

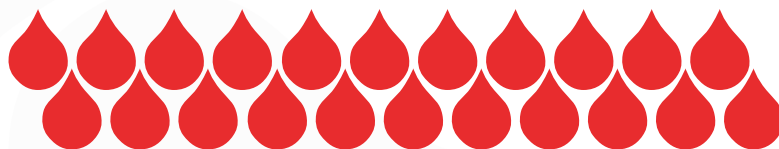


# Annual Report 2014



**SANBS**

South African National Blood Service



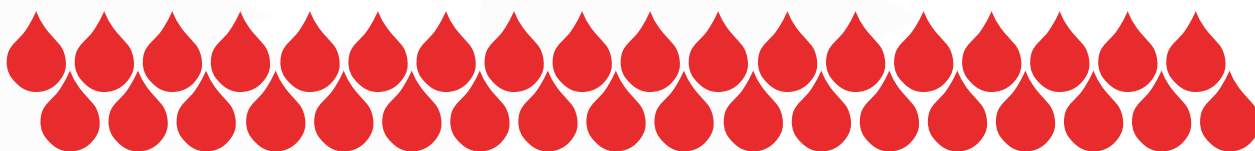
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## MANDATE

The Mandate of the South African National Blood Service (SANBS) is to provide blood transfusion and related services.

## VISION

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

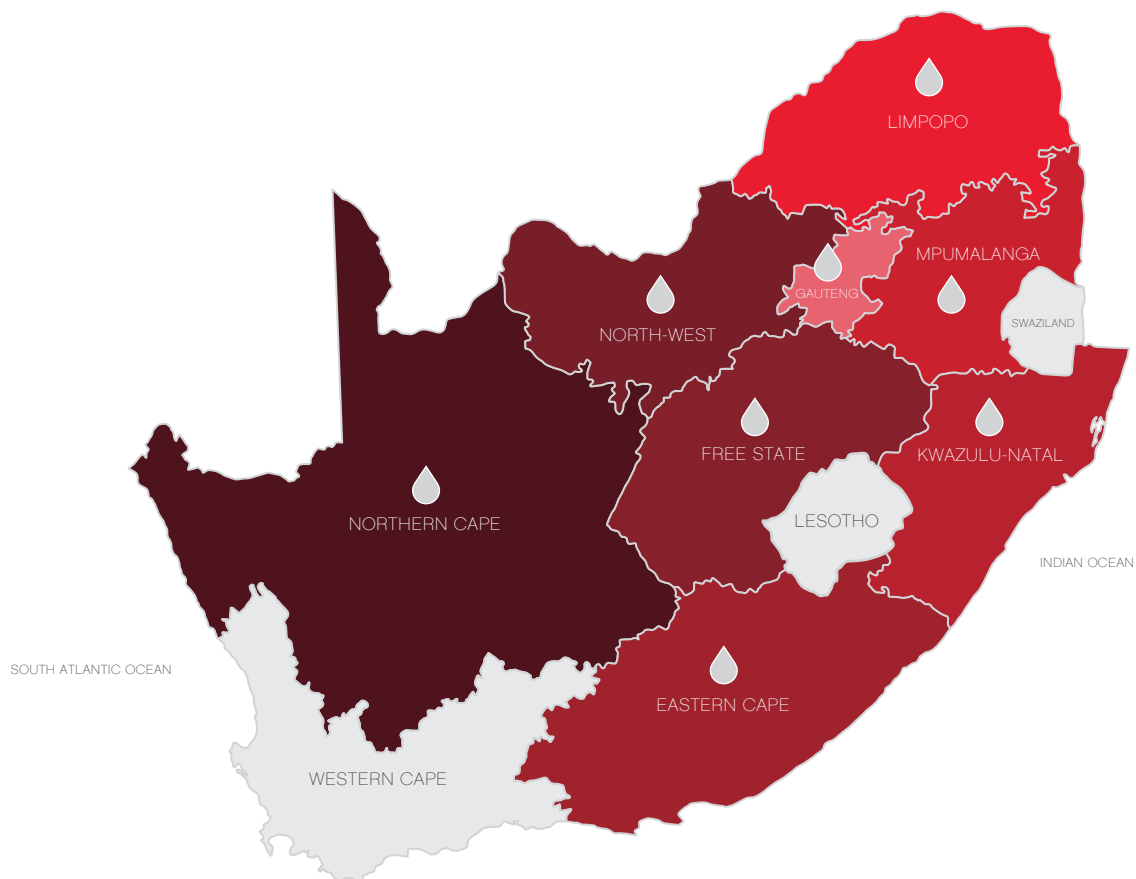
## MISSION

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

## CORE VALUES

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

## NATIONAL FOOTPRINT



SANBS has 87 fixed donor centres and hosts in excess of 3 000 mobile blood drives in the eight provinces indicated above, with the exclusion of the Western Cape Province. For more information please contact 0800 11 9031.

## CHAIRMAN'S STATEMENT

This report covers a period when South Africa bid farewell to its founding president, Nelson Mandela, who was an inspiration to all of humanity. As he once said, "After climbing a great hill, one only finds that there are many more hills to climb." This is precisely the situation facing SANBS. We are dedicated to fulfilling our mandate, but the board will not allow SANBS to commit itself beyond its means. It is critical for SANBS to ensure a balance between security of supply, financial and operational sustainability.

Drawing inspiration from former President Mandela, we will successfully confront the challenges we face in the years ahead and continue to leave our footprint on the world stage.

The board re-established the IT Governance Committee as envisaged in King III. This has placed IT issues on the forefront of our agenda.

The goodwill of the donors and staff, who continue to donate and work effortlessly, needs to be applauded respectively. SANBS continues to have a 100% voluntary donor base with over 85% of donors returning to donate more than 1 unit in the financial year. To this end I would like to take this opportunity to thank the CEO and her team for the sterling work and ensuring positive growth and international recognition. SANBS has been recognised internationally as a leader in Blood Safety by ensuring a very safe blood supply despite the high prevalence of transfusion-transmissible infections such as HIV. Additionally senior SANBS staff serve on key committees such as WHO, International Society for Blood Transfusion and African Society for Blood Transfusion.

A donor, Mr Maurice Creswick, continues to make South Africa proud by breaking the Guinness World Record every time he donates blood at our Linksfeld Blood Donor Centre in Johannesburg. Sir, you are our inspiration. It is this altruistic behaviour that attracted me to the organisation and the cause that keeps me here.

I regard it as a prime responsibility of a chairman to be continually looking to refresh and strengthen the Board of Directors. As I come to the end of my 3 year tenure as chairman, there will have been a complete change in non-executive directors. I consider our current board to have the right mix of talent, with the appropriate bandwidth of skills and experience to take SANBS forward. In line with the SANBS governance policy, I will step down as chairman at the end of 2014 and wish my successor all the best. It has been such a fun and rewarding journey and I am eternally

grateful to all the wonderful people of SANBS and all those in the blood transfusion world that I worked with over the years. I would like to thank the board members for their support to achieve what is best for blood security in South Africa.

The board conducts regular reviews of its effectiveness, which in the year was facilitated by an external service provider. Overall consensus was that the board is working well, which confirms we have a good mix of directors and demonstrates a high commitment to work in the best interest of SANBS. The board as a whole demonstrates a clear understanding of SANBS's purpose and has sufficient grasp of the material trends in blood transfusion. No significant weaknesses were identified, but areas for minor improvement were noted and we are addressing these.

The SANBS board has grown from strength to strength by tackling the hard issues head on and ensuring that a process is put in place to deal with the soft issues so that the organisation's cause remains foremost in the minds of everyone, which was in line with the assessment carried out by the external service provider.

To the donors, you have sustained South Africa; you continue to roll up your sleeves year on year. Thank you. South Africa is proud of you. Baie dankie. Ngiyabonga. Shukran. Shukriya. Nanri. Ke a leboha.



**Alex Christians**

Chairman: Board of Directors





## Board Members



**Alex Christians**  
Chairman



**Doris Dondur**  
Deputy Chairman



**Rob Theunissen**  
NED



**Dr. Patricia Knox**  
NED



**Getty Simelane**  
NED



**Advocate Candice Mey**  
NED

## Independent non-executive Directors



**Dr. Cleopas Sanangura**  
NED



**Professor William Gumede**  
NED



**Professor Vanessa Moodley**  
NED

## Executive Directors



**Dr. Loyiso Mpuntsha**  
CEO



**Dr. Charlotte Ingram**  
Medical Director

\* NED - Non-Executive Directors





## Executive Management - In addition to the Executive Directors



**Ravi Reddy**  
Operations



**Abbey Mothokoa**  
Human Resources



**Thapelo Mokoena**  
Marketing



**Nandi Mankungu**  
Finance



**Ridwaan Bardien**  
Chief Information Officer



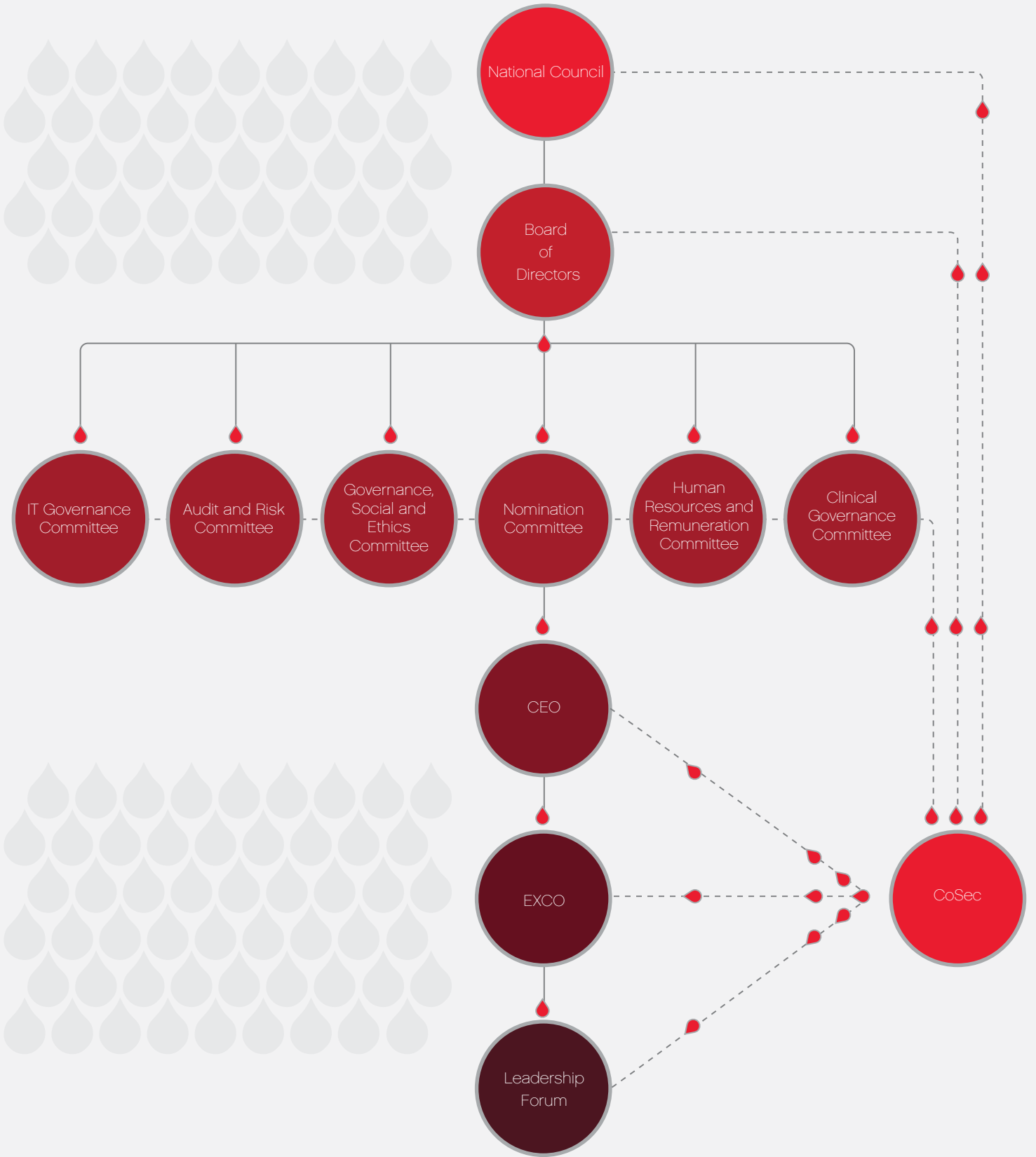
**Mduduzi Luthuli**  
Appointed 15<sup>th</sup> May 2014  
Acting Company Secretary

The Chief Strategy Officer position is currently vacant.





### SANBS CORPORATE GOVERNANCE STRUCTURE



Solid arrows – Delegation of authority  
Dotted arrows – Administrative support and governance advice

## CHIEF EXECUTIVE OFFICER'S STATEMENT

For a fifth year in succession SANBS has performed very well in fulfilling our mission of supplying sufficient blood to the South African health services in an equitable and cost-effective manner. We have continued on the path of refining good governance practices and financial control measures. Coupled with this approach has been consistent training and support given to our staff on improving process efficiencies across our operational business value chain.

### SANBS' Bold Corporate Responsibility measures – driving down the cost of blood!

SANBS has been monitoring the cost impact on blood and blood products and looked at various strategies that can be employed, these are outlined below:

1. A decision was made to effect a downward price increase over the next 3 to 5 financial years using the surplus. The price increase for the 2015 - 16 financial year will be a 4% which reflects a **2% point below CPI**. The undertaking also entails monitoring operational cost fluctuations and the Chief Financial Officer communicating with the Department of Health, and medical schemes on an ongoing basis.
2. SANBS has over the past 3 years also implemented a strategy for the conservation of the Group O type blood which is universally usable, especially critical for emergencies where the patient's blood type cannot be checked in time. The strategy is termed issuing "Blood on a Returnable Basis" (BRB) – where blood is issued in specialised and sealed containers, and has resulted in **up to 10% Group O blood saved** and re-issued upon request for other patients.
3. Over and above this initiative, SANBS has over the past 3 years started measuring wastage of blood in seven major hospitals. Preliminary findings indicated **up to 8% of blood is wasted** at a considerable cost to the hospitals. This programme will be reinforced through the employment of Blood Conservation Officers and the findings discussed in collaboration with Hospital Transfusion Committees in order to curb this situation.

## Performance Review

SANBS has achieved excellent performance in 2013 - 14 and continues to grow its business driven by improved operational efficiencies and cost management. SANBS has performed extremely well for the period under review with 99,8% of our blood collections target achieved. Across the 8 provinces that we service SANBS has collected 802 807 blood units and issued to all hospitals for the period under review. Our financial indicators for the period have shown outstanding improvement and the organisation is well positioned for a sustainable future. Plasma supply to the National Bioproducts Institute (NBI) was on target and SANBS supplied 164 658 litres of plasma.

SANBS has built many partnerships with corporates and government departments for blood donation campaigns. Our biggest campaign of all time was on the 2014 Mandela Day which performed very well with 7 054 blood donations made and 5 887 usable collections for the day.

An improvement of 28,1% (27,2% in previous year) blood donations were procured from Black donors for the financial year and Black donors comprised 32% of the donor base. This is in line with the strategic objective of increasing the Black donor base and has improved from 6% in 2005. The HIV prevalence among all donors was 0,24% for the year and this was higher than the previous year (0,18%). Post donation HIV counselling success rate is at 64% for those HIV positive donors who respond to the request. More education and self-exclusion will be focussed on to bring this rate down.

The great performance has been underpinned by continued focus on risk management and improved efficiencies across the business. We also remained committed to deliver financial performance in line with the budget for the year despite a complex operating environment characterised by increases in deferrals amongst all groups of blood donors.

The financial achievements for the year under review illustrate our confidence in the plans we have put in place to achieve our five year strategy to 2015. The key financial highlights for the year are covered under the financial section of this report.





## Top Management

At the Executive Management level the team had one change. Our Chief Information Officer resigned during the 2<sup>nd</sup> Quarter and we have been joined by a new CIO towards the end of the 4<sup>th</sup> Quarter. In April 2014 our Chief Strategy Officer also left SANBS Executive and Senior Management focused on refining the SANBS Strategic Objectives and reviewing the SANBS Business Plan for the following year.

## Governance and Stakeholder Relations

SANBS continued to work well with the national Department of Health and we continued to engage with the provincial departments of health and medical schemes to ensure adherence to service level agreements and payments for blood and related services.

SANBS has close collaboration on blood service standards of good practice and clinical guidelines with the Western Province Blood Transfusion Service (WPBTS). We also collaborated very well with the Bone Marrow Registry, recruiting potential donors together with the Sunflower Fund. SANBS is also a member of the International Rare Blood Donor Panel as well as the International Haemovigilance group sharing data and trends.

SANBS is involved in training at Nursing Colleges (Public, Mediclinic and Life Clinic facilities) and the Transfusion Medicine Short Course for Nursing Professionals provided by the University of the Free State.

SANBS also offers technical training in blood transfusion services to other countries outside South Africa. Some of the countries that have benefited from this training include Botswana, Swaziland, Lesotho, Zimbabwe, Ghana, Ethiopia, and Namibia. To this end we are planning to establish a SANBS Academy to formalise and enhance the skills in Blood Services specialised fields for internal and external needs.

## Social and Environmental Responsibility

A key strategic driver of the 2013 - 2014 Business Plan was to focus on improvement of the SANBS Safety and Environmental Management programme.

- During an assessment of our 2 main campuses it was noted that we required additional waste licences for our operational activities on the Pinetown and Constantia Campus respectively and our waste storage facilities were upgraded to ensure legal compliance.
- In addition it was confirmed that the embankment on the Constantia Campus was unstable and that we were at risk of losing a portion of the property as a result of serious erosion effects on the embankment. The rehabilitation of the embankment included planting indigenous vegetation and trees as well as putting in reinforcement structures (gabions) to ensure stability and redirect the river.

The staff members of SANBS are acknowledged for their enduring loyalty and commitment. They have put all their efforts into achieving the goals set for the service and we thank them for showing excellent performance and potential for even better organisational growth.



**Dr. Loyiso Mpuntsha**

Chief Executive Officer



## MEDICAL REPORT

This Medical Division Report covers the year April 2013 - March 2014.

Prepared by: Dr Charlotte Ingram, Medical Director and Medical team.

### Introduction

Blood is a national resource, and SANBS is legally and ethically obliged to ensure donor safety, promote appropriate blood usage and optimise transfusion safety in South Africa; the medical division plays an important role in ensuring the safety of our blood. Extensive education and training campaigns to all levels of health care, on all topics pertaining to transfusion and donor safety are held within all zones. Each zone is covered by a medical officer, medical liaison and hospital liaison officer. Our main challenges remain the demographics of our area and to present training in public hospitals (already facing severe staff shortages) without interrupting/interfering with service delivery. This past year has seen the department of health and public hospitals focusing on pathology laboratory testing and blood conservation strategies with more support towards implementing hospital transfusion committees (HTCs), where the SANBS hospital liaison officers and newly implemented blood conservation officers play a facilitating role. Patient Blood Management (PBM) is an evidence-based, multidisciplinary approach to optimising the care of patients who might need transfusions and has become an important part of transfusion medicine. PBM is now more than ever gaining support in the greater medical community as the realisation dawns that blood transfusion is an essential life-saving intervention when used in the correct situation. However, blood donations remain a scarce resource and the transfusion of blood products needs to be managed from all angles to ensure a sustainable supply. The medical division for SANBS comprises clinical, medical and therapeutics, donor care, specialised laboratory services (SLS) quality systems (QS), quality control (QC) departments and is the custodian of safety and environment affairs for the organisation.

SANBS medical division hosted five transfusion medicine educational sessions in the period of the 1<sup>st</sup> of April 2013 to the 31<sup>st</sup> of March 2014. The sessions are open to all staff from other divisions. The aim of the academic sessions is capacity building and also providing up to date information with regard to Transfusion Medicine. The 5<sup>th</sup> Edition Blood.



The first SANBS nurses clinical blood transfusion guidelines were compiled and distributed to healthcare workers. The clinical blood transfusion guidelines have been revised and will be distributed in the next financial year.



## Donor Care

### New donor questionnaire

The new donor questionnaire was approved by the Department of Health and became effective on the 5<sup>th</sup> of May 2014 after extensive internal staff training and communication. The roll-out went smoothly without any major problems.



### Donor assessment criteria

The new donor assessment criteria became effective in July 2013 and seminars conducted by Medical in collaboration with Collections took place across all zones to educate collections staff on the changes made and the rationale behind deferrals and acceptance of donors. The aim was to promote appropriate deferral of donors and increase retention. Training on this aspect is on-going and is well supported by the Collections department.

### Donor deferrals

Donor deferrals were at 17,4% over the previous financial year compared to 17% in the 2012 - 2013 period. The rates were slightly above the set target of <15% and this could be attributed to the seminars that have been taking place on the rationale for deferrals resulting in a better understanding of the criteria and an increase in the deferrals and the reporting thereof. The trend is constantly monitored and reported on a quarterly basis.



### Donor adverse events

Donor adverse events were at 0,57% over the previous financial year compared to 0,64% in the 2012 - 2013 period. The rates remain to be below the set target of <2%. For this report, the numbers of more than one venepuncture incidents remain to be a concern as they have increased from the last quarter (61% of all DAE). Since they are related to phlebotomy, they may improve with interventions that address the skill; thus the task team continues to monitor the trend and put control measures to reduce the number of cases.

### More than 65 years old donor programme

A task team comprising medical, operations, IT and marketing is investigating and reviewing all activities involving donors 65 years and older. The activities include the recruitment, frequency of donations, deferrals, referrals and fitness to continue donating. The task team will make recommendations to other stakeholders including EXCO and the Board.

### Haemovigilance matters and activities

The Haemovigilance team is in the process of finalizing the 2013 report. The report which includes the Western Province Blood Transfusion Service (WPBTS) data is anticipated to be published by end September 2014.

## Haemovigilance workshops

- SANBS is taking a leading role in the WHO haemovigilance core writing group in drafting of WHO guidelines on establishing a national haemovigilance system, as per set timelines. The guidelines are aimed to assist countries without haemovigilance systems, mainly in Africa.
- SANBS will further demonstrated their commitment to this activity by organising an educational parallel session on haemovigilance at AfsBT (African Society for Blood Transfusion) at the Victoria Falls which took place from the 30<sup>th</sup> of July to the 2<sup>nd</sup> of August 2014. The purpose of the workshop being, to sensitise and support African countries without haemovigilance systems to establish/ implement in their countries.

## International Haemovigilance participation

SANBS continues to be an active member of the International Haemovigilance Network (IHN) and attended the annual haemovigilance meeting that was held in Barcelona, Spain in March 2014.

## Department of Health (DoH) submissions

Notifications on transfusion associated deaths are required according to Section 68 of the National Health Act 61 of 2003 to be reported to the Deputy Director-General (DDG) of the Department of Health (DoH) immediately after occurrence. Five mortality case reports have been reported to the DoH that occurred within the last quarter of the 2013 - 2014 period. A submission was made to the DoH on the new donor questionnaire that addressed the MSM sexual orientation discriminatory issue which was approved by the Minister of Health in February 2014. A submission on the conflicting ages for consent to donate blood in legislation affecting 16 - 18 year old donors has been submitted and SANBS awaits feedback.

## Quality Control

The Standards of Blood Transfusion in South Africa requires that 1% of all products produced be quality control (QC) tested, of which 80% must meet specifications as set out in the Standards. The medical QC department performed tests on 2,8% of all products produced during the period and 98% of the products tested, met specifications as defined in the Standards of Practice.

## Review of Product Compliance to Specifications

| 2013 - 2014     | Produced       | Tested        | % Tested    | Passed all parameters | % Passed all parameters |
|-----------------|----------------|---------------|-------------|-----------------------|-------------------------|
| Apr - Jun       | 328 081        | 9 539         | 2,90        | 9 330                 | 97,80                   |
| Jul - Sept      | 220 907        | 6 586         | 3,00        | 6 473                 | 98,30                   |
| Oct - Dec       | 214 502        | 6 725         | 3,20        | 6 607                 | 97,20                   |
| Jan - Mar       | 227 912        | 5 292         | 2,30        | 5 131                 | 98,20                   |
| <b>TD Total</b> | <b>991 402</b> | <b>28 142</b> | <b>2,84</b> | <b>27 541</b>         | <b>98,00</b>            |

## Sterility Testing of Blood Products

| % Compliance | Apheresis Platelets | Expired Platelets | Stem Cells | Eye Serum |
|--------------|---------------------|-------------------|------------|-----------|
| Quarter 1    | 98,60               | 100,00            | 91,10      | 98,40     |
| Quarter 2    | 96,60               | 95,30             | 91,70      | 100,00    |
| Quarter 3    | 97,90               | 100,00            | 100,00     | 98,60     |
| Quarter 4    | 98,30               | 100,00            | 79,40      | 100,00    |

Several steps are being taken to address the sterility results on the stem cells including training of staff, the building of a new cryopreservation facility for SLS which is planned to take place in 2014 and reorganisation of the therapeutics team from operations into medical.

