



SANBS

South African National Blood Service

Annual Report 2013



Index

SECTION 1

Mandate, Mission, Vision, Core Values	2
National Footprint	2
Chairman's Statement	3
Board of Directors	5
SANBS Corporate Governance Structure	6
Donor Structures	7
About SANBS	7
Service Offerings	7
Chief Executive Officer's Report	8
Medical and Operations Report	9
Sustainability Report	15
Marketing and Communications	15
IT Governance Report	17
Risk Management	18
Human Capital Management	19
SANBS Governance Practice	21
Corporate Governance Report	22
Report of the Audit Risk and IT Governance Committee	27

SECTION 2

Annual Financial Statements	28	56
-----------------------------	----	----

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.

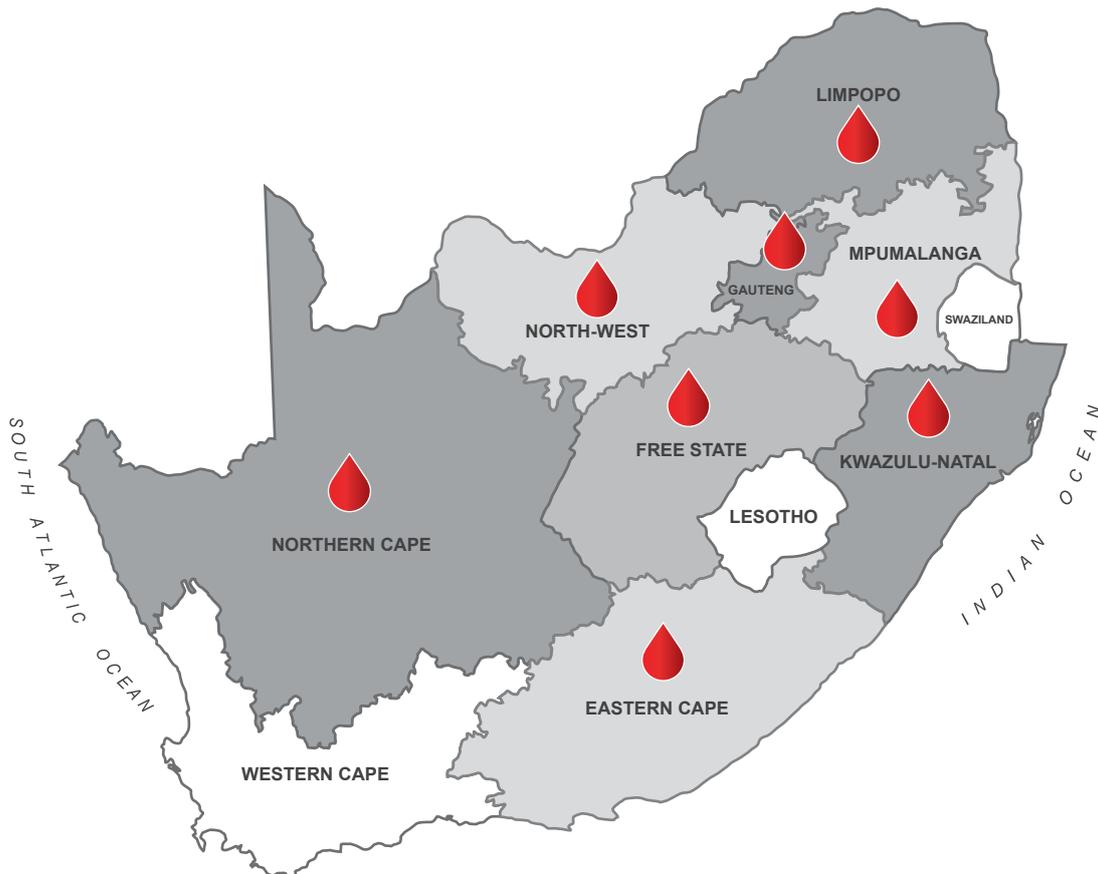
MISSION

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 86 fixed donor centres in the provinces indicated above, with the exclusion of the Western Cape Province. For more information please contact 0800 11 9031.

