



INTEGRATED ANNUAL REPORT 2017



SANBS
South African National Blood Service

BRAND

Stories

Every day...

Thousands of South Africans make donations to the South African National Blood Service. Contrary to popular belief, however, these donors don't just give us their blood.

Selflessly, without praise or compensation, these remarkable human beings give so much more. They donate experiences, opportunities and potential. They donate blank pages on which to write new chapters.

Thanks to them, an old woman has the chance to knit a jersey for her great grandchild, a young man gets to marry his childhood sweetheart, a little girl has the opportunity to win first prize at her school science fair.

A blood donation is a seemingly small act. Yet it has massive significance: it allows stories like these to live.

These stories are at the heart of everything SANBS does. It's the reason to get up every morning and to never look at a blood bag as just a pint of blood. Instead, to see a lifeline – a lifeline that extends from one human to another, and continues on to form the lines of the pages on which new stories can be told.

BECAUSE AT THE END OF THE DAY, IT'S NOT BLOOD. IT'S LIFE.



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Glossary

ACEO	Acting chief executive officer	HR	Human resources
ACFO	Acting chief financial officer	HWSETA	Health and Welfare Sector Education and Training Authority
CoBIT	Control Objectives for Information and Related Technologies	ICT	Information and communications technology
CSI	Corporate social investment	ICU	Intensive care unit
CSR	Corporate social responsibility	IFRS	International Financial Reporting Standards
DoH	Department of Health	IIRF	International Integrated Reporting Framework
EOCP	Ethics Officer Certification Training Programme	IPPF	International Professional Practices Framework
ERM	Enterprise risk management	IR	Integrated report
EWP	Employee wellness programme	ISBT	International Society for Blood Transfusion
g/dL	Grams per decilitre	ISO	International Organisation for Standardisation
GDP	Gross domestic product	IT	Information technology
GHCW	General healthcare waste	MCC	Medicine Control Council
Hb	Haemoglobin	MOI	Memorandum of incorporation
HBV	Hepatitis B virus	NAT	Nucleic acid amplification testing
HCRW	Healthcare risk waste	NBI	National Bioproducts Institute
HCV	Hepatitis C virus	NGS	Next-generation sequencing
HIV	Human Immunodeficiency Virus	NHI	National Health Institute
HLA	Human leukocyte antigen	NHLS	National Health Laboratory Services
HPA	Human platelet antibody testing	NICE	National Institute for Health and Care Excellence
HPC-A	Haematopoietic cell collection apheresis	NPO	Not-for-profit organisation
HPCSA	Health Professions Council of South Africa	PBM	Patient blood management

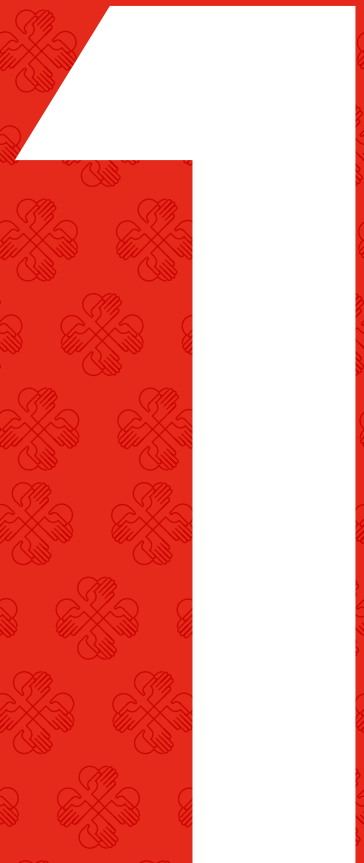


PEPFAR	The President's Emergency Plan for Aids Relief
PoPI	Protection of Personal Information Act
PT	Proficiency testing
QC	Quality control
RBC	Red blood cells
RED	Recipient Epidemiology and Donor
SABMR	South African Bone Marrow Registry
SADEC	Southern African Development Community
SANAS	South African National Accreditation Systems
SCM	Supply chain management
SEQ	Self-exclusion questionnaire
SHERQ	Safety, health, environmental, risk and quality
SLS	Specialised Laboratory Services
TEI	The Ethics Institute of South Africa
TM	Transfusion medicine
TPHA	Treponema pallidum particle agglutination assay
UCSF/BSRI	University of California San Francisco and Blood Systems Research Institute
WHO	World Health Organisation
WPBTS	Western Province Blood Transfusion Services





ABOUT THIS REPORT



About this report

Thank you for reading the South African National Blood Service (SANBS) integrated Annual Report for the year ended 31 March 2017. The report aims to provide our stakeholders with a concise, material, transparent and digestible assessment of our governance, strategy, performance and prospects.

The SANBS is committed to:

- 🔥 Striving toward improving patient outcomes
- 🔥 Improving donor care by using best practice and technology
- 🔥 Driving down the cost of products by using advances in technology and innovative ways to improve efficiency

Scope

This report covers the 12 months ending on 31 March 2017 and includes all material developments up until the Board's approval of the document.

The report balances the needs, interests and expectations of stakeholders in the best interests of the SANBS over the long term.

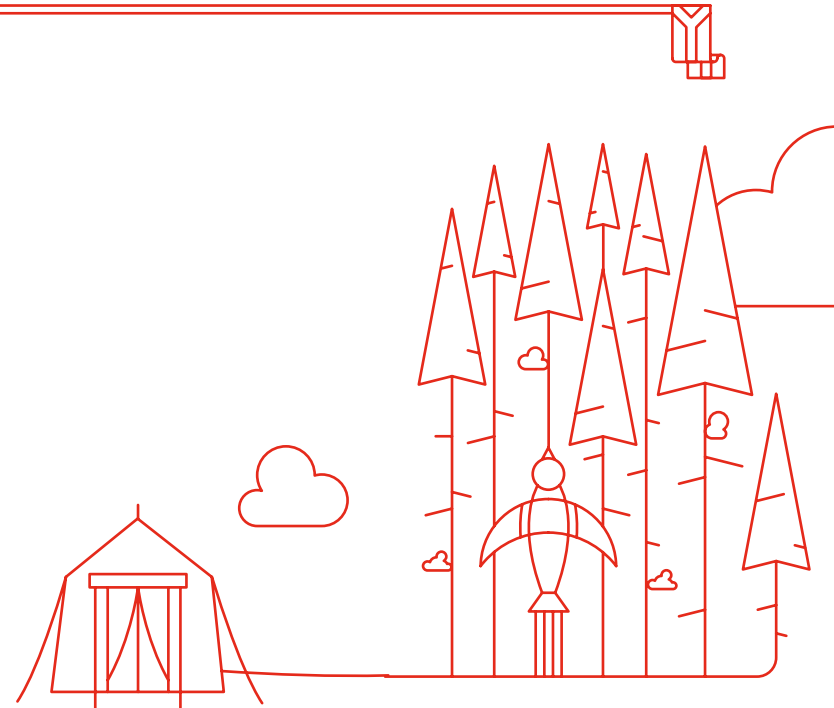
We have included relevant information on the resources and relationships that materially affect our ability to create value over time in this report. This includes relationships with our significant stakeholders, as identified in our stakeholder matrix.

Reporting framework

We have applied the following local and international reporting frameworks, standards and guidelines in compiling this report:

- 🔥 The Companies Act of 2008, South Africa, Act No 71, 2008
- 🔥 International Financial Reporting Standards (IFRS) IAS34
- 🔥 International Integrated Reporting Framework (IIRF)
- 🔥 King Report on Governance for South Africa 2009 (King III)
- 🔥 King IV Report on Corporate Governance for South Africa, 2016 (as an early adoption)

“How wonderful it is that nobody need wait a single moment before starting to improve the world.” – Anne Frank



We have committed to incremental improvements to our integrated report, specifically in terms of the principles and elements set out in the <IR> framework, published by the International Integrated Reporting Council. Although King IV only came into effect immediately after the year under review, we also considered its principles in this report.

Materiality definition

Our material issues form the basis of our report. Focusing on these has helped us keep the report concise. Our priorities are our key stakeholders' main concerns and providing all patients with sufficient safe, quality blood products and medical services related to blood transfusion, in an equitable, cost-effective manner. To this end, we have addressed key issues to ensure this support and our continued ability to deliver on our strategy and meet our goals over the medium to long term.

Assurance

Non-financial information in this report, although reviewed, has not been assured. However, we made use of our combined assurance model to provide us with assurance obtained from management and from internal and external assurance providers. Our Audit Committee provides internal assurance to the Board on an annual basis on the execution of the combined assurance model we have begun to implement during the year under review. The SANBS's financial, operating, compliance and risk-management controls are assessed by our internal audit function, overseen by the Audit Committee.

Integrated thinking

We have six strategic objectives and have set clear five-year goals and targets for each of these. These priorities will ensure that we manage the needs and expectations of our key stakeholders and create long-term value for them. We have also embarked on a more focused stakeholder engagement programme.

The five-year plan is designed to move SANBS from inward-looking "silo thinking" to an integrated thinking approach across the organisation. This will ensure that management is aligned on the core mandate while identifying opportunities for growth and ensuring ultimate sustainability for the SANBS and improvement in the health-care sector.

Board approval

The Board, supported by the Audit Committee, is responsible for ensuring the integrity of the integrated Annual Report. The Board confirms it has applied its collective mind to the preparation and presentation of the report and believes that it addresses all material issues and fairly presents the organisation's integrated performance and impact.

This report was approved by the Board and signed on its behalf by



Ms G Simelane
Chairperson
on 29 September 2017.

**For any feedback or comment, contact stakeholder
manager Thembi Masekela on 011 761 9000 or
email Thembi.Masekela@sanbs.org.za**





ORGANISATIONAL REVIEW

“This is my second child and I trust the SANBS to be there for me again as I bring my baby into the world.”



About the South African National Blood Service (SANBS)

The SANBS is a non-profit organisation, as an incorporated company not for gain, and receives no funding from the government. With 2 265 employees, 27 branches, 86 permanent collection site and 21 177 mobile blood drives, the SANBS manages blood supply and provides products and services to South African parties in all provinces except for the Western Cape.

Website: www.sanbs.org.za, Facebook: www.facebook.com/sanbs, Twitter: @thesanbs, Instagram:@thesanbs

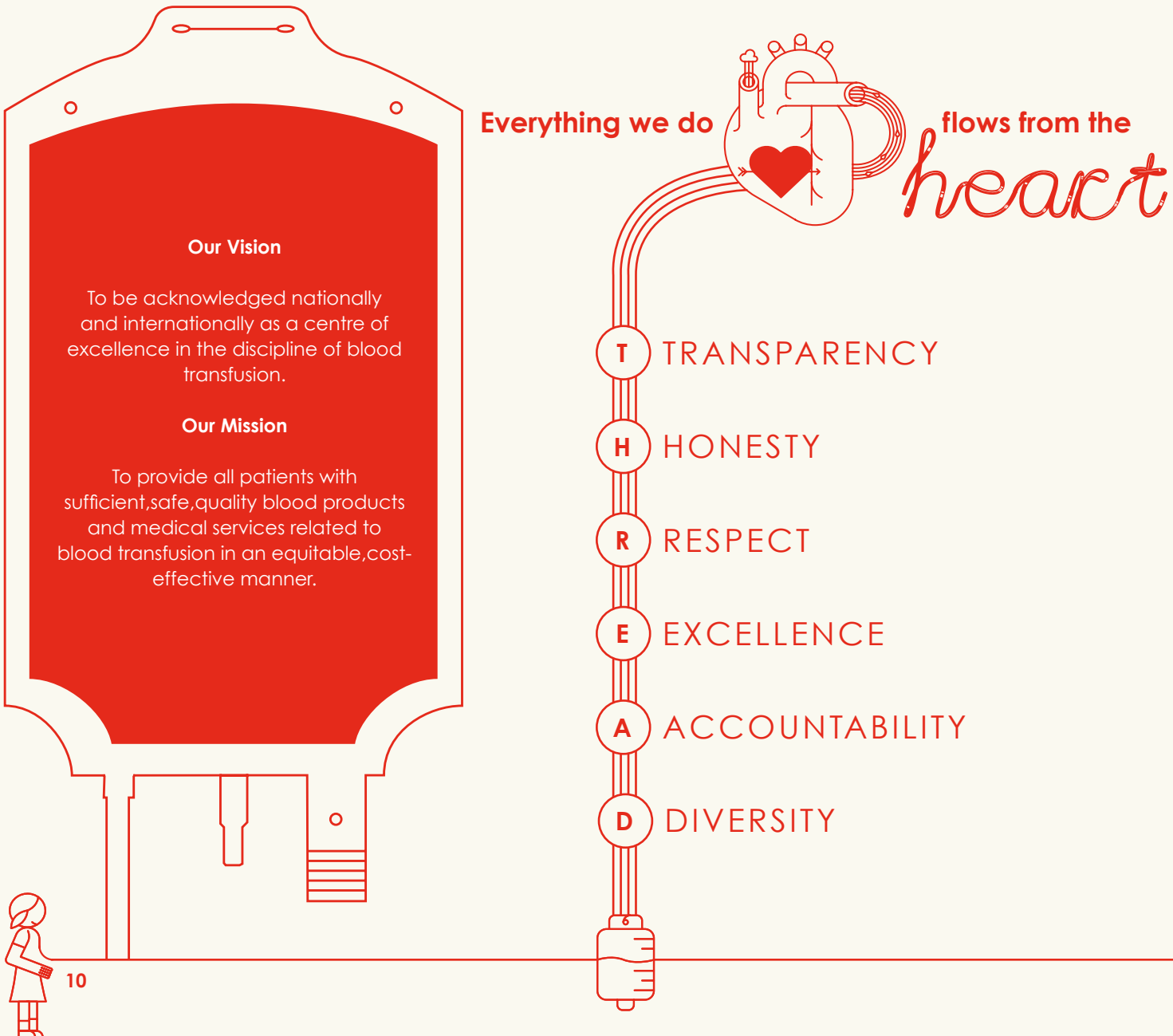
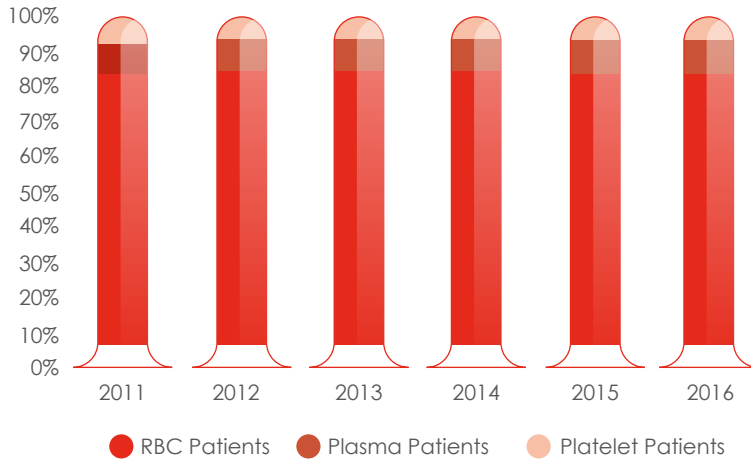
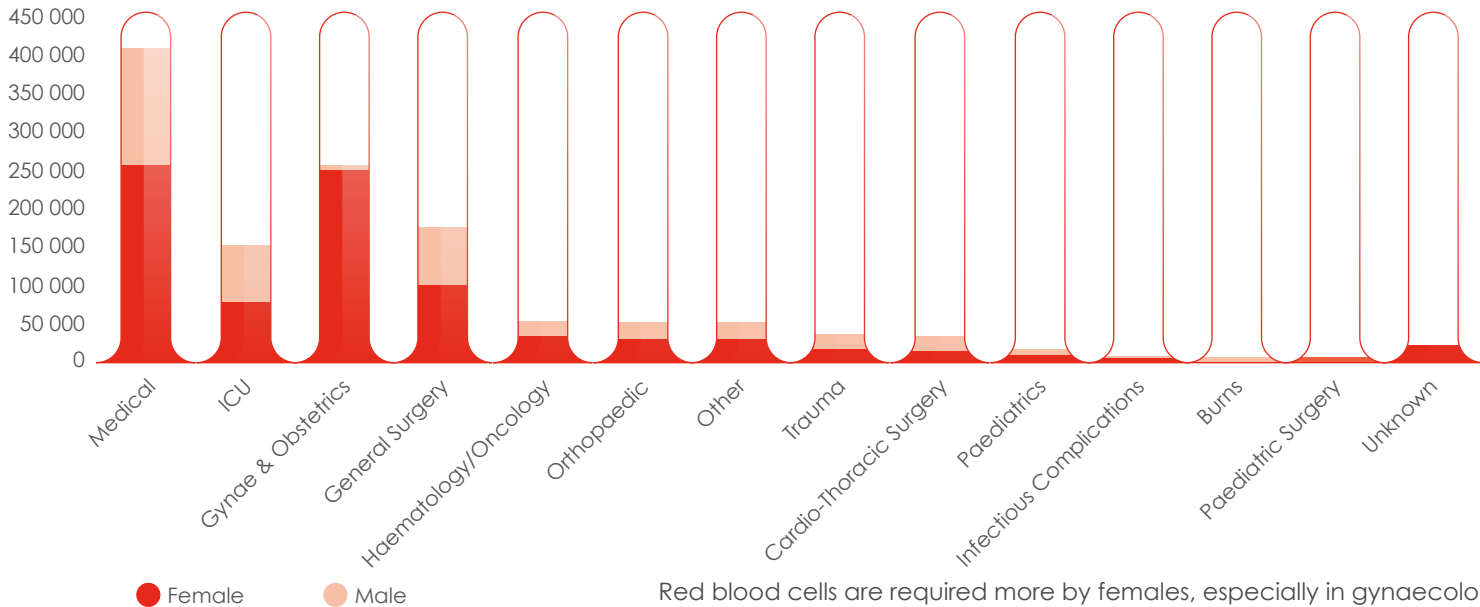


Figure 1: Patient percentage per product group



Patients requiring red blood cells represent 96% of all patients, while 4% require only plasma and/or platelets. About 10% of patients require either plasma or platelets, or both, in addition to red blood cells.

Figure 2: Number of patients receiving red blood cells per hospital discipline: 2011-2016

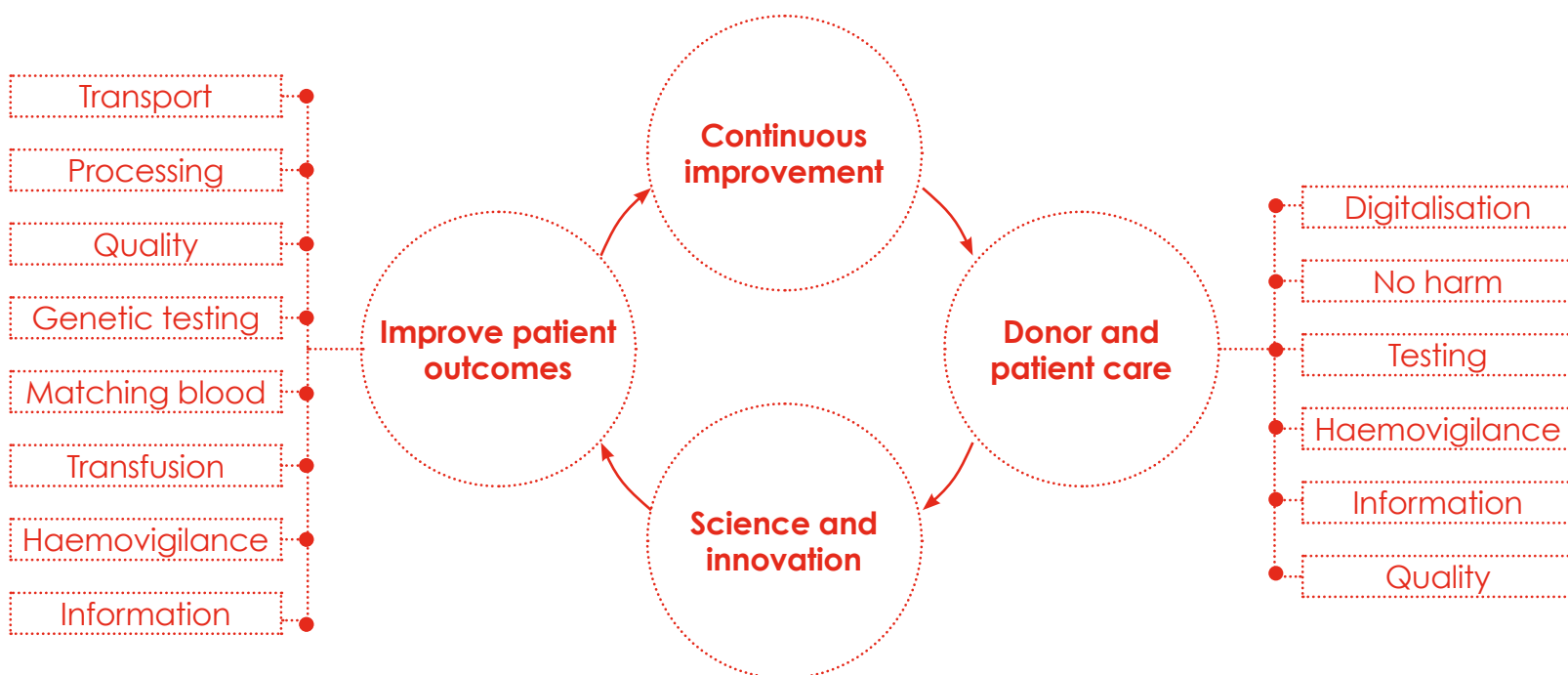


Red blood cells are required more by females, especially in gynaecology and obstetrics applications.