## QC Proficiency Testing

SANBS distributes cross match, antibody identification and titration and virology proficiency samples to SADC countries and external laboratories. The number of participants enrolled increased by 43% from 14 participants in 2013 to 20 in 2014. SANAS ISO 17043 accreditation documents were completed and submitted for review in November 2013 – awaiting the accreditation audit.

## Social Impact of SANBS HIV Counselling Programme

HIV counselling and testing (HCT) is an important tool in the ongoing mission to prevent and control HIV/AIDS in any country.

The South African National Blood Service (SANBS) offers HIV counselling to all blood donors that test HIV positive. The information collected at counselling sessions provides valuable feedback which can be used to improve donor education and enhance the effectiveness of the pre-donation ('self-exclusion') donor questionnaire. This counselling also enables the donors to be referred to the health care sector for the continuum of care. In addition, the programme assists in increasing the number of South Africans who know their HIV status and who would then access appropriate health care e.g. accessing HAART if they qualify.

SANBS targets to counsel at least 60% of the donors who test HIV positive. Although unable to achieve this target previously, 2013 - 14 saw SANBS overtake the 60% target. The rate of HIV counselling by SANBS of HIV positive donors is now 64,4% and it is continuing to improve.

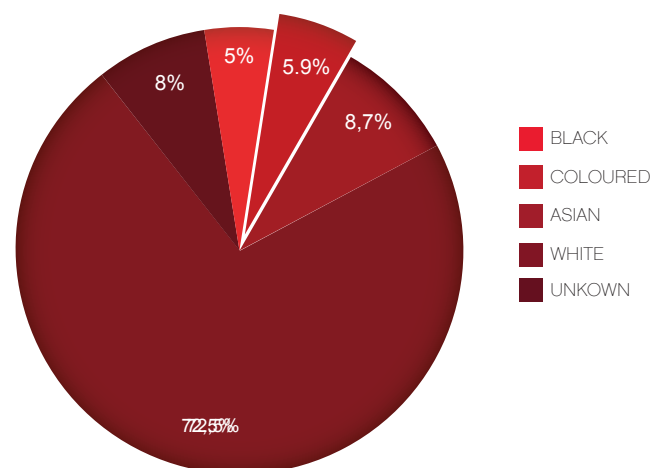
### SANBS collaboration in the recruitment of donors onto the South African Bone Marrow Registry (SABMR)

Considerable progress has been made to assist The Sunflower Fund (TSF) and the South African Bone Marrow Registry (SABMR) to recruit donors (particularly Black donors) onto the National Marrow-Donor Register. It is recognised internationally that, for various reasons, regular blood donors are more willing to make themselves available to donate bone marrow (or peripheral blood stem cells) if they are found to be a match for a particular patient. A mutually beneficial relationship has been developed between SANBS donor staff and The Sunflower Fund in the Gauteng and KZN regions. Specific SANBS Blood Donor Drives have assisted in creating awareness on the need for Black donors to participate in this endeavour. SANBS undertakes the High Definition HLA typing tests on these donors and the cost of performing these tests is paid for by the Sunflower Fund through their fund raising initiatives. In the event of a match, if a peripheral blood stem cell (PBSC) transplant is indicated, SANBS will undertake the PBSC harvest.

The following statistical information on the ethnicity of prospective haematopoietic stem cell donors has kindly been provided by the South African Bone Marrow Registry.

|          |        |         |
|----------|--------|---------|
| Black    | 3 724  | 5,00%   |
| Coloured | 3 890  | 5,90%   |
| Asian    | 5 737  | 8,70%   |
| White    | 47 819 | 72,50%  |
| Unknown  | 5 280  | 8,00%   |
| TOTAL    | 66 000 | 100,00% |

Total number of donors registered on the SABMR database



Number of SABMR donors typed for HLA-A, -B, and -DR (as of the 31<sup>st</sup> of March 2014)

| Ethnicity | HLA-ABDR Typed | Total in Database | % HLA-ABDR Typed |
|-----------|----------------|-------------------|------------------|
| Black     | 2 481          | 3 274             | 75,70            |
| Coloured  | 1 813          | 3 890             | 46,60            |
| Asian     | 2 055          | 5 737             | 38,50            |
| White     | 8 574          | 47 819            | 17,90            |
| Unknown   | 1 383          | 5 280             | 26,20            |
| TOTAL     | 16 306         | 66 000            | 24,00            |

### SANBS involvement with Solid Organ Transplantation

SANBS undertakes the immunology testing related to solid organ transplantation in both Gauteng and KwaZulu-Natal. One thousand seven hundred and ninety five (1 795) related living donor cross-matches and 45 cadaver cross-matches were performed for potential solid organ transplantation.

### Rare Blood Group Donor Panel:

- SANBS currently has 318 donors on the rare donor panel.
- Approximately 303 rare donations are currently stored in Pinetown.
- SANBS is part of the International Rare Donor working Party.
- 50 units were issued from the rare donor panel – 48 units were utilised for patients serviced by SANBS and 2 units were issued to WPBTS.

### Saving the Mothers Campaign

Seven successful maternal mortality meetings were held in the seven provinces in South African in 2013 - 2014 financial year. A meeting could not be held in North-West as the Maternal, Women and Child Health Directorate could not accommodate the meeting in their schedules. Approximately 500 delegates from the provinces attended the meetings. The delegates included Prof. Jack Moodley, chairman of the National Committee on Confidential Enquiry into Maternal death (NCCEMD), Mpumalanga Senior Managers - Maternal, Women and Child Health, District Managers, Medical Managers, Specialists Obstetricians and Gynaecologists, Maternity Medical Officers, Maternity Nursing Managers and midwives.

### The aims of the meeting were to:

- Receive feedback on the 2011 workshop recommendations from the delegates
- Formulate recommendations and way forward from the 2013 workshop, with targets (indicators, monitoring and evaluation plan, timeframes) and responsible people.



The provinces that had made some strides were Gauteng, Limpopo and Free State. Free State is actually seeing the reduction of maternal mortality. The challenges that were identified in 2011 had not been addressed by the other four provinces and those challenges included:

- Poor/lack of hospital transport
- Problems with porters
- Poor communication between SANBS and Hospitals
- Poor management of emergency fridges – no dedicated personnel
- No functional Hospital Transfusion Committees (HTCs) – Hospital and district in the province

The decision going forward was that the model that resulted in reduction of maternal mortality in Free State will be exported to other provinces and the model entails:

- Alignment of resources e.g. Designated district hospitals to perform caesarean sections. Smaller hospitals refer to these hospitals which are staffed by experienced medical personnel.
- Good stewardship (effective leadership).
- Training of health care workers – Essential steps in the management of obstetrics emergencies (ESMOE)

This plan is to export the Free State model to other provinces. In addition the strengthening of HTCs in these provinces will be a priority.

SANBS medical division contributed a chapter on Obstetric Haemorrhage and Blood Transfusion into the National Maternity Care Guidelines. These guidelines are meant to guide the management of obstetric patients in the district hospitals and they are produced by the national Obstetric experts under the chairmanship of Prof Jack Moodley. SANBS medical division hosted these experts in a meeting when this chapter on Obstetric Haemorrhage and Blood Transfusion was being finalised.

In the next financial year SANBS will only hold meetings with influential stakeholders such as Provincial Directors of Maternal, Women and Child Health, Hospital CEOs and District Health Care Specialist Teams to monitor and evaluate the programmes that are meant to reduce maternal mortality related to obstetric haemorrhage and lack/insufficient blood and blood products.

### **Therapeutic Apheresis and Cellular Therapy Services**

Therapeutic Apheresis Services recorded its highest ever annual total of 1 241 procedures, with the annual target exceeded by 141 procedures. The Northern Zone Therapeutic Apheresis unit located at Hatfield Collections Centre have increased procedures by 130 procedures, an increase of 69,9%. The increase in number of procedures is also related to specialist units in three hospitals requesting services of SANBS for the first time ever this year.

Peer reviewed publications on SANBS therapeutic services were published for the first time in FY 2013 - 2014. These included presentations at the American Society for Apheresis/World Apheresis Association 2014 conference, a first for therapeutic apheresis services in SANBS:

- i. An 18-month review of the diagnostic profile of patients managed by the therapeutic apheresis service offered by the South African National Blood Service.
- ii. Retrospective folder review of co-morbidities and organ failure in patients with thrombotic thrombocytopenic purpura at diagnosis and prior to undergoing plasma exchange by the South African National Blood Service for January 2013 to September 2013.

Presentations were made at the Neurology Association of South Africa 2014 conference, a first for therapeutic apheresis services in SANBS:

- i. Model of direct cost comparison of polyvalent human normal immunoglobulin and therapeutic plasma exchange as first line treatment for Guillain-Barré Syndrome in the Public Sector of South Africa.
- ii. Therapeutic apheresis in neurological conditions: An 18-month review of services offered by the South African Blood Service April 2012 - September 2013

A task team to establish a dedicated therapeutic apheresis unit to be located in a Johannesburg hospital has been established. This unit is envisaged to become a centre of excellence serving as the base of operations for the Egoli zone team, a training centre for therapeutic services internally and externally and research.

A post for a therapeutic services manager has been created and will be recruited within FY 2014 - 2015.

Peripheral Blood Stem Cells - collection services posted its highest ever annual total of 180, target exceeded by 60 procedures. This is attributable to:

- i. Pinetown Apheresis Unit now has independent capacity to perform HPC-A and achieved its highest yearly total of 19 procedures.
- ii. Bloemfontein Apheresis Unit recommenced its HPC-A programme in March 2014 (inactive since 2008) with its first autologous HPC-A in 6 years for a patient at Universitas Hospital.
- iii. Three new hospitals requested services this year.
- iv. The average viability of HPC-A for all 180 procedures is 99%.

A cumulative operating surplus for the therapeutics service at Braam Park for FY 2013 of R1 275 102,90. The Clinical Governance Committee has recommended a cost neutral service and the SANBS 5 year strategic plan's

goal 5 (2011 - 2015) calls on investment in cellular therapy technology. Any surpluses will be reinvested to bring the services in line with international standards.

**Standards of Practice for Cellular Therapy Products in South Africa**

After a SANBS-lead initiative during the reporting period, the Standards of Practice for the Cellular Therapy Products in South Africa has been submitted to the National Department of Health for approval in May 2013. SANBS has received no further feedback at the end of FY 2013 on the formal recognition of this document.

**Eye serum**

SANBS produces an eye serum from autologous blood donations used for a variety of ophthalmological conditions. Records for the use of the product have shown an annual increase year-on-year since 2002, including the use of 143 doses for FY 2013 (up by 10 doses or 7,5% year-on-year).

**Platelet-derived products**

SANBS produces three platelet-derived products: "Thromboseel", for use in surgical wound healing; "Optistim", for use in ophthalmological surgery, and "Thrombostim", for use in chronic wound healing. Small growth in each of the products has been recorded: Thromboseel up by 7 doses to 30 (up 30,4%), Optistim up by 8 doses to 41 (up 24,2%) and Thrombostim down by 9 doses to 14 (down 39%).

A prospective clinical trial utilising Thrombostim in chronic, recalcitrant lower limb ulcers received ethics approval by both SANBS and the University of the Witwatersrand in FY 2013 and will be implemented in FY 2014.

**Anti-D Programme**

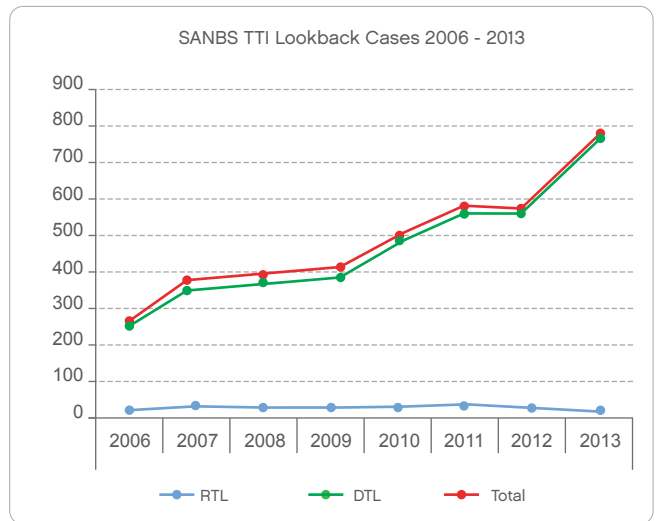
The aim is for South Africa to be self-sufficient in meeting the demands of Rh-negative mothers. A total of 500 litres of Anti-D plasma is needed for the country. At this stage there is still a reliance on imported Anti-D plasma by NBI.

The SANBS recruitment programme to extend the anti-D donor base has been suboptimal to date. The target of 27 donors has not been attained, The programme has retained 12 of the 13 donors from FY 2013 - 2014. Of the 14 potential donors that were being immunized and having medical assessments in the 2013 - 2014 financial year 6 failed the screening blood test. Unfortunately there was no net increase in this financial year as 3 donors had to be retired for medical reasons and 1 emigrated out of the KZN area. A process of marketing the programme has been put in place and the intention is to have the programme featured in the women magazines such as You and True Love and the HLO to visit private gynaecology rooms to distribute anti-D information pamphlets.

International benchmarking exercises to optimise SANBS anti-D programme will be completed in FY 2014 - 2015 with fact-finding visits to CSL Plasma Germany and Australian Red Cross Blood Service. A visit to the Sanquin facility in the Netherlands where they run a successful anti-D programme took place in the previous financial year by the Lead Consultant Dr Moleli and head of red cell immunohaematology, Coral Olsen. The information from the above three sites will be integrated to develop a programme for South Africa in 2014 - 2015.

**Transfusion Transmissible Infection Lookback Programme**

The Transfusion Transmissible Infections (TTIs) Lookback Programme aims to review all blood donations of donors who subsequently test positive for HIV and/or HBV and/or HCV. The process can also be initiated by blood product recipients.



| Donor Triggered    | Qtr1 | Qtr2 | Qtr3 | Qtr4 | Year End |
|--------------------|------|------|------|------|----------|
| All putative cases | 307  | 416  | 308  | 370  | 1 401    |
| Actual lookbacks   | 72*  | 281  | 204  | 264  | 749      |
| Communicated       | 133  | 282  | 189  | 345  | 949      |
| Resolved           | 37   | 70   | 67   | 91   | 265      |
| Resolved/Actual %  | N/A  | 25,0 | 32,8 | 34,5 | 35,4     |

| Recipient Triggered | Q1 | Q2 | Q3 | Q4 | Year End |
|---------------------|----|----|----|----|----------|
| New cases           | 3  | 2  | 2  | 0  | 7        |
| Actual lookbacks    | 2  | 0  | 0  | 2  | 4        |

Strategies to better resource the programme includes: a second National Lookback Officer appointed; strengthening of work flow between lookback officers and hospital liaison officers and routine submission of lookback cases via HTC's.

## Radiation Protection Officers

The gamma-irradiation of blood products is an ongoing service provided by SANBS. The ownership of a radiation source necessitates that the holding authority requires two radiation protection officers; these posts currently reside within medical.

The current gamma-irradiator (Co-60 source) has reached the end of its functional work life and a new gamma-irradiator (Cs-137 source) which will be commissioned just after the decommissioning of the current irradiator in FY 2014.

This will be an historic event as the current irradiator was already in use at the time the then South African Blood Transfusion Services was located in Hillbrow.

## SAFETY AND ENVIRONMENTAL RESPONSIBILITY

It is mandatory for SANBS to comply with the Safety Legislation OHS Act and the Environmental Legislation NEMA - Air, Quality and Waste Act. The SANBS 5 year environmental and safety management plan (2014 being Y2) was revised during 2013 - 2014 to allow for delays relating to tender issues due to certain municipal approvals pending and unexpected occurrences, of which the Constantia Kloof (CK) embankment project was a significant development. The health care risk waste (HCRW) tenders were approved and follow up audits will take place during 2014 - 2015. Ongoing green initiatives after the tree planting that took place in the last financial year include the borehole for Constantia Kloof site and the embankment project. Water audits have resulted in the borehole initiative and infrastructure redesign of the vehicle and hamper wash areas with a proposed water recycling facility. Electronic waste tracking and traceability has been implemented. Waste Transfer stations were delayed, but are expected to get back on track in the next year as the tenders have been awarded. This will need to be a key focus going forward to ensure legal compliance with the necessary legislation for SANBS. Energy efficiency audits are also currently starting to be implemented. Several E-learning modules around safety and waste control are about to be rolled out. A pilot study is planned for KZN to reduce the vehicle (cost and carbon) footprint.

### Update on the progress with regard to the Constantia Embankment Protection Project:

The project is a SANBS demonstration of our commitment to being a responsible corporate citizen. This process entailed that we needed to meet all legislative requirements applicable to SANBS corporate, internal and external working environment. In the light of above the duties pertaining to environmental compliance were designated to the Medical Director and the Safety and Environment Manager. This resulted in the first ever Environmental Management Plan implemented for SANBS in 2013.

As prescribed in the environmental legislation it is a legal requirement to register Environmental Impact Assessments and to ensure that all sites owned by SANBS conform to these requirements.

During an assessment of CK2 it was noted that we require waste licences for our operational activities on the Pinetown and Constantia Campus respectively and that our waste storage facilities needed to be upgraded to ensure legal compliance. In addition it was confirmed that the embankment on the Constantia Campus was unstable and that we were at risk of losing a portion of the property as a result of serious erosion effects on the embankment. This was particularly a concern with regard to securing our plasma and blood supplies as a sudden embankment collapse (anticipated during rainy season) could result in the loss of all our national stock.

An application for assistance to the local authorities to intervene (their jurisdiction area) was made, but the indication was that they did not have the resources to assist in the process. Several attempts later SANBS managed to obtain emergency environmental authorization to proceed with the required intervention to safeguard the Constantia Embankment.

The project commenced on the 27<sup>th</sup> of December 2013 and was managed by Safety & Environment in conjunction with Admin & Facilities (Funding), Mykatrade (Construction) and EcoAfrica Environmental Consultants (including A.L. Fraser and Verdicon Consulting Engineers).

### The scope of work was as follows:

- Phase 1 The Clearing of all Vegetation and Tree's on the Southern and Western Boundaries Constantia Campus.
- Phase 2 The Construction of Structures (Gabions) to support the embankment (prevent it from collapsing) and to slow down the flow of the river - Southern Boundary.
- Phase 3 The Construction of Structures (gabions) to support the embankment (prevent it from collapsing) and to slow down the flow of the river - Western Boundary.
- Phase 4 The Rehabilitation of the embankment with Indigenous Vegetation and Trees.





Before: Erosion effect on south-west Boundary.

Current situation update: The project was 90% completed by the financial year-end. The contractors positioned 400 - 600 cubic metres of rock into the specially prepared holding baskets and excavated between 600 - 800 cubic metres of soil by hand. Mechanical excavation equipment was not used because of the complexity of terrain and to minimise environmental disruption.

It is anticipated that this intervention will prevent further erosion and safeguard our blood supply for the next 30 - 40 years.



After: Intervention in progress with gabions constructed to support embankment and to prevent further soil erosion.

**The way forward:**

The Safety & Environmental Department will be responsible for environmental monitoring to ensure that timeous intervention can prevent situations similar to this in the future.

Admin & Facilities Department will be responsible to ensure that problems identified as per above process are timeously addressed to ensure the integrity and ongoing maintenance of the structures.

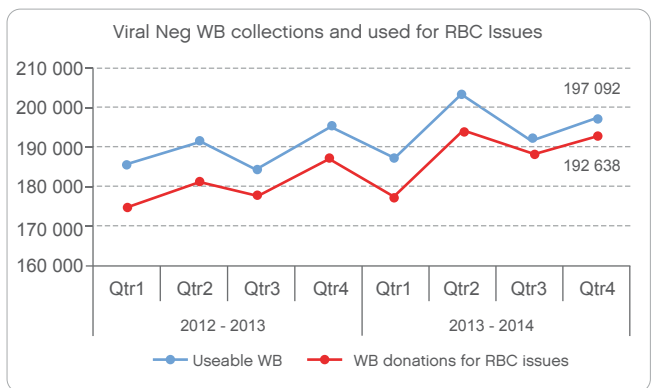
Safety & Environment Department would like to use this opportunity to thank all stakeholders for their assistance during this difficult process.

**Statistics of Donors, Donations, Blood Product Issues and Viral Surveillance**

This report covers blood collected and blood products issued during the 2013 - 2014 financial year.

**Whole Blood Collection and Red Cell Component Issue**

During the financial year, 798 985 donations were collected of which 782 486 were completed Whole Blood collections. 16 499 (2%) Whole Blood donation procedures resulted in units which could not be used due to incorrect volumes. 4 557 (0,6%) of the Whole Blood collections were discarded due to a positive viral screen result. 751 742 (96%) of the Whole Blood collections were used for transfusions of either adult or paediatric Red Cell products.



**Apheresis Red Cell Collections**

During the 2013 - 2014 financial year 1 985 apheresis collection procedures took place which yielded 3 850 adult Red Cell products (yield = 1.94 adult Red Cells per procedure). 99% of the RBC products were issued for transfusion.

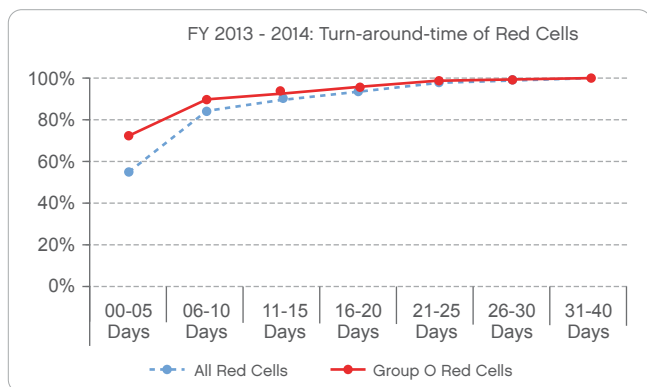
| Apheresis Red Cell Procedures   | Financial Year 2013 - 2014 |       |       |      |       |
|---------------------------------|----------------------------|-------|-------|------|-------|
|                                 | Qtr1                       | Qtr2  | Qtr3  | Qtr4 | TOTAL |
| Apheresis Collection Procedures | 499                        | 521   | 487   | 478  | 1 985 |
| RBC Adult Product Yield         | 963                        | 1 018 | 941   | 928  | 3 850 |
| Product Used Count              | 919                        | 948   | 1 010 | 936  | 3 813 |

### Turn-around time of Red Cell Products

Fifty five per cent of Red cell products issued during the 2013 - 2014 financial year were issued within 5 days of collection. Almost 72% of the Group O Red Cells were issued within 5 days of collection. Average turn-around time for the financial year is as follows:

Turn-around time of red cells issued: April 2013 - March 2014

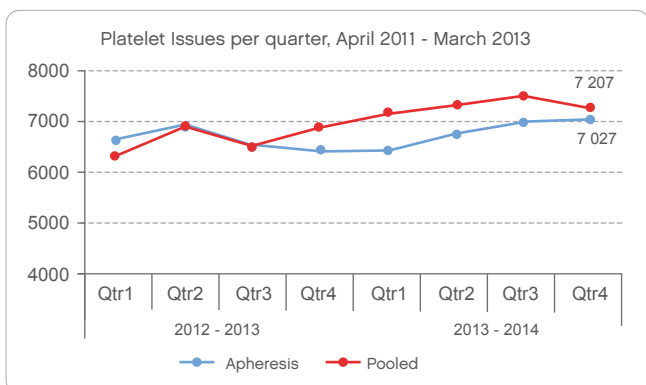
| Turn-around days | % Cumulative red cells issued |         |
|------------------|-------------------------------|---------|
|                  | All Blood Groups              | Group O |
| 00-05 Days       | 55,14                         | 71,56   |
| 06-15 Days       | 84,37                         | 91,81   |
| 11-15 Days       | 92,84                         | 96,02   |
| 16-20 Days       | 96,16                         | 97,85   |
| 21-25 Days       | 97,67                         | 98,53   |
| 26-30 Days       | 98,56                         | 98,96   |
| 31-40 Days       | 99,74                         | 99,73   |
| > 40 Days        | 100,00                        | 100,00  |



### Platelet Issues: April 2012 - March 2013

Platelet issues increased since the previous financial period. The number of Apheresis Products and Pooled Platelet Product issued in this financial year were 27 371 and 29 267 respectively. (Apheresis Platelets: ↑ 745 and Pooled Platelets: ↑ 2 384). Neonatal and paediatric products accounted for 15,5% of apheresis platelet issues during 2013 - 2014 financial year. Gauteng hospitals used 65% of the apheresis platelets.

