entry point to care and support services for people living with HIV/AIDS (PLWHA). These include access to interventions to prevent opportunistic infections (e.g. Bactrim prophylaxis for PCP), prevention of mother –to-child –transmission (PMTCT) as well as other medical and supportive services that can help HIV positive people to live and healthier lives. HCT enables PLWHA to better plan their and their dependents' future. It also helps lessen the stigma attached to the disease and the discrimination they have to face in their community.

In general, HCT offers a holistic approach and addresses HIV in broader context. As SANBS offers post donation HCT we believe that we in some small way we contribute to the above objectives. One of the bigger strategic objectives of DOH is to test as many people as possible so that they can be integrated into the continuum of care. We believe that we are also contributing to this cause as all the donors that we counsel are referred to the health care sector for continuum of care.

- **“Saving Mothers” Campaign**

The Medical Division is actively involved on the Saving Mothers Campaign. In South Africa in the period between 2005 and 2007; 3959 maternal deaths were reported. One of the avoidable factors that have been cited as a cause of maternal death was obstetric haemorrhage. Lack of blood transfusion as a cause of maternal death has increased from 9.2% in the 2002 -2004 report to 19% in 2005 -2007.

SANBS has partnered DOH with regards to decreasing MMR related to obstetric haemorrhage. That was established through the chairman of National Committee for Confidential Enquiry into Maternal Death (NCCEMD). Eight successful workshops in the different regions of the country were held in the period of April 2011 – October 2011. The delegates included Provincial and District Directors and Managers of Maternal, Child and Women Health (MCWH), the district general managers, Hospital CEOs, Hospital Medical Managers, Obstetricians and Gynaecologists, Medical Officer working in maternity and midwives. One hundred and ninety two (192) attended the workshops held in January and February in KZN & Mpumalanga, 665 delegates attended the next 6 workshops which were held in Free State, Northern Cape, North West, Limpopo, Eastern Cape and Gauteng provinces. A total of 857 delegates attended the 8 workshops.

Significant outcomes from these workshops include, national guidelines on platelet use in obstetrics being formulated, all hospitals that do caesarean sections being equipped with emergency fridges for blood storage, improved communication between hospitals and SANBS blood banks, set up of hospital Transfusion Committees (HTCs), training of doctors in the use of blood & blood products and improved transportation of emergency bloods.

- **Mandela Day**

During the year under review SANBS staff voluntarily introduced a campaign where they adopted many children's homes; where they donated out of their own pockets several children's necessities.

SANBS is very grateful to its staff for this voluntary contribution and the commitment to the culture of social contribution and enhancement of the quality of life of fellow South Africans.

This culture will forever be encouraged and enabled at SANBS and the organisation is committed in ensuring that this selflessness is continued by becoming an employer of choice that ensure that its staff is enabled, empowered and engaged to build a values-based culture.

7.3. Protecting the environment

SANBS is committed to compliance with the relevant legislation and to improving our social responsibility towards the environment and has implemented a fully integrated Health Care Risk Waste Management (HCRW) System which complies with the required South African Legislation.

The HCRW Management System is aligned to the South African National Standards (SANS 10248:1-3) for Health Care Facilities and consists of the following main components. The system is:

1. segregated at source at all SANBS sites as per defined Risk Category;
2. packaged at source in colour coded containers as per defined Risk Category;
3. monitored via a SANBS designed Waste traceability system;
4. transported from source by approved Waste Service providers, SANBS and/or Courier companies meeting the Road Traffic Act requirements for transportation of Dangerous goods and Substances; and
5. is treated by outsourced waste companies using a combination of Autoclaving and Incineration Technology. The CRW Treatment and Disposal companies are legally compliant and the applicable permits are valid. HCRW Disposal certificates are received from waste disposal companies and linked to original waste manifest to ensure traceability of waste dispatched for treatment and disposal.

SANBS staff is trained in all principles of HCRW and the Waste Management Procedures are in place and constantly reviewed.

SANBS follows a pro-active approach towards the application of Waste Management legislation. The Principles of “Cradle to Grave” and “Duty of Care” applies in all instances and the Department of Safety and Environmental Department works closely monitors our compliance.

SANBS has a clean record with Department of Environmental Affairs since the introduction of system 6 years ago.

We are committed to continuously improve and maintain the high standards in SANBS and are currently reviewing the Waste Management Strategy in order to standardize the systems for all Non-Hazardous Waste Streams.





ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012

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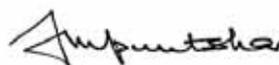
The financial statements were prepared by Muvenda Khomalo (CA) SA and supervised by Stan Coffey (CA) SA.

DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 4 to 36 were approved by the Board of Directors on 13 September 2012 and are signed on its behalf by:



A Christians
Chairman



Dr L Mpuntsha
Chief Executive Officer

CERTIFICATION BY COMPANY SECRETARY

I certify that in accordance with the provisions of section 88(2) of the South African Companies Act 71 of 2008 that to the best of my knowledge and belief all required returns notices in terms of the Companies Act 71 of 2008 have been lodged. I certify that all such returns and notices appear to be true, correct and up to date.