What the SANBS does

Purpose

The SANBS strives to improve patient outcomes and donor care by using cutting-edge technology and processes.



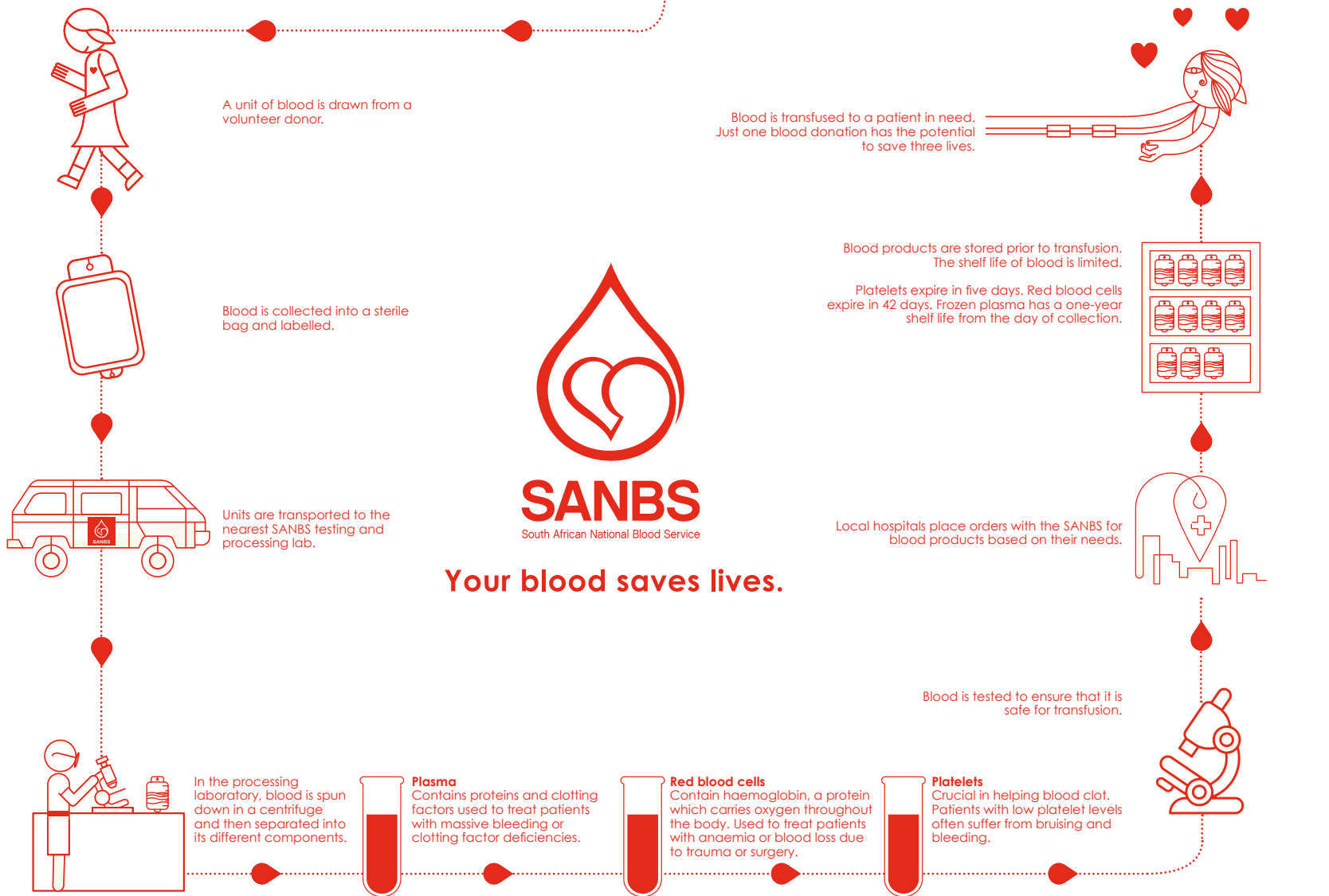
Our focus is delivering a quality product to our patients without any delay. To ensure this, we strive for continuous quality improvement throughout the whole value chain. Furthermore we aim to cause no harm to our donors.

Donor care

Relationships with our donors are of utmost importance. We don't only collect 800 000 blood units a year, but also educate donors on a healthy lifestyle and create awareness about diseases, forging a relationship based on care and trust.



Journey of blood



SANBS
South African National Blood Service

Your blood saves lives.



Donation testing

Our state-of-the-art laboratories use advanced methods such as nucleic acid amplification testing (NAT) to test blood. This process is considered leading practice in the field of blood transfusion.

Continuous research and development are critical to keep the SANBS at the forefront of advances in the fields of blood and testing.

Issuing

We issue a million units of blood products (red cells, plasma and platelets) a year, ensuring superior quality and safety through rigorous testing after collection. We strive to understand and meet our stakeholders' requirements.

Compatibility testing

We pride ourselves on doing the most thorough compatibility testing in the field. In future, we aim to use genetic sequencing to ensure matching of blood products at genomic level, which will eliminate any blood-transfusion reactions.

Patient blood management

Patient blood management (PBM), which has been adopted by the World Health Organization (WHO), involves a multidisciplinary approach to care, using evidence-based best practice in managing perioperative anaemia and blood transfusion. Recently published National Institute for Health and Care Excellence (NICE) guidelines for blood transfusion incorporate many features of the PBM approach, including considering alternatives to blood transfusion, active measures to reduce perioperative blood loss and appropriately managing postoperative anaemia.

PBM focuses on three pillars of care:

1. Optimising red cell mass and the production of red blood cells before operating.
2. Minimising blood loss.
3. Managing postoperative anaemia.

Approximately one-third of patients are found to be anaemic on pre-assessment.

PBM is a clinical concept with the goal of avoiding unnecessary blood transfusions to improve patient outcomes and safety.

Haemovigilance

Haemovigilance is a set of surveillance procedures covering the whole transfusion chain – from the collection of blood and its components to the follow-up of recipients. The aim is to collect and assess information on unexpected or undesirable effects of the therapeutic use of labile blood products (red blood cells, platelets and plasma) and to prevent their occurrence or recurrence, facilitating ongoing improvements in both donor care and patient outcomes.

To meet this challenge, the SANBS must be trusted and respected as an essential service. Our brand and relationships are critical to ensuring long-term sustainability and our ability to provide patients with sufficient, safe, quality blood products and blood-related medical services.

The SANBS strives to improve their haemovigilance programme and have made it a focus point in the year to come.

Other services

Stem-cell collection

The SANBS collects haematopoietic stem cells from patients with specific cancers from blood circulating through the body using apheresis technology to separate the stem cells from the rest of the blood. The procedure is also referred to as autologous haematopoietic cell collection apheresis or HPC-A, meaning the patient's own stem cells are collected to be transplanted back after cancer therapy.

Stem cells can also be collected from a matching donor for transplant after cancer treatment. The harvest usually follows a stem-cell mobilisation regimen to free the stem cells from the bone marrow into the peripheral blood.



This service is performed on request by oncology units with desired yields.






Stem cell processing, cryopreservation and reinfusion services

This involves the long-term storage of viable haematopoietic stem cells from peripheral blood for later use, using cryopreservation technology. The cryopreserved stem cells are thawed and reinfused to the patient at medically determined intervals.

Therapeutic apheresis

During therapeutic apheresis (therapeutic plasma exchange), a patient's plasma is removed using an apheresis machine and replaced with another fluid to remove harmful substances such as unwanted antibodies. This procedure is a life-saving procedure for autoimmune conditions.

Donors from rare blood groups are encouraged to donate plasma and platelets.

Type	% of population	Please donate	Why?
	3%	Plasma	AB is the rarest blood type. AB plasma can be given to any patient, regardless of their blood type, so it's always in high demand.
	38%	Whole blood, plasma or platelets	Type A whole blood is always needed. Donors may give whole blood every three months, or plasma or platelets more frequently.
	10%	Plasma	Type B plasma donations could make a huge difference to trauma victims, people with severe burns or patients with blood diseases.
	9%	Whole blood, plasma or platelets	O negative is the universal blood type and can be given to any patient. Donors of whole blood can donate platelets, which are vital for cancer patients, in between whole blood donations.
	40%	Whole blood, plasma or platelets	As O positive is the most common blood type, all donations are valuable. Donors are encouraged to give whole blood every three months and plasma or platelets in between.



Summary of performance

Financial indicators

	2017	2016	
Gross revenue	2 487	2 404	👍
Expenses	2 441	2164	👎
Other income	15	26	👎
Interest	118	94	👍
Surplus % net rev	7%	15%	👎
Staff cost % net rev	42%	39%	👎
Cash and cash equivalent	1 611	1 473	👍
Accounts receivable	737	651	👎
Current liabilities	309	277	👎
Usable blood collections	797 075	814 492	👎
Headcount	2 235	2 274	👎

Other key indicators

	2016/2017	2015/2016	
Donor base	484 606	490 882	👎
Blood collections	813 598	831 114	👎
Red blood product issued	796 883	812 612	👎
Other products issued	220 572	217 906	👎
Donor satisfaction	81.2%	93%	👎
Employee equity	84%	82%	👍
Employee long service	360	263	👍
Business awards	6	10	👎



Chairperson's

STATEMENT



Getty Simelane
Chairperson of the Board

The SANBS relentlessly pursues the best way to ensure sustainable donor care and improved patient outcomes through teamwork, innovation and efficiency, using cutting-edge science and optimising available technology. The Board believes that the SANBS has not wavered from this course during the financial year under review.

The year started with the steadfast goal of stepping up the implementation of the five-year strategic plan approved by the Board in 2016/17. Although the SANBS stayed the course, it was disappointing that we needed to attend to matters leading to the positions of the CEO and two other key management team members becoming vacant during the year.

As a result, we had to put in place mitigations to ensure that our focus remained on visionary leadership, information technology (IT) modernisation project management, heightened IT governance and effective implementation of combined assurance.

The untimely pause, however, allowed the Board to reflect on whether the SANBS leadership and organisational culture are still effective in maintaining an enabling environment. We have since initiated an organisational ethics assessment that will culminate with a comprehensive ethics management framework. The Ethics Institute is guiding us through this process, which will also help us in aligning our governance with King IV in that it will focus on ethical leadership and the implementation of an effective ethics programme. We owe it to all our stakeholders to ensure a sustainable, ethical SANBS.

“

THE SANBS RELENTLESSLY PURSUES THE BEST WAY
TO ENSURE SUSTAINABLE DONOR CARE.

”



Having completed the year with an acting CEO, acting chief financial officer and vacancies in other critical areas, particularly risk management, IT and quality assurance, the Board deemed it appropriate to double its efforts in ensuring effective people management.

In addition to accelerating recruitment for these key positions, the Board has instructed the executive to focus on organisational and people transformation that integrates diversity, talent and performance management and succession. This process will be supported by the journey towards integrated thinking that began in 2015/16 with our first integrated report.

The SANBS's approximately 2 400 employees, together with those who volunteer their services during the year, remain the cornerstone of our ability to deliver on the mandate of sustained donor care and improved patient outcome.

Employee engagement continued during the previous financial year, and we are planning more formal meetings with the unions in future. The Board continues to encourage the executive committee to consult with the various management levels, as well as to implement regional staff interventions through roadshows and other mechanisms. This process will allow direct engagement with employees, while at the same time sharing the strategic plan and the integrated report across the organisation.

The SANBS's continued existence depends on how effectively we comply with our regulatory obligations. To this end, we will persist in adhering to operational, technical and quality standards, while complying with all the other regulatory requirements expected by our stakeholders, particularly the Medicines Control Council and the South African National Accreditation System.

We will also continue our collaboration with our local partners, the National Bioproduct Institute and the Western Province

SANBS's approximately 2 400 employees, together with those who volunteer their services during the year, remain the cornerstone of our ability to deliver on the mandate of sustained donor care and improved patient outcome.



Blood Transfusion Service. It is also important to continue with our collaboration with African and global blood services agencies, local and international universities and other research institutions, as well as multilateral global agencies, and in particular the World Health Organization.

I would like to thank the SANBS executive committee, management and all our employees, under the leadership of acting CEO Dr Jackie Thomson, for ensuring that our key objectives are met despite the interruptions in leadership during the year.

My gratitude also goes to Ms Ansie Ramalho, who chaired the Board during 2016/17, for the smooth transition and her continued support. The year would not have been a success without my fellow Board members' contribution and the sterling work they continue to produce within the Board committees.

On behalf of the Board and SANBS staff, I would like to convey our appreciation to the National Council for demonstrating its continued commitment, oversight and support to the SANBS in pursuing sustainable donor health and improved patient outcome.



Acting CEO

STATEMENT



Dr Jackie Thomson
Acting CEO

The year under review has been trying in respect of continuity in top leadership. However, our people remained focused on our mandate of collecting safe, sufficient blood for patients in need of our products and I have been truly proud to lead this team.

We managed to maintain our financial sustainability through the realisation of a net operating surplus of R180-million and a positive net cash flow of R153-million. This was derived from revenue of R2 487-million, which was R5-million above the budget of R2 482-million.

Our main challenge is still the slow collection of state debt, which resulted in an increase from 20% to 50% of outstanding debt over 120 days. As the executive, we are deeply concerned about the long outstanding and increasing state debt and, as a result, we will be actively engaging with one of our critical stakeholders, the Department of Health, at both national and provincial levels.

Our core business of blood collections for the year under review was 813 598 units, down from 831 114 units in 2016, although the plan had been to increase the collection by 2%.

The SANBS remains the cornerstone of healthcare. We therefore endeavour to reach all patients in need, and as an organisation we constantly remind ourselves that, in spite of the challenges we face, we need to deliver on this mandate. This means we need to increase our supply of blood in the coming year. Our sustainability depends on how we achieve this through operational innovation, efficiency and cutting-edge medical science and technology.

It is critical to integrate our needs with those of our stakeholders. To this end, we are implementing a formal and focused stakeholder-engagement strategy and plan, primarily based on information gathered directly from our stakeholders through formal interactions, roadshows and

“Think of all the beauty still left around you and be happy.”

– Anne Frank



surveys. Our primary focus for the current year will therefore be to attentively listen to all our stakeholders to ensure that their needs and aspirations are aligned to those of the SANBS.

The year under review also saw the SANBS management, guided by the Board, revisiting our five-year strategy and aligning the corporate business plan to our strategic objectives. The focus for the current year will be to focus on our people and to transform our organisational and core processes to ensure that we are well positioned to achieve our strategy and sustain improved patient outcome and donor care.

Technology has a transformative impact on how organisations, and particularly medical and blood services, achieve their mandates. The SANBS cannot be left behind if we are to remain relevant and sustainable. Embracing the value-adding services presented by technological and medical advances will ensure that we retain our noble cause of helping to improve patient outcome, while improving and sustaining the health of our donors.

In particular, we are focused on donor health and donor care. Therefore, we have a renewed focus on iron deficiency and replacement, as well as on caring for our donors that have been deferred for medical reasons.

We are particularly concerned about meeting the demand for platelets, required by critically ill patients. In the current business plan, we have provided for additional platelet collection sites, and implemented pathogen inactivation to ensure we can meet the demand.

How we live our values as the SANBS will be critical in achieving our objectives and ensuring our sustainability. Transformative leadership and our integrity in dealing with each other internally, as management and employees, and with our stakeholders, will be of paramount importance.

“Most importantly, I thank the many special people out there without whom we would not exist - our loyal and selfless donors – you are not only donating blood, you are saving a nation.”



Integrity lies not only in honesty, truthfulness and accuracy, but also in consistency of actions, values, methods, measures, principles, expectations and outcomes. This is what we need to embrace as the SANBS if we are to live our values – and the tone from the top needs to demonstrate our commitment to this.

I would like to thank my executive committee colleagues for their effort in keeping the SANBS focused on our mandate, and management and employees for their continued dedication and outstanding delivery of our services.

I cannot thank the Board enough for its support and guidance, sometimes outside normal working hours. I would also like to thank our key stakeholders, including leaders in government, doctors and other professionals, for giving us the opportunity to discuss issues of common interest and other critical matters with them.

Finally, I would like to thank our donors for their loyalty. It is not only donating blood, it's saving a nation.





**BUSINESS MODEL
AND STRATEGY**

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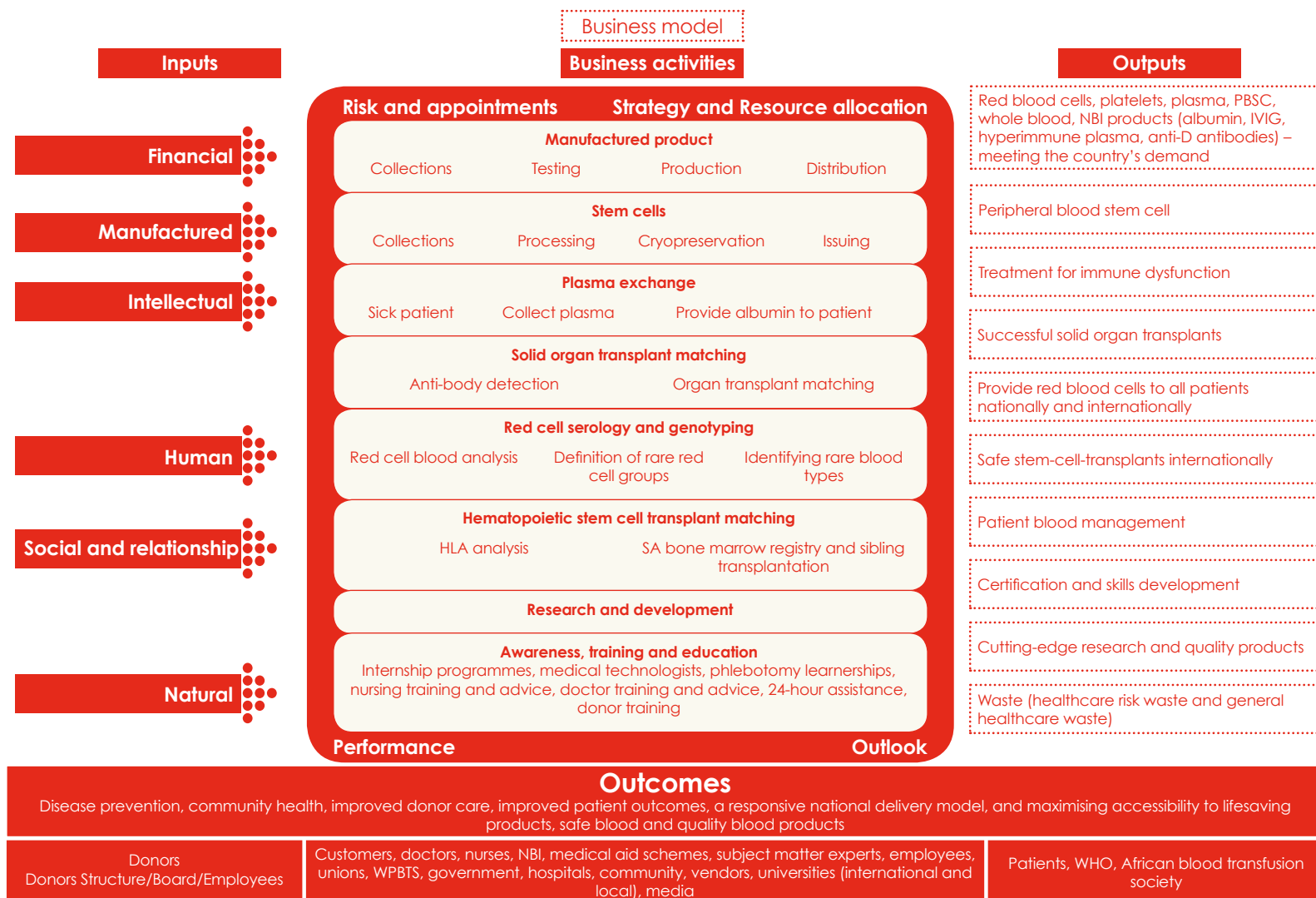
*Blood donors saved
my life.*

”

3

Strategic objectives

1. Ensure financial survival
2. Enhance SANBS's brand
3. Attract and retain donors
4. Optimise risks and processes
5. Support business innovation
6. Enable empowered and engaged employees to build a value-based culture





**STRATEGY,
PERFORMANCE
AND OUTLOOK**

4

“

*We love saving lives.
That's why we make an
effort to donate blood
together.*

”

Strategic objective 1: Ensure financial survival

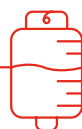
Blood donations for the year were targeted at 815 435 units, but we collected 813 598 units, compared with the previous year's total of 831 114. This resulted in a decrease of 0.2% less than target.