Platelet usage by quarter for last two financial years.



### Residual Risk 2013 - 2014

HIV Residual Risk estimates based on Weuston Model (Repeat donations only)

|   |           |
|---|-----------|
| Repeat Collections  | 608 289   |
| HIV Positive Collections (concordant)   | 321       |
| <b>Residual Risk Estimates (assumption: 1 virion can lead to infection in 50% of cases)</b>   |           |
| <b>Model 1: Original model using arithmetic mean of sero-conversion observation interval</b>  |           |
| mean sero-conversion interval   | 183       |
| Incidence per mil   | 12,4      |
| Risk: 1 in X  | 80 512    |
| <b>Model 2: Updated model - using harmonic mean of sero-conversion observation interval</b>   |           |
| harmonic mean sero-conversion interval  | 134       |
| Incidence per mil   | 16,9      |
| Risk: 1 in X  | 59 336    |
| <b>Residual Risk Estimates (assumption: 316 virion can lead to infection in 50% of cases)</b> |           |
| <b>Model 3: Adjusted model to reflect more realistic infectivity of 316 virions</b>           |           |
| harmonic mean sero-conversion interval  | 134       |
| Incidence per mil   | 0,5       |
| Risk: 1 in X  | 1 954 680 |

### Weuston Model Residual Risk estimates based on Repeat donations

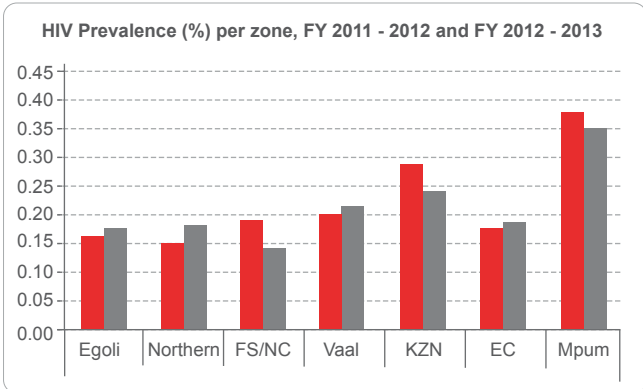
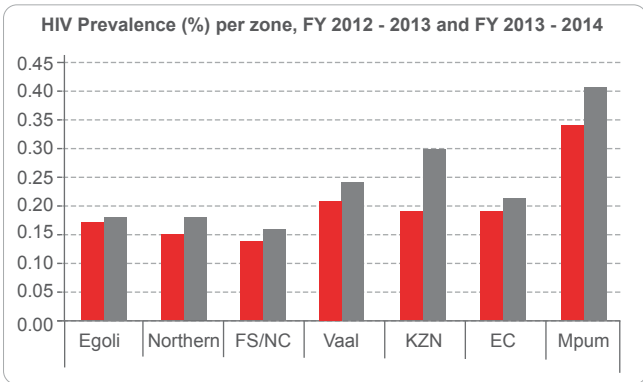
| Residual Risk Estimates (assumption: 1 virion can lead to infection in 50% of cases) | 2012 - 2013 |         |         |         |
|--|-------------|---------|---------|---------|
|  | Qtr1        | Qtr2    | Qtr3    | Qtr4    |
| Repeat Collections   | 150 041     | 154 967 | 149 017 | 149 996 |
| Observation days (sero-converters)   | 12 039      | 13 145  | 11 916  | 16 717  |
| Mean observation interval (sero-converters)  | 182         | 175     | 168     | 190     |
| HIV Positive collections (concordant)  | 66          | 75      | 71      | 88      |
| Residual Risk  |             |         |         |         |
| Incidence per mil  | 10.3 867    | 11.8369 | 12.2273 | 13.302  |
| Risk: 1 in X   | 96 277      | 84 079  | 81 784  | 75 177  |
| <b>Residual Risk per semester</b>  |             |         |         |         |
| Incidence per mil  |             | 11.1479 |         | 12.7181 |
| Risk: 1 in X   |             | 89 703  |         | 78 628  |
| <b>Residual Risk per Financial Year</b>  |             |         |         |         |
| Incidence per mil  |             |         |         | 11.925  |
| Risk: 1 in X   |             |         |         | 83 857  |

It is noted that the HIV Residual risk has increased largely related to a change in the donor base and is being closely monitored.

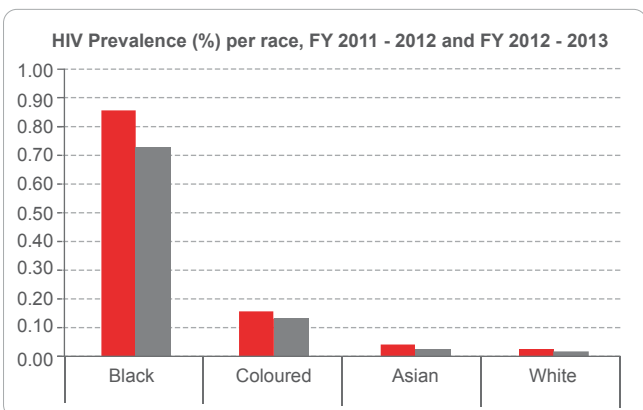
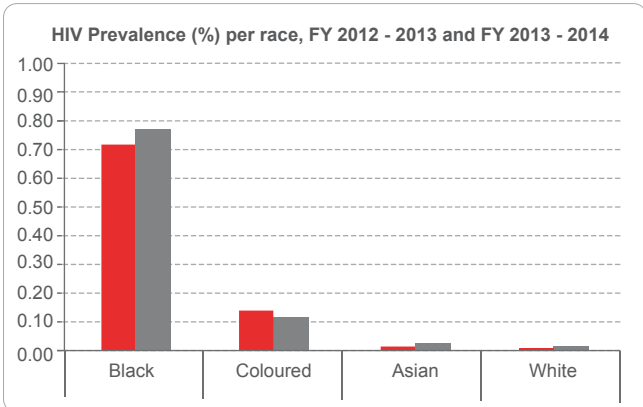
### Viral Surveillance

- HIV:** HIV prevalence fluctuated between 0,18% and 0,24% during the past 2 financial years. The HIV rate for 2013 - 2014 financial year was 0,23%.
- HBV:** HBV prevalence increased to 0,15% since the previous financial years' rate of 0,14%.
- HCV:** HCV prevalence increased to 0,009% since the previous financial years' rate of 0,007%.

HIV rates per Zone for the last 2 financial years are depicted below.



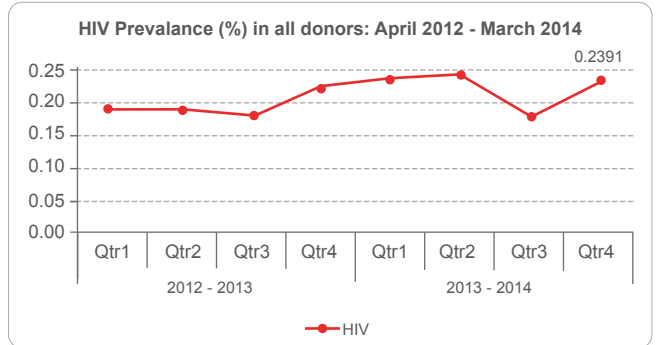
HIV rates per Race for the last 2 financial years are depicted below.



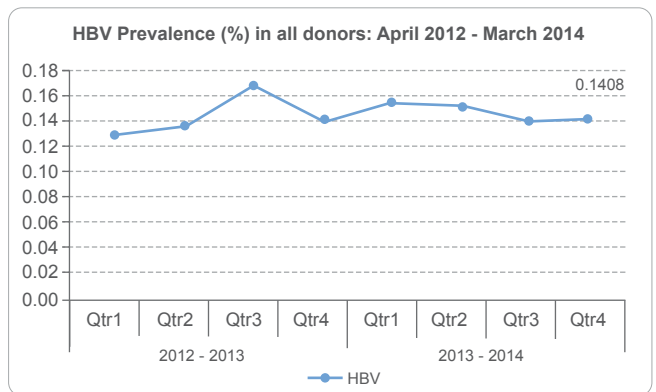
The quarterly trend in viral rates for HIV, HBV and HCV in all collections for the last 2 financial years are shown in the following 3 figures.

Refer to tables for HIV rates per quarter by Zone and donor types for the period April 2012 to March 2014, and HIV rates per ethnic group and donor types.

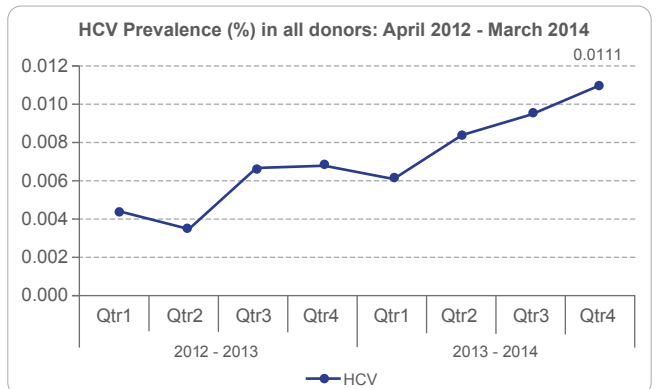
HIV Prevalence (%)



HBV Prevalence (%)



HCV Prevalence (%)



Viral Rates: HIV rate (%) per Financial Year quarter for period April 2012 – March 2014, by Zone and Donor Type

| Zone                            | Donor Type     | 2012 - 2013   |               |               |               | 2013 - 2014   |               |               |               |
|---------------------------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                 |                | Qrt 1         | Qrt 2         | Qrt 3         | Qrt 4         | Qrt 1         | Qrt 2         | Qrt 3         | Qrt 4         |
| Egoli                           | New            | 0,9733        | 0,9948        | 0,7638        | 0,8560        | 0,8845        | 0,9655        | 0,8087        | 0,8126        |
|                                 | Rejoined       | 0,1352        | 0,1383        | 0,2019        | 0,2558        | 0,2049        | 0,1183        | 0,2401        | 0,2412        |
|                                 | Repeat         | 0,0607        | 0,0242        | 0,0449        | 0,0314        | 0,0450        | 0,0396        | 0,0416        | 0,0411        |
|                                 | <b>Overall</b> | <b>0,1854</b> | <b>0,1643</b> | <b>0,1514</b> | <b>0,1807</b> | <b>0,1795</b> | <b>0,1798</b> | <b>0,1614</b> | <b>0,1749</b> |
| Northern                        | New            | 0,8407        | 0,8939        | 0,9538        | 0,6990        | 0,8391        | 1,1278        | 1,3128        | 0,6914        |
|                                 | Rejoined       | 0,0908        | 0,1691        | 0,2590        | 0,2147        | 0,2952        | 0,1875        | 0,2268        | 0,3641        |
|                                 | Repeat         | 0,0162        | 0,0342        | 0,0512        | 0,0436        | 0,0197        | 0,0375        | 0,0357        | 0,0453        |
|                                 | <b>Overall</b> | <b>0,1265</b> | <b>0,1523</b> | <b>0,1798</b> | <b>0,1468</b> | <b>0,1486</b> | <b>0,1982</b> | <b>0,1195</b> | <b>0,1693</b> |
| Free State/<br>Northern<br>Cape | New            | 1,1743        | 0,8811        | 0,8987        | 0,8457        | 0,9512        | 0,6384        | 1,2136        | 0,7027        |
|                                 | Rejoined       | 0,1824        | 0,0563        | 0,1911        | 0,2516        | 0,2701        | 0,5525        | 0,1916        | 0,4271        |
|                                 | Repeat         | 0,0070        | 0,0419        | 0,0295        | 0,0736        | 0,0301        | 0,0360        | 0,0289        | 0,0363        |
|                                 | <b>Overall</b> | <b>0,1312</b> | <b>0,1283</b> | <b>0,1102</b> | <b>0,1774</b> | <b>0,1487</b> | <b>0,1698</b> | <b>0,1595</b> | <b>0,1651</b> |
| Vaal                            | New            | 1,3348        | 1,2692        | 1,0003        | 1,0874        | 1,2101        | 1,3480        | 1,1800        | 1,1751        |
|                                 | Rejoined       | 0,1941        | 0,1608        | 0,2020        | 0,3018        | 0,5509        | 0,3479        | 0,1198        | 0,3153        |
|                                 | Repeat         | 0,0446        | 0,0240        | 0,0387        | 0,0520        | 0,0539        | 0,0490        | 0,0278        | 0,0514        |
|                                 | <b>Overall</b> | <b>0,2386</b> | <b>0,1945</b> | <b>0,1712</b> | <b>0,2416</b> | <b>0,2787</b> | <b>0,2709</b> | <b>0,1738</b> | <b>0,2492</b> |
| KZN                             | New            | 0,9028        | 1,2458        | 1,0561        | 0,9506        | 1,0596        | 1,1913        | 1,2382        | 0,9752        |
|                                 | Rejoined       | 0,3662        | 0,2652        | 0,1940        | 0,4630        | 0,4788        | 0,5079        | 0,3390        | 0,6498        |
|                                 | Repeat         | 0,0594        | 0,0743        | 0,0415        | 0,0642        | 0,0999        | 0,1049        | 0,0415        | 0,0617        |
|                                 | <b>Overall</b> | <b>0,2262</b> | <b>0,2762</b> | <b>0,1789</b> | <b>0,2734</b> | <b>0,3008</b> | <b>0,3424</b> | <b>0,1789</b> | <b>0,3126</b> |
| Eastern<br>Cape                 | New            | 0,9580        | 0,8300        | 1,1034        | 0,8945        | 0,9561        | 0,7047        | 1,1034        | 1,0358        |
|                                 | Rejoined       | 0,3186        | 0,1873        | 0,2434        | 0,3922        | 0,3553        | 0,3349        | 0,2434        | 0,4472        |
|                                 | Repeat         | 0,0350        | 0,0534        | 0,0713        | 0,0718        | 0,0500        | 0,0739        | 0,0713        | 0,1067        |
|                                 | <b>Overall</b> | <b>0,1743</b> | <b>0,1679</b> | <b>0,1768</b> | <b>0,2275</b> | <b>0,1969</b> | <b>0,1940</b> | <b>0,1768</b> | <b>0,2903</b> |
| Mpumalanga                      | New            | 2,1960        | 1,8665        | 2,2822        | 2,3783        | 2,6124        | 1,8337        | 2,2822        | 2,1308        |
|                                 | Rejoined       | 0,5140        | 0,4036        | 0,2859        | 0,2675        | 0,3521        | 0,4894        | 0,2859        | 0,5071        |
|                                 | Repeat         | 0,0635        | 0,0692        | 0,0617        | 0,0831        | 0,0545        | 0,1094        | 0,0617        | 0,0720        |
|                                 | <b>Overall</b> | <b>0,3315</b> | <b>0,3123</b> | <b>0,3164</b> | <b>0,4191</b> | <b>0,4756</b> | <b>0,4039</b> | <b>0,3164</b> | <b>0,3924</b> |

Viral Rates: HIV rate (%) by Financial Year quarter for period April 2012 - March 2014, by Race and Donor Type

| Race Group | Donor Type     | 2012 - 2013   |               |               |               | 2013 - 2014   |               |               |               |
|------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|            |                | Qrt 1         | Qrt 2         | Qrt 3         | Qrt 4         | Qrt 1         | Qrt 2         | Qrt 3         | Qrt 4         |
| Black      | New            | 2,1089        | 2,0073        | 1,9913        | 1,7673        | 1,9656        | 1,8673        | 2,2055        | 1,7135        |
|            | Rejoined       | 0,8450        | 0,7380        | 0,8615        | 1,1423        | 1,2549        | 1,1279        | 0,9730        | 1,4069        |
|            | Repeat         | 0,1828        | 0,1734        | 0,2100        | 0,2027        | 0,2031        | 0,2230        | 0,1618        | 0,1978        |
|            | <b>Overall</b> | <b>0,7518</b> | <b>0,6966</b> | <b>0,6930</b> | <b>0,7614</b> | <b>0,7968</b> | <b>0,7801</b> | <b>0,7284</b> | <b>0,7566</b> |
| Coloured   | New            | 0,2157        | 0,7682        | 0,6048        | 0,6523        | 0,5686        | 0,6753        | 0,3328        | 0,4645        |
|            | Rejoined       | 0,4072        | 0,3192        | 0,0776        | 0,2837        | 0,4556        | 0,2602        | 0,2175        | 0,1971        |
|            | Repeat         | 0,0263        | 0,0257        | 0,0401        | 0,1038        | 0,0261        | 0,0254        | 0,0636        | 0,0776        |
|            | <b>Overall</b> | <b>0,0978</b> | <b>0,1622</b> | <b>0,1024</b> | <b>0,2066</b> | <b>0,1541</b> | <b>0,1540</b> | <b>0,1149</b> | <b>0,1487</b> |
| Asian      | New            | 0,0000        | 0,1045        | 0,0733        | 0,0863        | 0,1576        | 0,1020        | 0,0000        | 0,1669        |
|            | Rejoined       | 0,1275        | 0,0000        | 0,0413        | 0,0000        | 0,0405        | 0,1105        | 0,0358        | 0,0776        |
|            | Repeat         | 0,0000        | 0,0180        | 0,0000        | 0,0094        | 0,0093        | 0,0179        | 0,0195        | 0,0000        |
|            | <b>Overall</b> | <b>0,0195</b> | <b>0,0261</b> | <b>0,0143</b> | <b>0,0193</b> | <b>0,0330</b> | <b>0,0441</b> | <b>0,0205</b> | <b>0,0383</b> |
| White      | New            | 0,0246        | 0,0352        | 0,0663        | 0,0442        | 0,0376        | 0,0454        | 0,1407        | 0,0550        |
|            | Rejoined       | 0,0459        | 0,0224        | 0,0467        | 0,0606        | 0,0671        | 0,0264        | 0,0499        | 0,0610        |
|            | Repeat         | 0,0050        | 0,0049        | 0,0050        | 0,0081        | 0,0021        | 0,0071        | 0,0031        | 0,0052        |
|            | <b>Overall</b> | <b>0,0108</b> | <b>0,0089</b> | <b>0,0139</b> | <b>0,0172</b> | <b>0,0121</b> | <b>0,0123</b> | <b>0,0180</b> | <b>0,0160</b> |
| SANBS      | New            | 1,0883        | 1,1107        | 1,0620        | 1,0210        | 1,1648        | 1,1346        | 1,0620        | 1,0075        |
|            | Rejoined       | 0,2326        | 0,1945        | 0,2230        | 0,3074        | 0,3525        | 0,3297        | 0,2230        | 0,4144        |
|            | Repeat         | 0,0419        | 0,0431        | 0,0475        | 0,0545        | 0,0500        | 0,0610        | 0,0475        | 0,0555        |
|            | <b>Overall</b> | <b>0,1951</b> | <b>0,1960</b> | <b>0,1796</b> | <b>0,2243</b> | <b>0,2367</b> | <b>0,2471</b> | <b>0,1796</b> | <b>0,2391</b> |

| Donor Type | Age Group | Financial Year 2012 - 2013 | Financial Year 2013 - 2014 |
|------------|-----------|----------------------------|----------------------------|
| New        | 16 to 19  | 0,5737                     | 0,5776                     |
|            | 20 to 25  | 1,4331                     | 1,5430                     |
|            | 26 to 30  | 1,8776                     | 1,7695                     |
|            | 31 to 40  | 1,6150                     | 1,7818                     |
|            | 41 to 50  | 1,2337                     | 1,2873                     |
|            | 51 to 60  | 0,7971                     | 0,7468                     |
| Rejoin     | 16 to 19  | 0,3405                     | 0,3664                     |
|            | 20 to 25  | 0,3816                     | 0,5854                     |
|            | 26 to 30  | 0,3418                     | 0,3977                     |
|            | 31 to 40  | 0,1968                     | 0,3100                     |
|            | 41 to 50  | 0,1218                     | 0,2023                     |
|            | 51 to 60  | 0,0994                     | 0,0895                     |
| Repeat     | 16 to 19  | 0,0586                     | 0,0742                     |
|            | 20 to 25  | 0,0860                     | 0,1214                     |
|            | 26 to 30  | 0,1053                     | 0,1116                     |
|            | 31 to 40  | 0,0516                     | 0,0461                     |
|            | 41 to 50  | 0,0259                     | 0,0270                     |
|            | 51 to 60  | 0,0155                     | 0,0107                     |

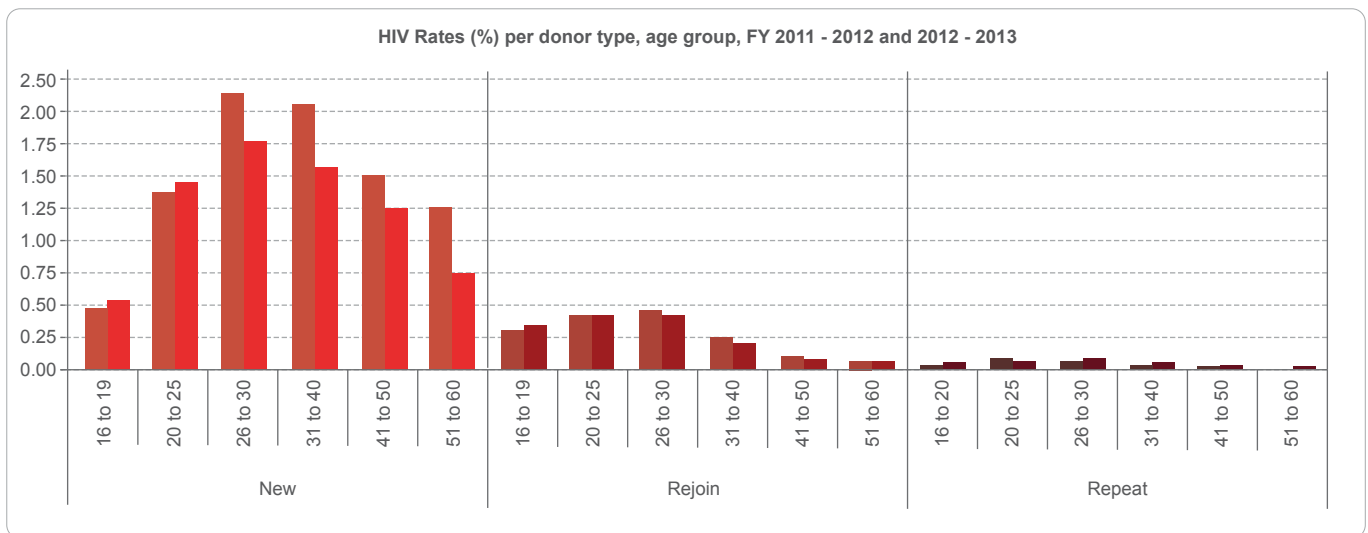
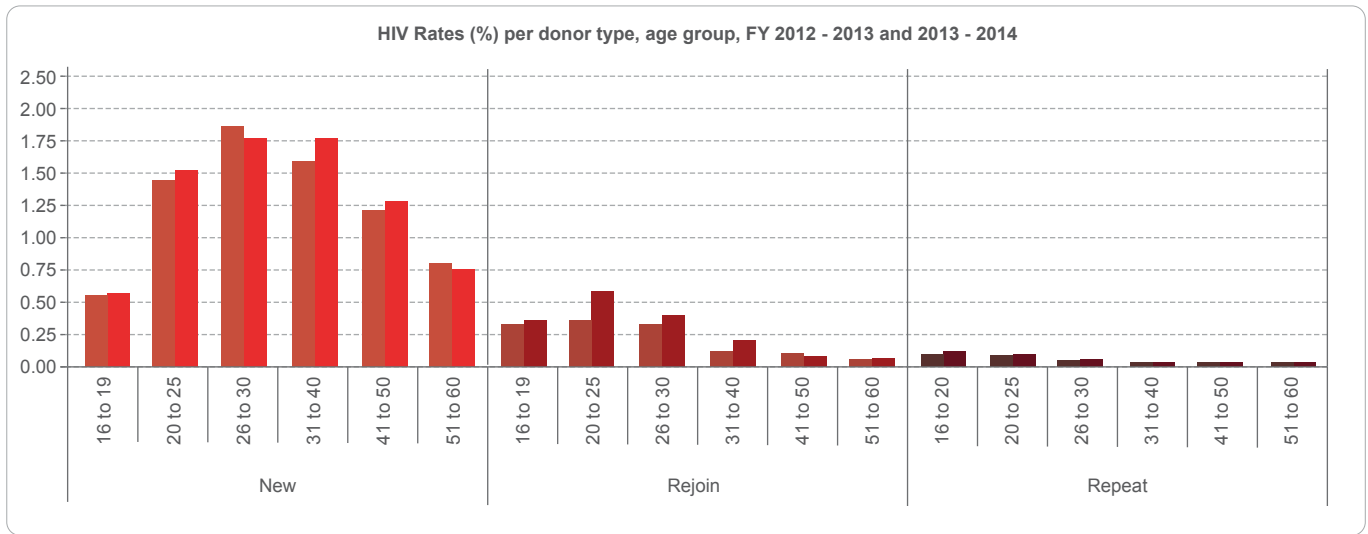
**Graph**

HIV rates increased in new donors between 16 and 25, but decreased in older age groups. In repeat and rejoin donors, the HIV rate decreased in the 20 to 25 year group, but increased in new donors.