CHAIRMAN'S STATEMENT

In 1921 the secretary of a Red Cross division in London, Mr. Percy Oliver, saw the need for a better system after he received a call from a nearby hospital urgently requesting blood. Oliver and three co-workers from the Red Cross rushed to the hospital where one of them, fortuitously, turned out to have a compatible blood type. Looking back on the incident, Oliver thought it made little sense that doctors should have to depend on luck of this kind, or that patients sometimes had to suffer dangerous delays while frantic attempts were made to find suitable donors. By contrast, if a group of donors could be assembled in advance and their blood pre-tested and screened, then donors of any blood type could be made available at short notice. [Starr, Blood, pp53-54]



Thus the prototype of a modern blood transfusion service was born. In 1922 Oliver put together his first group of 20 volunteer donors, whom he recruited from among his professional acquaintances. That first year, his donor group received 13 calls for blood. But as word of his safe and reliable donor pool began to spread, the number of calls rapidly increased. By 1925 it stood at 428. To extend his donor base, he called for volunteers from the YMCA, the Rover Scouts, and similar service-oriented organisations, while the response he received was overwhelming. [Starr, Blood, p54]

In the past doctors had tended to be abrupt with blood donors, for their concern lay primarily with their patients. Oliver, by contrast, made a point of acknowledging the generosity of donors and the spirit of humanity which moved them to give blood to the sick. He tried to give donors feedback on the difference they had made, providing

accounts of how their blood had helped patients to recover in a quarterly newsletter. Here, he sometimes also printed letters from patients, which paid tribute to the donors who gave blood 'to save fellow creatures and utter strangers'. Oliver also did his best to inform his readers about blood, its components, and its enormous therapeutic value, [Starr, Blood, pp55-56] so as to increase their understanding of why their donations mattered so much.

By the 1930s Oliver's organisation had a panel of 2 500 donors – all strictly non-remunerated volunteers – which served some 160 hospitals in the Greater London area. Inspired by his example, doctors in the 1920s and 1930s began organising donor panels in Austria, Belgium, and Germany as well as Australia, Russia, Japan, Siam, and South Africa. [A Jeffrey, From Myths to Modernity: The Story of Blood Transfusion in South Africa, 2012, P26 - 27]

In Pietermaritzburg, the provincial capital, the first blood transfusion took place in 1925, a year after Dr. Radford's initial attempt in Durban. This transfusion took place at Grey's Hospital and was carried out by Dr. R Lund Baikie, who had learnt about blood transfusion while studying at Edinburgh University. The procedure not only succeeded in saving the patient, but had such a powerful influence on another local doctor, Dr. W H Croudace, that he made it his life's work to advance transfusion services in the region. [H W Maxted, The Blood Transfusion Services of Natal: Their History, unpublished monograph, 1976, p5]

One of the difficulties was the shortage of donors. However, Dr. Croudace was also the honorary medical officer of the Rover Scouts in Pietermaritzburg and he was confident that they would help. Together with Mr. Jack Withey, founder and leader of the unit, he called a meeting of the Scouts where the two explained the extraordinary life-saving properties of blood and called for volunteers. Every Scout present came forward, so providing the city's first donor panel. Donors were called in only when transfusions were required; and these were few and far between. Nevertheless, in the words of Mr. H W Maxted (later to become an influential figure in the Natal Blood Transfusion Service NBTS), 'at last a start had been made'. [Maxted, p5]. No blood bank had yet been established and methods were primitive. Writes Maxted: [Maxted, p8]