Our total revenue target for the year was R2 482-million and we achieved an actual revenue of R2 487-million, compared to R2 403-million for the previous year.

Total expenses (excluding doubtful debts provision) were targeted at R2 281-million, while actual cost was R2 325-million compared to R2 108-million the year before. Our consumables, freight and bad debt write-offs account for this difference.

Objective	Previous year	Target	Actual	Variance	Achievement
Increase in demand 2% red blood cells	831 114	815 435	813 598	-2.0%	⊗
Expenses 93% of net revenue	85%	93%	93%	8%	⊙
7% surplus of revenue	15%	7%	7%	8%	⊙
Staff cost 44% of net revenue	39%	44%	42%	3%	⊙
Debtors book: public and private customers to be 90 days	115 days	90 days	121 days	6 days	⊗

**“No one has ever become poor by giving”
– Anne Frank**



Strategic objective 2: Enhance SANBS's brand

The SANBS is much more than a conduit of goodwill. Blood donors donate to save someone's life.

Every day, thousands of South Africans make donations to the SANBS. They are not simply passing on blood: they donate experiences, opportunities and potential. They donate blank pages on which to write new chapters. SANBS facilitates the creation of these new chapters and books.

The new corporate identity reflects the SANBS's role in continuing people's stories. Using the red line to represent the lifeline that blood offers, it shows how the donor and recipient are linked by blood. The red line may be interpreted in different ways: its shape and form changes according to the personality, tone and experiences being conveyed, but, in essence, it is still always one visual – a red line, a lifeline.

Digitalisation and future donors

Mobile donor app

With advances in communication and marketing technology, new and highly effective communication methods are ever emerging. In order to reach customers effectively, modern business is migrating from the physical world to the mobile realm.

With this realisation in mind, the SANBS identified the need for a donor-specific mobile app. One of the advantages of mobile apps over traditional marketing methods is that mobile apps reinforce brands by increasing visibility. They also increase customer engagement, experience and ease of receiving notifications.

A mobile donor app improves the donor experience, as donors can, for example, establish whether they are eligible to donate

before visiting a collection site, complete the donor self-exclusion questionnaire (SEQ) in the comfort of their home or office, schedule appointments or even follow their blood's journey.

The project team has successfully documented the "user stories" or functionality that the donor app will offer donors once commissioned. The team has also developed a pre-screening questionnaire as a demo of the actual app.

A next step is for the project team to focus on documenting the user stories or functionality that the SANBS staff will need to interact with information received from donors and to build the entire platform to integrate with existing SANBS core systems. The system will be piloted on selected sites before being extended to the entire SANBS network. We are excited to launch the app in the 2017/18 financial year.

Donor rewards and recognition

Milestone awards

There are 12 milestone awards categories for SANBS blood donors, starting with recognising those who have donated 25 units, up to 750 units.

In the year under review, 54 donor awards ceremonies were held across the 31 branches of SANBS to recognise and celebrate the contributions of 10 414 milestone donors. Their achievement of the various milestones is testament to years of commitment and loyalty to blood donation.

Commitment campaign rewards

The SANBS commitment campaign rewards donors for donating four times in a 12-month period. Gifts are presented to donors at their fourth annual donation. The campaign attracted 70 850 donors, comprising 18% of all active donors (389 835) during the period under review.



Donors qualifying for commitment campaign						
Population group	Asian	Black	Coloured	Unknown	White	All groups
Donor count	3 929	16 498	3 549	492	46 382	70 850

Enhancing brand equity

Enhancing the brand ensures continued reinforcement of the SANBS's corporate image and reputation. This was achieved through various public awareness campaigns on both traditional and digital platforms and by enhancing collaboration with business to develop more relevant and compelling marketing messages.

We will be relying less on traditional media in future. Online and social-media platforms will become our new way of educating, creating awareness, plus retention and recruitment of donors.



The SANBS has rallied behind the international movement **Be the 1™** campaign to inspire young people to become lifelong blood and plasma donors and help save lives.



Targeted campaigns have been created and tactically placed in carefully selected media channels to increase the donor base, with a specific focus on black donors.



noun · /gaz-lam/
**Zulu word for "blood relatives"
 or "brotherhood"**

Corporate social responsibility

To ensure that corporate social responsibility (CSR) plays a meaningful role in the company culture, we have sought to create a corporate social investment (CSI) policy that

aligns with the spirit of the organisation. The CSI policy is still being developed and will be finalised in 2017/2018. We have identified HIV counselling programmes and community health work education as a means for the company to give back to donors and the community at large.



Key to our stakeholder relationships are understanding each stakeholder and the risks and opportunities related to it.

Material stakeholder relationships

Material relationships	Material interests	Key risks	Opportunities	SANBS response
Government and regulators	<ul style="list-style-type: none"> 🔴 Improved patient outcome 🔴 Improved healthcare 🔴 Sufficient quality blood products 🔴 Right product, right patient and right time 🔴 Monitoring of side effects 🔴 Stem-cell therapies 	<ul style="list-style-type: none"> 🔴 Loss of licence to operate 🔴 Inability to meet demand 🔴 Morbidity/spread of disease/epidemics 🔴 Poor patient outcome – increased costs 🔴 Delayed payments 	<ul style="list-style-type: none"> 🔴 Efficiencies 🔴 Digitalisation 🔴 Pathogen inactivation 🔴 Product diversity 🔴 Reduce wastage 	<ul style="list-style-type: none"> 🔴 Adherence to standards 🔴 Reporting on haemovigilance 🔴 Quality monitoring and improvement 🔴 Cutting-edge research and therapies 🔴 Improving process efficiencies 🔴 Increasing donor pools 🔴 NHI representation
Customers <ul style="list-style-type: none"> 🔴 Doctors 🔴 Nurses 🔴 Medical aid schemes 🔴 Patients 	<ul style="list-style-type: none"> 🔴 Sufficient quality blood products 🔴 Other services – stem cells, diversity of products, laboratory services, genotyping 🔴 Customer satisfaction levels 	<ul style="list-style-type: none"> 🔴 Insufficient blood stocks – mortality 🔴 Insufficient quality 🔴 Unhappy customers 🔴 Increasingly ill patients 	New income streams	<ul style="list-style-type: none"> 🔴 Continued customer engagements to meet requirements 🔴 Delivery of right product at right time 🔴 Research and development 🔴 Clinical trials to improve donor and patient care 🔴 Accurate demand planning 🔴 Automation



Material relationships	Material interests	Key risks	Opportunities	SANBS response
Donors	<ul style="list-style-type: none"> 🔴 Donor pool 🔴 Iron deficiency 🔴 Platelet donors 🔴 Adequate donor health and education 🔴 Donor satisfaction levels 	<ul style="list-style-type: none"> 🔴 Insufficient pool – overbleeding 🔴 Donor health issues 🔴 Unhappy donors 🔴 Donor retention 	<ul style="list-style-type: none"> 🔴 Sustainability 🔴 Diversified donor pool 🔴 Synthetic blood 🔴 Pathogen inactivation 	<ul style="list-style-type: none"> 🔴 Digitalisation 🔴 Donor-focused research 🔴 Education iron deficiency and disease prevention 🔴 Donor satisfaction surveys 🔴 Donor rewards programme 🔴 Increased awareness regarding platelet donation 🔴 Donor education and magazine 🔴 Collection management programme 🔴 Monitoring through business intelligence
Donor structures and Board	<ul style="list-style-type: none"> 🔴 Accurate information and reporting 🔴 Achievement of strategic objectives 🔴 Improved governance and ethics 	<ul style="list-style-type: none"> 🔴 Transparency 🔴 Inaccurate reporting 🔴 Under performance 🔴 Misalignment between strategy and scorecards 	<ul style="list-style-type: none"> 🔴 Integrated business planning 🔴 Digitalisation 🔴 Organisation alignment and transformation 	<ul style="list-style-type: none"> 🔴 Improved planning and communication 🔴 Performance reviews 🔴 Business scorecard reporting 🔴 Automation 🔴 King IV gap analysis 🔴 Ethics assessment and framework implementation
Employees	<ul style="list-style-type: none"> 🔴 Reward and recognition 🔴 Conducive and safe working environment/ job satisfaction 🔴 Job security 🔴 Growth and development 🔴 Transformation 🔴 Diversification 🔴 Integration 	<ul style="list-style-type: none"> 🔴 Loss of key employees 🔴 Disengaged employees 🔴 Underperformance 🔴 Industrial action 	<ul style="list-style-type: none"> 🔴 Empower and engage 🔴 Skills development 🔴 Diverse workforce 🔴 Integrated thinking 🔴 Multiskilling 	<ul style="list-style-type: none"> 🔴 Talent management 🔴 Succession planning 🔴 Transformation plan 🔴 Effective performance management system 🔴 Role diversification



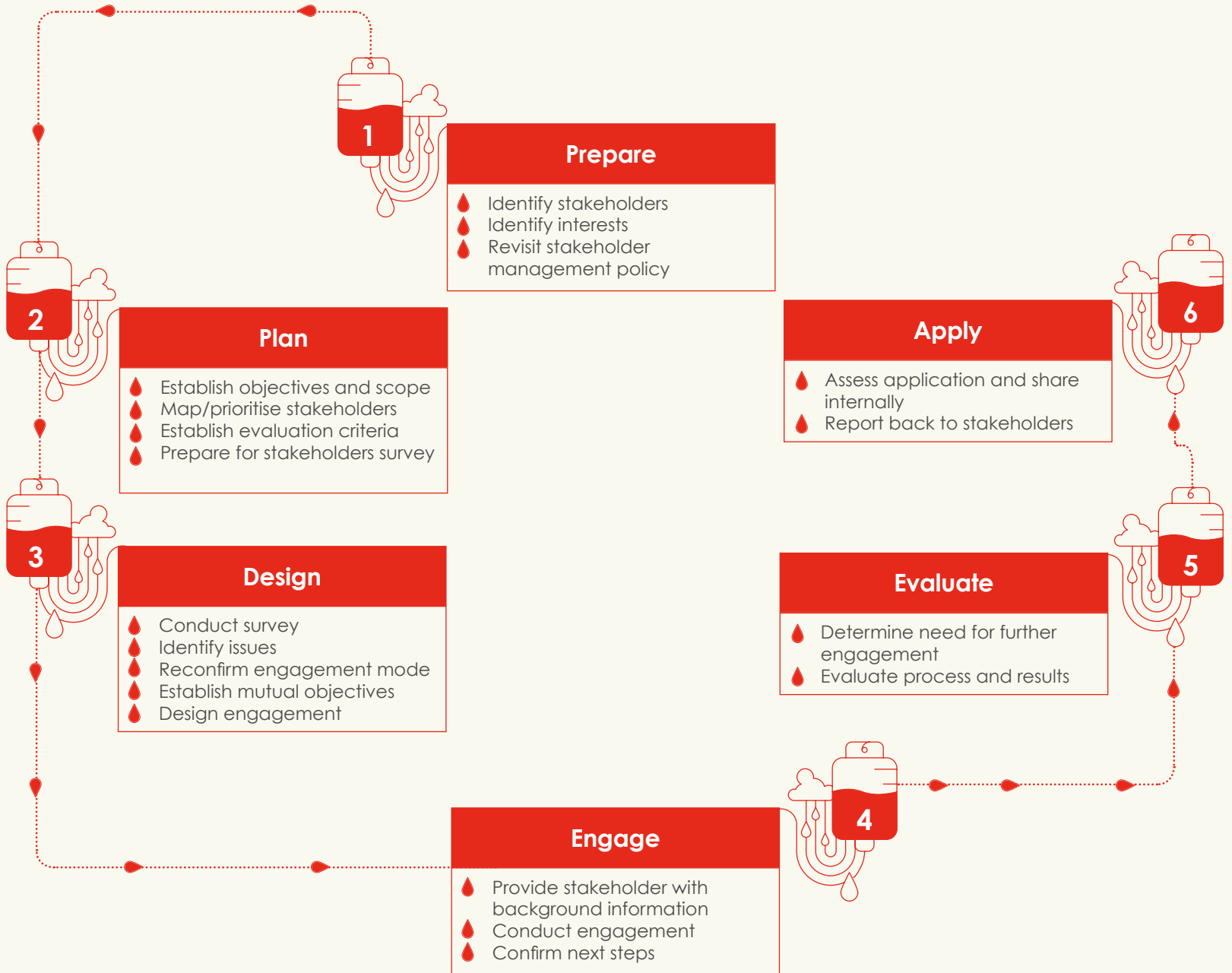
Material relationships	Material interests	Key risks	Opportunities	SANBS response
Unions	<ul style="list-style-type: none"> 🔴 Fair and equitable working conditions 🔴 Employee safety 🔴 Annual wage negotiations 🔴 Transparency 🔴 Consultation 	<ul style="list-style-type: none"> 🔴 Misaligned expectations 🔴 Industrial action 🔴 Negative publicity 	<ul style="list-style-type: none"> 🔴 Improved working conditions 🔴 Improved engagement and planned meetings 🔴 Greater understanding of the SANBS environment 	<ul style="list-style-type: none"> 🔴 Continued engagement and consultation 🔴 Bargaining forum meetings 🔴 Long-term agreements
Vendors/suppliers	<ul style="list-style-type: none"> 🔴 Safe transportation of blood 🔴 Effective logistics management 🔴 Quality packaging and cold chain management 🔴 Availability of medical consumables and testing agents 🔴 Integrity of information 🔴 Value for money 🔴 Payments for goods and services rendered 	<ul style="list-style-type: none"> 🔴 Goods and services not delivered at the right time, right quality and as per specifications 🔴 Product quality failure and wastage 🔴 Delayed or no blood delivery to patients 🔴 Cyber security risk 🔴 Business continuity 🔴 System downtime 🔴 Increased costs 🔴 Poor contract management 	<ul style="list-style-type: none"> 🔴 Formal engagement plan for critical vendors 🔴 Efficiencies 🔴 Improved supply chain management 🔴 Just-in-time inventory management 🔴 Digitalisation 🔴 Improved contract management 	<ul style="list-style-type: none"> 🔴 Critical vendor list 🔴 Supply chain management improvement plan 🔴 Logistics management improvement plan 🔴 Demand planning 🔴 IT security project plan 🔴 IT governance framework and three-year improvement plan 🔴 Vendor management and evaluation
Communities	<ul style="list-style-type: none"> 🔴 Waste management safety 🔴 Community health and safety 🔴 Corporate responsible investment 🔴 Education and healthcare 	<ul style="list-style-type: none"> 🔴 Inappropriate management and disposal of waste/ hazardous material 🔴 Reputation risk 🔴 Litigation 🔴 Fines/penalties 🔴 Poor outcome of donors and patients 	<ul style="list-style-type: none"> 🔴 ISO accreditation for waste management 🔴 Formalising the corporate responsibility plan 🔴 Donor care 🔴 Better branding 🔴 Community engaged and educated on disease and health 🔴 Community survey 	<ul style="list-style-type: none"> 🔴 Waste management implementation plan 🔴 Training, education and counselling plan 🔴 Curative therapies 🔴 Social media policy 🔴 Application of regulation and standards
Media	<ul style="list-style-type: none"> 🔴 Reputation/goodwill 🔴 Education and awareness 🔴 Accurate and effective communication 🔴 Public image 	<ul style="list-style-type: none"> 🔴 Negative publicity 🔴 Poor brand value and reputation 🔴 Poor communication to stakeholders 	<ul style="list-style-type: none"> 🔴 Positive brand value 🔴 Increased positive coverage 🔴 Free airtime – social media platforms 🔴 Bloggers 	<ul style="list-style-type: none"> 🔴 Formal media strategy 🔴 Communication plan and delegated spokesperson 🔴 Social media policy 🔴 Celebrity brand ambassadors



Material relationships	Material interests	Key risks	Opportunities	SANBS response
<ul style="list-style-type: none"> Research partners Local universities International universities WHO 	<ul style="list-style-type: none"> State-of-the-art, cutting-edge research Information Advanced technology and testing Publications 	<ul style="list-style-type: none"> Poor quality research Provision of inaccurate information Branded as an unreliable research institution 	<ul style="list-style-type: none"> Innovative leadership Innovation lab, science lab, learning labs and knowledge factory 	<ul style="list-style-type: none"> Scientific review committee Human research and ethics committee Learning and innovation hub Funding for research
<ul style="list-style-type: none"> Business partners NBI WPBTS 	<ul style="list-style-type: none"> Support in national supply management Collaboration in product and service delivery Alignment of quality and safety Ensure product availability 	<ul style="list-style-type: none"> Poor relationships and cooperation Loss of income Reputation 	<ul style="list-style-type: none"> Integrated South African blood service Improved service delivery 	<ul style="list-style-type: none"> Service-level agreements Collaboration on common policies, procedures and standards NHI response
<ul style="list-style-type: none"> WHO Africa Society for Blood Transfusion SABMR Sunflower Fund Health and Welfare SETA 	<ul style="list-style-type: none"> Collaboration on quality and proficiency testing Provision of information and statistics Improved reputation Social responsibility Good global citizen Funding for learnership and training for phlebotomy programme 	<ul style="list-style-type: none"> Reputation risk Loss of income Loss of focus on core business Loss of technical skills Isolation within and of the industry Missed opportunities 	<ul style="list-style-type: none"> African footprint Improve African blood banking Funding from external parties Curative therapies for African countries Testing and quality control for African blood banks Collaboration with other countries 	<ul style="list-style-type: none"> CSI initiatives Collaboration in development of collaborative standard for transfusion medicine Send proficiency samples to countries in Africa Training resources in African centres on blood transfusion operations and management



Stakeholder relationships





“
“You give but little when you
give of your possessions. It is
when you give of yourself that
you truly give.”

– Kahlil Gibran

”

Ensuring optimal customer and stakeholder relations is one of the SANBS's strategic pillars. Relationships with stakeholders are a key driver of value and risk for the organisation and, therefore, their effective management is crucial to ensure sustainability and transparency.

The SANBS has identified 13 internal and external key stakeholders, based on their probable interests, and will focus on gaining a better understanding of their expectations and concerns. The Stakeholder Management Policy and Plan have been revisited and approved by management and the Board, and are currently being implemented.

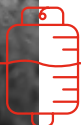
Initially, a stakeholder survey will be conducted to find out more about stakeholder concerns and how they can contribute towards achieving SANBS strategic objectives, and vice versa.

Two key surveys were completed during the year:

- The first was to obtain feedback and suggestions from our key customers, doctors and nurses, regarding product quality and delivery and staff professionalism and communication. Feedback was positive, with some good ideas on how we can improve our service to these stakeholders
- The second was to obtain feedback from our donors. The results indicated that 81.2% of donors would donate again. This was, however, a decrease from last year, when 93% of donors said they would donate again. Considering the decline, we are assessing donors' complaints and recommendations with a view to implementing changes

In the light of the pending National Health Insurance scheme, we have spent many hours in discussions with the Department of Health, resulting in favourable progress regarding the future of blood services in South Africa.