The quarterly trend in viral rates for HIV, HBV and HCV in all collections for the last 2 financial years are shown in the following 3 figures.

Refer to tables for HIV rates per quarter by Zone and donor types for the period April 2012 to March 2014, and HIV rates per ethnic group and donor types.

The graph below displays HIV rates by donor type and age group Financial Year 2012 - 2013 and 2013 - 2014.



HBV and HCV Rates (%) per Financial Year Quarter: April 2012 – January 2014

|                       | 2012 - 2013   |                |               |               | 2013 - 2014   |               |               |               |
|-----------------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                       | Qrt 1         | Qrt 2          | Qrt 3         | Qrt 4         | Qrt 1         | Qrt 2         | Qrt 3         | Qrt 4         |
| <b>HBV Prevalence</b> |               |                |               |               |               |               |               |               |
| New                   | 0,7429        | 0,7495         | 0,8590        | 0,6343        | 0,6900        | 0,7411        | 0,8215        | 0,6574        |
| Rejoined              | 0,1044        | 0,0814         | 0,1220        | 0,1092        | 0,1366        | 0,1461        | 0,1095        | 0,1394        |
| Repeat                | 0,0299        | 0,0431         | 0,0776        | 0,0485        | 0,0601        | 0,0401        | 0,0416        | 0,0377        |
| <b>Overall</b>        | <b>0,1289</b> | <b>0,1376</b>  | <b>0,1683</b> | <b>0,1402</b> | <b>0,1548</b> | <b>0,1529</b> | <b>0,1399</b> | <b>0,1408</b> |
| <b>HCV Prevalence</b> |               |                |               |               |               |               |               |               |
| New                   | 0,0281        | 0,0192         | 0,0519        | 0,0305        | 0,0297        | 0,0295        | 0,0652        | 0,0562        |
| Rejoined              | 0,0095        | 0,0090         | 0,0084        | 0,0202        | 0,0132        | 0,0337        | 0,0038        | 0,0155        |
| Repeat                | 0,0000        | 0,0000         | 0,0000        | 0,0000        | 0,0007        | 0,0000        | 0,0020        | 0,0013        |
| <b>Overall</b>        | <b>0,0046</b> | <b>0,10034</b> | <b>0,0067</b> | <b>0,2066</b> | <b>0,0061</b> | <b>0,0084</b> | <b>0,0095</b> | <b>0,0111</b> |



## RESEARCH ACTIVITIES

### THE SANBS PEPFAR & REDS STUDY

#### Congress Presentations:

#### AABB

- Karin van den Berg, Evan M Bloch, Neo Moleli, Charlotte Ingram, Ronel Swanevelder, Tshilidzi Muthivhi, John Langer, Brian Custer, and Edward L. Murphy for the NHLBI Recipient Epidemiology and Donor Evaluation Study-III (REDS-III). Racial Differences in Syncope Rates among South African Blood Donors. 2013. (This abstract received a Top Abstract Award at AABB)
- There were other REDS-III abstracts.

#### South African Blood Transfusion Congress

- Charlotte Ingram, Karin van den Berg, Marion Vermeulen, Ronel Swanevelder. Monitoring HIV Residual Risk & Blood Safety in South Africa – results from the analysis of SANBS data over a 6 year period. 2013
- Karin van den Berg; Edward L Murphy; Lelanie Pretorius; Vernon J Louw. Blood Transfusion and Informed Consent at a Tertiary Hospital in the Eastern Cape. 2013
- Solomuzi Ngcobo, Charlotte Ingram, Tshilidzi Muthivhi - The prevalence of HIV Risk Factors among HIV positive SANBS blood donors
- Solomuzi Ngcobo - The transfusion practices of clinicians in a regional hospital in Durban in KwaZulu-Natal

#### Society for the advancement of Science in Africa (oral presentations)

Solomuzi Ngcobo, Charlotte Ingram, Tshilidzi Muthivhi The prevalence of HIV Risk Factors among HIV positive SANBS blood donors - Did we miss any HIV risk factors?

- Latoya van Niekerk (Presentation) - Transplant Patient Takes On New Blood Group
- Debbie McLinden (Poster) – Delayed haemolytic transfusion following the transfusion of two serologically compatible units.
- Luandri Wiese (Poster) – Evaluation to determine the stability of SANBS blood grouping reagents.
- Nessini Govender (Poster) – Intrauterine death caused by Anti-Hrs. Could it have been avoided?

## RESEARCH AND PUBLICATIONS:

- Olsen C. Global evaluation of centrifugation for manual haemagglutination methods. Transfusion Today. March 2014;98:9. Congress Abstracts:
- Annual Haemovigilance conference: Barcelona, Spain. Five year trend analysis on incorrect blood components transfused in South Africa. Neo Moleli, T Muthivhi, C Ingram, F Ledwaba. South African National Blood Service (SANBS)
- An 18-month review of the diagnostic profile of patients managed by the therapeutic apheresis service offered by the South African National Blood Service. Poole, Journal of Clinical Apheresis. 29(1):44, February 2014.
- Retrospective folder review of co-morbidities and organ failure in patients with thrombotic thrombocytopenic purpura at diagnosis and prior to undergoing plasma exchange by the South African National Blood Service for January 2013 to September 2013. Poole, Lethola Journal of Clinical Apheresis. 29(1):44, February 2014.
- Model of direct cost comparison of polyvalent human normal immunoglobulin and therapeutic plasma exchange as first line treatment for Guillain-Barré Syndrome in the Public Sector of South Africa. Poole, Lethola, Putuka, poster presentation, Annual Congress of the Neurology Association of South Africa 2014.
- Therapeutic apheresis in neurological conditions: An 18-month review of services offered by the South African Blood Service April 2012 – September 2013. Poole, Lethola, Putuka, poster presentation, Annual Congress of the Neurology Association of South Africa 2014.

#### Congress Attendance

- ISBT – June 2013 – Blood transfusion
- SATS – July 2013 - Transplant
- SASHG – September 2013 – Genetics
- Blood Transfusion – October 2013 – Blood transfusion
- Roche Diagnostics forum – November 2013 – New Generation Diagnostic Applications
- CFAR – December 2013 – Grant Writing

#### Clinical Medical Qualifications and Training

- Neo Moleli – Post Graduate Diploma in Transfusion Medicine
- Petro-Lize Wessels – Post Graduate Diploma in Transfusion Medicine
- Dr Solomuzi Ngcobo – MPH, DTM&H
- Karin van den Berg – Masters in Transfusion Medicine
- Penelope Zwane – Degree in Administration from UNISA.



## OPERATIONS REPORT

- Blood collections were on target for the financial year for all groups and group O. 802 807 units of whole blood were procured for the year.
- Various challenges were faced in a number of Zones as a result of retrenchments in some sectors as well as protracted strikes, especially in the mining sector which had a significant negative impact on collections branches such as Rustenburg.
- Some of the major success stories were the record blood collections in July and August mainly as a result of the record number of donations on Mandela Day. SANBS reached a day's stock level of over 7 days for the first time since its inception as a national service in 2001.
- 28,1% (27,2% in previous year) of donations were procured from Black donors for the financial year and Black donors comprised 32% of the donor base. This is in line with the strategic objective of increasing the Black donor base. There have been two significant challenges in increasing the Black donor base and this needs to be addressed to ensure a sustainable Black donor base. These challenges are:
  - Low frequency of donations among Black donors at 1.3 donations per year. While SANBS is recruiting significant numbers of Black donors, these donors are unfortunately not returning to donate on a regular basis. Future plans are to look at retention programmes to encourage Black donors to donate more regularly.
  - High deferral rate among Black donors which was 25,2% for the year. This was largely due to low haemoglobin levels.
- Branch and Zone Donor committees play a vital role in promoting blood donation in the communities. Efforts have been made in the past year to strengthen these committees and actively recruit more members.
- 14 881 apheresis platelets were procured for the year and this was lower than the previous year. A challenge remains to recruit more donors on to the apheresis panel due to the time they need to spend on the machine.
- The 30 SANBS Branches hosted successful donor award ceremonies, principal's breakfasts, peer promoter functions for scholars and clinic contact functions. These functions have proved extremely valuable in strengthening our relationships with our donors and key stakeholders and are well received.
- Eight and a half years of testing blood donations with state of the art nucleic acid testing was completed in March 2014 and to date there has not been a single reported case of HIV transmission through blood transfusion in these 8 and a half years. The success achieved by SANBS in improving blood safety continues to be appreciated globally and SANBS is seen as a model in many countries for implementing a blood safety system in a country with high disease burden.
- The HIV prevalence among all donors was 0,24% for the year and this was higher than the previous year (0,18%). It was also noted that the incidence in our repeat donors was on the increase. The focus will be on additional education and interviewing of our donors to ensure that those with high risk behaviour understand the risk they pose to the blood safety and do not donate.
- SANBS Operations staff were invited to make presentations on the SANBS blood safety model and SANBS success at a number of international meetings.
- There was a 4,7% increase in demand for cellular products resulting in additional revenue compared to budget.
- Plasma supply to the National Bioproducts Institute (NBI) was on target and SANBS supplied 164 658 litres of plasma.
- The Operations division across the Zones and Branches continued to operate efficiently and actual costs incurred for the financial year was below budget which significantly contributed to the excellent overall performance of SANBS.
- This year saw further refinement of the Collections Management system and Scoreboard to monitor daily stock levels resulting in further improving efficiency in the planning and execution of blood drives to meet target. The scheduling accuracy was 103,2%.
- A new cold chain hamper was rolled out and tested in the Free State zone to further improve the quality of our blood. This is now being implemented in the other zones.
- The Kimberley Branch continues to be very successful in collecting double red cells from donors and this will be rolled out in a limited manner to other zones.

## IT GOVERNANCE REPORT

### Vision

The core focus of SANBS Information and Communications Technology (ICT) Department is to deliver innovative, cost-effective ICT solutions with leadership that enables the business to provide a safe and secure supply of blood products.

### Strategy

The ICT Department has identified Key Focus areas that will have to be addressed in order for SANBS to:

- Realise our Information Technology vision,
- Ensure the success of existing project initiatives,
- Implement the building blocks required to support the organisation's business drivers.

### These Key Focus Areas are:

- 1 Deliver new systems and leverage existing systems – including delivering on a large number of system enhancements and implementations to meet business requirements and improve business performance and the donor experience;
- 2 Improve ICT Governance – this includes the implementation of a revised ICT governance model directed by the ICT governance committee, and improved management of data and other ICT assets; and
- 3 Strengthen the capability and capacity of ICT – ICT resource effort will need to be increasingly directed toward business improvement as well as donor improvement initiatives and projects and internal skills will be required to adapt to make this shift.

### Business Sustainability

Business sustainability from an Information and Communications Technology (ICT) perspective revolves around providing the most appropriate systems, processes and information at the right time and in the right quality to the business stakeholders. It also looks beyond the current business and technology landscape to seek out opportunities for innovation. The focus over the past year has been on implementing or enhancing current systems that will allow for quick system recovery times when a disaster strikes and to improve data management.

To deliver on these critical services ICT Services has adopted ITIL (Information Technology Infrastructure Library) as a framework. ITIL is the world's most popular non-proprietary, publicly available library of best practices for network and systems management. ITIL is based on global consensus, and is not owned or controlled by any one organisation. A huge emphasis was thus placed on improving the infrastructure to ensure continued business operations which culminated in an average infrastructure and systems uptime of around 99%.

### Governance

The effective management of Information and Communications Technology (ICT) has become of critical importance to the successful execution and achievement of SANBS' business strategies and plans.

This criticality arises from:

- SANBS's adoption and increasing dependence on ICT services as part of the organisation's value chain;
- The scale and cost of the current and future investments in ICT;
- The potential for Information Technologies to dramatically change the way in which the SANBS business lines operate;
- The potential of ICT to bring about business benefits, e.g. optimise processes, save costs, increase productivity, etc.

To align to these requirements an ICT Governance Framework was developed and documented to align and guide the decisions made around ICT. Fundamentally, the ICT governance Framework is concerned with achieving the following two outcomes:

- Ensure that IT value delivers to the business and the
- Mitigation of IT-related risks.

Corporate governance involves the establishment of structures and processes, with appropriate checks and balances that enable executive management to discharge their legal responsibilities towards the organisations as a whole whereas, ICT Governance focuses on the processes (practices) and controls that establishes accountability and responsibility to ensure that the ICT processes are directed, managed, monitored, measured and controlled in alignment with the business objectives. SANBS's ICT Governance Framework therefore forms a component of SANBS's Corporate Governance Framework.

In compliance with Chapter 5 of King 3 a Governance project was initiated which saw the drafting of a number of policies meant to enforce good governance principles.

### Business Intelligence

The Data Warehouse has been upgraded which entailed a total redevelopment of all existing data marts as well as expansion to three new marts tracking donor deferrals, donor adverse events and unit batching. Data integrity is enforced with the new version which improved the data quality on the reporting quite significantly. The platform upgrade and re-development improved Data Warehouse load performance by at least 60%. A Business Intelligence Wiki covering the terminology used on the BI environment was developed and deployed to the Intranet. The reporting platform is continuously expanding to support operational, tactical and strategic requirements as well as automating processes where possible. The Data Warehouse supports the total Blood Value Chain from Donor Management, Recruitment and information relating to Blood Products.

## REDS III Project

Central to the REDS III project is a database of all donation activities, donor deferrals, adverse events and donation test results from 2012 to 2017. Anonymized data files are uploaded monthly to be incorporated into an international database which will inform strategies to improve blood safety and availability of blood products. The team also participates in the data acquisition and system development processes on an on-going basis to support specific research projects on donor motivators and deterrents and HIV/HBV case control study to identify risk factors associated with recent infections.

## New SANBS Customer Service Contact Centre

In conjunction with the Marketing department the outsourced contact centre technology was replaced with an in house solution leveraging off the existing IP telephony infrastructure. Apart from the cost saving of R1 million over the next 60 months the new solution has unlocked and enabled a multitude of new mediums to interact with our donors. Both the telephone and e-mail management processes have been streamlined with more in depth reporting, greater agility and flexibility. Hearing and visually impaired donors have new mediums of communicating with the SANBS customer service centre. Phase one of the project concentrated its efforts on the inbound aspect of communication with donors. Phase two, which is planned for the new fiscal, will bring the outbound aspects onto the platform streamlining the tele-recruiting process.

## Expansion to the Existing IPT Telephony Platform

To further reduce telephony expenditure and leverage of existing platforms, ICT expanded the existing IP telephony platform to a further nine of the branch offices across the country. Branches were carefully selected based on inter branch telephone usage patterns and the number of telephones. Inter branch telephone calls for IP telephony users is for all intents and purposes a free call, with cost savings being projected in the region of R870 000 per year from the existing eleven branch offices. Analysis is ongoing with other branch offices to expand this platform even further and realise greater savings.

## Infrastructure and Systems Resiliency

Work has been ongoing to formulate, build and test an effective reliant IT disaster recovery plan. The technology enablers driving this vision have, to the larger extent, been implemented. Resiliency and continuity form the basis for most technology decisions. Alternate connectivity mediums have been implemented and tested between the data centres in Constantia Kloof and Pinetown. Alternate connectivity mediums have been implemented and tested for critical branch offices. Larger branch offices have been migrated from the ageing copper infrastructure to fibre optic resulting in faster speed, improved reliability and significant cost savings for SANBS.

## Free Wi-Fi Access for Donors at Fixed Site Donor Clinics

To enhance the donor experience, ICT piloted free Wi-Fi access to donors at fixed site donor clinics, with a focus on plasma donors. The pilot proved to be a success and will be fully implemented at all fixed site donor clinics. The procurement process is well under way to procure the additional hardware for this requirement with project completion estimated for the end of December 2014.

## SAP Enhancements

SAP Employee and Managers self-service was implemented with one of the biggest business benefits being that leave is captured and approved online. The manual paper based forms have been replaced by this system. An online Performance Management system which is cascaded from the CEO downwards has also been implemented. Both of these initiatives fulfil the Corporate HR strategy of leveraging technology to enable the delivery of effective, efficient and innovative HR practices.

## Meditech System

A number of enhancements have been made to the MEDITECH system to enhance the system's functionality. Some of the changes required were due to internal and external audit findings. The changes made were put in place to enhance audit trails and prevent users from entering or selecting incorrect values to eliminate the audit findings. The reporting to external parties has also been worked on so that external reports are professional and according to ISO standards. In consultation with the Business Intelligence team, user dashboards have been created, highlighting problem areas that require attention.

## Key Focus Areas going forward

The new financial year will see strategic focus around the following areas in line with the three key areas described under the Strategy section:

- 1 The implications and business impact of the Protection of Personal Information (PoPI);
- 2 Analysis and evaluation of the Meditech and SAP systems in terms of ROI and fit for purpose;
- 3 Re-organising of the ICT organogram to align to delivering the essential services required to align to business strategy;
- 4 Implementing Phase 1 of the Customer Relationship Management project;
- 5 Enhancing the Business Intelligence platform;
- 6 Enhancing the Donor experience by deploying Wi-Fi.

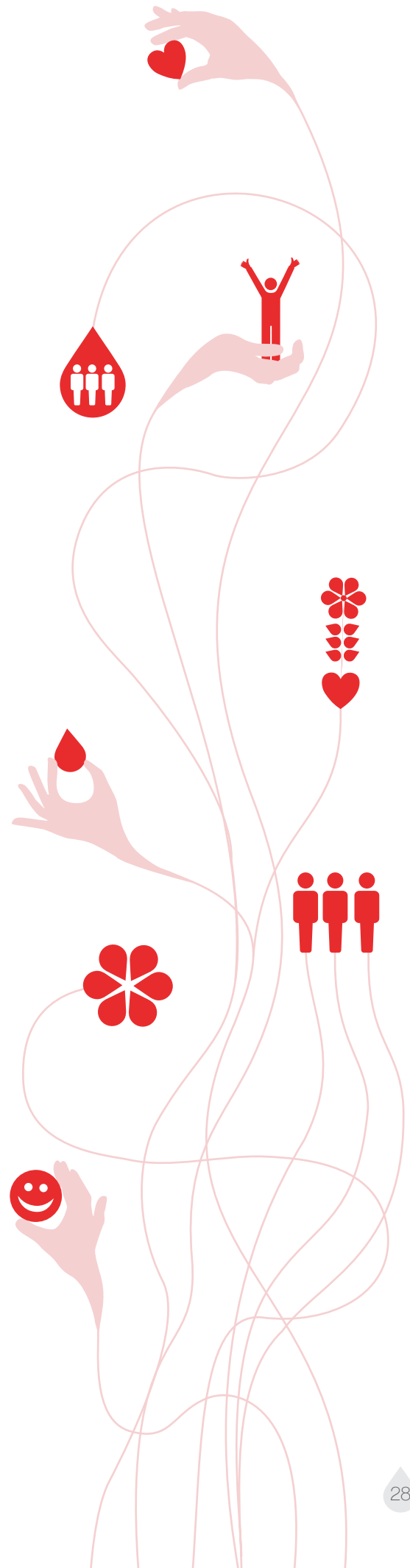
## RISK MANAGEMENT REPORT

The annual strategic risk assessment was conducted by the SANBS Board and Executive Management during August 2013, at which the top strategic risks were identified. The business plans for the year ending March 2014 took account of these strategic risks, and the strategic responses thereto are stated in the table below.

| Risk  | Strategic Response   |
|---|--|
| 1. River encroachment and embankment's integrity at SANBS head office                           | <ul style="list-style-type: none"> <li>• Safety and Environment have appointed Environmental Consultants to develop and plan/scope remedial work</li> <li>• Safety and Environment have also set up meetings with necessary stakeholders to provide permission for SANBS to proceed with remedial work</li> <li>• Constant engagement with the public entities</li> </ul>  |
| 2. Structural integrity of head office  | <ul style="list-style-type: none"> <li>• A service provider (PDNA) has been appointed to develop specifications for remedial work</li> <li>• Meetings have been set up with PDNA to finalise an implementation plan and also provide interim action plans</li> <li>• Areas sensitive to heavy load have been highlighted and Administration working with other departments are relocating heavy load items from the identified structurally compromised areas</li> </ul> |
| 3. Inadequate IT support for core business processes, including system: - stability - integrity | <ul style="list-style-type: none"> <li>• IT Governance framework</li> <li>• Disaster recovery plan for key sites</li> <li>• Training Programmes for users</li> <li>• In-sourcing of specialist IT skills</li> <li>• Service level agreements with various service providers</li> <li>• IT programme management</li> <li>• IT audits</li> <li>• Penetration tests</li> <li>• IT security systems (firewalls, virus protection, etc.)</li> </ul>                           |

| Risk  | Strategic Response   |
|---|--|
| 4. Inadequate blood supply  | <ul style="list-style-type: none"> <li>• Planning systems in place</li> <li>• Continuous review of policies and procedures (SOP)</li> <li>• Defined targets based on donor profiles</li> <li>• HR systems</li> <li>• Management information systems</li> <li>• Effective marketing and communication strategy</li> <li>• Sound business principle</li> <li>• Governance strategy</li> <li>• Security of supply of critical products</li> <li>• Training of staff: knowledgeable and motivated staff</li> <li>• Relationship with stakeholders</li> <li>• MIS to monitor stock levels and equitably distribute blood stock</li> <li>• Donor care and donor education</li> <li>• Donor retention strategy</li> <li>• Research</li> <li>• Education of the users of the blood products</li> <li>• Clinic infrastructure</li> <li>• Good staff conduct</li> <li>• PMO</li> </ul> |
| 5. Donor safety   | <ul style="list-style-type: none"> <li>• Accredited quality system</li> <li>• Training and education (Staff and donors)</li> <li>• Systems to deal with adverse reactions</li> <li>• Medical guideline for deferrals</li> <li>• Medical team on call</li> <li>• SHE programmes</li> <li>• Legal policy</li> <li>• Insurance</li> <li>• Location of clinics and physical security</li> </ul>  |
| 6. Failure to manage stakeholder relations (including Department of Health, NBI, medical schemes) | <ul style="list-style-type: none"> <li>• Stakeholder management strategy</li> <li>• SLAs</li> <li>• Communication tools (website, pamphlets, annual report, etc.)</li> <li>• Call centres</li> <li>• Donor council meetings</li> <li>• Donor functions</li> <li>• User functions</li> <li>• HTC</li> <li>• Meeting with government and medical aids on a regular basis</li> </ul>  |
| 7. Non-compliance to legislations, regulations and industry norms                                 | <ul style="list-style-type: none"> <li>• Governance framework</li> <li>• Policies and procedures</li> <li>• Audits and internal controls</li> <li>• Appropriate and decisive action</li> <li>• Legislative framework</li> <li>• Compliance framework</li> </ul>  |

| Risk   | Strategic Response   |
|--|--|
| 8. Unsafe blood supply (Patient)                               | <ul style="list-style-type: none"> <li>• Training and education (Staff, donors and end-users)</li> <li>• Implemented SOPs for blood supply</li> <li>• Benchmarking</li> <li>• Validated Policies and Procedures</li> <li>• Risk management policy framework</li> <li>• Insurance</li> <li>• Accreditation and external auditing</li> <li>• Donation testing</li> <li>• Quality control processes</li> <li>• Validated instruments</li> <li>• Retention strategy</li> </ul> |
| 9. Lack of financial sustainability                            | <ul style="list-style-type: none"> <li>• Budgeting process</li> <li>• Implemented financial controls</li> <li>• Business planning processes</li> <li>• Audits</li> <li>• Procurement policies and strategies</li> <li>• Pricing strategy</li> <li>• Staff training</li> <li>• Financial systems</li> <li>• Cost control and management</li> <li>• Credit facilities</li> <li>• Debt collection plan</li> <li>• Stakeholder relationship management</li> </ul>              |
| 10. Injury of employees & public and failure of infrastructure | <ul style="list-style-type: none"> <li>• S&amp;E programmes</li> <li>• Risk assessments</li> <li>• Physical security measures</li> <li>• Employee health and wellness programmes</li> <li>• Employee benefits</li> <li>• Certificate of occupation</li> <li>• Ongoing maintenance of buildings</li> </ul>  |
| 11. Loss of donors   | <ul style="list-style-type: none"> <li>• CRM processes</li> <li>• Call centre</li> <li>• PRP Medical liaison officers</li> <li>• Staff training and PMP</li> <li>• Customer service strategy</li> <li>• Communication to donors</li> </ul>   |
| 12. Inadequate skills base                                     | <ul style="list-style-type: none"> <li>• Talent management framework</li> <li>• Human resources systems</li> <li>• Skills survey</li> <li>• Climate survey</li> <li>• Remuneration survey</li> <li>• Training and development programmes</li> </ul>  |
| 13. Lack of / Inappropriate product innovation                 | <ul style="list-style-type: none"> <li>• Regular benchmarking of products, services and processes</li> <li>• Attending industry presentations</li> <li>• Staff in international committees</li> <li>• Collaborations on research and innovations of new products</li> <li>• Affiliation to international bodies</li> <li>• Marketing and communications</li> </ul>   |



**HUMAN CAPITAL MANAGEMENT REPORT**

SANBS' strategic goal of building an "Enabled, Empowered and Engaged employees that build a values-based culture" remains the primary focus for the HR division. We aim to achieve that objective by focusing all our human capital practices and programmes towards that objective.