N Motaung
Company Secretary
Johannesburg
13 September 2012



Private Bag X6
Gallo Manor 2052
South Africa

Deloitte & Touche
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH AFRICAN NATIONAL BLOOD SERVICE

We have audited the annual financial statements of the South African National Blood Service, set out on pages 7 to 36, which comprise the statement of financial position as at 31 March 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of South African National Blood Service as at 31 March 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year-ended 31 March 2012, we have read the Directors' Report, for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

Deloitte & Touche
Registered Auditors
Per: David H Uys
Partner
13 September 2012

National Executive: GG Gelinik Chief Executive AE Swiegers Chief Operating Officer GM Finnock Audit
DL Kennedy Risk Advisory & Legal Services NB Kader Tax L Geeringh Consulting L Bam Corporate Finance
JK Mazzocco Human Resources CR Beukman Finance TJ Brown Chairman of the Board
MJ Comber Deputy Chairman of the Board

A full list of partners and directors is available on request

B-BBEE rating: Level 2 contributor/AAA (certified by Empowerdex)

Member of Deloitte Touche Tohmatsu Limited

The directors have pleasure in presenting their report and the audited financial statements for the year-ended 31 March 2012.

1. NATURE OF BUSINESS

SANBS is a Non-Profit Organisation incorporated in terms of the South African Companies Act 71 of 2008.

The mandate of SANBS is to provide blood transfusion and related services.

The subscribing Members of SANBS are Donors nominated from Independent Donor Structures into the National Council as set out in the Articles of Association. The National Council appoints the Board of Directors and holds the Board accountable for managing and controlling SANBS' operations in accordance with its mandate.

2. DIRECTORS

The Board of Directors comprises of fifteen Directors being nine Non-Executive Donor Directors, three Independent Non-Executive Directors and three Executive Directors as listed hereunder.

At the year-end and date of this report, the Board of Directors comprised the following members:

Non-Executive

A Christians - Chairman
D Dondur - Deputy Chairman
P Venter
R Brand
J Moate
M Tshifularo
M Nolan
C Mey
G Simelane (Appointed November 2011)

Executive

Loyiso Mpuntsha
S Coffey
C Ingram (Appointed July 2011)

Independent Non-Executives

J Mahlangu
C Sanangura (Appointed May 2011)
W Gumede (Appointed May 2011)

- Alex Christians was elected Chairman of the Board in November 2011.
- Doris Dondur was elected Deputy Chairman of the Board in November 2011.
- Bertram Kommel resigned as a Director in October 2011.

3. COMPANY SECRETARY

Nohlanga Motaung is the Company Secretary for SANBS with effect from 23 February 2012. The addresses of the Company Secretary are as follows:

Business address

1 Constantia Boulevard
Constantia Kloof
Roodepoort
1724

Postal address

Private Bag X14
Weltevreden Park
1715

Allarice Prinsloo resigned as the Company Secretary of SANBS in December 2011.

4. AUDITORS

The auditors of SANBS is Deloitte & Touche whose addresses are as follows:

Business address	Postal address
Buildings 1 Deloitte Place The Woodlands Woodmead Sandton 2191	Private Bag X6 Gallo Manor 2052

5. BUSINESS RESULTS SUMMARY

The financial position of the Company at 31st March 2012 is set out in the statement of financial position.

The statement of comprehensive income for the year reflects a surplus of R359 797 million (2011: R306 781 million).

6. EVENTS AFTER THE REPORTING DATE

The Directors are not aware of any material matter or circumstance arising since the end of the financial year which requires consideration for adjustment to or disclosure in the annual financial statements for the year-ended 31 March 2012.

7. GOING CONCERN STATUS

Having reviewed SANBS' cash flow forecast for the year 2012/13 and, in the light of this review and the current financial position, the Directors are satisfied that the organisation has, or has access to, adequate resources to continue its operational existence for the foreseeable future.

8. POLICY DIRECTIVES

During the year under review, no new policy directives or operating license reviews were received by SANBS from any Regulator.

9. DIRECTORS' STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are required, in terms of the good governance and the South African Companies Act 71 of 2008 as amended, to maintain adequate account records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report.

The directors are further responsible to ensure that the annual financial statements fairly represent the state of affairs of the organisation as at the end of the financial year, and the results of its operations and cash flows for the year then ended, in conformity with the International Financial Reporting Standards (IFRS).

The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements of SANBS have been prepared in terms of IFRS, including any interpretations, guidelines and directives issued by the Accounting Standards Board, as well as in a manner required by the Companies Act. The directors have made an assessment of SANBS' ability to continue as a going concern and have every reason to believe that SANBS will be a going concern in the year ahead. The directors' responsibility also includes maintaining an effective risk management system and an adequate system of internal control that are designed to provide cost-effective assurance that assets are safeguarded, that liabilities and working capital are efficiently managed and that there are policies, procedures, structures and approval frameworks to provide direction, accountability and division of responsibilities.

The directors place considerable importance on maintaining a strong control environment. The directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. These standards include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risks. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems occurred during the year under review.

Based on the information and explanations provided by management, the directors are of the opinion that the system of internal control provides reasonable assurances that the financial records may be relied upon for the preparation of the annual financial statements. The directors are also of the opinion that the annual financial statements, including cash flow information, fairly present the financial position of SANBS as at 31 March 2012, and the results of its operations for the year then ended.