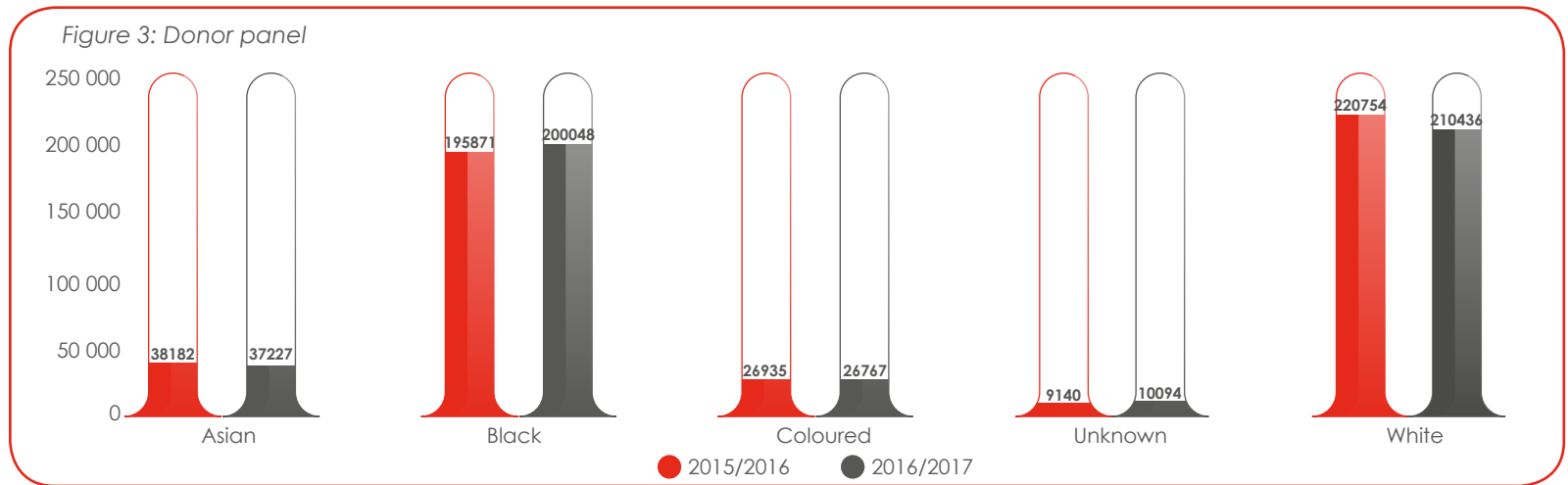
We will be building the feedback from the department into our new strategies and actions for the 2018 financial year.



Strategic objective 3: Attract and retain donors

Collection numbers and attracting black donors

Collecting blood donations is vital to meet the daily demand by patients requiring blood. We set national, zonal and branch-level targets for daily, weekly, monthly and annual collections to ensure we have sufficient blood stock to meet projected demand. A mid-term review is undertaken to determine whether targets need to be reviewed and amended based on actual usage.



Over the last five years, we have seen a steady growth in the number of black donors. Educational and targeted recruitment efforts have helped to increase the representation of black donors, growing to 41% in the last year.

An ongoing challenge remains, however, in retaining black donors, with a donation frequency (the number of donations in a 12-month period) of 1.3, compared against a target of 1.4 and an overall donation frequency of 1.7.

The low donation frequency is further reflected in the number of active black donors (148 075), namely donors who have donated at least one unit of blood in a 12-month period.

The number of active black donors (those who have donated at least one unit over 12 months) is also low, at 148 075.

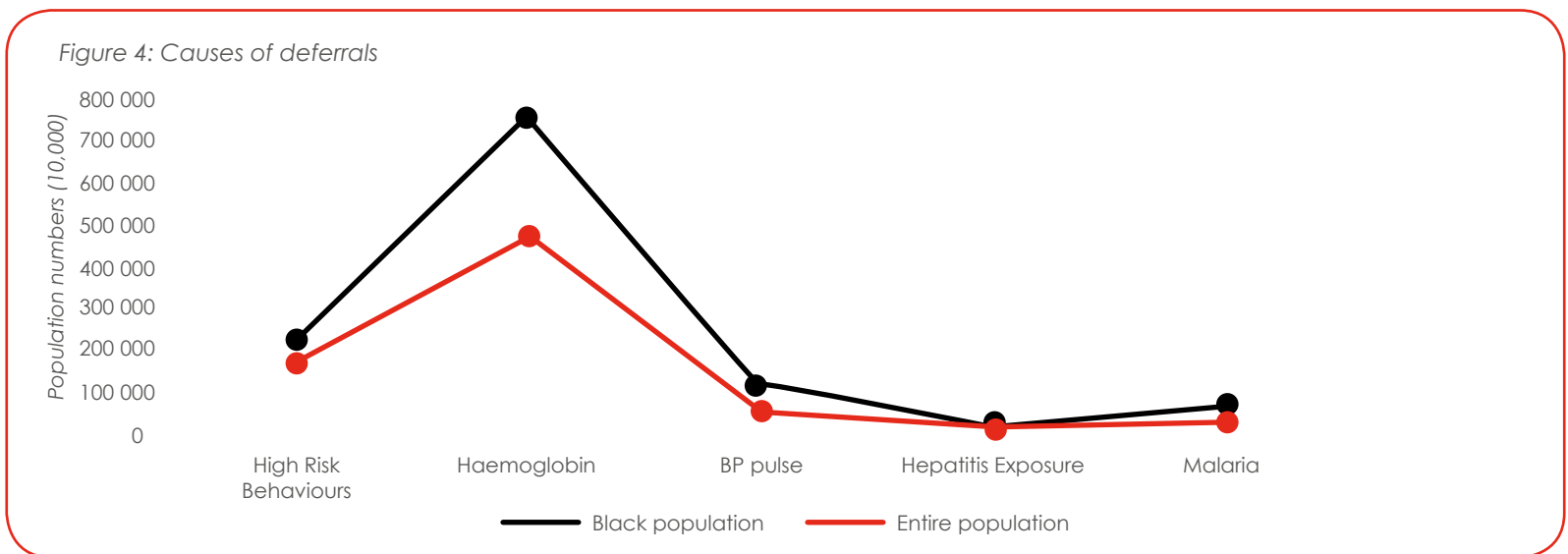
Objectives	Performance 2016/2017			
	Actual	Target		
Group O collections	404 468	401 852	0.7%	🔴
All groups collections	813 568	815 435	1%	🟡
Black donor collections	41%	38%	3%	🔴

Thanks to the efforts of donor-services staff, the SANBS ended the year just 1% under target for all group collections and exceeded the O group target by 0.7%. Group O blood is in highest demand and the achievement of the 0.7% surplus was an achievement in ensuring sufficient stocks, especially as group O is also used in the service's 417 emergency blood fridges.

Deferrals

Deferrals by population group						
Population group	Asian	Black	Coloured	Unknown	White	All groups
Total donor panel	37 227	200 048	26 767	10 094	210 445	484 581
Active donor panel	30 868	148 075	22 053	7 432	186 209	394 637
Deferrals	6 359	51 973	4 714	2 662	24 236	89 944
% deferrals	17.1	26.0	17.6	26.4	11.5	18.6

Collections from black donors have grown year on year, surpassing 32% in the 2016/17 financial year, against a target of 30%. The mismatch between the representation of black donors on the donor panel (41%) and collections (32.7%) from this group is due to the exceptionally high deferral rate (26%) and the low donation frequency rate.



Iron deficiency leading to a lack of haemoglobin and high-risk behaviour are the top reasons for deferrals for all population groups. The high rate of deferral due to low haemoglobin levels poses a significant challenge for retaining black donors, with 61.5% of all haemoglobin deferrals relating to black donors.

Some deferrals are permanent; others are temporary. In the case of temporary deferrals, donors can usually donate after six months.

The pre-donation questioning or interview process reduces the HIV rate in donated blood 70-fold, from ~15% in the general population to 0.22% in the donor population. Similarly, it reduces the rate to 0.1% for hepatitis B (HBV) and 0.01% for hepatitis C (HCV).

Donors who are allowed to donate blood following questioning but whose blood tests positive for HIV, HBV, HCV or syphilis are permanently deferred from donating blood again in future due



to donor-health concerns and to ensure a positive outcome for patients receiving blood.

The SANBS zones monitor these rates in their donor clinics. When rates increase or are too high, recommendations include closing clinics and/or increasing educational interventions to change behaviour, to enhance understanding of the impact of the different blood diseases and to try to improve donor health.

It is encouraging that the government's National Strategic Plan to reduce HIV and other infections countrywide has had success. This is also reflected in our trend monitoring. The SANBS currently still has to permanently defer HIV-positive donors, but innovations such as pathogen inactivation may in future enable us to clean blood of all types of blood diseases.

Donor care

The iron study and the effect on our blood collections

The iron study was a strategic project to evaluate the risk of iron depletion and subsequent anaemia among blood donors, as part of ongoing endeavours to improve donor care and the sustainability of current collection practices. Concerns were raised that the outcomes of the study may have a significant negative impact on collections, with an estimated additional 10% to 20% of donors deferred for low ferritin (iron) levels.

Initial analysis of the data strongly suggested that the 12.5 g/dL haemoglobin (Hb) cut-off used by the SANBS for both male and female donors resulted in significantly higher levels of iron deficiency among especially SANBS male donors, as compared with male donors in Western Province Blood Transfusion Service, where a different Hb cut-off of 13.5 g/dL is applied to male donors. In addition, there was strong evidence that iron deficiency was more common among the following demographics:

- 🔴 Younger donors
- 🔴 Female donors
- 🔴 Black donors
- 🔴 Older, highly regular donors

Based on these findings, it was agreed that the SANBS would increase its Hb cut-off for males to 13.5 g/dL. This necessitated the introduction of a quantitative Hb measurement. However, it was also agreed that additional analysis of the data might inform further recommendations on protecting the health and wellbeing of donors without compromising the sufficiency of the blood supply.

Factors most significantly associated with iron deficiency are donor type, having had an Hb deferral in the preceding 12 months, race, sex and having a low Hb. Inter-donation intervals were found not to have as significant an impact as originally thought.

Based on the findings from the additional analysis, the following recommendations were made:

- 🔴 Increase the male Hb cut-off from 12.5g/dL to at least 13g/dL (but with 13.5g/dL being the safer option)
- 🔴 Increase the deferral period for donors deferred for low Hb, to give the donors more time to rebuild their iron levels before they donate again

In addition, we are considering the following measures:

- 🔴 Limit school blood drives to three a year
- 🔴 Investigate targeted ferritin (iron) testing
- 🔴 Explore iron supplementation for young women and in communities where low iron levels are endemic
- 🔴 Limit the number of annual donations for the older, more regular donors where low iron is indicated
- 🔴 Publish the findings of the study and increase the number of education and awareness campaigns related to low Hb and improved healthcare/eating patterns

One of the outcomes of the iron study was that certain groups of donors were at risk of becoming iron deficient or depleted due to regular blood donation. Particular attention was given to male donors and young donors. To mitigate this risk, it was decided to implement quantitative haemoglobin screening from 1 April 2017. This would further facilitate the Hb cut-off for male donors being adjusted from 12.5g/dL to 13.5g/dL.





Our plan for 2017/18

- 🔴 Increase the black donor base and collections from black donors through awareness campaigns and iron replacement
- 🔴 We operate in a difficult environment where one-third of the population is under the acceptable age for blood donation, coupled with a high blood-disease burden and high iron-deficiency rate. Over the next few years, we will incorporate predictive analytics into the collections management system to get a better understanding of donor demographics and behaviour. Our ongoing focus will be on improved access and convenience for donors by reviewing clinic locations and operating hours
- 🔴 Initiatives planned to address deferral rates and low donation frequency in black donors include revising the donor-education programme to make the mode of delivery more relevant to the different groups of donors being educated. We anticipate that this change will ensure more effective education, resulting in more donors self-deferring
- 🔴 Reduce the number of deferrals overall, but especially in black donors, by increasing education, promoting self-deferral (especially among high-risk potential donors), and changing the Hb acceptance levels for male donors from 12.5g/dL to at least 13g/dL, but preferably 13.5g/dL.
- 🔴 Recruit more donors and increase blood supply to meet demand
- 🔴 We need to make a concerted effort to implement our stakeholder-engagement framework and improve donor care and education, with a focus on providing information and support to donors. This includes assisting donors with low iron rates and providing counselling where blood diseases are detected in donor blood



Strategic objective 4: Support business innovation

Genetic analysis

The Specialised Laboratory Services (SLS) supports the SANBS by providing the South African community with specialised diagnostic services, tests and products in a professional and ethical manner, conducted by highly skilled staff using state-of-the-art technology to maintain a high level of proficiency.

The following activities are aligned with the SANBS's innovation strategy:

- Ongoing evaluation and knowledge acquisition in the field of red blood cell (RBC) genotyping is a key innovative strategic project. This is made possible by SLS's advanced equipment, highly specialised and motivated staff and the international networks required to allow SLS to move the project to an operational level
- Innovation is also evident in SLS's efforts to enhance its testing methods to genotyping platforms, not only for RBCs, but also for high-resolution human leukocyte antigen (HLA) typing using next-generation sequencing (NGS) and for antenatal screening for birth defects. In the last year, we have optimised our expertise in this area in preparation for local and international accreditation. SLS prides itself in being the sole provider of NGS testing in South Africa at this stage. This will obviate the need to send samples to international laboratories at high testing and shipping costs
- SLS is moving to automated testing in its immunohematology laboratories aligned with testing at operational level and with international testing practice
- Human platelet antibody testing (HPA) has been implemented to assist with the investigation of transfusion reactions and to optimise platelet transfusions

Cellular therapies

2016/2017 was a record year for SANBS in helping to enable hematopoietic stem-cell transplants. We helped establish two new stem-cell transplant units and assisted many more to provide this life-saving procedure to patients.

We made massive strides in quality improvement, and aim to obtain international accreditation for our stem-cell collection and processing centres.

Our unit recently relocated to new state-of-the-art laboratories, enabling us to provide superior service.

We plan to expand the cellular therapy unit to include cellular- and immunotherapies that will play a significant role in regenerative medicine and treating cancer and other immunodeficiency syndromes.

Recipient epidemiology and donor evaluation study

The aim of the recipient epidemiology and donor evaluation study is to develop a donor/donation database and four clinical research protocols and to establish regular channels of communication, with joint participation by South Africa and the United States.

The overall objective of the RED evaluation study is to build substantial human capital and technical capability for the performance of transfusion medicine (TM) research in South Africa by means of a partnership between the SANBS, the University of California, San Francisco and the Blood Systems Research Institute in San Francisco. This partnership already exists, as evidenced by a history of collaboration between TM scientists in both countries before and during the REDS-III international programme.

During the previous six years, we completed a five-year donor and donation database and successfully carried out several clinical protocols.

We are currently detailing our plans for bringing these efforts to successful publication in order to solidify our collaboration in TM research with the US and to yield successful outputs of international-quality research, improved scientific capacity for TM research in South Africa and contributions to global TM knowledge. It is our intention for the SANBS to be recognised as a centre of excellence for TM research in Africa by the end of the programme.

We have also submitted various research papers to the World Health Organization and various medical journals and universities worldwide, illustrating the work we have done and plan to do in future.

Automation of blood services

SANBS blood-bank automation project

We have converted 84 of our 85 blood banks to automate crossmatching and the last will be automated once renovations are completed. Automation improves patient safety during crossmatching by enhancing sensitivity, improving turnaround times through batch testing and reducing human error during testing, as there is minimal human intervention during the process.

The next phase of the blood-bank automation project is converting from serological crossmatch to electronic crossmatch during the 2017/18 financial year. Essentially, the electronic crossmatch is where the laboratory information system contains logic to determine compatibility in place of a physical laboratory test. Certain criteria must be met before a patient can be considered for this. The electronic crossmatch will further reduce testing turnaround time and allow for the remote issue of blood through smart fridges.

Pathogen inactivation

An evaluation of the two pathogen inactivation/reduction technologies available in South Africa was performed in 2016/17 to further improve the safety of the pooled platelet products. This technology will inactivate known and unknown pathogens in our pooled platelet products. During 2016/17, the SANBS issued 59 486 platelet products, of which 32 140 (54%) were pooled platelets.

A huge challenge faced during the financial year was the ability to supply apheresis platelets. Once pathogen inactivation/reduction is introduced, we plan to increase the ratio of pooled platelets to apheresis platelets from 54/46 to 80/20 within three years. This will not only address the safety issue, but also enable the SANBS to mitigate the risk of apheresis platelets being unavailable.

Entrench global and African position

Specialised Laboratory Services provides blood-banking reagents to the National Health Laboratory Service, private pathology laboratories in South Africa, and Zimbabwe, Tanzania and Namibia. The SANBS has supported the Zimbabwean blood banks with reagents free of charge to capacitate the African market in the area of blood safety.

SANBS Quality Control (QC) continues to support some African countries with free proficiency testing samples as a contribution to African social responsibility and capacity support. In the last financial year, QC has enrolled 12 African countries into its proficiency testing programme.



Strategic objective 5: Optimise opportunities and risk mitigation processes

Ability to collect safe blood

Blood safety encompasses actions aimed at ensuring that everyone has access to blood and blood products that are reasonably safe, available at a reasonable cost, adequate to meet the needs of patients, transfused only when necessary, and provided as part of a sustainable blood programme within the existing healthcare system.

Blood is only collected from voluntary, non-remunerated blood donors who lead safe lifestyles and meet the minimum criteria for donating blood.

The SANBS has a policy and procedure that focuses on collecting safe blood and processes that ensure that all blood collected is vigorously tested for transfusion-transmissible diseases, blood groups and compatibility with the patients who require transfusions and blood products.

We aim to actively educate potential donors about the benefits and risks of blood donation and the importance of the blood donor as a determinant of the safety of the blood supply. We also aim to develop and maintain systems to identify, recruit and retain low-risk blood donors.

The service ensures ongoing, active surveillance to alert us of any risks that may affect our blood supply safety and the SANBS has received various recognitions for the safety of our blood. We are particularly proud of this, considering that we face a major HIV epidemic that threatens our blood safety.

Waste management plan

The SANBS safety and environmental (S&E) management system is designed to ensure compliance with occupational safety and environmental legislation where applicable and to minimise risk to business. The S&E management system applies to all SANBS sites,

our employees, contractors, visitors, donors and neighbouring communities.

The waste management plan is aimed at minimising the waste generated from our processes, including healthcare risk waste and general healthcare waste. The waste is segregated, stored, treated and disposed of in an environmentally friendly manner. Different processes and procedures are followed for different waste material. These are stipulated in our environmental management plan.

The SANBS also ensures compliance by satisfying the requirements of the Standards of Practice for Blood Transfusion in South Africa and by adhering to the Occupational Health and Safety Act and other relevant legislation.

Quality and compliance (medical services)

The standards of SANBS blood transfusion in South Africa require that 1% of all products produced be QC-tested and that 80% must meet the specifications set out in the standards of practice (Section 7, 'Blood product specifications').

In the financial year under review, the QC department performed tests on 2.6% of all products (excluding sterility tests) produced during the period. Some 97.3% of the products tested met the required standards.

The QC department manufactures, distributes and evaluates the following proficiency testing (PT) samples annually: Blood transfusion samples: cross-match, antibody identification and titration; virology samples (HIV, HCV, and HBV); TPHA and HLA typing and antibody samples.

The department, through major innovation, implemented and optimised an electronic PT platform (Entelect), together with a proficiency testing website, to enhance accuracy and user friendliness of the programme. These services are also available to laboratories in the Southern African Development Community (SADC) countries and other external laboratories.

Accreditation has been maintained for all audited sites since May 2015. SANAS returned three months later to verify system implementation across SANBS. Donor clinics have been removed from the accreditation schedule, but blood banks, processing and



**Because of blood donors we
get to travel distant lands.**



seven multidisciplinary sites remain in the accreditation scope. All laboratories remain on the ISO 17025. Accreditation schedule PT is ISO 7043-accredited.

Funding and support from the United States President's Emergency Plan for Aids Relief (PEPFAR) has enabled these improvements and some rollouts into the SADC region.

Currently, the SANBS is continuing with the programme without PEPFAR funding in the spirit of giving back to stakeholders.