The organisation has also participated for the second time in the Deloitte Human Capital's Best Company to Work For climate survey and has shown great improvement.

**HR Operations**

**1. Employee Turnover**

| Exits            | %    |
|------------------|------|
| Resignation      | 3,55 |
| Early/Retirement | 0,76 |
| Dismissal        | 0,85 |
| Deceased         | 0,45 |
| Absconded        | 0,10 |

SANBS tracks its ability to attract and retain key talent by measuring the recruitment success rate as well as the retention rate. SANBS' overall employee turnover was 5,8% for 2013 - 2014 review period, down from 6% for 2012 - 2013.

**2. Long Service Awards**

- 185 employees were recognized for long service ranging from 10 to 45 years.
- Collectively make up a 3 045 years' service.
- 820 guests, including recipients were hosted at the 8 functions across SANBS countrywide

| No. of Years' Service | KZN       | Vaal      | Mpumalanga | Northern  | Free State/ Northern Cape | Head Office | Egoli     | Eastern Cape | No. of Recipients | Total No. of Years |
|-----------------------|-----------|-----------|------------|-----------|---------------------------|-------------|-----------|--------------|-------------------|--------------------|
| 10                    | 18        | 8         | 6          | 5         | 3                         | 11          | 23        | 8            | 82                | 820                |
| 15                    | 9         | 2         | 2          | 5         | 1                         | 10          | 8         | 1            | 38                | 570                |
| 20                    | 4         | 1         | 1          | 5         | 1                         | 6           | 6         | 0            | 24                | 480                |
| 25                    | 3         | 3         | 3          | 3         | 1                         | 2           | 2         | 9            | 26                | 650                |
| 30                    | 3         | 0         | 1          | 0         | 0                         | 1           | 0         | 1            | 6                 | 180                |
| 35                    | 4         | 0         | 0          | 0         | 0                         | 0           | 0         | 1            | 5                 | 175                |
| 40                    | 2         | 0         | 0          | 0         | 0                         | 0           | 0         | 0            | 2                 | 80                 |
| 45                    | 2         | 0         | 0          | 0         | 0                         | 0           | 0         | 0            | 2                 | 90                 |
| <b>Total</b>          | <b>45</b> | <b>14</b> | <b>13</b>  | <b>18</b> | <b>6</b>                  | <b>30</b>   | <b>39</b> | <b>20</b>    | <b>185</b>        | <b>3 045</b>       |

**3. Employee Dependent Bursary Scheme**

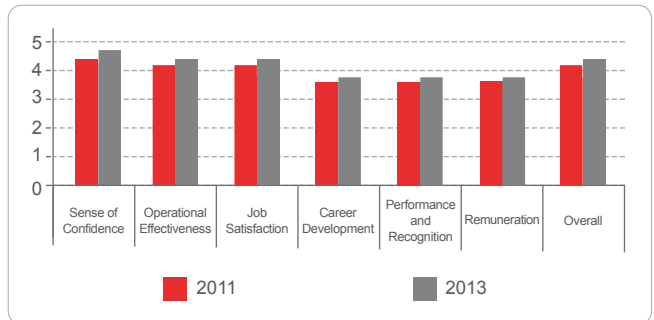
| Years    | Re-applications | New | Total | Number of awardees | Award amount |
|----------|-----------------|-----|-------|--------------------|--------------|
| 2012 - 3 | 26              | 24  | 50    | 23                 | 322 989,50   |
| 2013 - 4 | 20              | 29  | 49    | 21                 | 360 378,70   |

**ORGANISATIONAL DEVELOPMENT**

**Culture**

SANBS' strategic goal of "Enabled, Empowered and Engaged" employees remains the primary focus of our Human Resources processes. SANBS has been recognised for achieving the Deloitte's standard of excellence and has been rated number 5 in the industry. The Best Company to Work For score improved from 3,57 (2011) to 3,78 (2013) with an improvement in all categories.

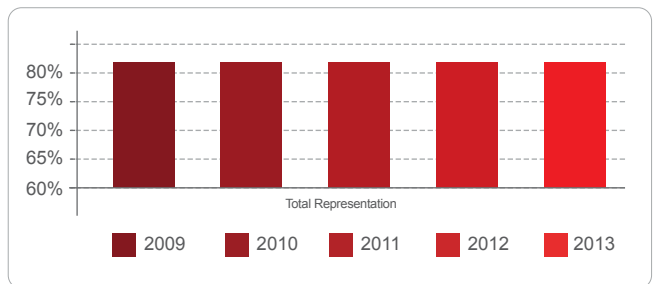
The graph below depicts the comparison of scores for the highest and lowest rated categories.



**Transformation**

The 2009 - 2013 Employment Equity (EE) Plan has come to end. Black representation significantly increased by 11%. Our Employment equity target for the 2014 - 2018 is aligned to the economically active population (EAP) target of 88% overall Black representation.

The graph below depicts overall Black representation for the period 2009 - 2013.



**B-BBEE Elements**

The table below depicts the Employment Equity and Skills Development Scores for 2012 and 2013.

| B-BBEE Element     | Weighting 2013 | % Score for Indicator 2013 | Points 2012 | Points 2013 |
|--------------------|----------------|----------------------------|-------------|-------------|
| Employment Equity  | 15             | 82,50                      | 11,30       | 12,38       |
| Skills Development | 20             | 80,00                      | 16,00       | 16,00       |

The improvement focus for EE the next period is on:

- Employee self-declaration and sourcing of employees with disabilities.
- Skills development aligned to talent management and succession planning.



## Health and Employee Wellness

SANBS provides a comprehensive employee wellness services through a combination of company managed on site health centres and contracted professional service. During the period under review, SANBS hosted employee wellness days and baseline Hepatitis B immunisations in all Zones.

### Projects

During the period under review SANBS undertook the following projects;

- **Performance Management**  
The Implementation of the SAP performance management system has enabled SANBS to award performance based salary increases at management level.
- **Broad Banding**  
The implementation of broad banding will reduce our grading categories from 24 to 9 levels. This will enhance career development, talent acquisition and retention opportunities within SANBS.  
  
All role profiles of executive, management and supervisory levels have been reviewed and are in the process of grading.
- **E-recruitment**  
Online recruitment has been introduced since April to improve efficiencies and streamline the recruitment process. This will significantly improve our turnaround time. To date there has been 2 392 candidates registered on our database.

### Employee Relations

We believe that our employees and values are our biggest assets and we therefore strive to create a positive, safe and fair working environment. As an organisation that is working towards becoming an Employer of Choice we subscribe to the principle of freedom of association.

We also work closely with the two trade unions that represent the majority of our employees. The unions that we have formal agreements with are the Hospersa (full name) and the National Education Health and Allied Workers Union (NEHAWU).

The company had a total number of permanent employees numbering 2 202. The number of employees represented by the unions in the bargaining unit is 2 059. There are 143 employees at management level.

For the third year running the annual salary negotiations with the majority union were concluded on budget, on time and without the involvement of a third party.

### Misconduct and Grievances

| Type        | Number of Cases |
|-------------|-----------------|
| Misconduct  | 118             |
| Grievances  | 41              |
| Counselling | 100             |
| CCMA        | 26              |
| Total       | 285             |

## Learning and Development

A total of 250 employees have been funded for various short courses, certificate, diploma, degree and post-graduate degree programmes at various higher education institutions. Twelve employees have successfully completed diploma, degree and masters courses whilst the remainder is at different academic year levels.

SANBS remains a legally compliant employer in that it was formally recognised by the Health and Welfare Sector Education Authority (HWSETA) as a "Top 20 Contributor" to skills development in the health and welfare sector through the submission of the annual workplace skills plans and implementation reports (WSPiR). The Skills Development dimension of the B-BBEE scorecard remains at 80% thereby ensuring that SANBS is recognized as a Level 4 contributor.

SANBS achieved industry-best results in the national board examinations for the training of critically important professional roles in blood transfusion. These are:

1. Laboratory Assistants Programme: 97% pass rate with 44 distinctions
2. Phlebotomy Learnership Programme: 93% pass rate with 2 distinctions;
3. Trainee Technician Programme: 85% pass rate with 16 distinctions;
4. Trainee Technologist Programme: 73% pass rate and 2 distinctions.

The above programmes and achievements have gone a long way in ensuring that SANBS maintains compliance with the HPCSA regulatory requirements.

### Talent and Succession Management

SANBS successfully completed the second iteration of the Talent and Succession management process. The organisation has comprehensively analysed succession for all roles at Executive Committee level, Senior and Middle Management. The latter will ensure that succession and vacancy risks at these levels are effectively mitigated.

## MARKETING AND COMMUNICATIONS REPORT

### Strategic Objectives

- Focus on retention of donors
- Improve brand awareness
- Improve communication interaction both internally and externally
- Improve donor satisfaction levels
- Improve and increase youth programme for retention and recruitment
- Increase interaction with stakeholders

### MAJOR CAMPAIGNS

- Mandela Day donations performed very well with 7 054 donors presented to donate and 5887 donated on the day.
- Battle of the blood givers with East Coast Radio – 2 683 units were collected between the 11<sup>th</sup> to the 16<sup>th</sup> of June in KZN. 203 votes received from people participating during the campaign.
- Corporate intervention with Standard Bank lead to an increase in collections in October from 100 to 400 for the month.
- Due to building a partnership with OUTsurance collections were increased to over 260 on a regular basis.
- Outside Broadcasts with Jacaranda, Highveld, Kaya FM and Talk Radio 702 have increased collections and resulted in additional blood drives as well as increased partnership opportunities.
- The marketing department launched the blood drive sourcing radio campaign in July to counteract the possible winter low blood stock levels.



OUTstanding Effort by OUTsurance!

### Youth Campaign

- a. It is a special project aimed at youth retention
- b. The campaign commenced from the 1<sup>st</sup> of June to the 30<sup>th</sup> of September 2013

### Blogger seeding

- a. The campaign commenced from the 30<sup>th</sup> of January to the 5<sup>th</sup> of February 2013
- b. Top 10 bloggers were identified to blog and tweet about the campaign.
- c. First week of the campaign, SANBS advert was the most viewed in 'Non-profit' category with over 15 890 views in one week.

### Easter Campaign

- a. The Easter Campaign was aimed at increasing blood stock levels during Easter Holidays. The campaign was promoted via above and below the line mediums.



Outside broadcast with Kaya FM



Outside broadcast with Bay FM

# Don't let life get in the way of life this Easter.

Donate blood and save a life. Visit [www.SANBS.org.za](http://www.SANBS.org.za) or call  
Toll-free 0800 11 90 31 to find your nearest donor centre.

Your blood saves lives.



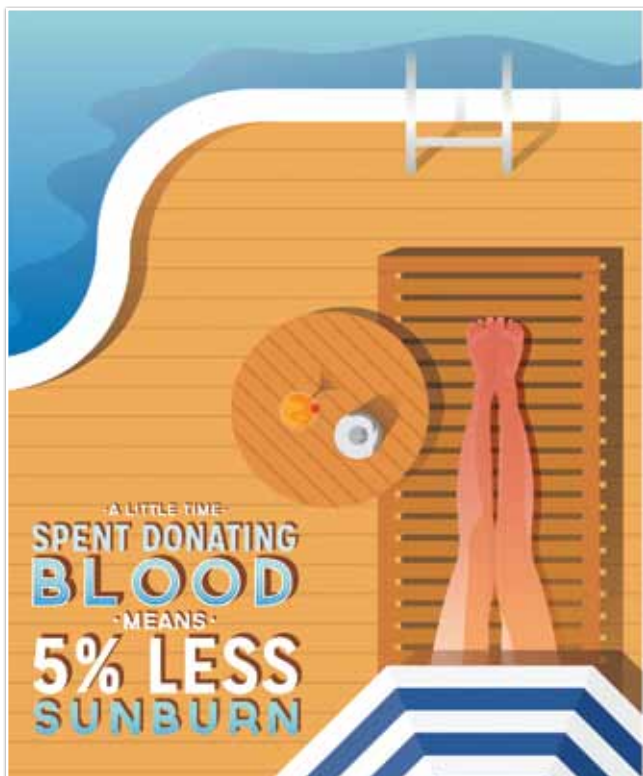


### Festive Season Campaign

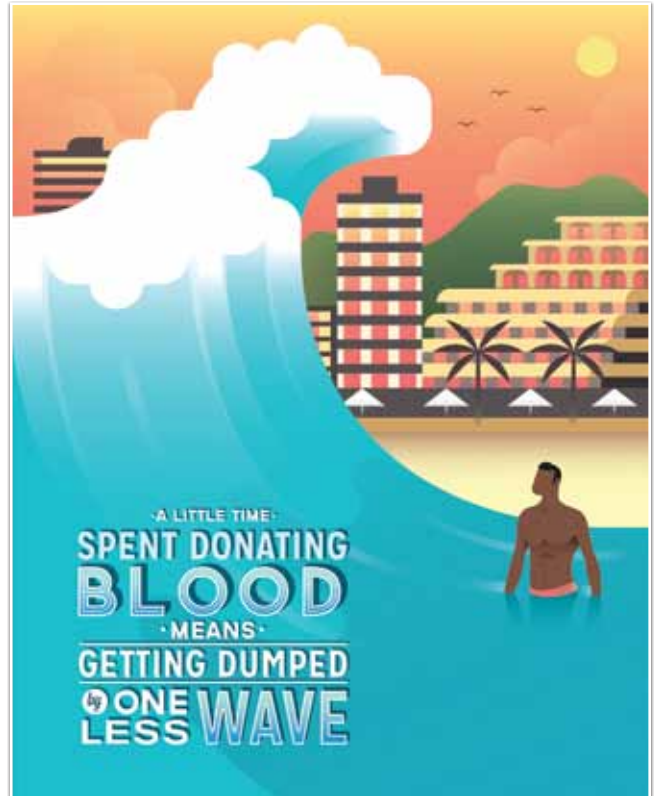
a. The "Festive Season" campaign was in progress through print, radio, television, and outside broadcasts, live reads, and interviews. Live interviews were conducted through various SABC stations to highlight festive season shortages.



Festive Season Campaign - "Don't let holidays get in the way of life"



Festive Season Campaign - "Don't let holidays get in the way of life"



Festive Season Campaign - "Don't let holidays get in the way of life"

### Exhibitions

SANBS participated through exhibitions at the following events:

- Phlebotomy Congress at the Coastlands Musgrave in KZN on the 10<sup>th</sup> and 11<sup>th</sup> of September 2013.
- NASA congress from the 14<sup>th</sup> to the 17<sup>th</sup> of March 2013 at Stellenbosch in Cape Town.
- 32<sup>nd</sup> National Blood Transfusion congress which was held at Somerset West in Cape Town from the 1<sup>st</sup> to the 3<sup>rd</sup> of October 2013.
- In Sandton on the 28<sup>th</sup> of October 2013 at the SASTA (Southern African Society of Haemostasis and Thrombosis) conference to support the medical team.



Phlebotomy Congress in KZN

### 2013 Blood Donor Month / World Blood Donor Day

- SANBS has adopted June as blood donor month. The month was supported by many events and special blood drives. There was a significant amount of free publicity through radio, television and print media. There were also a number of new blood drives which resulted due to the campaigns and public relations which surrounded the event. The World Health Organisation's theme for World Blood Donor Day was "Blood Saves Lives". There were 4964 donors who presented to donate blood and 4 193 donated on World Blood Donor Day.



World Blood Donor Day

### Unit 4 my Patient

The campaign is aimed at encouraging healthcare professionals to donate blood. The campaign was launched in January 2013. The first drives have yielded exceptionally positive results with initial events being held in Tembisa and Port Elizabeth in March. The success of the initial events resulted in many more "Unit 4 my Patient" blood drives which were conducted at hospitals and medical institutions during the 2013 - 14 fiscal year. The marketing department in conjunction with the medical division are confident that this campaign will contribute to long-term blood donation sustainability.

- The "Unit for my patient" blood drive was held at King Dinuzulu Hospital in KwaZulu-Natal, Tembisa Hospital in Gauteng, Chris Hani Baragwanath Hospital in Gauteng, Leratong Hospital in Gauteng, Grey Hospital in KwaZulu-Natal, Greenacres Hospital at Port Elizabeth.



"Unit 4 my Patient" blood drive.



**Internal Communication Channels: Newsflash and internal e-mails**

- **Digital Media Platforms:** Following on Facebook 19 312; an increase of 30,61% and twitter 4 957 has grown phenomenally by 40,94%.



- **Publications: Blood Beat** has been continuously published to inform the broader public about blood donation and share donor stories and SANBS successes with the donors.



- **Media:** Several partnerships have been forged with local, regional and national media. Many SABC Radio stations, as well SABC News, ANN7 and e-tv have offered great support through the year. Free publicity for the FY 2012 - 2013 amounted to R26 776 979.

**Publications: SANBS News** has been continuously published to inform internal stakeholders about what is going on within SANBS.



**Customer Service**

- All mobiles and Donor centres have been equipped with the Customer Feedback system. Part of a more interactive approach to this new system was implemented for donors to complete their details and provide compliments, complaints or suggestions. This offers SANBS an opportunity to call the donor and address what needs to be addressed.
- Call Centre – has achieved 97% service level.
- All switchboards are on an auto answering system and a standard call waiting message.

**Stakeholder Management**

The following stakeholder relationships and partnerships, amongst others were maintained:

Free State Business Women's Association, Government Communication and Information Systems (GCIS), Cheesekids, CHOC, Nelson Mandela Foundation (Nelson Mandela Day), Tiger Wheel and Tyre, Highveld Lions Cricket, SABC, e-tv, OUTsurance, Sunflower Fund, FNB, Nedbank, Standard Bank, Absa, and AIDA.

Successful blood drives were conducted with some of the stakeholders, for example, 400 donations were collected at the November blood drive conducted at OUTsurance.

## CORPORATE GOVERNANCE REPORT

### STATEMENT OF COMMITMENT

Corporate Governance structures and processes have been in place at the South African National Blood Service ("SANBS") since its inception and are continuously reviewed to:

- Reflect internal developments;
- Ensure that the business is managed ethically and within prudent risk parameters;
- Align with national best practice; and
- Comply with laid down legislation and regulations.

Good corporate governance is an integral part of the SANBS's sustainability. Adherence to the standards and recommendations set out in the King Code on Corporate Governance in South Africa, 2009 ("King III") and other relevant laws and regulations is vital to achieving our strategic priorities. Corporate governance forms an overarching framework in which SANBS operates and we are committed to promoting good governance and ethics within all areas of our operations.

To achieve this, SANBS continues to enhance and align its governance structures, policies and procedures to support its operating environment and strategy.

The board and management are committed to ensuring adherence to the Companies Act 2008 and King III with focus on the following governance principles

- Ethical leadership, integrity and judgement in directing the business of the SANBS
- Adherence to business strategies to promote efficiency and ethical business practices to enhance continued blood supply and delivery;
- Monitoring and evaluating the implementation of strategies, policies, management performance criteria and business plans to ensure that management and staff are appropriately recruited, trained, developed and rewarded;
- Annual evaluation of the performance of the board and its committees as a part of the governance structures;
- Maintaining reliable and transparent stakeholder communication;
- Compliance with the regulatory environment in which the SANBS operates;
- Observing the legitimate interests of its main stakeholder, the Donors and the National Council;
- Reviewing internal procedures and policies and ensuring that the required control systems are in place;
- Procuring transparent financial and management reporting;
- Ensuring that all technology systems used in the SANBS are adequate to guarantee that it remains effective and efficient;
- Supporting a culture of innovation and initiative throughout the company and its clients;
- Determining and nurturing the moral and ethical culture of the SANBS by formulating guidelines and policies that encourage the participation of management, staff, and stakeholders in decision-making processes, taking into account that all these parties have an interest in the success of the SANBS;
- Ensuring that SANBS will continue as a going concern for its next fiscal year and maintaining its continued sustainability.

During the year the company acted in accordance with its approved Strategic Plan, which documents the key performance measures against which organisational performance is assessed. These are reflected on page 27 in the annual report.

### STATUTORY COMPLIANCE

The SANBS is registered as a Non-profit Organisation and is governed by amongst others, the Companies Act 71 of 2008, the National Health Act 61 of 2003, the Human Tissue Act 65 of 1983 and King III.

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

### BOARD APPRAISAL

In September 2013 the board with the assistance of the IoDSA, conducted a board and committee assessment in which it evaluated the contribution and performance of each director, the board as a whole and all the committees by means of relevant questionnaires. Areas of improvement identified in the said assessment will be addressed during the 2014 financial year. The Board intends focusing its 2014 assessment on ensuring that those identified areas are improved upon.

### APPLICATION OF KING III PRINCIPLES

The application and adherence to the King III principles continues to be a key focus area in 2013.

SANBS has continued to implement the principles of King III by strengthening its committees. As an example, the IT function was removed from the Audit, Risk and IT Governance Committee (now called Audit and Risk Committee) and assigned to the new IT Governance Committee. This has allowed the Audit and Risk Committee to focus on its core functions as outlined in Chapters 3 and 4 of King III while the IT Governance focuses on Chapter 5 of King III. This improvement has ensured that each committee devotes enough time to its core responsibilities.

### THE ROLE OF THE BOARD

The SANBS board retains full and effective control over SANBS and is responsible, *inter alia*, for the adoption of strategic plans, the monitoring of operational performance and management, and the development of appropriate and effective risk management policies and processes. The full extent of the board's responsibilities is contained in the MoI and the approved board charter. The directors are of the opinion that they have adhered to the terms of reference as detailed in the board charter for the financial year under review.

The board, on the advice and recommendation of exco, is responsible for setting the strategic direction of SANBS.

Annually, the board considers, debates and adopts with or without amendments, a strategic plan presented by the exco. This plan is further reviewed in the first quarter of each year.

The non-executive directors play a critical role as board representatives on the various board committees and ensure that SANBS's interests are served by impartial, objective and independent views that are separate from those of management and the National Council.

Full and effective control of the SANBS' affairs is retained through monitoring the executive management and ensuring that decisions of a material and policy nature are in the hands of the Board.

All directors have access to the advice and services of the Company Secretary and are entitled to seek independent professional advice about the company's affairs and at the company's expense. In addition they also have unrestricted access to senior management and any additional information they may require in the effective discharge of their duties.

Non-executive directors are entitled to fees for attendance at board meetings, and such fees are determined at the annual general meeting. The non-executive directors, the executive directors and the executive management of SANBS are remunerated fairly and responsibly in line with SANBS policies and best practices aligned with the company strategy. The remuneration policies are reviewed regularly and are linked to the company's performance.

The directors' fees for the year under review are disclosed in the annual financial statements, on pages 69 to 71.

The board has delegated the day to day running of SANBS operations to the Chief Executive Officer as set out in the approved corporate delegations of authority. The Remuneration Committee and the Chairman of the board, subject to consultation with the other directors, evaluate the performance of the Chief Executive Officer on an annual basis.

## **CHAIRMAN**

The responsibility for managing the board and executive responsibility for the conduct of the business are separated. The chairman is responsible for the leadership of the board, ensuring effectiveness in all aspects of its activities and setting its agenda. It is the responsibility of the chairman to ensure that directors receive accurate, timely and reliable information. The chairman also ensures that no individual board member has unfettered powers in respect of decision making.

## **DEPUTY CHAIRMAN**

Due to the fact that like any member of the board, the chairman cannot always be available to discharge his responsibilities as chairman, D Dondur is the deputy chairman whose responsibility is to assist and provide guidance to the board in situations where the chairman is unavailable or where impartiality of the chairman is impaired or when a conflict of interest arises.

## **DELEGATION OF AUTHORITY**

The ultimate responsibility for SANBS's operations rests with the board. The board retains effective control through a well-developed governance structure of board committees that specialise in specific areas of the business.