	<u>Note</u>	<u>2012</u> R'000	<u>2011</u> R'000
REVENUE		1 779 443	1 560 777
Service fees		1 778 464	1 555 003
Product sales		979	5 774
Cost of sales		(1 892)	(17 515)
GROSS CONTRIBUTION		1 777 551	1 543 262
Expenses		(1 467 624)	(1 258 919)
Consulting fees		(12 252)	(10 634)
Consumables		(402 168)	(322 351)
Depreciation		(31 160)	(20 468)
Employee benefits		(645 541)	(580 139)
Other expenses		(336 324)	(286 992)
Product testing		(40 179)	(38 335)
Other income		27 057	11 853
Rental income received		5 265	3 865
Administration fees received		3 500	3 380
Other income		18 292	4 608
Net interest received		22 813	10 585
Interest received		24 622	12 308
Interest expense		(1 809)	(1 723)
SURPLUS FOR THE YEAR	3	359 797	306 781

	<u>Notes</u>	<u>2012</u> R'000	<u>2011</u> R'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	237 803	218 446
Current assets			
Inventories	6	71 924	61 055
Trade and other receivables	7	477 781	483 343
Cash and cash equivalents	8	656 018	357 256
Total current assets		1 205 723	901 654
TOTAL ASSETS		1 443 526	1 120 100
RESERVES AND LIABILITIES			
Reserves			
Reserves		1 048 658	688 861
Non-current liabilities			
Long-term liabilities	9	9 302	14 528
Provision for post-retirement medical obligations	10	13 430	170 753
Total non-current liabilities		22 732	185 281
Current liabilities			
Current portion of long-term liabilities	9	5 187	9 119
Provision for post-retirement medical obligation	10	175 000	-
Trade and other payables	11	149 486	194 950
Grants received in advance	12	5 843	9 921
Provisions	13	36 620	31 968
Total current liabilities		372 136	245 958
TOTAL RESERVES AND LIABILITIES		1 443 526	1 120 100
			<u>Reserves</u> R'000
Balance at 31 March 2010			382 080
Surplus for the year			306 781
Balance at 31 March 2011			688 861
Surplus for the year			359 797
Balance at 31 March 2012			1 048 658

	<u>2012</u> R'000	<u>2011</u> R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	359 797	306 781
Interest expense	1 809	1 723
Interest income	(24 622)	(12 308)
Increase in provision for post-retirement medical aid obligations	17 677	29 641
Net gain on disposal of property, plant and equipment	(464)	(643)
Depreciation	31 160	20 468
Impairment of assets	2 568	-
Amount recognised in income for grants received in advance	(4 079)	-
Movements in working capital:		
- Decrease (increase) in trade and other receivables	5 562	(61 733)
- (Increase) decrease in inventories	(10 869)	10 917
- (Decrease) increase in trade and other payables	(40 812)	52 550
Cash generated from operations	337 727	347 396
Interest expense	(1 809)	(1 723)
Net cash generated by operating activities	335 918	345 673
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(56 233)	(40 852)
Proceeds from disposal of property, plant and equipment	3 613	3 678
Interest income	24 622	12 308
Net cash utilised by investing activities	(27 998)	(24 866)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in grants received in advance	-	(11 205)
(Decrease) increase in finance lease payments	(9 158)	3 371
Net cash utilised by financing activities	(9 158)	(7 834)
Net increase in cash and cash equivalents	298 762	312 973
Cash and cash equivalents at the beginning of the year	357 256	44 283
Cash and cash equivalents at the end of the year	656 018	357 256

1. ACCOUNTING POLICIES

Statement of compliance:

The annual financial statements of the company are prepared in accordance with IFRS. The principal accounting policies adopted, which have been consistently applied in all material respects, are set out below.

The basis of preparation is consistent with the prior year, except for new and revised standards and interpretations adopted as detailed below.

1.1 Adoption of revised accounting standards

In the current year, the company has adopted all the new and revised Standards and Interpretations issued by the International Accounting Standard Board (IASB) that are relevant and effective for the accounting period beginning 1 April 2011.

At the date of approval of these financial statements, the following relevant Standards and Interpretations were in issue but are not yet effective:

IFRS 9	Financial Instruments - Classification and measurement (Effective for annual periods beginning on or after 1 January 2015)
IFRS 13	Fair Value Measurement (Effective for annual periods beginning on or after 1 January 2013)
IAS 27	Separate financial statements (Effective for annual periods beginning on or after 1 January 2013).

At the date of approval of these financial statements, the following relevant Standards and Interpretations were amended but are not yet effective:

IFRS 7	Financial Instruments: Disclosures (Effective for annual periods beginning on or after 1 January 2013)
IAS 1	Presentation of Financial Statements (Effective for annual periods beginning on or after 1 July 2012)
IAS 19	Employee Benefits (Effective for annual periods beginning on or after 1 January 2013)
IAS 12	Deferred tax (Effective for annual periods beginning on or after 1 January 2012)
IAS 32	Offsetting financial assets and financial liabilities (Effective for annual periods on or after 1 January 2014).

The directors are in the process of evaluating the effects of these new Standards and Interpretations, but they are not expected to have a significant impact on the company's disclosures.

1.2 Basis of preparation

The annual financial statements are prepared on the historical cost basis, except for certain financial instruments carried at fair value.

These financial statements are presented in South African Rands since that is the currency in which the majority of the company's transactions are denominated.

1.3 Property, plant and equipment

Land and buildings are stated at cost. Buildings are depreciated over their useful lives to their residual values.

Plant, equipment, furniture and fittings and vehicles are stated at cost less accumulated depreciation and impairments. Depreciation is charged so as to write off the depreciable amount of the assets over their estimated useful lives, using the straight line method. Depreciation commences when the assets are ready for their intended use.