SANBS regulatory compliance

Compliance at SANBS is currently managed through two systems, the Company Secretariat and the Quality Assurance system. The oversight is through Board governance and the operational standards respectively. Over the previous years, including the year under review, the SANBS focused on establishing a compliance universe.

We are using a manual process to monitor compliance through the compliance framework. The framework has been applied in a limited scope, but has proved to be effective and what has been assessed is well documented. The compliance manager has performed checks on sections of legislation identified as relevant to the SANBS. Automation will be included as part of the governance, risk and compliance software solution to be considered.

A formal process of engaging an external service provider to assist with a compliance function, effectiveness review and policy framework support is currently under way.

One of the major changes in the compliance/regulatory sphere is the Protection of Personal Information Act (PoPIA). The Information Regulator has been appointed and the expectation is that the Regulations will be published in the next few months. In order to assess our readiness for the implementation of the new regulations, we have appointed a service provider to conduct a PoPI gap analysis, which will place SANBS in good stead when the time comes to fully implement the Act.

In 2017/2018, SANBS management will be appointing an external service provider to assess, review and benchmark the compliance function. Based on the results of this review, we will implement recommendations to continually improve the regulatory compliance function.



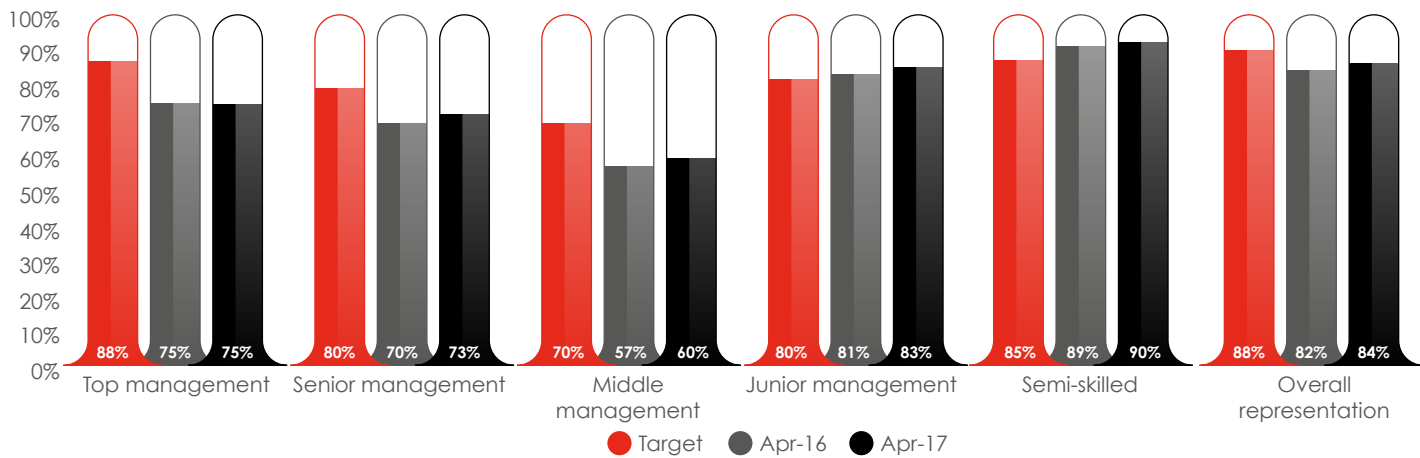
Strategic objective 6: Enable empowered and engaged employees to build a value-based culture

Employment equity (EE)

The graph below depicts the overall SANBS representation of black employees per occupational level for 2016 and 2017. In terms of the Employment Equity Act, black refers to people of African, Coloured, Indian and Chinese origin.

We have seen a slight improvement in the average employment equity score for the year under review, mainly due to changes at executive and senior management levels.

Figure 5: Black SANBS employees per occupational level



Learning and development

The SANBS has various learning and development programmes aimed at empowering our employees and the community.

The implementation of the medical technologist internship programme over the last three years has improved our technologist to technician ratio to 1:2, which is in compliance and significantly higher than the required regulation of 1:5. This, in turn, contributed to an increase in semi-skilled staff levels.

Learning and innovation hub

This learning and innovation hub is a strategic instrument for the SANBS to translate its objectives into learning and training initiatives aligned to growth and sustainability for employees, customers, stakeholders and the organisation as a whole.

The hub houses the following:

- 🔴 Custom in-house programmes with leading faculty partners
- 🔴 SANBS certification



- 🔥 Custom individual coaching
- 🔥 Syndicate coaching
- 🔥 21st century aligned programmes
- 🔥 Practical and relevant programmes
- 🔥 Leadership and innovation programmes

Succession planning and effective performance management

During the year under review, the SANBS developed and presented a formal succession implementation plan, with the key objective of having successors available immediately when vacancies arise.

In most zones, the following actions were taken with respect to mid-level and junior staff:

- 🔥 Critical or business-imperative positions and scarce-skills positions identified throughout the organisation
- 🔥 Potential successors identified for each position and staff readiness analysed
- 🔥 Individual development plans plotted
- 🔥 Talent forums implemented

The next steps will include:

- 🔥 Develop implementation plans for CEO talent and the executive committee talent forums
- 🔥 Finalise implementation plans and timelines for middle and junior management talent forums
- 🔥 Finalise the identification of mission-critical and scarce-skills positions and succession plans for emergency vacancies

Talent management

The SANBS talent management plan is in place and a skills audit is being done to gain a good understanding of existing skills within the service, development and succession plans and performance management, as well as creating a learning plan for each individual, linked to the learning and innovation hub. This will assist SANBS to deliver in accordance with our strategy.

Employee recognition and reward

Long service

The SANBS hosted long-service awards ceremonies in all seven zones and head office during the course of 2016/17:

- 🔥 We recognised 360 employees for long service, ranging from five to 40 years, making up a collective total of 4 770 years' service.
- 🔥 We hosted 790 guests, including the award recipients, at the seven functions.



Our achievements

SANBS awards received during 2016/17

The SANBS has received numerous awards for our marketing campaigns and advertisements, both local and internationally:

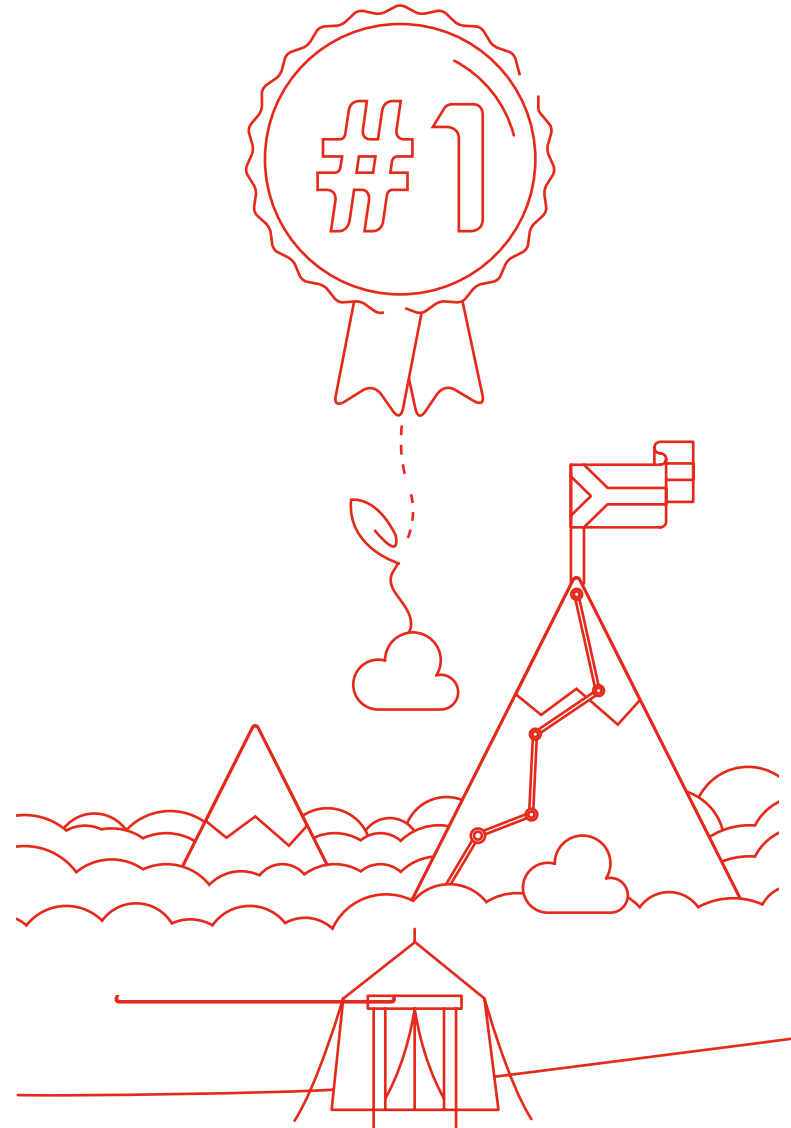
- 🔥 Association for Communication and Advertising APEX awards 2016. The SANBS received two awards for our Christmas appeal for blood, The Better Challenge: A bronze APEX in the Change category "for campaigns that resulted in significant short-term effects on sales or behaviour"; a Special Award for the entry that "demonstrates the most ingenious response to limited advertising or research funds"
- 🔥 SABRE Awards Africa – winner in the healthcare category for the #MissingType campaign
- 🔥 African Excellence Awards 2017 – Winner in the Social Media category for the #MissingType campaign
- 🔥 2016 African Cristal Festival Awards – the SANBS's Sit Down to Save Lives campaign was awarded Gold in the Promo & Direct Marketing category and Silver in the Outdoor category
- 🔥 Loerie Awards 2016 – The SANBS won a Silver award for communication design: mixed media campaign

Ravi Reddy as ISBT president

SANBS chief operations officer Ravi Reddy was elected as the president of the International Society of Blood Transfusion (ISBT) at the 34th International Congress of the ISBT in Dubai in September 2016. Mr Reddy has represented the SANBS in Africa and around the world.

Employee wellness

The SANBS recognises the need to maintain the health of all employees, by providing a strategic and holistic employee wellness programme (EWP), based on and supporting the overall human-capital management business plan and strategy.



GOVERNANCE

“
Thank you SANBS for
doing what you do
everyday, because of
you I am able see my
students grow
”



Governance report

Introduction

The SANBS is fully committed to business integrity, fairness, transparency and accountability in all its activities. In support of this commitment, the Board is the focal point in the organisation for corporate governance and subscribes to the highest standard of corporate governance in all aspects of its operations. The Boards strives to lead with intergrity, competence, responsibility, accountability and transparency.

During the year under review, SANBS applied the King III principles and has taken the changes published in King IV into account when reporting on and disclosing our governance performance.

The Board of Directors is the custodian of governance in the organisation and acknowledges its responsibility to ensure that good corporate governance is practiced both at Board and organisational level. The Board sets the tone for this in the organisation.

Board Composition

The SANBS Board composition is defined in the Memorandum of Incorporation (MOI) and is made up of a balance of non-executive independent directors, non-executive donor directors and executive directors. The following Board members served on the Board for the year under review:

Member	Classification
Ms Ansie Ramalho	Non-executive donor director (Chairperson of the Board until 7 November 2016)
Ms Getty Simelane	Non-executive donor director (Chairperson from 8 November 2016)
Ms Doris Dondur	Non-executive donor director
Prof William Gumede	Independent Non-executive director
Prof Vanessa Moodley	Independent Non-executive director
Mr Alex Christians	Non-executive donor director
Mr Rob Theunissen	Non-executive donor director
Dr Paddy Knox	Non-executive donor director
Mr Rodney Brand	Non-executive donor director
Dr Jackie Thomson	Medical Director and Acting CEO (ACEO)
Mr Trevor Vroom	Chief Executive Officer (resigned 09/11/2016)

Directors' independence

Board members may not serve on the Board for more than nine (9) consecutive years in terms of the provisions of the MoI.

Appointment of directors

The Board charter details procedures for nominations to the Board. Such nominations are formal transparent and a matter for the entire Board, assisted by the Nominations Committee. When nominating directors, the Board takes cognisance of its needs in terms of skills, experience, diversity, size and demographics.

During 2016/17 such recommendations had to be considered for the appointment of an additional Board member.

Non-executive directors' fees

Details regarding non-executive directors' remuneration are contained in the Remuneration Report on page 105.

Responsibilities of the Chairperson and Chief Executive Officer

The responsibilities of the Chairperson and Chief Executive Officer (CEO) are clearly defined and separated, as set out in the Board charter. While the Board delegates authority to the CEO in terms of the Board charter, the separation of responsibilities is designed to ensure that no single person or group can have unrestricted powers and that appropriate balances of power and authority exist on the Board and management. The Chairperson is responsible for leading the Board and for ensuring the integrity and effectiveness of the Board and its committees. In contrast, the CEO is responsible for the effective management and running of the business in terms of strategies and objectives approved by the Board.

Company Secretary

The Company Secretary is an officer with a central role in the governance and administration of the Boards affairs and is key to the efficiency and effectiveness of the Board and its sub-committees. The Company Secretary should be providing impartial advice and support to the directors.

Mr Mduduzi Luthuli is the appointed Company Secretary of SANBS.

Our Board charter

The Board charter regulates the parameters within which the Board operates and ensures the application of the principles of good corporate governance in all its dealings. Furthermore, the Board charter sets out the roles and responsibilities of the Board and individual directors, including the composition and relevant procedures of the Board. The Board charter is aligned with the provisions of all relevant statutory and regulatory requirements, including, among others, the Companies Act No 71 of 2008, as amended (the Companies Act), Health Act, King IV and the Company's Memorandum of Incorporation.

The Board charter is reviewed annually, or as and when required provided by the charter and terms of reference of the committees, Board members are encouraged to seek independent advice, at the Company's cost, during the execution of their fiduciary duties and responsibilities, if so needed.

King IV

Due to significant changes in the King Code on Corporate Governance, during the year under review, the charter was accordingly updated in November and December 2016, together with the terms of reference of all the committees. With the introduction of King IV in the latter part of 2016, the Board has already undergone training to ensure continued application of the core fundamentals of ethical and effective leadership, as envisaged in the King Code. The Board Charter has already been updated to be aligned to the principles of King IV.

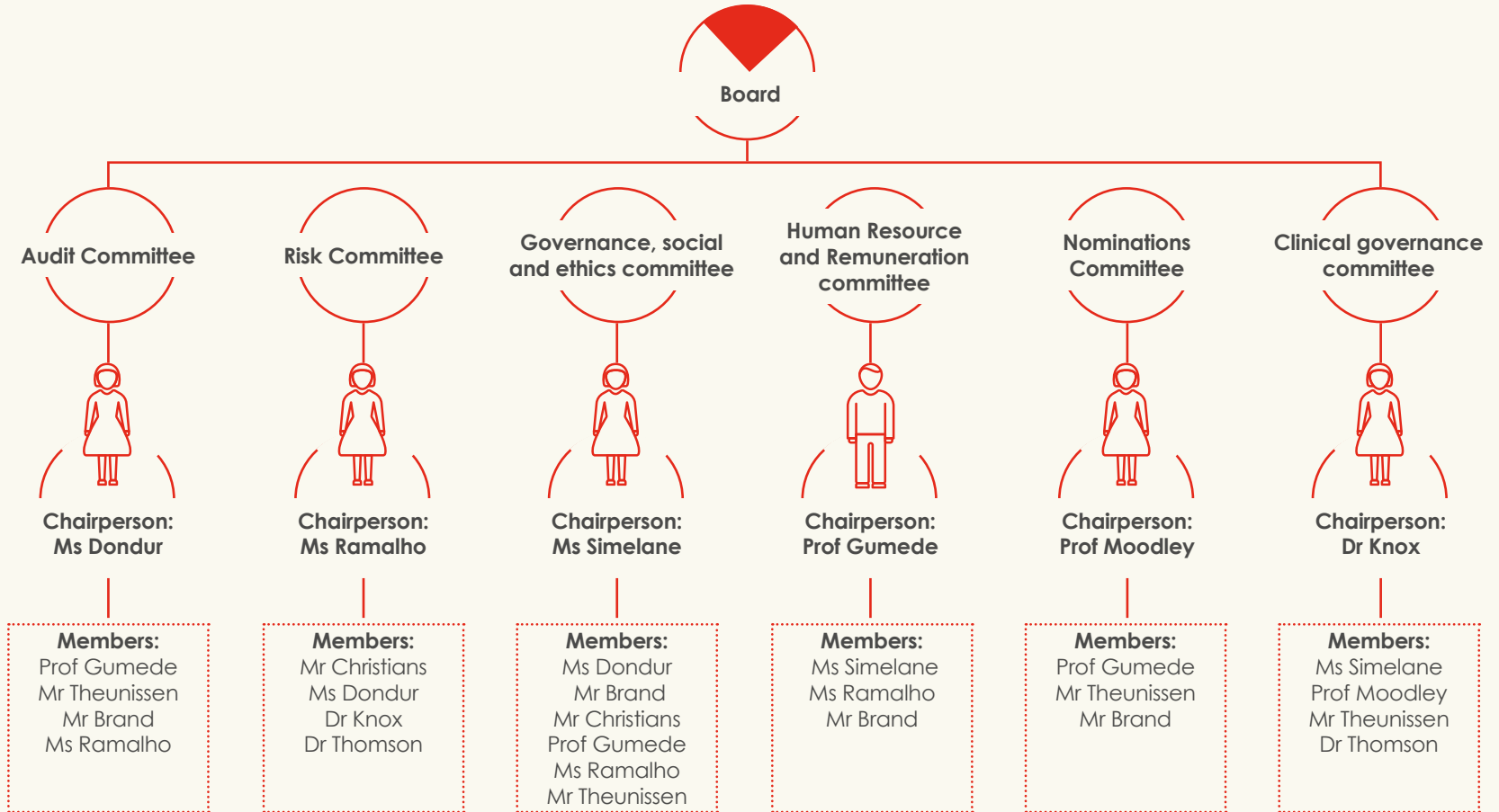
A transition has already begun to realign the already well entrenched King III principles to the King IV philosophy, principles and envisaged outcomes.



Our Governance Framework

The Board had the following committees established during the 2016/17 financial year, which in some instances are different, both in composition and membership, in comparison to the 2015/16 financial year.