The role of the blood donor in the early days was not easy, and to the sensitive could be a harrowing experience. He would be escorted to the hospital, his blood would be cross-matched and, if found suitable, he would be taken to a ward and made comfortable on a couch alongside the patient. Then the doctor would put a needle into a convenient vein, the needle being attached to a length of rubber tubing inserted into a beaker. The donor's blood would then flow by gravity through this tube into the beaker, which was covered by gauze and contained sufficient citrate to prevent the blood clotting. The beaker was held by a nurse provided with a glass rod with which she constantly stirred the blood as it flowed into the beaker. When sufficient blood was obtained, a similar needle, also attached to rubber tubing, was inserted in a vein of the patient's. The loose end of the tubing was then attached to a glass funnel also covered with gauze. The nurse then stood by, constantly stirring the blood while pouring it through the gauze into the glass funnel and

so into the blood stream of the patient. The flow was controlled by a clip on the rubber tubing. It was surprising how well this simple procedure worked and how few were the reactions recorded. [A Jeffrey, From Myths to Modernity: The Story of Blood Transfusion in South Africa, 2012, P69]

The formation of the Rand Blood Transfusion Service (RBTS) on 23 December 1937 was a vital milestone in the development of organised transfusion services in South Africa. Before then the blood needs of the rapidly growing mining city of Johannesburg had been met by the South African Institute of Medical Research (SAIMR) and the Johannesburg Hospital. By 1928 the two had recruited a panel of 75 volunteer donors whose names and contact details were kept at the hospital. [Rand Blood Transfusion Service, First Annual Report and Statement of Accounts, October 1938, p7]

In December 2000 members of the South African Blood Transfusion Service (SABTS) came together at a special general meeting where they voted to dissolve the organisation and transfer its assets to SANBS. Similar resolutions were adopted by the members of the services in the East Coast region. At the end of the year 2000, the five services that came together to form SANBS had a total of 381 000 active donors. [A Jeffrey, Myths to Modernity: The Story of Blood Transfusion in South Africa, 2012, P231]

Today, we have 381 651 active donors and they contributed 781 568 units of blood.

SANBS has kept abreast of Governance changes and completed our Memorandum of Incorporation (Moi). Being a membership-based organisation, SANBS carried out a programme which included consultation with all the zones and put together the Moi which was accepted unanimously by the members at the Annual General Meeting. The substantial changes brought about by the Moi was that the board would reduce from 15 members to 12 members, better governance practices have been embedded for the length board members can remain directors and stronger emphasis on business ethics.

The board added the social and ethics committee aspects as spelt out in the Companies Act into the Governance Committee terms of reference. This has placed environmental issues on our radar as well as corporate social responsible initiatives.

The goodwill of the donors and staff who continue to donate and work effortlessly respectively, to realise the dream of 75 years ago needs to be applauded. To this end I would like to take this opportunity to once again thank the staff who retired this year, which comprises 13 staff members and 1 Executive, who collectively have given over 350 years of Service to Blood Transfusion in South Africa. I would like to acknowledge and thank them for their immense contribution to SANBS.

Mr. Stan Coffey – Started as Chief Executive Officer of NBTS and was instrumental in merging NBTS with Eastern Province Blood Transfusion Service and Border Blood Transfusion Service – he also played a key role in the formation of SANBS and as Deputy CEO/Chief Finance Officer has contributed significantly to the sustainability and success of SANBS.

Dr. Rob Crookes has been Medical Director and senior Lead Consultant of SABTS and then SANBS. He has been a leader in the medical field for many years and was instrumental in introducing and developing the cellular therapy programme in SANBS.

Mr. Eben Kuun who played a key role within the Operations team to restructure the SANBS Technical operations to its present high quality processing labs and blood banks Mr. Ian Simpson who was CEO of EPBTS and played a key role in the formation of SANBS and in the last few years as Donor Service manager in the Eastern Cape.

I would also like to acknowledge and sincerely thank Marieta Greyling, Noeleen Mackay, Sakkie Postma, Tony Walker, Peter Nortman, Gail Nothard, Bronwyn Pajmans, Gail Sherriff, Lorna Gunn and Magda du Plooy for their significant contribution to SANBS over many years.