The useful lives are:

Plant, equipment and furniture and fittings	4 to 10 years
Motor vehicles	4 years
Computer equipment	4 years

Rates are considered appropriate to reduce the carrying amounts of the assets to their estimated residual values over their expected useful lives. The residual values and useful lives are assessed on an annual basis.

Assets held under finance leases are depreciated over their useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and these are included in the operating profit.

1.4 Leases

Assets held under finance leases are capitalised at their fair value at the date of acquisition. The corresponding liability, net of deferred finance charges, is included in the statement of financial position as a long-term liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the statement of comprehensive income over the term of the lease so as to produce a consistent periodic charge on the remaining balance of the obligation.

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 are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

1.5 Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.6 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

1.6.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

1.6.2 Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit-taking; or
 - it is a derivative that is not designated and effective as a hedging instrument.
- A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in note 15.

1.6.3 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the company has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

1.6.4 Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates (see below), interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

1.6.5 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

1.6.6 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, 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, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

1.6.7 De-recognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On de-recognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the company retains control), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

1.7 Financial liabilities and equity instruments

1.7.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

1.7.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

1.7.3 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

1.7.3.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in note 15.

1.7.3.2 Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

1.8 Grants

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the company recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

1.9 Inventories

Inventories are valued at the lower of cost and net realisable value, using the standard costing method. Cost is determined as follows:

- Blood packs, accessories, packaging materials, filtration stocks, chemicals and reagents at a standard cost that approximates latest invoice price.
- Raw materials, for use in the manufacturing process, at a standard cost that approximates latest invoice price.
- Fractionated plasma in process products and finished products at a standard cost.
- Consumable stores at a standard cost that approximates latest invoice price.
- Plasma and purchased finished goods at a standard cost that approximates latest invoice price.
- Blood stocks on hand at the year-end are not included in inventories.
- Test kits using the weighted average method.

Obsolete or slow moving inventories are identified and suitable reductions in value are made where necessary.

1.10 Revenue recognition

Revenue comprises the net revenue from product sales, service fees, laboratory and other services, excluding value added taxation. Revenue is recognised when significant risks and rewards are transferred to the buyer and the receipt of economic benefits is probable.

1.11 Retirement benefits

The company provides pension and post-retirement medical aid benefits for its employees.

The company contributes to defined contribution provident funds which are governed by the Pension Funds Act, 1956. The company's contributions to the funds in respect of service during a particular period are recognised as an expense in that period.

Provision is made for the present value of future post-retirement medical benefits due to current and former employees on the accrual basis determined actuarially every three years. The projected unit credit method of valuation is used to calculate the post-retirement benefits.

1.12 Impairment

At each the statement of financial position date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset, being the higher of its net selling price and its value in use, is assessed in order to determine the extent of the impairment loss, if any.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

1.13 Foreign currencies

Transactions in foreign currencies are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are translated at the rates prevailing at the statement of financial position date. Exchange differences are recognised in profit or loss in the period in which they arise.

1.14 Research and development

Expenditure on research and development is charged against operating income in the year in which it is incurred.

1.15 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

2.1 Critical accounting judgements

In the process of applying the company's accounting policies, management has made the following judgements, apart from those involving estimations, that affect the amounts recognised in the financial statements and related disclosure:

Impairment of assets

In making its judgment, management has assessed at each statement of financial position date whether there is an indication that items of property, plant and equipment and other assets may be impaired. If any such indication exists, the recoverable amount of the asset is assessed in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use.

Provision for doubtful debts

Judgement is required to determine the recoverability of trade and other receivables. Various factors are considered when deciding on whether to impair receivables, including general economic terms, payment history and any other knowledge of the financial viability of the customer.

2.2 Key sources of estimation uncertainty

In the process of applying the company's accounting policies, management has made the following key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date:

Plant, equipment and vehicles residual values and useful lives

These assets are written down to their estimated residual values over their anticipated useful lives using the straight line basis. Management reviews the residual values annually considering market conditions and projected disposal values. In assessing useful lives, maintenance programmes and technological innovations are considered.

Post-retirement medical provision

A liability exists in respect of current and retired employees to whom these benefits have been granted. These costs are provided on the accrual basis, determined actuarially. Refer to the assumptions set out in note 10.

		<u>2011</u> R'000	<u>2010</u> R'000
3. SURPLUS FOR THE YEAR			
The surplus for the year is stated after taking into account the following items:			
Auditor's remuneration		3 533	3 647
Audit fees		3 000	2 800
- Current year		533	847
Fees for other services			
Depreciation		31 160	20 468
- Buildings		804	381
- Computer equipment		5 215	4 246
- Furniture and fittings		2 094	977
- Motor vehicles		7 929	2 453
- Plant and equipment		15 118	12 411
Directors' emoluments	20	12 947	9 942
Executive directors		5 706	4 873
- Salaries and other benefits			
Non-executive directors		7 241	5 069
- Fees			
Impairment of assets		2 568	-
Net gain on foreign currency transactions		(6 153)	(258)
Net gain on disposal of property, plant and equipment		(464)	(643)
Operating lease expenses		22 574	21 740
- Land and buildings		20 067	15 533
- Plant and equipment		2 507	6 207
PEPFAR grant income		(15 637)	(5 803)
PEPFAR grant expenses		15 637	5 803

4. TAXATION

No provision for taxation is necessary as the company is specifically exempt from taxation in terms of Section 10(i)(cN) of the South African Income Tax Act.

5. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R'000	Plant and equipment R'000	Motor vehicles R'000	Computer equipment R'000	Furniture and fittings R'000	Total R'000
2012						
At cost	159 747	140 355	67 972	49 887	7 436	425 397
Less accumulated depreciation	(10 061)	(108 731)	(30 839)	(32 193)	(5 770)	(187 594)
Carrying value at end of the year	<u>149 686</u>	<u>31 624</u>	<u>37 133</u>	<u>17 694</u>	<u>1 666</u>	<u>237 803</u>
2011						
At cost	151 865	130 597	59 577	39 423	5 282	386 744
Less accumulated depreciation	(9 257)	(97 532)	(26 537)	(31 296)	(3 676)	(168 298)
Carrying value at end of the year	<u>142 608</u>	<u>33 065</u>	<u>33 040</u>	<u>8 127</u>	<u>1 606</u>	<u>218 446</u>
Reconciliation of movement during the year - 2012						
Carrying value at beginning of the year	142 608	33 065	33 040	8 127	1 606	218 446
Additions	8 997	13 678	16 592	14 812	2 154	56 233
Transfers	1 453	-	(1 453)	-	-	-
Net carrying value of disposals	-	(1)	(3 117)	(30)	-	(3 148)
Impairment losses	(2 568)	-	-	-	-	(2 568)
Depreciation for the year	(804)	(15 118)	(7 929)	(5 215)	(2 094)	(31 160)
Carrying value at end of the year	<u>149 686</u>	<u>31 624</u>	<u>37 133</u>	<u>17 694</u>	<u>1 666</u>	<u>237 803</u>
Reconciliation of movement during the prior year - 2011						
Carrying value at beginning of the year	139 090	26 417	26 493	7 701	1 396	201 097
Additions	3 950	19 077	11 962	4 676	1 187	40 852
Transfers	-	(11)	-	11	-	-
Net carrying value of disposals	(51)	(7)	(2 962)	(15)	-	(3 035)
Depreciation for the year	(381)	(12 411)	(2 453)	(4 246)	(977)	(20 468)
Carrying value at end of the year	<u>142 608</u>	<u>33 065</u>	<u>33 040</u>	<u>8 127</u>	<u>1 606</u>	<u>218 446</u>

A register containing details of properties is available for inspection at the registered office of the company. Included in land and buildings is the cost of the East Rand branch building, which has been erected on provincial property. A servitude, in favour of the South African National Blood Service has been registered. Motor vehicles with a carrying value of R22 175 230 (2011: R25 724 366) are subject to finance leases as disclosed in note 9. None of the property, plant and equipment has been pledged as security.

	<u>2012</u> R'000	<u>2011</u> R'000
6. INVENTORIES		
Consumable stores	74 099	62 307
Provision for obsolescence	(2 175)	(1 252)
	<u>71 924</u>	<u>61 055</u>

7. TRADE AND OTHER RECEIVABLES

Trade receivables	624 950	543 366
Less: provision for doubtful debts	(154 163)	(63 388)
Net trade receivables	470 787	479 978
Plasma rebate	5 586	3 365
VAT receivable	1 408	-
	<u>477 781</u>	<u>483 343</u>

Movement in the allowance for doubtful debts:

Balance at the beginning of the year	(63 388)	(248 928)
Impairment losses recognised	(90 775)	(13 078)
Amounts written off as irrecoverable	-	198 618
Balance at the end of the year	<u>(154 163)</u>	<u>(63 388)</u>

Allowances for doubtful debts are recognised against trade receivables of 120 days and over based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

Private sector patients/customers

Due to the nature of the business of the company no credit checks are performed on new private patients. This is due to the instruction for services emanating from a qualified medical physician in a private health institution. The company takes cognisance of the fact that the patient has at that stage been accepted for treatment in a private health institution and can therefore take responsibility for the resulting account.

Government sector patients/customers

The company trades significantly with Government by way of the Provincial and National Departments of Health. There are detailed service level agreements in place with most of these departments with an active drive to have all these relationships governed by these agreements in the foreseeable future.

The payment period for trade receivables is 30 days. Interest is not charged on debts exceeding this period.

Included in the company's total trade receivables balance are the following carrying amounts:

	<u>2012</u> R'000	%	<u>2011</u> R'000	%
Private sector business	296 935	48	202 133	37
Government sector business	328 015	52	341 233	63
	<u>624 950</u>	100	<u>543 366</u>	100

Included in the company's total trade receivables balance are the following carrying amounts:

	<u>2012</u> R'000	<u>2011</u> R'000
Government hospitals	306 954	329 987
Medical aid patients	164 900	113 113
Private patients	81 485	47 194
Private institutions (including private hospitals)	47 520	40 120
Workmens Compensation Act related	14 679	3 775
Road Accident Fund claims	6 151	2 510
Other (no single grouping of more than 5%)	3 261	6 667
	<u>624 950</u>	<u>543 366</u>

The company's exposure to the credit risk inherent in its trade receivables and the associated risk management techniques that the company deploys in order to mitigate risk, are discussed in note 16.

The directors are of the opinion that the carrying amounts of trade and other receivables approximate their fair value.