The roles and responsibilities of these committees are defined in each of the committee's charters



Governing Structures AND DELEGATION



Roles and Responsibilities of the Board

The Board has adopted a Board Charter, which is reviewed annually and provides a framework of how the Board operates, as well as the type of decisions to be taken by the Board, decisions to be delegated to Board Committees and to the CEO. The Board has conducted its affairs and discharged its duties and responsibilities in accordance with its Charter. Certain Board Committees have been reviewed and reconstituted to ensure more effective operations. Below is a summary of the meetings held by the Board and its Committees:

Committees:	Board		Audit Committee		Risk Committee	Governance, Social and Ethics Committee	Nominations Committee	Remuneration Committee	Clinical Governance Committee
	Ordinary	Special	Ordinary	Special					
Number of Meetings	7	14	6	4	2	3	4	4	4
Committee Member:									
Ms Ansie Ramalho	7 of 7	6 of 6	2 of 2	1 of 2	1 of 1	2 of 2		4 of 4	
Ms Getty Simelane	7 of 7	14 of 14				1 of 1		4 of 4	3 of 4
Ms Doris Dondur	7 of 7	14 of 14	6 of 6	4 of 4	2 of 2	3 of 3			
Prof William Gumede	7 of 7	13 of 14	5 of 6	4 of 4		1 of 1	3 of 4	4 of 4	
Prof Vanessa Moodley	7 of 7	14 of 14					4 of 4		4 of 4
Mr Alex Christians	6 of 7	14 of 14	2 of 2	1 of 1		2 of 2			
Mr Rob Theunissen	7 of 7	5 of 5	6 of 6	4 of 4		2 of 2	4 of 4		4 of 4
Dr Paddy Knox	7 of 7	12 of 14			2 of 2				4 of 4
Mr Rodney Brand	3 of 3	5 of 5	2 of 2	2 of 2		1 of 1		1 of 1	
Dr Jackie Thomson	6 of 6	14 of 14							4 of 4
Mr Trevor Vroom (resigned)	3 of 3	1 of 1							
Special invitees / Co-opted									
M. Toubkin	n/a	n/a	n/a	n/a	n/a	n/a		n/a	3
A Rantloane	n/a	n/a	n/a	n/a	n/a	n/a		n/a	4
C Mey	n/a	n/a	n/a	n/a	n/a	n/a		n/a	3
T Letlape	n/a	n/a	n/a	n/a	n/a	n/a	4	n/a	
B Maasdorp	n/a	n/a	n/a	n/a	n/a	n/a	4	n/a	

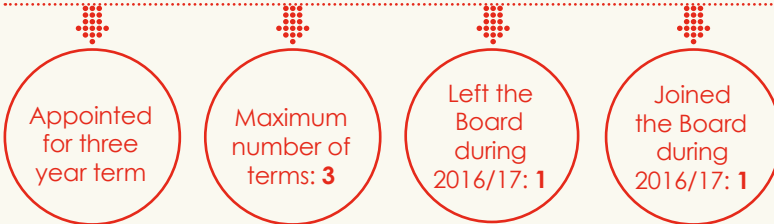


The Board has reviewed certain core governance and strategy documentation during 2016/17, which in brief is listed below:

- 🔴 Review and Approval of SANBS Strategy
- 🔴 Allocation of Donor Zones
- 🔴 Review of Board/EXCO training Program
- 🔴 Review of CEO Delegations
- 🔴 Transformation Plan for SANBS
- 🔴 Discussions on long outstanding debts, which has a significant impact on sustainable and foreseeable cash reserves
- 🔴 Ensuring management drafts an appropriate transformation plan for SANBS for consideration of the Board during 2017/18
- 🔴 Approach to Risk Management and Combined Assurance
- 🔴 Review of Effectiveness of Supply Chain Management and improvement plans
- 🔴 Approval of the Compliance Policy
- 🔴 Recommendation to the National Council for the approval of the Non-Executive Committee Remuneration Policy and proposed fees for 2017/2018

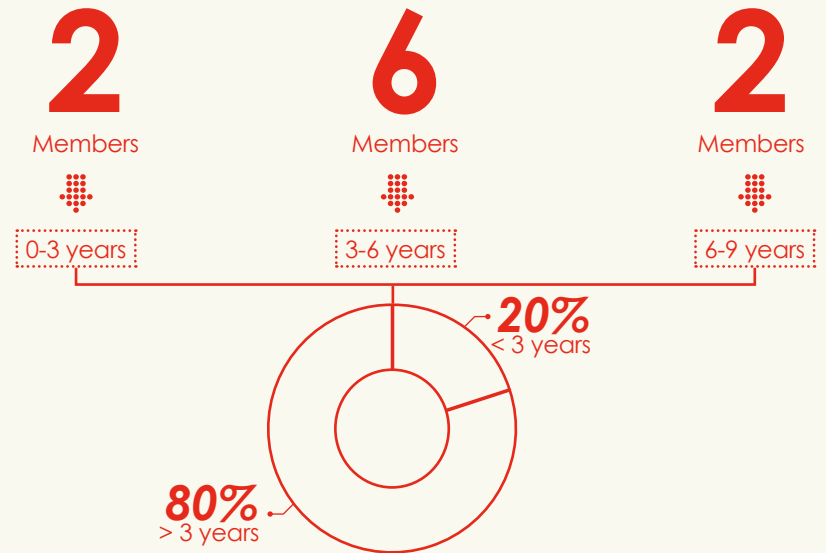
Principles of Rotation:

The principle of Rotation is critical for SANBS to ensure appropriate skills, knowledge and expertise are gained and managed through rotation of Directors.



Tenure of Non-Executive Directors:

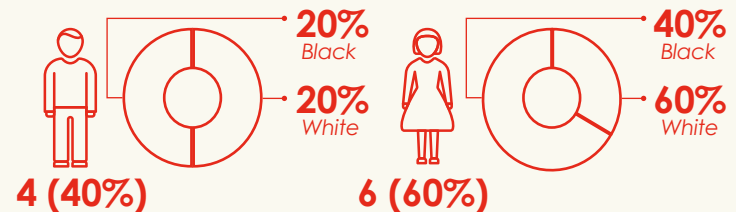
Number of Non-Executive Directors:



Active Participation:



Diversity within the Board – Transformation, Gender and skills representation



Skills:

Leadership (**10**); Finance, Investments & Economy (**5**); Labour and Talent Development (**2**); Social and Sustainable Development (**3**); Hematology Experts (**2**); Law (**2**); Research and Policy (**5**); Governance & Ethics (**8**); Health Care (**3**)



Board Committees

Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2017. The Audit Committee has adopted appropriate formal terms of reference and has discharged its responsibilities as contained therein.

MEMBERSHIP

In compliance with best practise the Chairperson is a Non-executive donor director and has the requisite business, financial and leadership skills for the position. All the committee members are financially literate, with all being non-executive members.

The names of Directors serving on the Audit Committee are detailed on pages 49 and 51 of this Integrated Report.

AUDIT COMMITTEE RESPONSIBILITIES

During the period under review, the Committee fulfilled its statutory duties as required by the Companies Act and Good Governance, as well as various additional responsibilities assigned to it by the Board as required by King IV. In conducting its duties, the committee has performed the following activities:

- 🔴 Considering the appointment, rotation and/or termination of the external auditor(s) and nominating to the Board for consideration
- 🔴 Approving the terms of engagement of the external auditor(s), including their audit fee and determining the nature and extent of any non-audit services
- 🔴 Monitoring and reporting to the Board on the independence, objectivity and required skills and competence of the external auditor(s) to execute the audit in terms of International Standards on Auditing
- 🔴 Monitoring the effectiveness of the processes to create awareness and develop an understanding of relevant legislation and regulation to ensure compliance by management

- 🔴 Consideration of the expertise, resources and experience of CFO, finance and internal audit functions.

COMBINED ASSURANCE

The Board has delegated to the Audit Committee the responsibility to oversee and ensure implementation of Combined Assurance. The Audit Committee's corporate governance processes comply with the requirements of the King Report on Corporate Governance 2009 (King III) with respect to ensuring that a combined assurance model is applied to provide a co-ordinated approach to assurance.

Achievements:

- 🔴 The committee has ensured a combined assurance model was drafted and approved for implementation – as per King III.
- 🔴 The model has optimised the assurance coverage obtained from management pertaining to Medical, Financial, Risk, Internal Audit and external assurance providers on risks attached to SANBS.

Combined Assurance Implementation is reported as follows:

A. ASSURANCE PROVIDED BY MANAGEMENT

The Audit Committee considered reports and assurance provided by management.

The committee:

- 🔴 Reviewed reports submitted by management pertaining to the financial affairs and internal control environment pertaining to SANBS.
- 🔴 Reviewed and also advised the Board on income, expenditure and capital budget requirements, treasury arrangements particularly related to investment. FOREX policies, bad debt and impairments – particularly related to Public Sector, management of assets and liabilities and the SANBS' overall financial status as reported by the CFO and Management.
- 🔴 Reviewed changes in accounting policies and practices



- Reviewed procurement processes, which is discussed in this report and together with the ACEO engaged on how to enhance this process to enhance efficiencies and cost saving.

Quarterly reports: The Committee also reviewed the quality of monthly and quarterly management reports submitted by management.

- The Committee has identified, together with concerns raised by the ACEO that not all information received were received sufficient, reliable and timely provided by Management.
- We are pleased that the ACEO has engaged appropriately with the processes of ensuring more appropriate and accurate information is presented to the committee.
- We have reviewed all material information presented together with the management accounts.

Based on this process of implementing combined assurance, we believe we have made significant strides in achieving the model established with regards to management assurance.

B. ASSURANCE PROVIDED BY INTERNAL AUDIT

Internal audit is a key internal assurance provider and provides the Board with a report of its activities which, along with other assurance provider sources, is used by the Board in reporting on and assessing the system of internal control and risk management.

The committee:

- Considered and recommended for approval to the Board the one- and three-year internal audit plans and monitored internal audit's adherence to these plans
- Received and reviewed reports from Internal Audit concerning the effectiveness of internal controls, systems and processes as well as the adequacy and appropriateness of management's corrective action plans
- Considered all material forensic reports and established whether appropriate action was taken by management.

- Inefficiencies within Internal Audit's ability to conclude on follow-up audits ensuring findings and its recommendations were appropriately addressed by management, were appropriately addressed by this Committee and also the ACEO.

This Committee welcomes the significant improvement in the quality of the internal audit reports during the latter part of the financial year. We will ensure in the foreseeable future that any inefficiencies that still exist within internal audit are dealt with.

C. ASSURANCE BY THE INDEPENDENT EXTERNAL AUDITOR

During the year, the committee:

- Reviewed and approved the external audit plan, including the proposed scope and audit fee and determined the nature and scope of non-audit services
- Reviewed the independent external auditor's management letter and management's response thereto
- Received and reviewed external audit reports for the year pertaining to the Annual Financial Statements for the year ended 31 March 2017
- Made recommendations, when appropriate, to the Board regarding the rotation of the external audit function.
- Reviewed changes in accounting policies and practices
- Reviewed significant adjustments resulting from the audit.

The Audit Committee is of the opinion, based on the information and explanations given by management and internal audit and discussions with the independent external auditor on the results of their audits and the status in addressing the matters raised, that the internal accounting controls (manual and automated) are operating satisfactorily, to ensure that the financial records may be relied upon for preparing the Annual Financial Statements, and accountability for assets and liabilities is maintained.



D. ASSURANCE BY THE INDEPENDENT CONSULTING FIRMS

Supply Chain Management:

SANBS implemented a new SAP e-Procurement system which created specific deficiencies within the procurement system and unit.

A consulting firm was appointed to review the SCM effectiveness and made various proposals to significantly change the Policy and processes regarding SCM as well as how to include Supplier Development and transformation to build an inclusive economy within the Health Sector.

The Audit Committee is continuing to review progress with regards to implementation of the SCM project during 2017/18.

The Audit Committee recommended for approval to the Board, that the Supply Chain Management Unit reports back into the CFO's office as it was residing within Operations. This was implemented by the Acting Chief Executive Officer before 31 March 2017.

FRAUD AND CORRUPTION

The Audit Committee provides oversight over the fraud and corruption prevention controls and mechanisms within the SANBS' operating environment. To this end:

- 🔴 Risk incidents are logged in an operational risk register and monitored
- 🔴 There is sufficient forensic capability in internal audit, with an appointed forensic specialist
- 🔴 The SANBS has a toll-free whistle-blowing hotline operated by Deloitte and employees are encouraged to report any suspected corrupt, fraudulent, criminal or unethical practices

The Committee also concluded and provided in depth inputs into the following:

- 🔴 The Whistleblowing Policy
- 🔴 Fraud and Corruption Framework
- 🔴 Fraud and Corruption Prevention Policy

ASSESSMENT OF THE OFFICE OF THE CHIEF FINANCIAL OFFICER

During the year under review the Acting Chief Financial Officer managed the Finance Team. The SANBS is in the process of recruiting a permanent Chief Financial Officer and as such, no formal assessment of the CFO could be carried out by the Committee.

Certain inaccuracies pertaining to financial information was of concern to the committee during the year under review. We are confident that the process we have put in place will have the desired outcomes we want to achieve as an Audit Committee.

As the Chairperson of this committee, I believe we have fulfilled our fiduciary duties and ensured appropriate compliance is achieved with regards to policies, procedures and general governance.

Ms. Doris Dondur

Risk Committee Report

We are pleased to present our report for the financial year ended 31 March 2017.

The Risk Committee has adopted an appropriate formal terms of reference and has discharged its responsibilities as contained therein.

MEMBERSHIP

The Chairperson is a Non-executive donor director. The CEO is a member of the committee.

The names of Directors serving on the Risk Committee are detailed on pages 49 and 51 of this Integrated Report.

The Risk Committee was established by Board resolution at the end of 2016 and held its inaugural meeting in October 2016. The result of this was that the Audit and Risk Committee which previously also assumed responsibility for risk became the Audit Committee. Furthermore, the Information Technology Committee of the Board was incorporated into the Risk Committee. The reason for this



restructuring was for risk to be governed as a dedicated functional area and to be overseen across the organisation.

One of the first items that the Risk Committee attended to on establishment was the vacant risk manager position. Due to various reasons the position had been vacant for a number of months and it was estimated that finding the right person to fill the position would take at least another quarter. This, together with the fact that the review of the risk assessment process (on which the internal audit plan and various other critical business processes rely) had been identified as a priority, led to the decision to appoint a service provider to lay the foundations for an effective risk management system and function.

The task set for the service provider was to review the process of assessing risk, including the identification, evaluation, prioritisation and treatment of risks. Some of the envisaged outcomes of the intervention by the service provider was the completion of a risk register for SANBS and the ranking of risks that would result in identification of the key risks for the organisation. At the time of writing this report the following were planned as the next steps:

- Consolidation and mapping of the results of the risk workshops held throughout the organisation and by which risk identification and analysis were effected.
- Review of the treatment and responses of risks identified
- Transfer of skills to a selected number of risk champions were planned as the next steps.

During the year under review an enterprise risk framework and a risk assessment policy were recommended to the Board for approval by the Committee.

Another focus area for the Risk Committee was conducting an ethics risk assessment which this Committee is collaborating on with the Governance, Social and Ethics Committee. Having an ethical culture within SANBS is regarded as a cornerstone for a healthy organisation. This project will only be completed in the next financial year.

Health and safety, information security, compliance and business continuity were further areas of focus of the Committee and will continue to be in future. Having said that, the Committee wishes to

adopt a more systematic and holistic approach to the governance of risk going forward instead of exercising oversight on an ad hoc basis. We believe that the work done during the past year and up to the time of writing the report will enable us to do so.

Ms. Ansie Ramalho

Remuneration Committee

We are pleased to present our report for the financial year ended 31 March 2017.

The Remuneration Committee (REMCO) has adopted an appropriate formal terms of reference as its Charter.

MEMBERSHIP

The Chairperson is an Independent Non-executive Director. All committee members are Non-executive Directors. The CEO is not a member of the committee but attends meetings by invitation.

The names of Directors serving on the Remuneration Committee are detailed on pages 49 and 51 of this Integrated Report.

COMMITTEE RESPONSIBILITY

The Board of Directors has established the REMCO to support it in the execution of its duties with respect to implementation of the human capital strategy, nomination of Directors and executive remuneration, Directors' affairs.

It is ultimately accountable and responsible for the performance, affairs and behaviour of the SANBS Human Resources.



The committee meets at least four times a year. The committee can utilise the services of independent advisors on matters relating to remuneration.

REMUNERATION

The REMCO performs the following oversight functions:

- Consider for approval by the Board, the remuneration policy and employment practices in addition to any other strategic human resource issues referred to the committee by management and the Board of Directors, in line with market trends and prevailing legislation.
- Review and recommend performance incentive policies applicable to the Executive Directors to ensure that they are fairly rewarded for their individual and joint contribution to the SANBS performance.
- Determine remuneration, retention incentive and termination policies and procedures for executive management.
- Make recommendations to the Board for approval of the aggregate annual staff salary increase.
- Recommend for approval percentage limits to which executive management may authorise remuneration for staff such as the maximum bonus as a percentage of total cost to company and how much may be discretionary
- Consider and recommend to the Board for approval the quantum of incentive pool for executives of the SANBS
- Determine and review superannuation arrangements.
- Obtain for the SANBS whatever remuneration-related information the committee may need from time-to-time.

HUMAN RESOURCES

As a committee we considered the following with regards to human resources management:

- The best manner in which we can implement appropriate culture change
- Addressed the filling of Key vacancies as well as other vacancies if appropriate budget and funds are available.
- We robustly discussed the establishing of a learning and innovation hub

- We engaged in processes of incentivising and empowering people – particularly as part of a broader transformation processes.
- Review and recommend the SANBS human capital strategy and risk management strategy to be implemented to ensure staff happiness.
- Monitor implementation and execution of the human capital strategy and transformation as well as issues policy requirement for implementation by management.
- Review performance scorecards.
- Oversee employment equity and other human capital statutory reports
- Oversee the implementation of the SANBS' training and development plan.

As the Chairperson of this committee, I believe we have fulfilled our fiduciary duties.

Prof William Gumede

Governance and Social Ethics Committee

We are pleased to present our report for the financial year ended 31 March 2017.

The Governance and Social Ethics Committee (GSEC) has adopted an appropriate formal terms of reference and has discharged its responsibilities as contained therein.

MEMBERSHIP

The Chairperson is an Independent Non-executive Director. All committee members are Non-executive Directors. The CEO is not a member of the committee but attends meetings by invitation.

The names of Directors serving on the Governance and Social Ethics Committee are detailed on pages 49 and 51 of this Integrated Report.



Roles and Responsibilities

The GSEC is responsible to ensure appropriate processes are implemented to enhance our social responsibility and particularly focus on Transformation.

The responsibilities of the GSE Committee also include embedding Governance and Ethics within the organisation as well as those outlined in Regulation 43 of the Companies Act No 71 of 2008.

Ethics

The Board has identified the need to strengthen the structural arrangements for the governance and management of organisational ethics.

As a result, The Ethics Institute of South Africa ("TEI") was engaged to assist with the compilation of an Ethics Risk Register and the Ethics Management Strategy.

Corporate Citizenship

SANBS offers career-development opportunities for qualifying unemployed matriculants through its phlebotomy learnership programme, which allows candidates to obtain a formal qualification that leads to professional registration with the HPCSA as phlebotomy technicians.

Twelve learners are completing the 2016 to 2018 intake programme. The learnership specifically targets black female candidates.

Enterprise Development

SANBS's procurement and human resources divisions have initiated a benchmarking exercise to source information from other companies regarding successful enterprise-development initiatives. The insights gained will be used to tailor-make programmes aligned to SANBS strategy and values. The SANBS would like to improve its level in this area of the broad-based black economic empowerment (B-BBEE) scorecard, possibly by working with B-BBEE partners to provide blood bags and canteen services.

Stakeholder Relationships

Our stakeholders are crucial to us to ensure enough blood is available to those in dire need of blood and blood products. The Committee mandated management to embark upon a systematic

approach to the identification and stakeholder groupings and the management of these relationships

As the Chairperson of this committee, I believe we have fulfilled our fiduciary duties.

Ms Getty Simelane

Nominations Committee

We are pleased to present our report for the financial year ended 31 March 2017.

The Nominations Committee has adopted an appropriate formal terms of reference and has discharged its responsibilities as contained therein.

MEMBERSHIP

The Chairperson is an Independent Non-executive Director. All committee members are Non-executive Directors. The CEO is not a member of the committee but attends meetings by invitation.

The names of Directors serving on the Nominations Committee are detailed on pages 49 and 51 of this Integrated Report.

NOMINATIONS

The Board of Directors has established this Committee to support it in the execution of its duties with respect to nomination of Directors.