To our former Company Secretaries, John Cotterel, whose role in blood transfusion was highly respected, these two words "thank you" is not sufficient for your commitment and devotion to the course. To Allarice Prinsloo, who had also grown up in blood transfusion, thank you for your hard work and commitment.

To our Company Secretary in the year under review, Nohlanga Motaung, thank you for hitting the ground running and taking this Board to the next level of Governance.

I would also like to thank the CEO and her team for the sterling work and ensuring that we have grown from strength to strength.

To my Board, your commitment to the course and making sure that SANBS not only stays in the top 5 in the world for the safest blood, but also grows strategically. Without your guidance, Governance would be words on a paper.

To the donors, you have sustained South Africans for the past 75 years and you continue to roll up your sleeves year on year. Thank you. Baie dankie. Ngiya bonga. Shukran. Shukriya. Nanri. Ke a leboga.



Alex Christians
Chairman: Board of Directors



Donor Non-executive Directors



Alex Christians
Chairman



Doris Dondur
Deputy Chairman



Rodney Brand
NED



Professor Phillip Venter
NED



Rob Theunissen
NED



Dr. Patrica Knox
NED



Getty Simelane
NED



Rev Mike Nolan
NED



Advocate Candice Mey
NED

Independent non-executive Directors

Executive Directors



Dr. Cleopas Sanangura
NED



Professor William Gumede
NED



Dr. Loyiso Mpumtsha
CEO



Dr. Charlotte Ingram
Medical Director

Executive Management - In addition to the Executive Directors



Ravi Reddy
Operations



Abbey Mothokoa
HR



Thapelo Mokoena
Marketing



Nandi Mankungu
Finance



Stan Mabuza
Strategy

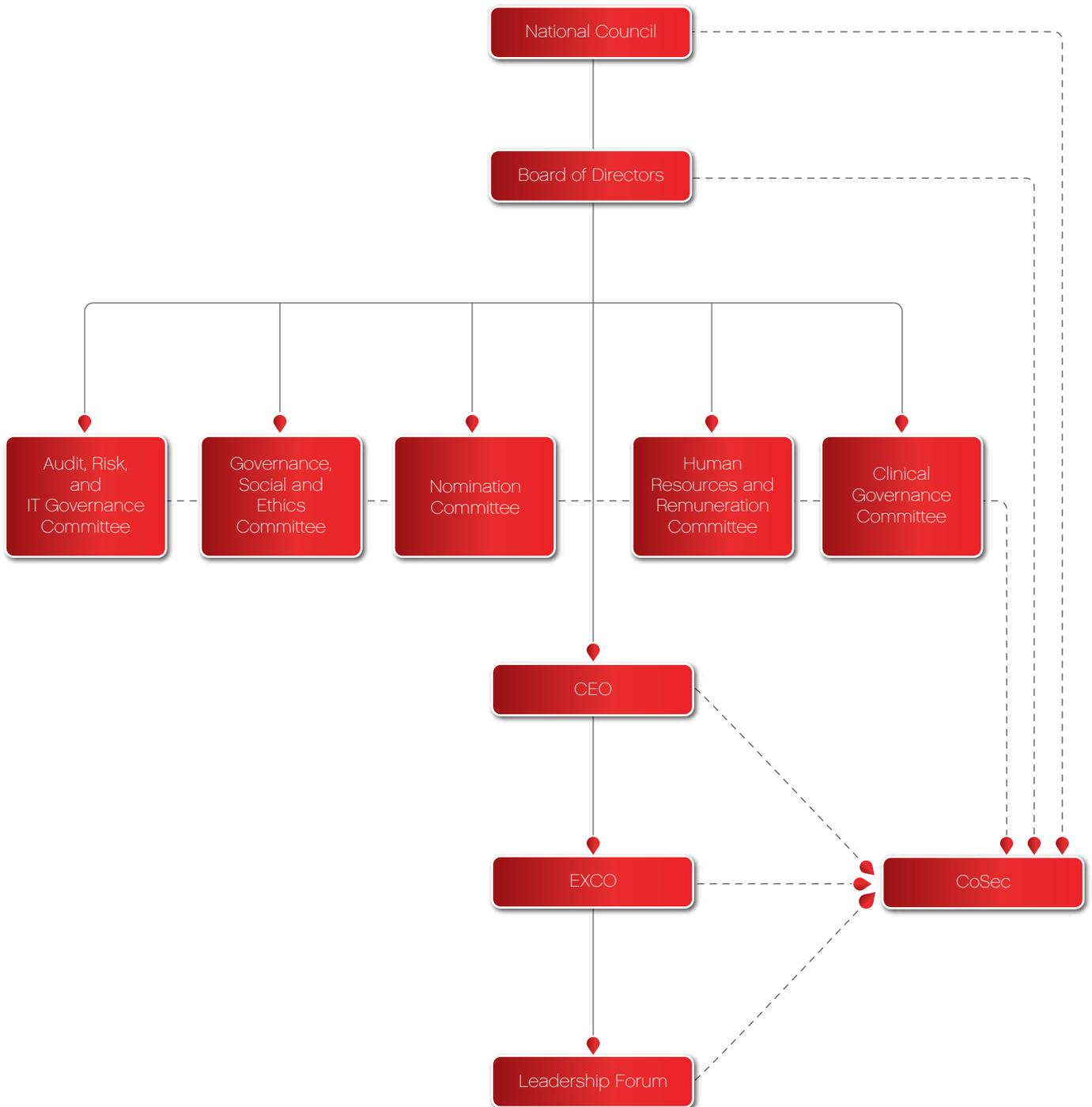


Lunga Mpofane
Chief Information Officer



Andrew Higgs
Acting Company Secretary

SANBS CORPORATE GOVERNANCE STRUCTURE



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

DONOR STRUCTURES

SANBS is a Donor representative membership-based organisation.

Accordingly it is ultimately controlled by the National Council. The following schematic is a representation of the linkages from Blood Donors who are the first stakeholders of the company, into the various structures up to the National Council.



ABOUT THE SOUTH AFRICAN NATIONAL BLOOD SERVICE (SANBS)

SANBS is a Not-for-profit Company and its mandate is to provide blood transfusion and related services.