	<u>2012</u> R'000	<u>2011</u> R'000
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8. CASH AND CASH EQUIVALENTS AT YEAR END

Cash and cash equivalents consist of cash on hand and balances with banks:

Cash and bank balances	234 775	152 653
Short-term deposits	421 243	204 603
	<u>656 018</u>	<u>357 256</u>

9. LONG-TERM LIABILITIES

Finance lease liabilities	14 489	23 647
Less: portion payable within one year	(5 187)	(9 119)
Long-term portion	<u>9 302</u>	<u>14 528</u>

The obligations are secured over motor vehicles with a net carrying value of R22 175 230 (2011: R25 724 366). The obligations bear interest at between 7.5% and 9% (2011: between 7.5% and 9%) and are repayable in monthly instalments of R694 252 (2011: R874 495).

Reconciliation of future payments:

	<u>Within one year</u> R'000	<u>Two to five years</u> R'000	<u>Total</u> R'000
2012			
Minimum repayments	6 091	9 619	15 710
Less: finance costs	(904)	(317)	(1 221)
Present value	<u>5 187</u>	<u>9 302</u>	<u>14 489</u>
2011			
Minimum repayments	10 636	15 722	26 358
Less finance costs	(1 517)	(1 194)	(2 711)
Present value	<u>9 119</u>	<u>14 528</u>	<u>23 647</u>

10. PROVISION FOR POST-RETIREMENT MEDICAL OBLIGATIONS

The post-retirement medical arrangements provide health benefits to retired employees and certain dependants. Eligibility for cover is dependent upon certain criteria. There are no plan assets in respect of post-retirement medical plans. The post-retirement medical aid liability is valued at intervals of not more than three years using the projected unit credit method. The actual present value of the promised benefit at the most recent valuations was performed during the 2012 financial year and indicates that the contractual post-retirement medical aid liability is adequately provided for within the financial statements.

Amounts recognised in the surplus in respect of the defined plans are as follows:

	2012 R'000	2011 R'000
Current service cost	6 503	5 543
Interest on obligation	15 187	12 563
Actuarial losses recognised in the year	1 523	14 573
	23 213	32 679

Movement in the present value of the defined benefit obligation in the current year is as follows:

Balance at the beginning of the year	170 753	141 112
Current service cost	6 503	5 543
Interest cost	15 187	12 563
Expected employer benefit payments	(4 013)	(3 038)
Actuarial loss	-	14 573
	188 430	170 753

The principal actuarial assumptions applied were:

Average retirement age	65 years	65 years
Continuation of membership at retirement	100%	100%
Health care cost inflation	7.75%	7.75%
Discount rate	9.00%	9.00%
Salary inflation	7.50%	7.25%

Provision for post-retirement medical obligations	13 430	170 753
Less: current portion	175 000	-
	188 430	170 753

The obligation of the company to provide medical benefits after retirement is no longer part of the conditions of employment for employees engaged after various dates within the company.

At a Board meeting held on 30 March 2012, a decision was made to offer all members of staff and retirees, whose conditions of employment included this benefit, a lump sum payment in exchange for them agreeing to waive their rights to this promised benefit. Offer letters were sent out during the months following the year-end, and, as of the date of this report, not all have been returned. However, gauging from the response to the offer so far, it appears that this has been positive. It was therefore, considered prudent to transfer a sum of R175 million from non-current liabilities to current liabilities in anticipation of payments to be made in the current year.

	2012 R'000	2011 R'000
Trade payables	73 218	102 689
Accruals	53 734	54 420
Deferred income - PEPFAR grant	-	9 922
VAT payable	-	5 441
Other	22 534	22 478
	149 486	194 950

11. TRADE AND OTHER PAYABLES

The directors consider that the carrying amounts of trade and other payables approximate their fair value.

12. GRANTS RECEIVED IN ADVANCE

Government grants	5 843	9 921
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13. PROVISIONS

<u>Leave pay</u>		
Opening balance	31 968	29 023
Additional provisions recognised	12 963	11 150
Reduction resulting from payments	(8 311)	(8 205)
	36 620	31 968

2012	2011
R'000	R'000

14. OPERATING LEASE COMMITMENTS

The future minimum lease payments under non-cancellable operating leases are as follows:

Land and buildings	42 448	62 037
Not later than one year	14 281	16 395
Later than one year but not later than five years	28 167	45 642
Plant and equipment	2 481	4 618
Not later than one year	2 481	2 137
Later than one year but not later than five years	-	2 481
	44 929	66 655

15. PENSION AND PROVIDENT FUND INFORMATION

The company provides retirement benefits for all eligible permanent employees through a defined contribution provident fund, which are all governed by the Pension Funds Act in South Africa, 1956. At year-end, there were 2 123 (2011: 1 951) employees on this fund.

The company's contributions to this fund expensed during the current financial year amounted to R63 268 471 (2011: R55 433 065).

16. FINANCIAL INSTRUMENTS AND RISK EXPOSURE

The financial instruments of the company consist primarily of cash resources with bankers, accounts receivable, accounts payable, post-retirement benefit obligations and finance leases. The carrying values of financial instruments approximate fair value, determined in accordance with the accounting policies. The company does not deal in derivatives and does not speculate in or engage in the trading of financial instruments. In the normal course of its operations, the company is exposed to credit, foreign currency, interest and liquidity risk.

Interest rate risk

Fluctuations in interest rates impact on the returns derived from bank deposits and on the interest payable on leases.

Interest rate risk management

The company manages its interest rate risk by negotiating favourable rates with its bankers. When deemed necessary it calls for interest rate quotes from other financial institutions to ensure the rates being paid are market related.