The committee must:

- Establish and review a Board continuity plan for approval by the Board entailing:
- A review of the performance of and planning for successors to the Executive and Non-executive Directors
- Measures to ensure continuity of tenure of Non-executive Directors
- A regular review of the composition of skills, experience and other qualities required for the effectiveness of the Board



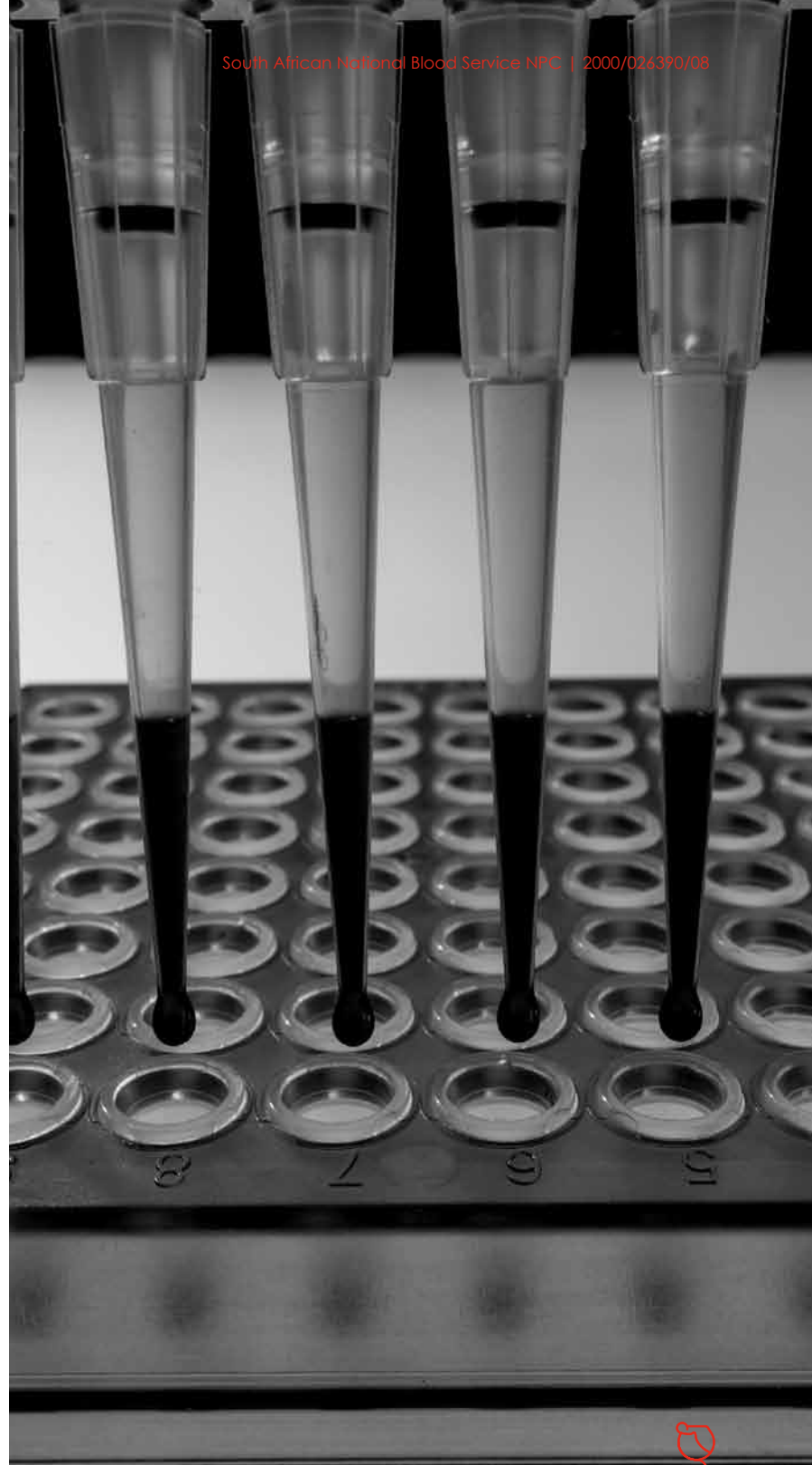
- An annual assessment of the Board as a whole, which assessment shall be co-ordinated by the Chairperson of the Board and assisted by the Company Secretary
- Assess regularly the conduct and competence of Directors and Board committees, the overall effectiveness of the Board and report thereon to the Board
- Regularly review the required mix of skills and experience on the SANBS Board with a view to identifying any skills gap on the Board
- Recommend to the Board potential candidates for membership onto the Board
- Develop a plan for identifying, assessing and enhancing Director competencies

The committee reviewed the director nomination procedure and ensured a formal and transparent Board nomination and election process (guided by SANBS' director nomination policy).

- Evaluated and recommended retiring Directors for re-election.
- Evaluated and recommended the appointment of new donor Directors.
- Augmented its skills, expertise and independence with the appointment of independent committee members who bring legal and medical expertise to the Committee.

As the Chairperson of this committee, I believe we have fulfilled our fiduciary duties.

Prof Vanessa Moodley



Clinical Governance Committee

We are pleased to present our report for the financial year ended 31 March 2017.

The Clinical Governance Committee (CGC) has adopted an appropriate formal terms of reference as its Charter, has regulated its affairs in compliance with this Charter and has discharged its responsibilities as contained therein.

MEMBERSHIP

The Chairperson is a Non-executive Director. The committee members are Non-executive Directors and independents from the health and legal sector. The Medical Director is a member of the committee.

The names of Directors serving on the Clinical Governance Committee are detailed on pages 49 and 51 of this Integrated Report.

COMMITTEE ROLE AND RESPONSIBILITY

Core to the committee's responsibility is to ensure that blood and blood products are available to meet the demand within the 8 Provinces we serve as SANBS.

A concern of the committee remains that the blood required by the citizens in the 8 Provinces we service is not enough for the demand that exists.

Key focus for the year under review:

- We focussed on blood supply versus demand.
- We rewrote the blood safety policy to ensure that it was up to date.
- We focused on the patients and identified the patient groups that need our products most.
- Quality improvement was an area of focus and we implemented a new quality report that provide assurance at clinical governance level.
- Ensured that the risk relating to SANBS not delivering quality and safe blood to patients was appropriately mitigated by management and processes.
- Ensured the risks relating to the wellbeing of donors were appropriately mitigated by management and processes.
- Ensured that a Haemovigilance Report was compiled and that systems and controls were in place to address the identified risks.
- Keep SANBS updated on the risks of Transfusion Transmitted Infections.
- Donations to the Sunflower fund
- Oversaw the iron study to understand the high level of donor deferrals

Looking forward we are providing oversight on the stepwise implementation of recommendations from the Iron study and pathogen inactivation implementation plan for pooled platelets. As the Chairperson of this committee, I believe we have fulfilled our fiduciary duties.

Dr. Paddy Knox





**AUDITED
FINANCIAL
STATEMENTS**



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The annual financial statements were prepared by the Acting CEO, Dr Jackie Thomson.

Directors

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 71 to 109 were approved by the Board of Directors on 24 July 2017 and were signed on its behalf by:

DIRECTORS' STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

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

The directors are further responsible to ensure that the annual financial statements fairly present 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 South African National Service (SANBS) have been prepared in terms of the International Financial Reporting Standards (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 controls 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 controls 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 risk. Nothing has come to the attention of the directors to indicate that any material breakdown in 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 controls 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 the cash flow information, fairly present the financial

position of SANBS as at the 31st of March 2017, and the results of its operations for the year then ended.



Ms G Simelane
Chairperson



J Thomson
Acting 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 with the Companies and Intellectual Property Commission (CIPC). I certify that all such returns and notices appear to be correct and up to date.



M Luthuli
Company Secretary
Johannesburg
29 September 2017



Directors

REPORT

The directors have pleasure in presenting their report and the audited annual financial statements for the year ended 31 March 2017.

1. NATURE OF BUSINESS

The South African National Blood Service (SANBS) is a not-for-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 members of SANBS are donors nominated from Independent Donor Structures into the National Council as set out in the Memorandum of Incorporation. The National Council appoints the donor directors and holds the Board accountable for managing and controlling SANBS' operations in accordance with its mandate.

2. DIRECTORS

The Board of Directors currently comprises ten directors being seven non-executive donor directors, two independent non-executive directors and one executive directors as listed hereunder.

As at the end of the year and up to the date of the annual financial statements the Board of directors comprised the following members:

Non-Executive

A Ramalho
R Theunissen
D Dondur
G Simelane
A Christians
P Knox
R Brand

Executive

J Thomson (Joined 9/5/16)
T Vroom (Resigned 9/11/16)

Independent Non-Executives

W Gumede
V Moodley

All non-executive directors have confirmed that they have no conflict of interest.

3. COMPANY SECRETARY

Mr Mduduzi Luthuli is the company secretary for SANBS with effect from 15 May 2014. 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



4. AUDITORS

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

Business Address

Building 1
Deloitte Place
The Woodlands
Woodmead
Sandton
2191

Postal Address

Private Bag X6
Gallo Manor
2052

5. BUSINESS RESULTS SUMMARY

The financial position of the Company at 31 March 2017 is set out in the statement of financial position.

The statement of comprehensive income for the year reflects a surplus of R179 million (2016: R360 million)

6. EVENTS AFTER THE REPORTING DATE

The Directors are not aware of any material matters or circumstance arising since the end of the financial year to the date of this report, which requires consideration for adjustment to or disclosure in the annual financial statements for the year ended on the 31st March 2017.

7. GOING CONCERN STATUS

Having reviewed SANBS' cash flow forecast for the year 2017/2018 and, in light of 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 DOH as the Regulator.



INDEPENDENT *Auditor's* REPORT

To the Members of the South African National Blood Service

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the South African National Blood Service (SANBS) set out on pages 71 to 109, which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of SANBS as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



Key Audit Matter	How matter was resolved
Revenue Recognition	
<p>In accordance with IAS 240, material misstatements due to fraudulent financial reporting often result from an overstatement or an understatement of revenues. The auditor therefore ordinarily presumes revenue recognition as a fraud risk and considers which revenue streams, revenue transactions or potential errors may give rise to such risk</p> <p>In the current year, the risk of material misstatement with regards to revenue recognition has been pinpointed to the occurrence and completeness assertions.</p> <p>The nature of SANBS revenue is characterized by a high volume of low value sales transactions. Furthermore, recording occurs on the Meditech system at point of sale. Meditech will, in turn, synchronize with SAP – which is the financial reporting system.</p> <p>Revenue may therefore be misstated as follows:</p> <ol style="list-style-type: none"> Errors in the configuration of the interface between Meditech and SAP, resulting in incomplete or non-occurring revenue being processed to SAP and/or Transactions being recorded onto Meditech that have not occurred OR manual omission of transactions on Meditech and/or <p>Invalid manual journal entries being processed directly to the revenue accounts per SAP (transactions that did not originate from Meditech and which are determined to contain no substance)</p>	<p>We gained an understanding of the business cycle relating to revenue, we corroborated this understanding through walkthrough procedures and thereafter identified key controls – that is, controls designed to address the significant risks relating to occurrence and completeness.</p> <p>We assessed the design and implementation of the key controls; no material findings were noted.</p> <p>We tested revenue through substantive detail procedures:</p> <ol style="list-style-type: none"> Through the use of Data Analytics techniques, we tested the completeness and accuracy of the interface between Meditech and SAP; the interface was determined to be 99.13% accurate. Testing a sample of revenue transactions (including credit notes passed) against original source documents (case sheets) and approved price listings; no numeric misstatements were noted. <p>Based on the procedures performed, we were satisfied with the occurrence and completeness of revenue.</p>



Key Audit Matter	How matter was resolved
<p>Provision for doubtful debts</p> <p>As disclosed in note 10, a provision for doubtful debts was recognized in the current year based on the assumptions disclosed in the note.</p> <p>The significant increase in Government debt from 57% of total debtors book to 65% in current period indicated the existence of a valuation risk as it pertains to trade and other receivables.</p> <p>Bad debts dating back to 2015 and 2016 financial periods were also written off in the current period.</p> <p>Our audit efforts were focused on valuation and allocation of debtors, particularly the reasonableness of the provision for doubtful debts.</p>	<p>We gained an understanding of the method applied and the assumptions used to determine the provision for doubtful debts, we corroborated this understanding through walkthrough procedures and thereafter identified key controls – that is, controls designed to address the significant risks relating to completeness and valuation & allocation.</p> <p>We assessed the design and implementation of the key controls; no material findings were noted.</p> <p>We tested provision for bad debts through substantive detail procedures:</p> <p>a. For a sample of debtors selected: we developed an expectation of the debtor's balance at financial year end based on collections made from the debtor over the course of the past 12 months, thereafter we grossed up the expectation by the provision raised for the specific debtor to arrive at a final estimated balance. We compared our final estimate to the debtors' balance as reflecting in the age analysis.</p> <p>If the variance was determined to be greater than an acceptable threshold, this would be an indication of the provision being inappropriate.</p> <p>We also assessed management's assumptions.</p> <p>We tested provision for doubtful debts through substantive analytical procedures:</p> <p>a. We compared, for current to prior periods:</p> <ul style="list-style-type: none"> - The customer mix - The debtors' days - The provision raised as a percentage of total debtor's book - The composition (customer mix) contained within long outstanding categories <p>Differences between management estimates and our estimates were adjusted for.</p> <p>Based on the audit work performed, the assumptions used by management to estimate the provision for doubtful debts appear appropriate.</p>



Key Audit Matter	How matter was resolved
<p>Post-Retirement Medical aid obligation</p> <p>SANBS subsidizes the medical aid contributions of certain former employees. This subsidy is available to inland members who joined on or before 1 October 2002, KZN members who joined on or before 9 November 1999, Port Elizabeth and East London members who joined on or before 1 July 2002.</p> <p>The value of the obligation is determined by way of actuarial valuation through use of complex methods, assumptions and calculations.</p> <p>The principal actuarial assumptions applied are disclosed in note 13 to the financial statements.</p>	<p>We gained an understanding of the process followed and parties involved in the annual valuation of the post-retirement medical aid liability, we corroborated this understanding through walkthrough procedures and thereafter identified key controls – that is, controls designed to address the significant risks relating to occurrence and completeness.</p> <p>We assessed the design and implementation of the key controls; no material findings were noted.</p> <p>We tested the valuation of the obligation through substantive detail procedures:</p> <ol style="list-style-type: none"> Testing of method and assumptions applied by management: Our actuarial experts (Deloitte Strategy & Innovation Actuarial Solutions) scrutinized the valuation report compiled by Management's Expert (Alexander Forbes). Testing of calculation: We performed a detailed assessment of the competence and capabilities of Management's Expert, this enabled us to rely on the mathematical accuracy of the calculation performed. We tested the completeness and accuracy of inputs sent by SANBS to the Management's Expert. <p>Based on the procedures performed, the method and assumptions applied by Management's Expert appears to be reasonable, the calculation of the post-retirement medical aid obligation appears to be free from mathematical error and the inputs appear to be accurate and complete.</p>

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Company Secretary's report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

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



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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain

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

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

Deloitte & Touche

Deloitte & Touche
Registered Auditor

Per: Mandisi Mantyi
Partner
29 September 2017



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

		2017	2016
	Notes	R'000	R'000
REVENUE	3	2 486 971	2 403 509
Expenses	4	(2 441 278)	(2 163 571)
Other income		15 668	26 572
Net interest received		118 201	94 141
Interest received	5	118 397	94 343
Interest expense	5	(196)	(202)
SURPLUS FOR THE YEAR	6	179 562	360 651
Other comprehensive surplus for the year		160 574	369 182
Actuarial gain/(losses)		18 988	(8 531)
COMPREHENSIVE SURPLUS FOR THE YEAR		179 562	360 651



STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 MARCH 2017

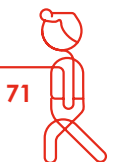
	Notes	2017 R'000	2016 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	366 266	367 847
Current assets			
Inventories	9	113 183	109 516
Trade and other receivables	10	737 013	651 033
Cash and cash equivalents	17.3	1 611 366	1 472 847
Assets held-for-sale	11	890	694
Total current assets		2 462 452	2 234 090
Total assets		2 828 718	2 601 937
RESERVES & LIABILITIES			
Reserves		2 464 437	2 284 875
Non-current liabilities			
Interest bearing liabilities	12	879	1 219
Provision for post-retirement medical aid obligation	13	54 462	38 764
Total non-current liabilities		55 341	39 983
Current liabilities			
Interest-bearing liabilities	12	340	340
Current portion of provision for post-retirement medical aid obligation	13	2 803	2 310
Trade and other payables	14	192 071	173 291
Provisions	15	113 726	101 138
Total current liabilities		308 940	277 079
Total reserves and liabilities		2 828 718	2 601 937



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	RESERVES R'000
Balance at 31 March 2015	1 924 224
Surplus for the year	360 651
Balance at 31 March 2016	2 284 875
Surplus for the year	179 562
Balance at 31 March 2017	2 464 437



STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 R'000	2016 R'000
Cash flow from operating activities			
Cash generated from operations	17.1	123 613	316 775
Changes in working capital	17.2	(58 279)	(197 229)
Cash generated from operating activities		65 334	119 546
Interest received	5	118 397	94 343
Interest expense	5	(196)	(202)
Net cash generated from operating activities		183 535	213 687
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	(62 001)	(126 944)
Proceeds from sale of plant equipment		1 135	11 785
Net cash utilised in investing activities		(60 866)	(115 159)
Cash flows from financing activities			
(Decrease)/Increased in interest-bearing liabilities		(340)	1 535
(Decrease)/Increase in provision for post- retirement Medical aid obligation		16 191	(1 405)
Net cash utilised in financing activities		15 851	130
Increase in cash for the year		138 519	98 658
Cash and cash equivalents at the beginning of the year		1 472 847	1 374 189
Cash and cash equivalents at the end of the year	17.3	1 611 366	1 472 847



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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 Standards Board (IASB) that are relevant and effective for the accounting period beginning 1 April 2014.

At the date of approval of the financial statements, the following relevant Standards, Amendments 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 2018).

IFRS 7 Financial instruments - disclosure (Effective for annual periods beginning on or after 1 January 2017)

IFRS 16 Leases 1 January 2019

IFRS 15 Revenue from Contracts with Customers 1 January 2018

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers 1 January 2018

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions 1 January 2018

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts 1 January 2018

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses 1 January 2017

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 rand 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.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

The useful lives are:

Buildings	50 years
Plant, equipment and fittings	4 to 10 years
Motor vehicles	4 years
Computer equipment	4 years
Furniture	4 to 6 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 the 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 terms 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.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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 bases 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 on the near term; or
- On initial recognition it is a 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 a part of a contract containing one or more embedded derivatives, and IAS39 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 items in the statement of comprehensive income. Fair-value is determined in the manner described in note 19.

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 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 receivables 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.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1.6.5. 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 costs 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 and loss.

When AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income and 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 of impairment is reversed, does not exceed what the amortised cost would have been had the impairment not been so recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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 the 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.

1.6.6. De-recognition of financial assets

The company derecognises a financial asset only when the contractual rights to 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 the 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 profit or loss. A cumulative gains 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. Financial liabilities

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

1.7.2.1. 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



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

- 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 19.

1.7.2.2. Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortised costs 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

Local and foreign Government grants are not recognised in profit or loss on a systematic basis over the periods in which the company recognises as expenses the related costs 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 statement of financial position and transferred to the 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 cost and the net realisable value, using the standard costing method. Cost is determined as follows:

- Blood packs, accessories, packaging materials, filtration stocks, chemicals and the reagents at a standard cost that approximates latest invoice price.
- Raw materials, for the 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.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

- 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. Non-current assets held-for-sale

Non-current assets are classified as held-for-sale if the carrying amount will be recovered through sale. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition and management is committed to the sale and the sale is expected to be completed within one year from date of classification.

Immediately prior to being classified as held-for-sale the carrying amount of the asset is measured in accordance with the applicable standards. After classification as held-for-sale the asset is measured at the lower of the carrying amount and fair-value less costs to sell.

1.11. Revenue recognition

Revenue comprises the net revenue from service fees and product sales, 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.

Service revenue

Service revenue is recognised with reference to the stage-of-completion of the transaction. Revenue is recognised when the amount of revenue and cost incurred in respect of the transaction can be measured reliably.

Product sales

Product sales revenue is recognised when significant risks and rewards have been transferred to the buyer and it is probable that economic benefits associated with the transaction will flow to the buyer.

Interest

Revenue is recognised as the interest accrues using effective-interest rate method. Interest revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably.

1.12. Retirement benefits

The company provides provident and post-retirement medical aid benefits only for certain employees.

The company contributes to defined contribution provident fund which is governed by the Pension Funds Act 1956. The company's contribution to the fund in respect of service during a particular period is 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 bases determined actuarially every three years. The projected unit credit method of valuation is used to calculate the post-retirement benefits.

1.13. Impairment

At each reporting 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



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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.

1.14. Foreign currencies

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

1.15. Research and development

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

1.16. 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 the judgement, management has assessed at each reporting 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 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 reporting date:



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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.

Provision for post-retirement medical obligation

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 assumptions set out in note 13.

Inventory

Management periodically reviews inventories to identify any obsolete or slow moving inventory. Judgement and estimate is required to do these reviews. Any change in the estimate could result in the revision of the valuation of inventory.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

2017	2016
R'000	R'000

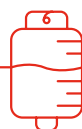
3. REVENUE

Revenue consists of the invoiced value of goods and services to customers excluding value added taxes.