## **BOARD COMMITTEES**

The board is satisfied that the board committees, set out in detail below, have effectively discharged their responsibilities as contained in their respective terms of reference during the year under review.

|                               |  |  |  |
|-------------------------------|--|--|--|
| AUDIT COMMITTEE               | <b>Members</b>   | <b>Terms of reference</b>  | <b>Key focus for the year under review</b>   |
|                               | C Sanangura (chairman)<br>D Dondur<br>W Gumede<br>R Theunissen<br>V Moodley                    | The audit committee assists the board in discharging its duties relating to: <ul style="list-style-type: none"> <li>Safeguarding the assets of SANBS; and monitoring the operations, financial systems and control processes including internal financial controls and the preparation of financial statements and related financial reporting in compliance with all applicable legal requirements and accounting standards.</li> </ul> | <ul style="list-style-type: none"> <li>An annual audit was conducted by independent, competent and qualified auditors to provide an independent and objective assurance to the board and stakeholders that the financial statements fairly represent the financial position and performance of SANBS in all material respects.</li> <li>Ensured the integrity of SANBS's internal control environment through an effective internal audit activity.</li> <li>Made sure that Risk Management function is entrenched and functioning effectively.</li> </ul> |
| IT GOVERNANCE COMMITTEE       | <b>Members</b>   | <b>Terms of reference</b>  | <b>Key focus for the year under review</b>   |
|                               | D Dondur (chairman)<br>C Sanangura<br>C Christians<br>C Mey                                    | The committee's core function is to ensure that Information Technology ("IT") is effectively governed at SANBS in accordance with King III and the business strategy of SANBS.   | <ul style="list-style-type: none"> <li>Ensured that IT embedded into the SANBS strategy and that IT Governance is in line with Chapter 5 of King III.</li> </ul>   |
| NOMINATION COMMITTEE          | <b>Members</b>   | <b>Terms of reference</b>  | <b>Key focus for the year under review</b>   |
|                               | W Gumede (chairman)<br>G Simelane<br>P Knox<br>R Theunissen<br>A Ramalho<br>M Salojee          | The committee's core function is the nomination of board members and senior management. The committee makes recommendations to the board on the composition of the board and board committees and on the development of directors.   | <ul style="list-style-type: none"> <li>Ensured a formal and transparent board nomination and election process (guided by our director nomination policy);</li> <li>Conducted board independence review;</li> <li>Evaluated and recommended the audit committee members for re-election;</li> <li>Evaluated and recommended the retiring directors for re-election; and</li> <li>Evaluated and recommended the appointment of V Moodley as an independent non-executive director.</li> </ul>  |
| CLINICAL GOVERNANCE COMMITTEE | <b>Members</b>   | <b>Terms of reference</b>  | <b>Key focus for the year under review</b>   |
|                               | P Knox (chairman)<br>V Moodley<br>C Ingram<br>C Mey<br>J Mphahlele<br>A Rantloane<br>M Toubkin | The function of the committee is to assist the board in ensuring that SANBS is, and is seen to be a responsible corporate citizen and that it is concerned about the organisation's performance within the social and environmental context through the quality and safety of donors, patients and healthcare professional's care.   | <ul style="list-style-type: none"> <li>Ensured that SANBS delivered quality and safe blood to patients;</li> <li>Ensured the improvement of the quality and safety of donor and patient care;</li> <li>Managed clinical risk;</li> <li>Ensured that SANBS was at the forefront of up-to-date knowledge of evidence-based medical treatments with regard to blood and blood products.</li> </ul>  |

| GOVERNANCE, SOCIAL AND ETHICS COMMITTEE | Members  | Terms of reference   | Key focus for the year under review  |
|---|--|--|--|
|   | <p>A Christians (chairman)<br/>D Dondur<br/>C Sanangura<br/>P Knox<br/>R Theunissen</p>  | <p>The committee performs an oversight and monitoring role in partnership with other committees to ensure that SANBS's operations are conducted in an ethical and properly governed manner and to develop or review policies, governance structures and existing practices.</p>  | <p>The committee's responsibilities include:</p> <ul style="list-style-type: none"> <li>• Ensuring the adherence to the SANBS Code of Ethics;</li> <li>• Monitoring activities with respect to legislation, other legal requirements and codes of best practice;</li> <li>• Good corporate citizenship;</li> <li>• Environment, health and public safety;</li> <li>• Promotion of equality and prevention of unfair discrimination;</li> <li>• Prevention of fraud, bribery and corrupt practices;</li> <li>• Deterrence of human rights violations;</li> <li>• Donor and other stakeholder relations; and</li> <li>• Adherence to equal opportunity employment and BEE principles.</li> </ul> |
| HR AND REMUNERATION COMMITTEE           | Members  | Terms of reference   | Key focus for the year under review  |
|   | <p>G Simelane (chairman)<br/>W Gumede<br/>A Christians<br/>C Mey</p>   | <p>The committee oversees the formulation of a remuneration philosophy and human resources strategy to ensure that SANBS employs and retains the best human capital possible relevant to its business needs and maximises the potential of its employees.</p>  | <ul style="list-style-type: none"> <li>• Ensured that SANBS's remuneration strategies and policies are designed to attract, motivate and retain quality employees, directors and senior management committed to achieving the overall goals of SANBS;</li> <li>• Benchmarked SANBS's remuneration against non-profit organisations of similar size to SANBS;</li> <li>• Recommended the submission to the board and the National Council for approval, the remuneration of the chairman, members of the board, committees, management and other employees.</li> </ul>  |
| HUMAN RESEARCH AND ETHICS COMMITTEE     | Members  | Terms of reference   | Key focus for the year under review  |
|   | <p>J Mahlangu (chairman)<br/>G Simelane<br/>M Nolan<br/>P Venter<br/>C Mey<br/>L Makhubela<br/>L Motopi<br/>T Wiblin<br/>N Tsotsi<br/>A Molusi</p> | <p>The purpose of the committee is to:</p> <ul style="list-style-type: none"> <li>• apply and maintain the highest ethical principles and to respect human dignity and the right of individuals, particularly those who may be vulnerable;</li> <li>• promote confidentiality and informed decision making in all matters related to the conduct of research on humans and animals;</li> <li>• cover any investigation or trial or collaboration, even if SANBS is not the principal investigator; and</li> <li>• address ethical issues referred to the Committee on Medical, Technical, Scientific or related matters facing SANBS.</li> </ul> | <ul style="list-style-type: none"> <li>• Performed its functions according to written operating guidelines, maintained written records of its activities and minutes of its meetings, and complied with good clinical practice with the applicable regulatory requirement(s).</li> <li>• Completed ethical reviews in compliance with established practice in South African guidelines for research (South African Medical Research Council and South African Medical Council (HPCSA)).</li> </ul>   |



## Board and Committee meetings Attendance Register

During the year all the Board committees were in place. All committees are chaired by non-executive directors.

The attendance of meetings for the board and committees is set out below:

| Member                  | Board  | Audit Risk and IT Governance | Governance Social & Ethics Com | HR and REMCO | Clinical Governance | Nomination Com | IT Governance Com |
|-------------------------|--------|------------------------------|--------------------------------|--------------|---------------------|----------------|-------------------|
| <b>Non-executive</b>    |        |                              |                                |              |                     |                |                   |
| R Brand <sup>1</sup>    | 2 of 4 | 7 of 9                       | 2 of 6                         | 3 of 7       |                     |                |                   |
| A Christians ✧          | 4 of 4 |                              | 5 of 5                         | 7 of 7       |                     | 6 of 6         | 1 of 1            |
| D Dondur ★              | 4 of 4 | 6 of 6                       | 4 of 4                         |              |                     | 7 of 7         | 1 of 1            |
| G Simelane □            | 4 of 4 |                              |                                | 7 of 7       |                     | 2 of 2         |                   |
| C Mey                   | 3 of 4 |                              |                                | 6 of 6       | 3 of 3              |                | 1 of 1            |
| C Sanangura             | 4 of 4 | 9 of 9                       |                                | 4 of 4       |                     |                | 1 of 1            |
| Mike Nolan <sup>2</sup> | 2 of 4 |                              |                                |              |                     | 7 of 10        |                   |
| P Venter <sup>3</sup>   | 2 of 4 |                              | 4 of 6                         |              | 2 of 4              |                |                   |
| W Gumede ◆              | 4 of 4 | 7 of 7                       |                                | 3 of 3       |                     | 9 of 9         |                   |
| R Theunissen ○          | 3 of 4 | 9 of 9                       |                                |              |                     | 2 of 2         |                   |
| P Knox                  | 4 of 4 |                              |                                |              | 4 of 4              |                |                   |
| V Moodley ‡             | 2 of 4 | 2 of 2                       |                                |              | 1 of 1              |                |                   |
| <b>Executive</b>        |        |                              |                                |              |                     |                |                   |
| L Mpuntsha              | 3 of 4 |                              |                                |              |                     |                |                   |
| C Ingram                | 4 of 4 |                              |                                |              | 4 of 4              |                |                   |
| <b>Seconded</b>         |        |                              |                                |              |                     |                |                   |
| A Ramalho               |        |                              |                                |              |                     | 9 of 10        |                   |
| M Salojee               |        |                              |                                |              |                     | 6 of 10        |                   |
| M Toubkin               |        |                              |                                |              | 1 of 4              |                |                   |
| J Mphahlele             |        |                              |                                |              | 4 of 4              |                |                   |
| A Rantloane             |        |                              |                                |              | 3 of 4              |                |                   |

<sup>1</sup> R Brand retired from the SANBS Board on the 31<sup>st</sup> of October 2013

<sup>2</sup> M Nolan retired from the SANBS Board on the 31<sup>st</sup> of October 2013

<sup>3</sup> P Venter retired from the SANBS Board on the 31<sup>st</sup> of October 2013

- ✧ Due to the annual change of committee membership, A Christians only attended when he was an invited member.
- ★ Due to the annual change of committee membership, D Dondur only attended when she was an invited member.
- Due to the annual change of committee membership, G Simelane only attended when she was an invited member.
- ◆ Due to the annual change of committee membership, W Gumede only attended when he was an invited member.
- Due to the annual change of committee membership, R Theunissen only attended when he was an invited member.
- ‡ V Moodley was appointed on the 5<sup>th</sup> of October 2013.

## Code of Ethics

SANBS is committed to upholding the highest standard of ethical behaviour amongst its directors, management and staff in line with the adopted Code of Ethics. During the year under review, the Code of Ethics has been reviewed to ensure that all possible acts of unethical behaviour are captured therein. The Code of Ethics has been communicated to SANBS staff and is based on the fundamental ethical principles of fairness, transparency, integrity, reliability, responsibility and honesty and deals with the following.

- Conflicts of interests
- Outside activities and business interests
- Relationships with and appointments by outside parties
- Fraud
- Gifts, hospitality and favours (giving and receiving)
- Private business on the SHF's premises

- Moonlighting
- Use of the SANBS resources
- IT behaviour
- Whistle-blowing

3 incidences of unethical conduct or fraud which required investigation or further action were reported during the year under review.

## Values

SANBS promotes the following core values:

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



## REPORT OF THE AUDIT, RISK AND IT GOVERNANCE COMMITTEE

The Audit, Risk and IT Governance Committee is pleased to present its report for the financial year ended on the 31<sup>st</sup> of March 2014.

### AUDIT, RISK AND IT GOVERNANCE COMMITTEE RESPONSIBILITY, MEMBERS AND ATTENDANCE ("The Committee")

The Committee consists of five non-executive members, and meetings are attended by the external and internal auditors, the Chief Executive Officer and the Chief Financial Officer of the company. In terms of the Committee charter, it should meet a minimum of four times a year and has done so for the year under review. The Committee operates in terms of formal terms of reference.

#### Meeting attendance

| Member               | Ordinary Meeting | Extra Ordinary | Total Attendance |
|----------------------|------------------|----------------|------------------|
| Dr Cleopas Sanangura | 4                | 5              | 9                |
| Ms Doris Dondur      | 3                | 5              | 8                |
| Prof Vanessa Moodley | 1                | 1              | 2                |
| Mr Rob Theunissen    | 4                | 5              | 9                |
| Prof William Gumede  | 4                | 4              | 8                |

### THE ADEQUACY AND EFFECTIVENESS OF INTERNAL CONTROL

During the year under review, the Committee reviewed the following:

- The effectiveness of the internal control systems and internal audit. The internal controls in IT, Supply Chain Management and Finance were found to be weak and need to be improved in the ensuing year.
- The activities of the internal audit function, including its work programme, reports, findings and the responses from management to specific recommendations.
- The company's risk areas to be covered in the scope of the internal and external audits.
- The adequacy reliability and accuracy of financial information provided by management.
- Any accounting or audit concerns identified by internal or external audit.
- Compliance with regulatory and legal provisions.

The system of controls is designed to provide cost-effective assurance that resources are safeguarded and that assets, liabilities and working capital are efficiently managed. In line with the King III Report on Corporate Governance Internal Audit provides the Committee and management with assurance

that the internal controls are appropriate and effective. This is achieved by means of a risk identification process, as well as the confirmation of corrective actions and suggested enhancements to the controls and processes. From the Audit Report on the Annual Financial Statements and management letter of the external auditors, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported, apart from those already explained in the audit report. Even though the internal control weaknesses were not reported on, these were found to be inadequate and more work will be performed to improve controls in IT, Finance and Procurement.

### EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Committee has:

Reviewed and discussed the audited annual financial statements to be included in the annual report with the external auditor, the Chief Executive Officer and the Chief Financial Officer and reviewed the external auditor's management letter.

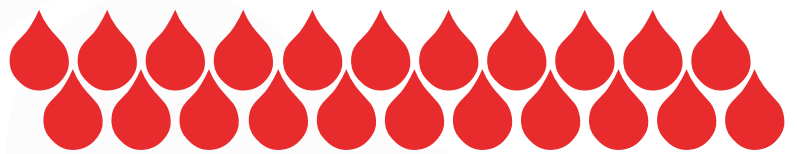
The Committee concurs with and accepts the external auditor's conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the external auditor.

Following our review of the annual financial statements of the company for the year ended on the 31<sup>st</sup> of March 2014, we are of the opinion that they comply in all material respects with the relevant provisions of the Companies Act 2008, and International Financial Reporting Standards.

The Committee recommended these annual financial statements, which are prepared on the going concern basis, as confirmed by the independent external auditors, to the Board for approval. There are no other matters to disclose besides the weaknesses in the internal controls, which management is giving attention.



Dr Cleopas Sanangura  
Chairperson of the Audit, Risk and  
IT Governance Committee  
31 March 2014



# Annual Financial Statements

## SECTION 2

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The financial statements were prepared by the Chief Financial Officer,  
Ms Nandi Mankungu (CA) SA.



## DIRECTORS' APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 41 to 71 and directors' report were approved by the Board of Directors on the 26<sup>th</sup> of August 2014 and were signed on its behalf by:

## DIRECTORS' STATEMENT OF RESPONSIBILITY FOR THE 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 account 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 represent the state of affairs of the organisation as at the end of the financial year, and the results of its operations and cash flows for the year then ended, in conformity with the International Financial Reporting Standards (IFRS).

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

The annual financial statements of SANBS have been prepared in terms of 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 31<sup>st</sup> of March 2014, and the results of its operations for the year then ended.



A Christians  
Chairman



Dr L Mpuntsha  
Chief Executive Officer

## CERTIFICATION BY COMPANY SECRETARY

I certify that in accordance with the provisions of section 88(2) of the South African Companies Act 71 of 2008 that to the best of my knowledge and belief all required returns notices in terms of the Companies Act 71 of 2008 have been lodged 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  
Acting Company Secretary  
Johannesburg



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE SOUTH AFRICAN NATIONAL BLOOD SERVICE

We have audited the annual financial statements of The South African National Blood Service set out on pages 41 to 71, which comprise the statement of financial position as at the 31<sup>st</sup> of March 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Directors' Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of The South African National Blood Service as at the 31<sup>st</sup> of March 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

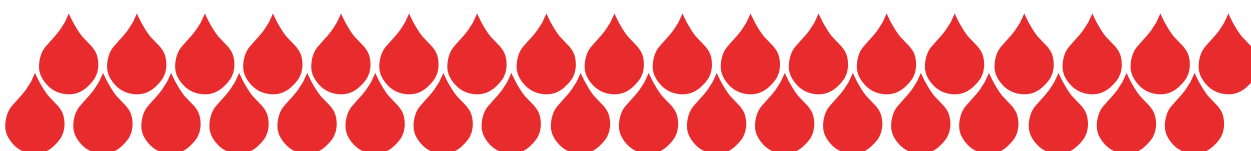
#### *Other reports required by the Companies Act*

As part of our audit of the financial statements for the year ended on the 31<sup>st</sup> of March 2014, we have read the Directors' report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers.

Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



Deloitte & Touche  
Registered Auditor  
Per: D H Uys  
Date: 26<sup>th</sup> of August 2014



## DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements for the year ended on the 31<sup>st</sup> of March 2014.

### 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 eleven directors being six non-executive donor directors, three independent non-executive directors and two 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 Christians – Chairman  
D Dondur – Deputy Chairman  
C Mey  
G Simelane  
R Theunissen  
P Knox

#### Executive

L Mpuntsha  
C Ingram

P Venter retired on the 31<sup>st</sup> of October 2013  
R Brand retired on the 31<sup>st</sup> of October 2013  
M Nolan retired on the 31<sup>st</sup> of October 2013

#### Independent non-executives

C Sanangura  
W Gumede  
V Moodley (Appointed on the 5<sup>th</sup> of October 2013)

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

### 3. COMPANY SECRETARY

Mr Mduduzi Luthuli is the acting company secretary for SANBS with effect from the 15<sup>th</sup> of May 2014. The addresses of the company secretary are as follows:

| Business address   | Postal address                              |
|--|---|
| 1 Constantia Boulevard<br>Constantia Kloof<br>Roodepoort<br>1724 | Private Bag X14<br>Weltevreden Park<br>1715 |

Mr Mulalo Razwinani resigned as the company secretary of SANBS in April 2014.

### 4. AUDITORS

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

| Business Address   | Postal Address                        |
|--|---------------------------------------|
| Building 1<br>Deloitte Place<br>The Woodlands<br>Woodmead<br>Sandton<br>2191 | Private Bag X6<br>Gallo Manor<br>2052 |

### 5. BUSINESS RESULTS SUMMARY

The financial position of SANBS at the 31<sup>st</sup> of March 2014 is set out in the statement of financial position.

The company has restated the 2012 and 2013 annual financial statements to correct an error in the depreciation of buildings: 2013 R2 358 330 (2012: R17 663 429). The depreciation had previously been understated.

The statement of comprehensive income for the year reflects a surplus of R323,2 million (2013: R227,5 million and 2012: R342,1 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 31<sup>st</sup> of March 2014.

On the 19<sup>th</sup> of July 2014 the National Council of SANBS amended the Memorandum of Incorporation to state that there shall be seven donor directors, two appointed directors and three executive directors.



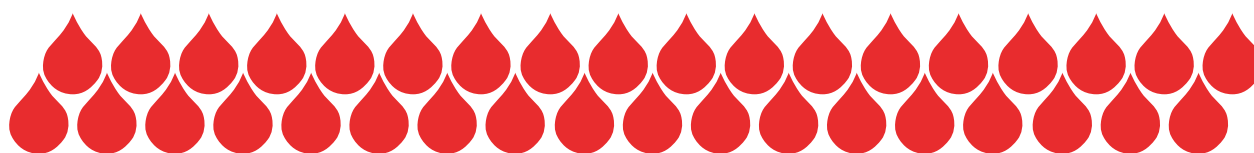
## 7. GOING CONCERN STATUS

Having reviewed SANBS' cash flow forecast for the year 2014 - 2015 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.

The company has restated the 2012 and 2013 financial statements to correct an error in the depreciation of buildings. The effect of the restatement resulted in an increased depreciation (Refer to note 8) and reduced surplus.

## 8. POLICY DIRECTIVES

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





|   | Notes    | 2014<br>R'000    | 2013<br>R'000<br>(Restated) | 2012<br>R'000<br>(Restated) |
|---|----------|------------------|-----------------------------|-----------------------------|
| <b>REVENUE</b>                            | <b>3</b> | <b>2 116 966</b> | <b>1 899 337</b>            | <b>1 779 443</b>            |
| Expenses                                  | 4        | (1 863 384)      | (1 725 547)                 | (1 487 179)                 |
| Other income                              |          | 24 131           | 18 158                      | 27 057                      |
| <b>Net interest received</b>              |          | <b>45 504</b>    | <b>35 530</b>               | <b>22 813</b>               |
| Interest received                         | 5        | 45 982           | 36 251                      | 24 622                      |
| Interest expense                          | 5        | (478)            | (721)                       | (1 809)                     |
| <b>SURPLUS FOR THE YEAR</b>               | <b>6</b> | <b>323 217</b>   | <b>227 478</b>              | <b>342 134</b>              |
| Other comprehensive surplus for the year  |          | 323 217          | 267 981                     | 343 657                     |
| Actuarial losses                          |          | -                | (40 503)                    | (1 523)                     |
| <b>COMPREHENSIVE SURPLUS FOR THE YEAR</b> |          | <b>323 217</b>   | <b>227 478</b>              | <b>342 134</b>              |

STATEMENT OF FINANCIAL POSITION  
For the year ended 31 March 2014

|   | Notes | 2014<br>R'000    | 2013<br>R'000<br>(Restated) | 2012<br>R'000<br>(Restated) |
|---|-------|------------------|-----------------------------|-----------------------------|
| <b>ASSETS</b>   |       |                  |                             |                             |
| <b>Non-current assets</b>   |       |                  |                             |                             |
| Property, plant and equipment   | 8     | 273 330          | 256 193                     | 220 140                     |
| <b>Current assets</b>   |       |                  |                             |                             |
| Inventories   | 9     | 79 507           | 70 204                      | 71 924                      |
| Trade and other receivables   | 10    | 557 063          | 429 994                     | 477 781                     |
| Cash and cash equivalents   | 16.3  | 1 011 410        | 756 544                     | 656 018                     |
| <b>Total current assets</b>   |       | <b>1 647 980</b> | <b>1 256 742</b>            | <b>1 205 723</b>            |
| Assets held-for-sale  | 11    | 5 883            | -                           | -                           |
| <b>Total assets</b>   |       | <b>1 927 193</b> | <b>1 512 935</b>            | <b>1 425 863</b>            |
| <b>RESERVES &amp; LIABILITIES</b>                                     |       |                  |                             |                             |
| Reserves  |       | 1 581 689        | 1 258 473                   | 1 030 995                   |
| <b>Non-current liabilities</b>  |       |                  |                             |                             |
| Interest-bearing liabilities  | 12    | -                | 1 946                       | 9 302                       |
| Provision for post-retirement medical aid obligations                 | 13    | 45 421           | 41 416                      | 13 430                      |
| <b>Total non-current liabilities</b>                                  |       | <b>45 421</b>    | <b>43 362</b>               | <b>22 732</b>               |
| <b>Current liabilities</b>  |       |                  |                             |                             |
| Interest-bearing liabilities  | 12    | 2 143            | 5 031                       | 5 187                       |
| Current portions of provision for Post-retirement medical obligations | 13    | -                | 2 005                       | 175 000                     |
| Trade and other payables  | 14    | 199 654          | 164 610                     | 155 329                     |
| Provisions  | 15    | 98 286           | 39 454                      | 36 620                      |
| <b>Total current liabilities</b>                                      |       | <b>300 083</b>   | <b>211 100</b>              | <b>372 136</b>              |
| <b>Total reserves and liabilities</b>                                 |       | <b>1 927 193</b> | <b>1 512 935</b>            | <b>1 425 863</b>            |

|                          | <b>Reserves<br/>R'000<br/>(Restated)</b> |
|--------------------------|--|
| Balance at 31 March 2011 | 688 861                                  |
| Surplus for the year     | 342 134                                  |
| Balance at 31 March 2012 | 1 030 995                                |
| Surplus for the year     | 227 478                                  |
| Balance at 31 March 2013 | 1 258 473                                |
| Surplus for the year     | 323 217                                  |
| Balance at 31 March 2014 | <u>1 581 690</u>                         |

STATEMENT OF CASH FLOWS  
For the year ended 31 March 2014

|   | <b>Notes</b> | <b>2014<br/>R'000</b>   | <b>2013<br/>R'000<br/>(Restated)</b> | <b>2012<br/>R'000<br/>(Restated)</b> |
|---|--------------|-------------------------|--------------------------------------|--------------------------------------|
| <b>Cash flow from operating activities</b>              |              |                         |                                      |                                      |
| Cash generated from operations                          | <b>16.1</b>  | 319 842                 | 239 793                              | 370 247                              |
| Changes in working capital                              | <b>16.2</b>  | (40 496)                | (77 544)                             | (28 442)                             |
| Cash generated from operating activities                |              | 279 345                 | 162 249                              | 341 805                              |
| Interest received                                       | <b>5</b>     | 45 982                  | 36 251                               | 24 622                               |
| Interest expense  | <b>5</b>     | (478)                   | (721)                                | (1 809)                              |
| <b>Net cash generated from operating activities</b>     |              | <u><b>324 849</b></u>   | <u><b>197 779</b></u>                | <u><b>346 618</b></u>                |
| <b>Cash flows from investing activities</b>             |              |                         |                                      |                                      |
| Acquisition of property, plant and equipment            | <b>8</b>     | (68 455)                | (86 263)                             | (56 233)                             |
| Proceeds from sale of plant and equipment               |              | 3 306                   | 2 365                                | 3 613                                |
| <b>Net cash utilised in investing activities</b>        |              | <u><b>(65 149)</b></u>  | <u><b>(83 898)</b></u>               | <u><b>(52 620)</b></u>               |
| <b>Cash flows from financing activities</b>             |              |                         |                                      |                                      |
| Decrease in interest-bearing liabilities                |              | (4 834)                 | (7 512)                              | (9 158)                              |
| Decrease in grants received-in-advance                  |              | -                       | (5 843)                              | (4 078)                              |
| <b>Net cash utilised in financing activities</b>        |              | <u><b>( 4 834)</b></u>  | <u><b>( 13 355)</b></u>              | <u><b>(13 236)</b></u>               |
| <b>Increase in cash for the year</b>                    |              | <u><b>254 866</b></u>   | <u><b>100 526</b></u>                | <u><b>298 762</b></u>                |
| Cash and cash equivalents at beginning of the year      |              | 756 544                 | 656 018                              | 357 256                              |
| <b>Cash and cash equivalents at the end of the year</b> | <b>16.3</b>  | <u><b>1 011 410</b></u> | <u><b>756 544</b></u>                | <u><b>656 018</b></u>                |

## 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 2013.

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

|       |   |
|-------|---|
| IFRS9 | Financial Instruments – Classification and Measurement (Effective for annual periods beginning on or after 1 January 2015). |
| IAS32 | Financial Instruments: presentation (Effective for annual periods beginning on or after 1 January 2014).                    |
| IFRS7 | Financial Instruments: disclosure (Effective for annual periods beginning on or after 1 January 2014).                      |
| IAS19 | Employee Benefits (Effective for annual periods beginning on or after 1 July 2014).   |

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

#### 1.2 Basis of preparation

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

These financial statements are presented in South African 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.