Interest rate sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates as at the statement of financial position date. A 100 basis point increase or decrease represents management's assessment of the possible short-term change in interest rates. If interest rates had been 100 basis points higher/lower and all other variables were held constant, the company's surplus for the year-ended 31 March 2012 would have been:

	Impact on surplus	
	100 basis points higher	100 basis points lower
2012		
Lease liability	(145)	145
Cash and cash equivalents	6 560	(6 560)
	6 415	(6 415)
2011		
Lease liability	(236)	236
Cash and cash equivalents	3 572	(3 572)
	3 336	(3 336)

Liquidity risk

This risk is managed by cash budgets and centralised cash management control. The company presently has adequate cash resources. In addition, adequate unutilised borrowing facilities are maintained. An analysis of the company's financial assets and liabilities is presented hereunder:

	Carried at amortised cost R'000	At fair value through surplus R'000	Loans and receivables R'000	Total R'000
2012				
Assets				
Trade and other receivables-	-	476 373	476 373	
Cash and cash equivalents	656 018	-	-	656 018
Liabilities				
Long-term liabilities	-	(14 489)	-	(14 489)
Provisions for post-retirement medical obligations	(188 430)	-	-	(188 430)
Trade and other payables	-	-	(149 486)	(149 486)
Grants received in advance	-	-	(5 843)	(5 843)
Provisions	-	-	(36 620)	(36 620)
	467 588	(14 489)	284 424	737 523
2011				
Assets				
Trade and other receivables	-	-	483 343	483 343
Cash and cash equivalents	357 256	-	-	357 256
Liabilities				
Long-term liabilities	-	(23 647)	-	(23 647)
Provision for post-retirement medical obligations	(170 753)	-	-	(170 753)
Trade and other payables	-	-	(189 509)	(189 509)
Grants received in advance	-	-	(9 921)	(9 921)
Provisions	-	-	(31 968)	(31 968)
	186 503	(23 647)	251 945	414 801

Foreign currency risk

The technology based activities of the company require a significant foreign cost input and, consequently, these expenses are influenced by fluctuations in the value of the Rand. The company purchases certain inputs directly from foreign suppliers. It is not policy to routinely take out forward exchange cover. The exposure to foreign currency risk has been calculated below.

Foreign currency risk management

The company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The carrying amount of the company's foreign currency denominated monetary liabilities at the reporting date is as follows:

	<u>2012</u> R	<u>2011</u> R
<i>Exchange rates at year-end:</i>		
US Dollars	7.8836	6.9141
Euros	10.5753	9.8139
British Pounds	12.6712	11.1088
Australian Dollars	-	0.1379
	<u>R'000</u>	<u>R'000</u>

Liabilities in:

US Dollars	25 473	21 197
Euros	25	127
British Pounds	-	203
Australian Dollars	-	5
	<u></u>	<u></u>

Foreign currency sensitivity

The company's exchange rate exposure relates mainly to the US Dollar. The following table details the company's sensitivity to a 10% increase and decrease in the Rand against the relevant foreign currencies. 10% is the sensitivity rate that represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates.

	<u>2012</u> R'000	<u>2011</u> R'000
10% foreign currency sensitivity - US Dollars	2 547	2 120

The company's sensitivity to foreign currency has increased during the year mainly due to an increase in foreign currency denominated monetary liabilities.

Credit risk management

Credit risk is the risk that a counter party will default on its contractual obligations resulting in financial loss to the company.

The company by its nature as the national blood supplier has an imbedded risk in its ability to turn service and product delivery into cash resources. This is due to the objective of the company to save life first and attend to financial consequences later. The company does not credit checks on its private customers before supplying services and products nor do they investigate the amount of cover applicable or available in cases where medical aids are involved. This by its nature makes the business of the company less economically viable. As at 31 March 2012, the company does not consider there to be any material credit risk that has not been adequately provided for.

The carrying amounts of the financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the company's maximum exposure to credit risk.

The company grants credit terms of 30 days to its customers. Although this is also true for Government related business the company only views Government accounts receivable as problematic if it ages beyond 120 days. The Public Finance Management Act that governs all public institutions does, however, provide that all Government institutions should be paying their creditors within 30 days. This is not currently practised by all relevant institutions.

	<u>2012</u> R'000	<u>2011</u> R'000
The analysis of trade receivables which are past due at the year-end is as follows:		
Not past due	273 530	346 393
Past due by 30 days	65 030	47 297
Past due by 60 days	44 965	38 880
Past due by over 90 days	241 425	110 796
	<hr/>	<hr/>
	624 950	543 366
Less: provision for doubtful debts	(154 163)	(63 388)
	<hr/>	<hr/>
Net trade receivables	470 787	479 978
	<hr/> <hr/>	<hr/> <hr/>
Ageing of provision for doubtful debts:		
Not past due	-	2 212
Past due by 30 days	-	642
Past due by 60 days	-	415
Past due by over 90 days	154 163	60 119
	<hr/>	<hr/>
	154 163	63 388
	<hr/> <hr/>	<hr/> <hr/>

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The company manages liquidity risk by maintaining adequate reserves and banking facilities and by continually monitoring cash flows and the maturity profiles of financial assets and financial liabilities.

The following table details the company's remaining contractual maturity for its non-derivative financial liabilities.

<i>Trade and other payables</i>		
Within 1 month	149 486	194 950
	<hr/>	<hr/>

The following table details the company's remaining contractual maturity for its non-derivative financial assets.