Service fees	2 484 501	2 402 029
Product sales	2 470	1 480
Total revenue	2 486 971	2 403 509

4. EXPENSES

Advertising and promotions	41 645	42 606
Communication costs	27 127	30 770
Consulting fees	31 147	24 651
Consumables	656 944	568 268
Depreciation	62 649	56 423
Employee benefits	1 001 345	918 729
Freight	148 163	135 768
Hired premises	37 274	34 087
Motor vehicle costs	14 738	13 443
Product testing	65 769	55 267
Services	67 241	72 333
Travel and accommodation	35 703	34 863
Other expenses (includes bad debts write off, computer costs, foreign exchange variance; Insurance and repairs and maintenance)	251 534	176 363
	2 441 278	2 163 571



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

5. NET INTEREST RECEIVED

Interest received

Bank

Interest charged by suppliers

Interest on finance lease obligations

Interest Expense

	2017 R'000	2016 R'000
	118 397	94 343
	(196)	(194)
	-	(8)
	<u>(196)</u>	<u>(202)</u>
	<u>118 201</u>	<u>94 141</u>



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

2017	2016
R'000	R'000

6. SURPLUS FOR THE YEAR

The surplus for the year is stated after taking into account the following items:

Auditor's remuneration	3 591	2 830
Audit fees	3 513	2 732
Fees for other services	78	98
Depreciation	62 647	56 423
Buildings	6 369	6 933
Plant and equipment	24 988	19 733
Motor vehicles	4 924	7 165
Computer equipment	23 363	19 425
Furniture and fittings	3 003	3 167
Directors' emoluments (refer to Note 22)	20 408	17 261
Executive directors	13 897	13 249
Non-Executive directors	6 511	4 012
Net loss (gain) on foreign currency transactions	(1 006)	1 567



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

	2017 R'000	2016 R'000
Actuarial Losses		
Employee benefits	1 001 344	918 729
Salaries and wages	619 949	616 880
Pension	91 612	88 941
Bonus	98 835	45 609
Leave	18 432	10 255
Medical Aid	74 619	59 688
Other	97 897	97 356
Net loss/(profit) on disposal of property, plant and Equipment	(397)	(6 158)
Operating lease expenses	45 266	45 534
Land and buildings	37 274	34 087
Plant and equipment	7 992	11 447

7. TAXATION

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



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

8. PROPERTY, PLANT AND EQUIPMENT 2017

Cost

	Beginning of year R'000	Additions R'000	Disposals R'000	Transfers R'000	Held for sale R'000	End of year R'000
Land and building	222 434	8 283	(145)	-	(269)	230 303
Plant and equipment	270 299	25 703	(2 315)	-	-	293 687
Motor vehicles	79 145	352	-	-	-	79 497
Computer equipment	133 984	24 423	(199)	-	-	158 208
Furniture and fittings	22 799	3 240	(348)	-	-	25 691
	728 661	62 001	(3 007)	-	(269)	787 386

Accumulated depreciation

	Beginning of year R'000	Charge for the year R'000	Disposals R'000	Transfers R'000	Held for sale R'000	End of year R'000
Land and building	51 313	6 369	(119)	-	(73)	57 490
Plant and equipment	159 381	24 988	(1 670)	-	-	182 699
Motor vehicles	48 268	4 924	-	-	-	53 192
Computer equipment	83 283	23 363	(190)	-	-	106 456
Furniture and fittings	18 569	3 003	(290)	-	-	21 282
	360 814	62 647	(2 269)	-	(73)	421 120



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

Net carrying Value	Cost	Accumulated depreciation	Net carrying value
	R'000	R'000	R'000
Land and buildings	230 303	57 490	172 813
Plant and equipment	293 687	182 699	110 988
Motor vehicles	79 497	53 192	26 305
Computer equipment	158 208	106 456	51 753
Furniture and fittings	25 691	21 282	4 407
	787 386	421 120	366 266

8 PROPERTY, PLANT AND EQUIPMENT 2016

Cost

	Beginning of year	Additions	Disposals	Transfers	Held for sale	End of year
	R'000	R'000	R'000	R'000	R'000	R'000
Land and building	198 737	24 037	-	560	(900)	222 434
Plant and equipment	228 195	43 859	(1 809)	54	-	270 299
Motor vehicles	77 462	1 777	(94)	-	-	79 145
Computer equipment	80 991	53 064	(65)	(6)	-	133 984
Furniture and fittings	19 330	4 207	(130)	(608)	-	22 799
	604 715	126 944	(2 098)	-	(900)	728 661



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

Accumulated depreciation	Beginning of year	Charge for the year	Disposals	Transfers	Held for sale	End of year
	R'000	R'000	R'000	R'000	R'000	R'000
Land and building	45 371	6 629	-	(481)	(206)	51 313
Plant and equipment	141 420	19 733	(1 761)	(11)		159 381
Motor vehicles	41 197	7 165	(94)	-		48 268
Computer equipment	63 918	19 425	(65)	5		83 283
Furniture and fittings	15 045	3 167	(130)	487		18 569
	306 951	56 119	(2 050)	-	(206)	360 814

Net carrying Value	Cost	Accumulated depreciation	Net carrying value
	R'000	R'000	R'000
Land and buildings	222 434	51 313	171 121
Plant and equipment	270 299	159 381	110 918
Motor vehicles	79 145	48 268	30 877
Computer equipment	133 984	83 283	50 701
Furniture and fittings	22 799	18 569	4 230
	728 661	360 814	367 847



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

	2017 R'000	2016 R'000
9. INVENTORIES		
Consumable stores	114 371	110 772
Provision for obsolescence	(1 188)	(1 256)
	113 183	109 516
10. TRADE AND OTHER RECEIVABLES		
Trade receivables	711 933	634 793
Sundry receivables	25 080	16 240
	737 013	651 033
Trade receivables:		
Gross receivables	952 339	874 187
Provision for doubtful debts	(240 407)	(239 394)
	711 933	634 793
Not past due	371 557	365 330
Age of receivables that are past due but not impaired:		
30 Days	98 765	80 831
60 Days	76 800	78 034
90 Days	72 853	62 592
Total	248 418	221 457



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

10. TRADE AND OTHER RECEIVABLES (continued)

Age of impaired receivables:

	2017 R'000	2016 R'000
120 Days	65 966	28 990
150+ Days	266 399	258 410
Total	332 365	287 400

The company considers its provision against these debtors adequate.

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 trade receivable as potentially 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 pay their creditors within 30 days. This is not currently practised by all relevant Government Institutions.

Movement in provision for doubtful debts

Balance at beginning of the year	239 394	184 959
Charged to the Statement of Comprehensive Income -Bad debt	115 498	47 814
Charged to the statement of Comprehensive income – Revenue discounting	7 736	6 856
Bad Debts written off	(122 222)	(235)
Balance at the end of the year	240 406	239 394

Allowances for doubtful debts are recognised against trade receivables of 120 days and older based on estimated irrecoverable amounts determined by reference to past default experience of counter party.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

10. TRADE AND OTHER RECEIVABLES (continued)

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.

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

	2017 R'000		2016 R'000	
Private Sector	331 822	35%	373 870	42%
Medical aids	178 998		214 340	
Private patients	99 212		111 097	
Private institutions	52 779		47 203	
Other	833		1 230	
Government Sector	620 517	65%	500 317	57%
Government hospitals	581 284		458 551	
Workmen's Compensation Fund	14 130		16 324	
Road Accident Fund	18 802		18 663	
Other	6 301		6 779	
	952 339		874 187	



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

11. ASSETS HELD-FOR-SALE

Cost

Accumulated depreciation

	2017 R'000	2016 R'000
	1 169	900
	(279)	(206)
	890	694

The Executive team approved the sale of the Properties situated at 63 Broom street, Klerksdorp and 103 Jacqueline Avenue, Alberton. The sale of these properties was approved by the Board on 30 June 2016. No impairment loss was recognised on the reclassification of the properties held for sale. The Executive of the organisation expect that the fair value (estimated based on recent market prices of similar properties in similar locations) less the cost to sell is higher than the carrying amount.

12. INTEREST-BEARING LIABILITIES

Finance lease liabilities

Less : portion payable within one year

Long-term portion

	2017 R'000	2016 R'000
	1 219	1 559
	(340)	(340)
	879	1 219

The obligation was secured over Spectra Optia which is used in therapeutic apheresis procedures. The obligation bears interest at prime lending rate which is currently 10.50% and repayable in monthly instalments of R28 360 (R28 360 in 2016)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

13. PROVISION FOR POST-RETIREMENT MEDICAL AID OBLIGATION

The post-retirement medical aid 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 valuation performed in 2017 indicates that the contractual post-retirement medical aid liability is adequately provided for within the financial statements.

	2017 R'000	2016 R'000
Provision for post-retirement long term medical obligations	54 462	38 764
Short term portion	2 803	2 310
Balance at the end of the year	57 265	41 074

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

Current service cost	271	429
Interest on obligation	4 060	3 468
Actuarial losses recognised in the year	14 276	8 531
	18 607	12 428

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

Balance at the beginning of the year	41 074	42 479
Current service cost	271	429
Interest cost	4 060	3 468
Expected employer benefit payments	(2 416)	(2 271)
	-	(11 562)
Actuarial loss	14 276	8 531
Balance at the end of the year	57 265	41 074



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

2017	2016
R'000	R'000

13. PROVISION FOR POST-RETIREMENT MEDICAL AID OBLIGATION (continued)

The principal actuarial assumptions applied were :

Average retirement age	65 years	65 years
Continuation of membership at retirement	100.00%	100.00%
Health care cost inflation	9.00%	9.80%
Discount rate	9.90%	10.20%

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.

2017	2016
R'000	R'000

14. TRADE AND OTHER PAYABLES

Trade payables	100 406	104 967
Accruals	78 023	40 698
Other payables	13 641	27 626
	192 070	173 291

The average credit period from suppliers is 30 days. No interest is charged on the trade payables.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

15. PROVISIONS

	2016 R'000	2017 R'000
Leave pay	49 051	41 942
Incentive bonus	64 675	59 196
	113 726	101 138
Leave pay		
Opening Balance	41 942	50 088
Additional provisions recognised	12 852	5 033
Reduction due to payments	(5 743)	(13 179)
	49 051	41 942
Incentive Bonus		
Opening Balance	59 196	58 494
Additional provision recognised	54 525	45 609
Reduction due to payments	(49 046)	(44 907)
	64 675	59 196



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

2017	2016
R'000	R'000

16. CONTINGENT LIABILITIES

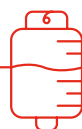
The organisation is from time to time involved in various claims and legal proceedings arising in the ordinary course of business. The Board and Executive does not believe that adverse decisions in any pending proceedings or claims against the company will have a material adverse effect on the financial condition or future of the organisation.

17.1 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

Net surplus	179 563	360 651
Adjustments:		
Depreciation	62 648	56 423
Net loss (profit) on disposal of property, plant and equipment	(397)	(6 158)
Interest received	(118 397)	(94 343)
Interest paid	196	202
Cash generated from operations	123 613	316 775

17.2 WORKING CAPITAL CHANGES

(Increase) in inventories	(3 667)	(7 003)
(Increase) in trade and other receivables	(85 980)	(170 950)
Decrease/(increase) in trade and other payables	18 780	(11 832)
Increase in provisions	12 588	(7 444)
Changes in working capital	(58 279)	(197 229)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

17.3 CASH AND CASH EQUIVALENT

	2017 R'000	2016 R'000
Bank Balance	449 959	317 877
Money on Call	1 161 407	1 154 970
Cash and cash equivalents	1 611 366	1 472 847

18. OPERATING LEASE COMMITMENTS

Land and Buildings		
Not later than one year	21 714	18 563
Later than one year, but not later than five years	25 551	22 761
	47 265	41 324

18.1 OPERATING LEASE REVENUE

Lease Revenue	7 320	6 400
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18.2 OPERATING LEASE REVENUE

Receivable within 1 year	8 023	7 320
Receivable later than 1 year but not later than 5 years	21 257	29 280
	36 600	43 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

19. PENSION AND PROVIDENT FUND INFORMATION

The company provides retirement benefits for all eligible permanent employees through a defined contribution provident fund, which is governed by the Pension Funds Act in South Africa, 1956. At year-end there were 2 265 (2015: 2 268) employees on this fund. The company's contribution to this fund expensed during the current financial year amounted to R91 612 210 (2016: 88 940 987).

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES

Interest rate risk

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

Interest rate risk management

The company manages its interest rate risk by negotiating favourable rates with its bankers. When deemed necessary interest rate quotes are obtained from other financial institutions to ensure that rates paid are market related. Major banks of high quality and credit standing are used by the company.

Liquidity risk

The risk is managed by cash budgets and centralised cash management control. The company has adequate cash resources.

Foreign currency risk

The company purchases certain inputs directly from foreign suppliers, consequently these input costs are influenced by fluctuations in the value of the rand. It is not the policy of the company to routinely take out forward exchange contracts.

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



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (continued)

Exchange rates :

	2017 R'000	2016 R'000
USD	13.55	14.93
Euro	14.47	16.91

Current liabilities in:

Trade payables in USD 157 933 (2016: USD 50 368)	2 140	752
Trade payables in Euro 9 606 (2016: Euro: 413)	139	7

Foreign currency sensitivity

The company's exchange rate exposure relates mainly to the USD. The following table details the company's sensitivity to a 10% depreciation in the rand against the USD. 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.

10% foreign currency sensitivity – USD	214	75
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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 do 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 2017, the company does not consider there to be any material credit risk that has not been adequately provided for.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (continued)

Fair-value

The directors are of the opinion that the book value of financial instruments approximates the fair-value.

Fair-value hierarchy

Level 1: Fair-value derived from quoted prices in active markets

Level 2: Fair-value derived through the use of valuation techniques based on observable inputs

Level 3: Fair-value derived through the use of valuation techniques using inputs not based on observable market data.

The entity has no Level 1 financial instruments.

2017

Financial assets

	Level 2 R'000	Level 3 R'000
Trade and other receivables	-	718 844
Cash and cash equivalents	-	1 611 366
Total	-	2 330 210

Financial Liabilities

Trade and other payables	-	192 071
Provisions	-	113 726
Total	-	305 797



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (continued)

Classification of financial instruments

	Loans and receivables R'000	Amortised costs	Total
Assets			
Trade and other receivables	718 844	-	718 844
Cash and cash equivalents	1 611 366	-	1 611 366
Total	2 330 210	-	2 330 210
Liabilities			
Interest-bearing liabilities	-	879	879
Trade and other payables	192 071	-	192 071
Provisions	-	113 726	113 726
Total	192 071	114 605	306 676



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (Continued)

Fair-value (Continued)

2016

Financial assets

	Level 2 R'000	Level 3 R'000
Trade and other receivables	-	651 033
Cash and cash equivalents	-	1 472 847
Total	-	2 123 880

Financial Liabilities

Trade and other payables	-	172 107
Provisions	-	101 138
Total	-	273 245

Classification of financial instruments

	Loans and receivables R'000	Amortised cost R'000	Total R'000
Trade and other receivables	651 033	-	651 033
Cash and cash equivalents	1 472 847	-	1 472 847
Total	2 123 880	-	2 123 880

Assets

Trade and other receivables	651 033	-	651 033
Cash and cash equivalents	1 472 847	-	1 472 847
Total	2 123 880	-	2 123 880



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (Continued)

	Loans and receivables R'000	Amortised cost R'000	Total R'000
Interest-bearing liabilities	-	1 559	1 559
Trade and other payables	173 291	-	173 291
Provisions	-	101 138	101 138
Total	173 291	102 697	275 988

Liabilities

Interest-bearing liabilities
Trade and other payables
Provisions
Total

2017 R'000	2016 R'000
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21. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved by directors – not contracted for

Plant and equipment	41 125	69 547
Motor vehicles	-	53 311
Furniture and fittings	211	4 251
IT Projects	48 071	-
Computer hardware and software	31 625	66 358
Building and leasehold improvements	32 403	63 860
	153 435	257 327



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

22. GUARANTEES

Financial Institutions have issued guarantees on behalf of the company to the value of R2 482 409 (2016: R2 683 488)

23. DIRECTORS' EMOLUMENTS

2017

	Basic Salary R'000	Bonus R'000	Other Benefits R'000	Total R'000
Executive directors/prescribed officers				
T Vroom (Resigned : 09.11.2016)	1 990	219	2 627*	4 836
R Reddy	2 325	243	296	2 864
L Mothokoa	1 499	166	196	1 861
R Bardien (Resigned : 31.05.2017)	1 549	167	77	1 793
J Thomson (Joined : 09.05.2016)	1 899	-	644**	2 543
	9 262	795	3 840	13 897

* This includes a settlement agreement amount.

** This amount includes a relocation cost and additional work allowance.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

23. DIRECTORS' EMOLUMENTS (Continued)

	Fees R'000	Other Expenses R'000	Total R'000
Non-executive directors			
A Christians	754	25	779
A Ramalho	758	3	761
D Dondur	1 249	16	1 265
G Simelane	767	4	771
R Brand	223	5	228
P Knox	534	7	541
R Theunissen	803	13	816
W Gumede	761	-	761
V Moodley	589	-	589
	6 438	73	6 511

Other expenses to non-executive directors relate to travel reimbursement. The increase in the non-executive directors' fees by 62 percent is due to the additional special board and audit committee meetings required in order to address a number operational matters which needed directors' input.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

23. DIRECTORS' EMOLUMENTS (Continued)

2016	Basic Salary R'000	Bonus R'000	Other Benefits R'000	Total R'000
Executive directors/prescribed officers				
T Vroom (Joined : 01.08.2015)	1 789	-	162	1 951
C Ingram (Resigned : 31.05.2016)	1 832	184	102	2 118
R Reddy	2 014	227	238	2 479
L Mothokoa	1 384	155	159	1 698
R Bardien	1 198	126	65	1 389
T Mokoena (Resigned : 29.02.2016)	1 110	127	592*	1 829
N Mankungu (Resigned : 31.03.2016)	1 547	156	82	1 785
	10 874	975	1 400	13 249

*other benefits include the severance package



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

23. DIRECTORS' EMOLUMENTS (Continued)

	Fees R'000	Other Expenses R'000	Total R'000
Non-executive directors			
A Christians	615	22	637
A Ramalho	516	0	516
D Dondur	463	11	474
G Simelane	394	2	396
G Mahomed	242	9	251
P Knox	303	16	319
R Theunissen	636	15	651
W Gumede	457	-	457
V Moodley	311	-	311
	3 937	75	4 012

Other expenses to non-executive directors relate to travel reimbursement.



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It's saving a nation.**



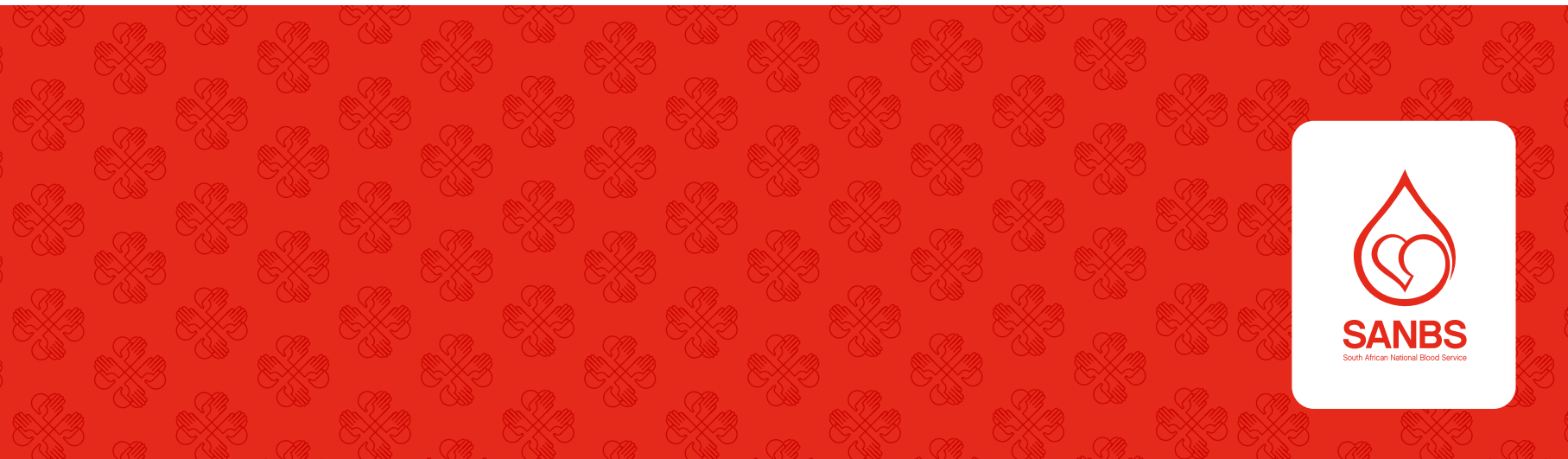
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Thank you

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