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 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.

### 1.6.1 Effective-interest method

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

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

### 1.6.2. Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it 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. Available-for-sale financial assets

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

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

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

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

### 1.6.5. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and 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.

### 1.6.6. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each report 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 in financial difficulty of the issue of counterparty; or
- Breach of contract, such as a default or delinquency in interest of 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 uncollectable 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 an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of impairment is reversed, does not exceed what the amortised

cost would have been had the impairment not been so recognised.

In respect of AFT equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of 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.

#### 1.6.7. 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. Equity instrument for trading

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

### 1.7.3. Financial liabilities

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

#### 1.7.3.1. Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

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

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair-value basis in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS39 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 18.

### 1.7.3.2. 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 consolidated 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.
- 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 the 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 basis 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 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:

#### Plant, equipment and vehicles residual values and useful lives

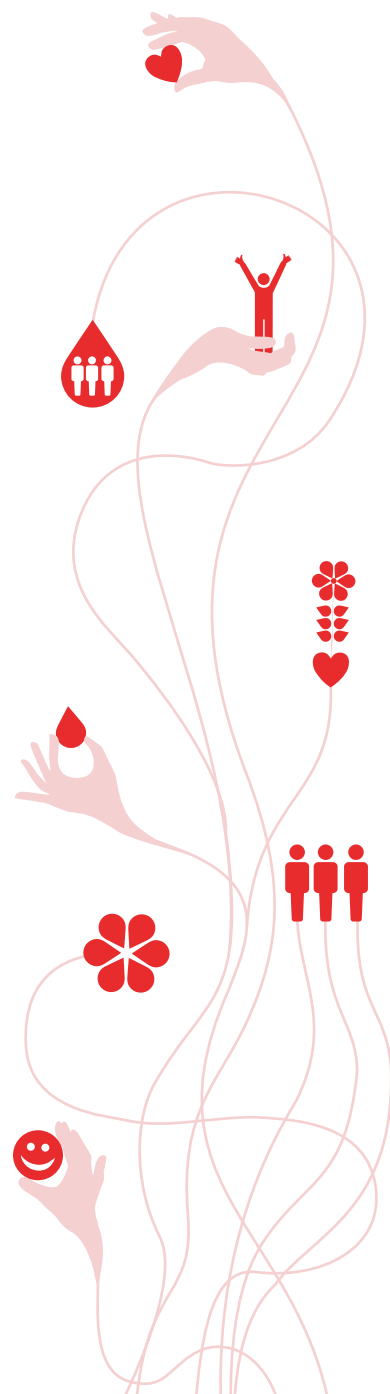
These assets are written down to their estimated residual values over their anticipated useful lives using the straight-line basis. Management reviews the residual values annually considering market conditions and projected disposal values. In assessing useful lives, maintenance programmes and technological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

### Inventories

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 inventories.



|   | <b>2014</b><br><b>R'000</b> | <b>2013</b><br><b>R'000</b> | <b>2012</b><br><b>R'000</b> |
|---|-----------------------------|-----------------------------|-----------------------------|
| <b>3 REVENUE</b>  |                             |                             |                             |
| Revenue consists of the invoiced value of goods and services to customers excluding value added taxes.                          |                             |                             |                             |
| Service fees  | 2 115 468                   | 1 897 795                   | 1 778 864                   |
| Product sales   | 1 498                       | 1 542                       | 979                         |
| Total revenue   | <u>2 116 966</u>            | <u>1 899 337</u>            | <u>1 779 843</u>            |
| <b>4 EXPENSES</b>   |                             |                             |                             |
| Advertising and promotions  | (33 522)                    | (29 796)                    | (34 015)                    |
| Communication costs   | (31 200)                    | (26 893)                    | (21 910)                    |
| Consulting fees   | (25 419)                    | (23 673)                    | (12 252)                    |
| Consumables   | (458 760)                   | (385 218)                   | (402 168)                   |
| Depreciation  | (42 944)                    | (45 231)                    | (48 823)                    |
| Employee benefits   | (829 469)                   | (773 922)                   | (645 514)                   |
| Freight   | (103 677)                   | (98 590)                    | (81 017)                    |
| Hired premises  | (26 562)                    | (22 490)                    | (21 910)                    |
| Motor vehicle costs   | (12 828)                    | (14 484)                    | (14 347)                    |
| Product testing   | (49 268)                    | (47 035)                    | (40 179)                    |
| Services  | (65 248)                    | (62 408)                    | (52 897)                    |
| Travel and accommodation  | (31 223)                    | (30 124)                    | (19 696)                    |
| Other expenses (includes bad debts write off, computer costs, foreign exchange variance; insurance and repairs and maintenance) | (153 265)                   | (165 683)                   | (92 424)                    |
|   | <u>(1 863 384)</u>          | <u>(1 725 547)</u>          | <u>(1 487 152)</u>          |
| <b>5 NET INTEREST RECEIVED</b>  |                             |                             |                             |
| Interest received   |                             |                             |                             |
| Bank  | 45 982                      | 36 251                      | 24 622                      |
| Interest expense  | (347)                       | (663)                       | (1 737)                     |
| Interest on finance lease obligation  | (131)                       | (58)                        | (72)                        |
| Other   | <u>(478)</u>                | <u>(721)</u>                | <u>(1 809)</u>              |



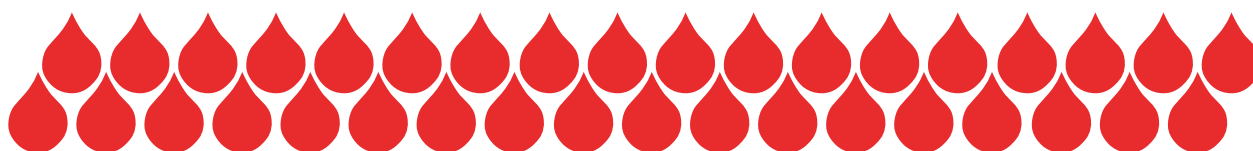
|   | 2014<br>R'000 | 2013<br>R'000 | 2012<br>R'000 |
|---|---------------|---------------|---------------|
| <b>6 SURPLUS FOR THE YEAR</b>   |               |               |               |
| The surplus for the year is stated after taking into account the following items: |               |               |               |
| Auditor's remuneration  | 2 512         | 3 274         | 3 070         |
| Audit fees  | 2 450         | 3 200         | 3 000         |
| Fees for other services   | 62            | 74            | 70            |
| Depreciation (restated)   | 42 944        | 45 231        | 48 823        |
| Buildings   | 5 198         | 4 282         | 18 467        |
| Plant and equipment   | 13 865        | 18 875        | 15 118        |
| Motor vehicles  | 8 181         | 9 211         | 7 929         |
| Computer equipment  | 12 502        | 9 559         | 5 215         |
| Furniture and fittings  | 3 198         | 3 304         | 2 094         |
| Directors' emoluments (refer to note 22)  | 16 550        | 24 619        | 13 576        |
| Executive directors   | 12 785        | 21 351        | 10 530        |
| Non-executive directors   | 3 765         | 3 268         | 3 046         |
| Impairment of assets  | -             | 2 476         | 2 568         |
| Net gain on foreign currency transactions   | ( 3 497)      | (1 003)       | (6 153)       |
| Actuarial losses  | -             | 40 503        | 1 523         |
| Employee benefits   | 829 469       | 743 098       | 638 648       |
| Salaries and wages  | 503 959       | 466 378       | 414 444       |
| Pension   | 76 113        | 71 171        | 63 268        |
| Bonus   | 114 248       | 61 501        | 51 248        |
| Leave   | 23 341        | 17 910        | 16 947        |
| Medical aid   | 53 147        | 70 234        | 55 388        |
| Other   | 58 661        | 55 904        | 37 353        |
| Net (profit)loss on disposal of property, plant and equipment                     | ( 815)        | 138           | 138           |
| Operating lease expenses  | 35 770        | 30 514        | 22 574        |
| Land and buildings  | 26 562        | 22 490        | 20 067        |
| Plant and equipment   | 9 208         | 8 024         | 2 507         |
| PEPFAR grant income   | ( 347)        | (92)          | (15 637)      |
| PEPFAR grant expenses   | -             | 939           | 15 637        |

## 7 TAXATION

No provision for taxation is made as the company is specifically exempt from taxation in terms of Section 10(1)(cN) of the South African Income Tax Act.



|   | Beginning of year<br>R'000         | Additions<br>R'000                        | Disposals<br>R'000                  | Transfers<br>R'000         | Assets held-for-sale<br>R'000 | End of year<br>R'000         |
|---|------------------------------------|---|-------------------------------------|----------------------------|-------------------------------|------------------------------|
| <b>8 PROPERTY, PLANT AND EQUIPMENT 2014</b> |                                    |   |                                     |                            |                               |                              |
| <b>Cost</b>                                 |                                    |   |                                     |                            |                               |                              |
| Land and buildings                          | 166 771                            | 22 021                                    | -                                   | (20)                       | (7 364)                       | 181 408                      |
| Plant and equipment                         | 162 944                            | 28 296                                    | (2 344)                             | (44)                       | -                             | 188 852                      |
| Motor vehicles                              | 74 263                             | 9 513                                     | (9 856)                             | -                          | -                             | 73 920                       |
| Computer equipment                          | 75 318                             | 3 983                                     | (391)                               | (342)                      | -                             | 78 568                       |
| Furniture and fittings                      | 11 000                             | 4 642                                     | (30)                                | 406                        | -                             | 16 018                       |
|   | <b>490 296</b>                     | <b>68 455</b>                             | <b>(12 621)</b>                     | <b>-</b>                   | <b>(7 364)</b>                | <b>538 766</b>               |
| <b>Accumulated depreciation</b>             | <b>Beginning of year<br/>R'000</b> | <b>Charge for the year<br/>R'000</b>      | <b>Disposals<br/>R'000</b>          | <b>Transfers<br/>R'000</b> | <b>Impairment<br/>R'000</b>   | <b>End of year<br/>R'000</b> |
| Land and buildings                          | 31 845                             | 5 198                                     | -                                   | (63)                       | (1 481)                       | 35 499                       |
| Plant and equipment                         | 119 493                            | 13 865                                    | (2 342)                             | 38                         | -                             | 131 054                      |
| Motor vehicles                              | 34 049                             | 8 181                                     | (7 451)                             | 328                        | -                             | 35 107                       |
| Computer equipment                          | 39 715                             | 12 502                                    | (307)                               | -                          | -                             | 51 910                       |
| Furniture and fittings                      | 9 001                              | 3 198                                     | (30)                                | (303)                      | -                             | 11 866                       |
|   | <b>234 103</b>                     | <b>42 944</b>                             | <b>(10 130)</b>                     | <b>-</b>                   | <b>(1 481)</b>                | <b>265 436</b>               |
| <b>Net carrying value</b>                   | <b>Cost<br/>R'000</b>              | <b>Accumulated depreciation<br/>R'000</b> | <b>Net carrying value<br/>R'000</b> |                            |                               |                              |
| Land and buildings                          | 181 408                            | (35 499)                                  | 145 909                             |                            |                               |                              |
| Plant and equipment                         | 188 852                            | (131 054)                                 | 57 798                              |                            |                               |                              |
| Motor vehicles                              | 73 920                             | (35 107)                                  | 38 813                              |                            |                               |                              |
| Computer equipment                          | 78 568                             | (51 910)                                  | 26 658                              |                            |                               |                              |
| Furniture and fittings                      | 16 018                             | (11 866)                                  | 4 152                               |                            |                               |                              |
|   | <b>538 766</b>                     | <b>(265 436)</b>                          | <b>273 330</b>                      |                            |                               |                              |



|  | Beginning of year<br>R'000 | Additions<br>R'000              | Disposals<br>R'000        | Transfers<br>R'000 | Impairment<br>R'000 | End of year<br>R'000 |
|--|----------------------------|---------------------------------|---------------------------|--------------------|---------------------|----------------------|
| <b>8 PROPERTY, PLANT AND EQUIPMENT 2013 (Restated)</b> |                            |                                 |                           |                    |                     |                      |
| <b>Cost</b>  |                            |                                 |                           |                    |                     |                      |
| Land and buildings                                     | 159 747                    | 7 262                           | (97)                      | 2 335              | (2 476)             | 166 771              |
| Plant and equipment                                    | 140 355                    | 30 728                          | (8 132)                   | (7)                | -                   | 162 944              |
| Motor vehicles   | 67 972                     | 17 097                          | (8 471)                   | (2 335)            | -                   | 74 263               |
| Computer equipment                                     | 49 887                     | 27 539                          | (2 115)                   | 7                  | -                   | 75 318               |
| Furniture and fittings                                 | 7 436                      | 3 637                           | (73)                      | -                  | -                   | 11 000               |
|  | <b>425 397</b>             | <b>86 263</b>                   | <b>(18 888)</b>           | <b>-</b>           | <b>(2 476)</b>      | <b>490 296</b>       |
| <b>Accumulated Depreciation</b>                        | <b>Impairment</b>          | <b>Charge for the year</b>      | <b>Disposals</b>          | <b>Transfers</b>   | <b>Impairment</b>   | <b>End of year</b>   |
|  | <b>R'000</b>               | <b>R'000</b>                    | <b>R'000</b>              | <b>R'000</b>       | <b>R'000</b>        | <b>R'000</b>         |
| Land and buildings                                     | 27 724                     | *4 282                          | (95)                      | (66)               | -                   | 31 845               |
| Plant and equipment                                    | 108 731                    | 18 875                          | (8 120)                   | 7                  | -                   | 119 493              |
| Motor vehicles   | 30 839                     | 9 211                           | (6 067)                   | 66                 | -                   | 34 049               |
| Computer equipment                                     | 32 193                     | 9 559                           | (2 030)                   | (7)                | -                   | 39 715               |
| Furniture and fittings                                 | 5 770                      | 3 304                           | (73)                      | -                  | -                   | 9 001                |
|  | <b>205 257</b>             | <b>45 231</b>                   | <b>(16 385)</b>           | <b>-</b>           | <b>-</b>            | <b>234 103</b>       |
| <b>Net carrying value</b>                              | <b>Cost</b>                | <b>Accumulated depreciation</b> | <b>Net carrying value</b> |                    |                     |                      |
|  | <b>R'000</b>               | <b>R'000</b>                    | <b>R'000</b>              |                    |                     |                      |
| Land and buildings                                     | 166 771                    | (31 845)                        | 134 926                   |                    |                     |                      |
| Plant and equipment                                    | 162 944                    | (119 493)                       | 43 451                    |                    |                     |                      |
| Motor vehicles   | 74 263                     | (34 049)                        | 40 214                    |                    |                     |                      |
| Computer equipment                                     | 75 318                     | (39 715)                        | 35 603                    |                    |                     |                      |
| Furniture and fittings                                 | 11 000                     | (9 001)                         | 1 999                     |                    |                     |                      |
|  | <b>490 296</b>             | <b>(234 103)</b>                | <b>256 193</b>            |                    |                     |                      |

\* The company has restated the 2012 and 2013 annual financial statements to correct an error in the depreciation of buildings: 2013 R2 358 330 (2012 : R17 663 429). The depreciation had previously been understated.





|  | Beginning of year<br>R'000         | Additions<br>R'000                        | Disposals<br>R'000                  | Transfers<br>R'000         | Assets held-for-sale<br>R'000         | End of year<br>R'000         |
|--|------------------------------------|---|-------------------------------------|----------------------------|---------------------------------------|------------------------------|
| <b>8 PROPERTY, PLANT AND EQUIPMENT 2012 (Restated)</b> |                                    |   |                                     |                            |                                       |                              |
| <b>Cost</b>  |                                    |   |                                     |                            |                                       |                              |
| Land and buildings                                     | 151 865                            | 8 997                                     | -                                   | 1 453                      | (2 568)                               | 159 747                      |
| Plant and equipment                                    | 130 597                            | 13 678                                    | (3 920)                             | -                          | -                                     | 140 355                      |
| Motor vehicles   | 59 577                             | 16 592                                    | (6 744)                             | (1 453)                    | -                                     | 67 972                       |
| Computer equipment                                     | 39 423                             | 14 812                                    | (4 348)                             | -                          | -                                     | 49 887                       |
| Furniture and fittings                                 | 5 282                              | 2 154                                     | -                                   | -                          | -                                     | 7 436                        |
|  | <b>386 744</b>                     | <b>56 233</b>                             | <b>(15 012)</b>                     | <b>-</b>                   | <b>(2 568)</b>                        | <b>425 397</b>               |
| <b>Accumulated Depreciation</b>                        | <b>Beginning of year<br/>R'000</b> | <b>Charge for the year<br/>R'000</b>      | <b>Disposals<br/>R'000</b>          | <b>Transfers<br/>R'000</b> | <b>Assets held-for-sale<br/>R'000</b> | <b>End of year<br/>R'000</b> |
| Land and buildings                                     | 9 257                              | *18 467                                   | -                                   | -                          | -                                     | 27 724                       |
| Plant and equipment                                    | 97 532                             | 15 118                                    | (3 919)                             | -                          | -                                     | 108 731                      |
| Motor vehicles   | 26 537                             | 7 929                                     | (3 627)                             | -                          | -                                     | 30 839                       |
| Computer equipment                                     | 31 296                             | 5 215                                     | (4 318)                             | -                          | -                                     | 32 193                       |
| Furniture and fittings                                 | 3 676                              | 2 094                                     | -                                   | -                          | -                                     | 5 770                        |
|  | <b>168 298</b>                     | <b>48 823</b>                             | <b>11 864</b>                       | <b>-</b>                   | <b>-</b>                              | <b>205 257</b>               |
| <b>Net carrying value</b>                              | <b>Cost<br/>R'000</b>              | <b>Accumulated depreciation<br/>R'000</b> | <b>Net carrying value<br/>R'000</b> |                            |                                       |                              |
| Land and buildings                                     | 159 747                            | (27 724)                                  | 132 023                             |                            |                                       |                              |
| Plant and equipment                                    | 140 355                            | (108 731)                                 | 31 624                              |                            |                                       |                              |
| Motor vehicles   | 67 972                             | (30 839)                                  | 37 133                              |                            |                                       |                              |
| Computer equipment                                     | 49 887                             | (32 183)                                  | 17 694                              |                            |                                       |                              |
| Furniture and fittings                                 | 7 436                              | (5 770)                                   | 1 666                               |                            |                                       |                              |
|  | <b>425 397</b>                     | <b>205 247</b>                            | <b>220 140</b>                      |                            |                                       |                              |

\* A register containing details of properties is available for inspection at the registered office of the company. Included in land and buildings is a cost of the East Rand branch building which has been erected on provincial property. A servitude in favour of The South African National Blood Service has been registered. Motor vehicles with a carrying value of R9 084 128 (2013: R12 486 575 2012: R22 175 230) are subject to finance lease as disclosed in Note 8. None of the property, plant and equipment has been pledged as security.



|  | 2014<br>R'000                          | 2013<br>R'000                          | 2012<br>R'000                          |
|--|--|--|--|
| <b>9 INVENTORIES</b>   |  |  |  |
| Consumable stores  | 80 694                                 | 72 380                                 | 74 099                                 |
| Provision for obsolescence   | (1 187)                                | (2 176)                                | (2 175)                                |
|  | <u>79 507</u>                          | <u>70 204</u>                          | <u>71 924</u>                          |
| <b>10 TRADE AND OTHER RECEIVABLES</b>                                    |  |  |  |
| Trade receivables  | 546 290                                | 427 036                                | 470 787                                |
| Sundry receivables   | 10 773                                 | 2 958                                  | 6 994                                  |
|  | <u>557 063</u>                         | <u>429 994</u>                         | <u>477 781</u>                         |
| Trade receivables:<br>Gross receivables:<br>Provision for doubtful debts | 717 115<br>(170 825)<br><u>546 290</u> | 593 787<br>(166 751)<br><u>427 036</u> | 624 950<br>(154 163)<br><u>470 787</u> |
| Not past due   | <u>341 347</u>                         | <u>283 464</u>                         | <u>275 725</u>                         |
| Age of receivables that are past due, but not impaired:                  |  |  |  |
| 30 days  | 70 439                                 | 62 805                                 | 65 486                                 |
| 60 days  | 48 091                                 | 23 791                                 | 45 323                                 |
|  | <u>118 530</u>                         | <u>86 596</u>                          | <u>110 809</u>                         |
| Age of impaired receivables:   |  |  |  |
| 90 days  | 36 053                                 | 22 015                                 | 49 690                                 |
| 120 days   | 25 965                                 | 16 236                                 | 44 190                                 |
| 150+ days  | 195 220                                | 185 476                                | 144 536                                |
|  | <u>257 238</u>                         | <u>223 727</u>                         | <u>238 416</u>                         |

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 accounts 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.



|  | 2014<br>R'000  | 2013<br>R'000  | 2012<br>R'000  |
|--|----------------|----------------|----------------|
| <b>10. TRADE AND OTHER RECEIVABLES (continued)</b> |                |                |                |
| <b>Movement in provision for doubtful debts</b>    |                |                |                |
| Balance at beginning of the year                   | 166 715        | 154 163        | 63 388         |
| Charged to the Statement of Comprehensive Income   | 4 110          | 12 552         | 90 775         |
| Balance at end of the year                         | <u>170 825</u> | <u>166 715</u> | <u>154 163</u> |

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 the counter party.