<i>Trade receivables</i>		
Within 1 month	624 950	543 366
	<hr/>	<hr/>

	<u>2012</u> R'000	<u>2011</u> R'000
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17. COMMITMENTS FOR CAPITAL EXPENDITURE

Approved but not contracted for:

- Plant and equipment	57 209	33 435
- Motor vehicles	16 877	19 568
- Furniture and fittings	7 843	4 853
- Computer hardware and software	14 730	16 769
- Buildings and leasehold improvements	39 642	18 921
	<hr/>	<hr/>
	136 301	93 546
	<hr/> <hr/>	<hr/> <hr/>

18. FACILITIES

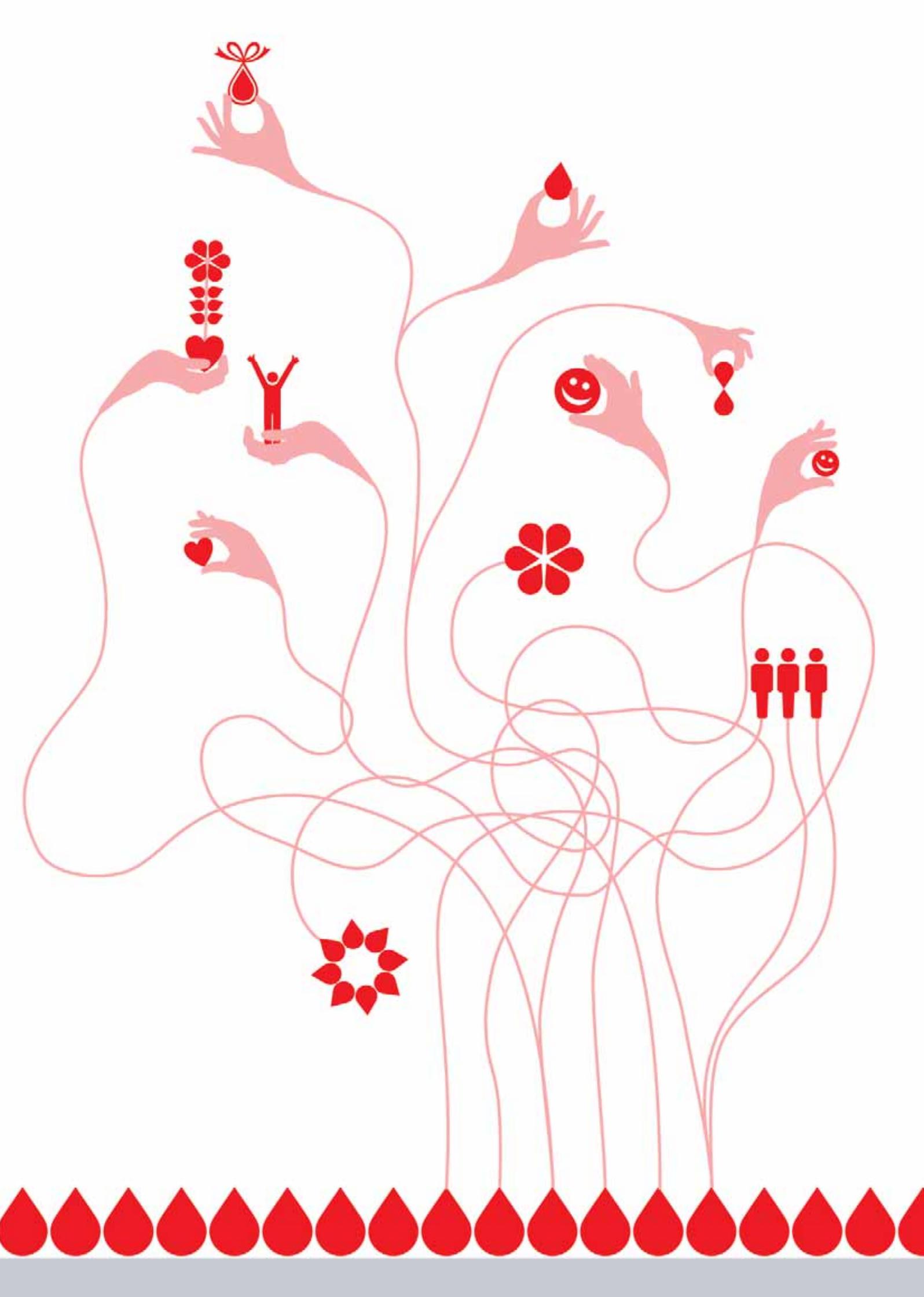
The company has facilities available of R25 000 000 (2011: R51 500 000) with financial institutions.

19. GUARANTEES

Financial institutions have issued guarantees on behalf of the company to the value of R2 625 712 (2011: R2 500 000).

20. DIRECTORS' EMOLUMENTS

Director/ Prescribed Officer	<u>2012</u> R'000	<u>2011</u> R'000
A Christians	391	326
D Dondur	276	275
P Venter	331	669
M Tshifularo	130	199
J Mahlangu	250	324
R Brand	253	306
B Kommel	149	172
J Moate	142	153
M Nolan	124	154
C Mey	147	165
C Sanangura	74	-
W Gumede	81	-
G Simelane	69	-
L Mpuntsha	2 459	2 586
C Ingram	1 004	-
S Coffey	2 243	2 287
S Mabuza	1 001	316
V Reddy	1 911	2 010
A Mothokoa	1 244	-
L Mpofane	668	-
A P Molusi	-	238
Total	12 947	9 942





SANBS

South African National Blood Service