**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:

|                             | 2014<br>R'000  | 2013<br>R'000  | 2012<br>R'000  |
|-----------------------------|----------------|----------------|----------------|
| <b>Private sector</b>       | 350 388        | 309 045        | 296 935        |
| Medical aids                | 217 940        | 187 851        | 164 900        |
| Private patients            | 90 744         | 78 726         | 81 485         |
| Private institutions        | 39 354         | 41 826         | 47 520         |
| Other                       | 2 350          | 642            | 3 030          |
| <b>Government sector</b>    | 366 727        | 284 742        | 328 015        |
| Government hospitals        | 343 188        | 263 484        | 306 954        |
| Workmen's Compensation Fund | 10 474         | 14 492         | 14 679         |
| Road Accident Fund          | 7 324          | 6 697          | 6 151          |
| Other                       | 5 741          | 69             | 231            |
|                             | <u>717 115</u> | <u>593 787</u> | <u>624 950</u> |

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



|                                | 2014<br>R'000 | 2013<br>R'000 | 2012<br>R'000 |
|--------------------------------|---------------|---------------|---------------|
| <b>11 ASSETS HELD-FOR-SALE</b> |               |               |               |
| Cost                           | 7 364         | -             | -             |
| Accumulated depreciation       | (1 481)       | -             | -             |
|                                | <u>5 883</u>  | <u>-</u>      | <u>-</u>      |

In December 2012 the Board approved the sale of the property situated on No. 1 Cedar Road, Auckland Park. An offer of R12 025 000 (Twelve million and twenty five thousand rand) was accepted in March 2014. Included in the current year depreciation is an amount of R123 496 relating to this building.

|  | 2014<br>R'000 | 2013<br>R'000 | 2012<br>R'000 |
|--|---------------|---------------|---------------|
| <b>12 INTEREST-BEARING LIABILITIES</b> |               |               |               |
| Finance lease liabilities              | 2 143         | 6 977         | 14 489        |
| Less : portion payable within one year | (2 143)       | (5 031)       | (5 187)       |
| Long-term portion                      | <u>-</u>      | <u>1 946</u>  | <u>9 302</u>  |

The obligations are secured over motor vehicles with a carrying value of R9 084 000 (2013: R12 486 575 2012: R22 175 230). The obligations bear interest at between 7,5% and 8,25% (2013 : 7,5% and 8,25%) and are repayable in monthly instalments of R248 109 (2013 : R549 061)

Reconciliation of future payments

|                      | Within one<br>year<br>R'000 | Two to five<br>years<br>R'000 | Total<br>R'000 |
|----------------------|-----------------------------|-------------------------------|----------------|
| <b>2014</b>          |                             |                               |                |
| Minimum repayments   | 2 261                       | -                             | 2 261          |
| Less : finance costs | (118)                       | -                             | (118)          |
| Present value        | <u>2 143</u>                | <u>-</u>                      | <u>2 143</u>   |
| <b>2013</b>          |                             |                               |                |
| Minimum repayments   | 5 388                       | 2 061                         | 7 449          |
| Less : finance costs | (357)                       | (115)                         | (472)          |
| Present value        | <u>5 031</u>                | <u>1 946</u>                  | <u>6 977</u>   |
| <b>2012</b>          |                             |                               |                |
| Minimum repayments   | 6 091                       | 9 619                         | 15 710         |
| Less : finance costs | (904)                       | (317)                         | (1 221)        |
| Present value        | <u>5 187</u>                | <u>9 302</u>                  | <u>14 489</u>  |



**2014**                      **2013**                      **2012**  
**R'000**                      **R'000**                      **R'000**

### 13 PROVISION FOR POST-RETIREMENT MEDICAL AID OBLIGATIONS

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 by Alexander Forbes Financial Services during the 2014 financial year-end indicates that the contractual post-retirement medical aid liability is adequately provided for within the financial statements.

|   |               |               |                |
|---|---------------|---------------|----------------|
| Provision for post-retirement long term medical aid obligations | 45 421        | 41 416        | 13 430         |
| Short term portion  | -             | 2 005         | 175 000        |
| Balance at the end of the year                                  | <u>45 421</u> | <u>43 421</u> | <u>188 430</u> |

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

|   |              |               |               |
|---|--------------|---------------|---------------|
| Current service costs                   | 526          | 7 007         | 6 503         |
| Interest on obligation                  | 3 556        | 16 759        | 15 187        |
| Actuarial losses recognised in the year | -            | 40 503        | 1 523         |
|   | <u>4 082</u> | <u>64 269</u> | <u>23 213</u> |

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

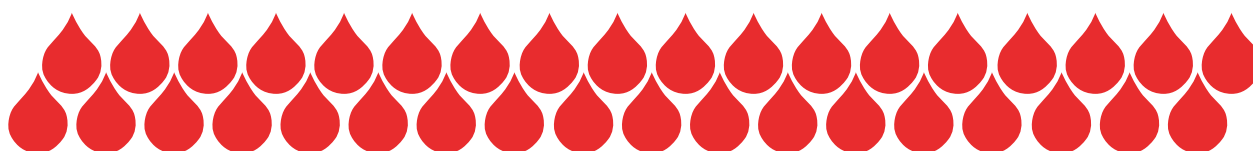
|                                      |               |               |                |
|--------------------------------------|---------------|---------------|----------------|
| Balance at the beginning of the year |               |               |                |
| Current service costs                | 43 421        | 188 430       | 170 753        |
| Interest costs                       | 526           | 7 007         | 6 503          |
| Expected employer benefit payments   | 3 556         | 16 759        | 15 187         |
| Settlement gain                      | (2 082)       | (4 430)       | -              |
| Actuarial loss                       | -             | (204 848)     | (5 536)        |
| Balance at the end of the year       | <u>45 421</u> | <u>43 421</u> | <u>188 430</u> |

The principal actuarial assumptions applied were:

|  |          |          |          |
|--|----------|----------|----------|
| Average retirement age                   | 65 years | 65 years | 65 years |
| Continuation of membership at retirement | 100,00%  | 100,00%  | 100,00%  |
| Healthcare cost inflation                | 8,30%    | 8,30%    | 7,75%    |
| Discount rate                            | 8,40%    | 8,40%    | 9,00%    |
| Salary inflation                         | 7,80%    | 7,80%    | 7,50%    |

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

At a Board meeting held on 30 March 2012, a decision was made to offer all members of staff and retirees, whose conditions of employment included this benefit, a lump sum payment in exchange for them agreeing to waive their rights to this promised benefit. Offer letters were sent out during the months following the 31 March 2012 year-end.



|   | 2014<br>R'000  | 2013<br>R'000  | 2012<br>R'000  |
|---|----------------|----------------|----------------|
| <b>14 TRADE AND OTHER PAYABLES</b>  |                |                |                |
| Trade payables  | 93 955         | 74 583         | 73 218         |
| Accruals  | 41 381         | 31 146         | 53 734         |
| Other payables  | 64 318         | 58 881         | 22 534         |
|   | <u>199 654</u> | <u>164 610</u> | <u>149 486</u> |
| <p>The average credit period from suppliers is 30 days.<br/>No interest is charged on the trade payables.</p> |                |                |                |
| <b>15 PROVISIONS</b>  |                |                |                |
| Leave pay   | 48 460         | 39 454         | 36 620         |
| Incentive bonus   | 49 826         | -              | -              |
|   | <u>98 286</u>  | <u>39 454</u>  | <u>36 620</u>  |
| <b>Leave pay</b>  | 39 454         | 36 620         | 31 968         |
| Opening balance   | 18 620         | 12 278         | 12 963         |
| Additional provisions recognised  | (9 614)        | (9 444)        | (8 311)        |
| Reduction due to payments   | 48 460         | 39 454         | 36 620         |
|   | <u>48 460</u>  | <u>39 454</u>  | <u>36 620</u>  |
| <b>Incentive Bonus</b>  | -              | -              | -              |
| Opening balance   | 49 826         | -              | -              |
| Provision recognised  | 49 826         | -              | -              |
|   | <u>49 826</u>  | <u>-</u>       | <u>-</u>       |

The incentive bonus provision was made for the first time in line with the Incentive Performance Bonus Policy. It is expected to be paid out within one year.





|  | 2014<br>R'000    | 2013<br>R'000   | 2012<br>R'000   |
|--|------------------|-----------------|-----------------|
| <b>16.1 Operating profit before working capital changes</b>                  |                  |                 |                 |
| Net surplus  | 323 217          | 227 478         | 342 134         |
| Adjustments:   |                  |                 |                 |
| Depreciation   | 42 943           | 45 232          | 48 823          |
| Net (profit) loss on disposal of property, plant and equipment               | (815)            | 137             | (465)           |
| Interest received  | (45 982)         | (36 251)        | (24 622)        |
| Interest paid  | 478              | 721             | 1 809           |
| Impairment of assets   | -                | 2 476           | 2 568           |
| Cash generated from operations   | <u>319 841</u>   | <u>239 793</u>  | <u>370 247</u>  |
| <b>16.2 Working capital changes</b>  |                  |                 |                 |
| (Increase)/decrease in inventories   | (9 303)          | 1 720           | (10 869)        |
| (Increase)/decrease in trade and other receivables                           | (127 069)        | 47 787          | 5 562           |
| Increase/(decrease) in trade and other payables                              | 35 044           | 15 124          | (45 464)        |
| Increase in provisions   | 58 832           | 2 834           | 4 652           |
| Increase/(decrease) in provision for post-retirement medical aid obligations | 2 000            | (145 009)       | 17 677          |
| Changes in working capital   | <u>(40 496)</u>  | <u>(77 544)</u> | <u>(28 442)</u> |
| <b>16.3 Cash and cash equivalents</b>  |                  |                 |                 |
| Cash and cash equivalents  | <u>1 011 410</u> | <u>756 544</u>  | <u>656 018</u>  |
| <b>17 OPERATING LEASE COMMITMENTS</b>  |                  |                 |                 |
| Land and buildings   | 43 751           | 36 149          | 42 448          |
| Not later than one year  | 23 249           | 18 719          | 14 281          |
| Later than one year, but not later than five years                           | 20 502           | 17 430          | 28 167          |
|  | <u>43 751</u>    | <u>36 149</u>   | <u>42 448</u>   |
| <b>18 PENSION AND PROVIDENT FUND INFORMATION</b>                             |                  |                 |                 |

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 2 247 (2013: 2 201 2012: 2 123) employees on this fund. The company's contribution to this fund expensed during the current financial year amounted to R76 112 689 (2013 : R71 170 884 2012: R63 268 471)



## 19 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 are as follows:

| Exchange rates: | 2014<br>R'000 | 2013<br>R'000 | 2012<br>R'000 |
|-----------------|---------------|---------------|---------------|
| USD             | 10.6066       | 9.2363        | 7.8836        |
| Euro            | 14.5879       | 11.8433       | 10.5753       |
| Liabilities in: | R'000         | R'000         | R'000         |
| USD             | 15 593        | 22 307        | 25 473        |
| Euro            | 455           | -             | 25            |

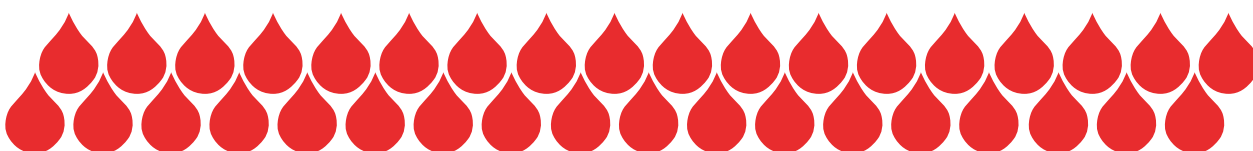
### Foreign currency sensitivity

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.

|  | 2014<br>R'000 | 2013<br>R'000 | 2012<br>R'000 |
|--|---------------|---------------|---------------|
| 10% foreign currency sensitivity – USD | 1 560         | 2 231         | 2 547         |

### 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 2014, the company does not consider there to be any material credit risk that has not been adequately provided for.



**19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (continued)**

**Fair value**

The directors are of the opinion that the carrying value of financial instruments approximates its 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.

**2014**

**Financial assets**

|                             | Level 2<br>R'000 | Level 3<br>R'000 |
|-----------------------------|------------------|------------------|
| Trade and other receivables | -                | 557 063          |
| Cash and cash equivalents   | -                | 1 011 410        |
| <b>Total</b>                | <b>-</b>         | <b>1 568 473</b> |

**Financial liabilities**

|   |               |                |
|---|---------------|----------------|
| Interest-bearing liabilities                      | -             | 2 143          |
| Provision for post-retirement medical obligations | 45 421        | -              |
| Trade and other payables                          | -             | 199 654        |
| <b>Total</b>                                      | <b>45 421</b> | <b>201 797</b> |

**Classification of financial instruments**

|   | Loans and<br>receivables<br>R'000 | Amortised<br>cost<br>R'000 | Total<br>R'000   |
|---|-----------------------------------|----------------------------|------------------|
| <b>Assets</b>                                     |                                   |                            |                  |
| Trade and other receivables                       | 557 063                           | -                          | 557 063          |
| Cash and cash equivalents                         | 1 011 410                         | -                          | 1 011 410        |
| <b>Total</b>                                      | <b>1 568 473</b>                  | <b>-</b>                   | <b>1 568 473</b> |
| <b>Liabilities</b>                                |                                   |                            |                  |
| Interest-bearing liabilities                      | -                                 | 2 143                      | 2 143            |
| Provision for post-retirement medical obligations | -                                 | 45 421                     | 45 421           |
| Trade and other payables                          | 199 654                           | -                          | 199 654          |
| <b>Total</b>                                      | <b>199 654</b>                    | <b>47 564</b>              | <b>247 218</b>   |



**19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (continued)**

**Fair value (continued)**

**2013**

**Financial assets**

|                             | <b>Level 2<br/>R'000</b> | <b>Level 3<br/>R'000</b> |
|-----------------------------|--------------------------|--------------------------|
| Trade and other receivables | -                        | 429 994                  |
| Cash and cash equivalents   | -                        | 756 544                  |
| <b>Total</b>                | <b>-</b>                 | <b>1 186 538</b>         |

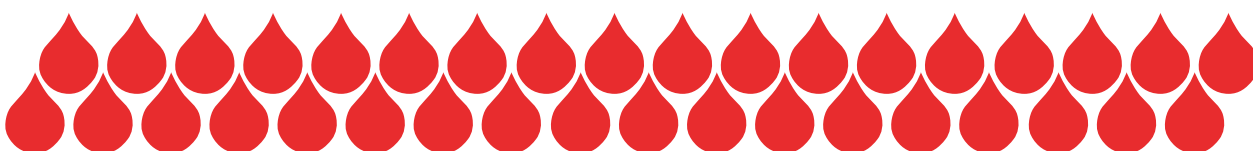
**Financial liabilities**

|   |               |                |
|---|---------------|----------------|
| Interest-bearing liabilities                      | -             | 6 977          |
| Provision for post-retirement medical obligations | 43 421        | -              |
| Trade and other payables                          | -             | 164 610        |
| <b>Total</b>                                      | <b>43 421</b> | <b>171 587</b> |

**Classification of financial instruments**

|   | <b>Loans and<br/>receivables<br/>R'000</b> | <b>Amortised<br/>cost<br/>R'000</b> | <b>Total<br/>R'000</b> |
|---|--|-------------------------------------|------------------------|
| <b>Assets</b>                                     |  |                                     |                        |
| Trade and other receivables                       | 429 994                                    | -                                   | 429 994                |
| Cash and cash equivalents                         | 756 544                                    | -                                   | 756 544                |
| <b>Total</b>                                      | <b>1 186 538</b>                           | <b>-</b>                            | <b>1 186 538</b>       |
| <b>Liabilities</b>                                |  |                                     |                        |
| Interest-bearing liabilities                      | -  | 6 977                               | 6 977                  |
| Provision for post-retirement medical obligations | -  | 43 421                              | 43 421                 |
| Trade and other payables                          | -  | 164 610                             | 164 610                |
| <b>Total</b>                                      | <b>-</b>                                   | <b>215 008</b>                      | <b>215 008</b>         |

**2012 PTO**



## 19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (continued)

### Fair value (continued)

2012

#### Financial assets

|                             | Level 2<br>R'000 | Level 3<br>R'000 |
|-----------------------------|------------------|------------------|
| Trade and other receivables | -                | 477 781          |
| Cash and cash equivalents   | -                | 656 018          |
| Total                       | -                | 1 133 799        |

#### Financial liabilities

|   |         |         |
|---|---------|---------|
| Interest-bearing liabilities                      | -       | 14 489  |
| Provision for post-retirement medical obligations | 188 430 |         |
| Trade and other payables                          | -       | 149 486 |
| Total   | -       | 5 843   |
|   | 188 430 | 169 818 |

#### Classification of financial instruments

|   | Loans and<br>receivables<br>R'000 | Amortised<br>cost<br>R'000 | Total<br>R'000        |
|---|-----------------------------------|----------------------------|-----------------------|
| <b>Assets</b>                                     |                                   |                            |                       |
| Trade and other receivables                       | 477 781                           | -                          | 477 781               |
| Cash and cash equivalents                         | 656 018                           | -                          | 656 018               |
| Total   | 1 133 799                         | -                          | 1 133 799             |
| <b>Liabilities</b>                                |                                   |                            |                       |
| Interest-bearing liabilities                      |                                   | 14 489                     | 14 489                |
| Provision for post-retirement medical obligations | -                                 | 188 430                    | 188 430               |
| Trade and other payables                          | -                                 | 149 486                    | 149 486               |
| Grants received-in-advance                        | -                                 | 5 843                      | 5 843                 |
| Total   |                                   | 358 248                    | 358 248               |
|   | <b>2014<br/>R'000</b>             | <b>2013<br/>R'000</b>      | <b>2012<br/>R'000</b> |

## 20 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved by directors – not contracted for

|                                      |         |         |         |
|--------------------------------------|---------|---------|---------|
| Plant and equipment                  | 60 508  | 73 985  | 57 209  |
| Motor vehicles                       | 10 439  | 12 234  | 16 877  |
| Furniture and fittings               | 2 925   | 5 780   | 7 843   |
| Computer hardware and software       | 36 843  | 16 767  | 14 730  |
| Buildings and leasehold improvements | 39 634  | 44 344  | 39 642  |
|                                      | 150 349 | 153 110 | 136 301 |

## 21 GUARANTEES

Financial Institutions have issued guarantees on behalf of the company to the value of R4 309 184 (2013: R3 018 494 2012: R2 625 712).



**22 DIRECTORS' EMOLUMENTS**

**2014**

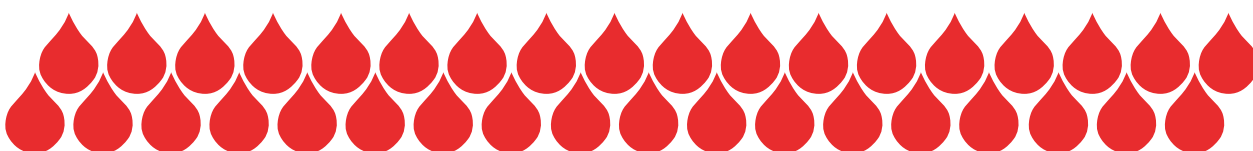
**Executive directors/prescribed officers**

|                                      | <b>Basic Salary<br/>R'000</b> | <b>Bonus<br/>R'000</b> | <b>Other<br/>Benefits<br/>R'000</b> | <b>Total<br/>R'000</b> |
|--------------------------------------|-------------------------------|------------------------|-------------------------------------|------------------------|
| L Mpuntsha                           | 2 566                         | 262                    | 66                                  | 2 894                  |
| C Ingram                             | 1 547                         | 157                    | 22                                  | 1 726                  |
| R Reddy                              | 1 752                         | 191                    | 182                                 | 2 125                  |
| L Mothokoa                           | 1 178                         | 133                    | 153                                 | 1 464                  |
| L Mpofane (resigned 31 October 2013) | 562                           | -                      | 120                                 | 682                    |
| T Mokoena                            | 1 103                         | 100                    | 63                                  | 1 266                  |
| S Mabuza                             | 1 078                         | 113                    | 51                                  | 1 242                  |
| N Mankungu                           | 1 338                         | -                      | 48                                  | 1 386                  |
|                                      | <b>11 124</b>                 | <b>956</b>             | <b>705</b>                          | <b>12 785</b>          |

**Non-executive directors**

|              | <b>Fees<br/>R'000</b> | <b>Other<br/>expenses<br/>R'000</b> | <b>Total<br/>R'000</b> |
|--------------|-----------------------|-------------------------------------|------------------------|
| A Christians | 584                   | 43                                  | 627                    |
| D Dondur     | 373                   | 11                                  | 384                    |
| C Mey        | 218                   | 4                                   | 222                    |
| C Sanangura  | 342                   | 11                                  | 353                    |
| G Simelane   | 367                   | 4                                   | 371                    |
| M Nolan      | 192                   | 3                                   | 195                    |
| P Knox       | 196                   | 2                                   | 198                    |
| P Venter     | 251                   | 32                                  | 283                    |
| R Theunissen | 391                   | 10                                  | 401                    |
| R Brand      | 291                   | 9                                   | 300                    |
| W Gumede     | 346                   | 3                                   | 349                    |
| V Moodley    | 78                    | 4                                   | 82                     |
|              | <b>3 629</b>          | <b>136</b>                          | <b>3 765</b>           |

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





**22 DIRECTORS' EMOLUMENTS (continued)**

| 2013   | Basic Salary<br>R'000 | Bonus<br>R'000 | Other<br>Benefits<br>R'000 | Total<br>R'000 |
|--|-----------------------|----------------|----------------------------|----------------|
| <b>Executive directors/prescribed officers</b> |                       |                |                            |                |
| L Mpuntsha                                     | 2 352                 | 240            | 68                         | 2 660          |
| C Ingram                                       | 1 428                 | 108            | 9                          | 1 545          |
| R Reddy*                                       | 1 531                 | 376            | 414                        | 2 321          |
| S Coffey*                                      | 1 639                 | 379            | 8 129                      | 10 147         |
| L Mothokoa                                     | 1 075                 | 121            | 147                        | 1 343          |
| L Mpofoane                                     | 873                   | 72             | 207                        | 1 152          |
| T Mokoena                                      | 859                   | -              | 69                         | 928            |
| S Mabuza                                       | 1 016                 | 103            | 20                         | 1 139          |
| N Mankungu                                     | 112                   | -              | 4                          | 116            |
|  | <b>10 885</b>         | <b>1 399</b>   | <b>9 067</b>               | <b>21 351</b>  |

\*The above amounts include R8 065 000 severance package paid to S Coffey and two hundred and thirty four thousand rand paid to R Reddy in respect of the post-retirement medical aid settlement.

| Non-executive directors | Fees<br>R'000 | Other<br>Expenses<br>R'000 | Total<br>R'000 |
|-------------------------|---------------|----------------------------|----------------|
| A Christians            | 494           | 29                         | 523            |
| D Dondur                | 365           | 8                          | 373            |
| C Mey                   | 246           | 3                          | 249            |
| C Sanangura             | 224           | 5                          | 229            |
| G Simelane              | 125           | 2                          | 127            |
| J Moate                 | 163           | 10                         | 173            |
| J Mahlangu              | 150           | 3                          | 153            |
| M Tshifularo            | 114           | 3                          | 117            |
| M Nolan                 | 315           | 4                          | 319            |
| P Venter                | 215           | 16                         | 231            |
| R Brand                 | 401           | 11                         | 412            |
| W Gumede                | 219           | 2                          | 221            |
| P Knox                  | 79            | -                          | 79             |
| R Theunissen            | 62            | -                          | 62             |
|                         | <b>3 172</b>  | <b>96</b>                  | <b>3 268</b>   |

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



## 22 DIRECTORS' EMOLUMENTS (continued)

| 2012   | Basic Salary<br>R'000 | Bonus<br>R'000 | Other<br>Benefits<br>R'000 | Total<br>R'000 |
|--|-----------------------|----------------|----------------------------|----------------|
| <b>Executive directors/prescribed officers</b> |                       |                |                            |                |
| L Mpuntsha                                     | 2 150                 | 243            | 66                         | 2 459          |
| C Ingram                                       | 998                   | -              | 6                          | 1 004          |
| R Reddy  | 1 391                 | 343            | 177                        | 1 911          |
| S Coffey                                       | 1 843                 | 391            | 109                        | 2 243          |
| L Mothokoa                                     | 989                   | 123            | 132                        | 1 244          |
| L Mpofoane                                     | 566                   | 46             | 56                         | 668            |
| S Mabuza                                       | 951                   | 44             | 6                          | 1 001          |
|  | <b>8 885</b>          | <b>1 090</b>   | <b>552</b>                 | <b>10 530</b>  |

| Non-executive directors | Fees<br>R'000 | Other<br>expenses<br>R'000 | Total<br>R'000 |
|-------------------------|---------------|----------------------------|----------------|
| A Christians            | 441           | 23                         | 464            |
| D Dondur                | 337           | 7                          | 344            |
| C Mey                   | 186           | 4                          | 190            |
| C Sanangura             | 122           | -                          | 122            |
| G Simelane              | 115           | 1                          | 116            |
| J Moate                 | 176           | 11                         | 187            |
| J Mahlangu              | 284           | 5                          | 289            |
| M Tshifularo            | 163           | 5                          | 168            |
| M Nolan                 | 159           | 2                          | 161            |
| P Venter                | 328           | 38                         | 366            |
| R Brand                 | 308           | 11                         | 319            |
| W Gumede                | 117           | -                          | 117            |
| B Kommel                | 148           | 1                          | 149            |
| P Molusi                | 53            | 1                          | 54             |
|                         | <b>2 937</b>  | <b>109</b>                 | <b>3 046</b>   |

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



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