The company provides an essential service within South Africa and is rated amongst the best in the world in the provision of blood and blood products, as well as in relation to the research and training provided.

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



SERVICE OFFERINGS

Red Cell Products

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



Platelet Products

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

Plasma Products

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

Other Special Services

- Autologous and Directed Blood Transfusion.

Programmes

- Chemically Washed blood products.
- Cryo-preserved Progenic Cells.

CHIEF EXECUTIVE OFFICER'S REPORT

For a fourth year in succession SANBS has performed very well in fulfilling its mission of supplying sufficient blood to the South African health services in an equitable and cost-effective manner. The company has 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 the staff on improving process efficiencies across its operational business value chain.

Performance Review

SANBS has achieved an excellent performance in 2012-2013 and continues to grow its business, driven by improved operational efficiencies and cost management. The company also achieved a laudable 97% of its blood collections target. Across the eight provinces, that are serviced, SANBS has collected 781 568 blood units and issued 738 560 units to hospitals. The financial indicators for the period have shown outstanding improvement and the organisation is well positioned for a sustainable future.

The great performance has been underpinned by continued focus on risk management and improved efficiencies across the business. SANBS has also remained committed to deliver financial performance in line with the budget for the year, despite a complex environment characterised by increases in deferrals amongst black donors. The financial achievements for the year under review illustrate the company's confidence in the plans put in place to achieve its five year strategy to 2015. The key financial highlights for the year are covered under the financial achievements of this report.

Top Management

At the Executive Management level the team had one change. The long serving Chief Financial Officer (CFO) went on early retirement at the end of the third quarter and SANBS was joined by a new CFO towards the end of the fourth quarter. The 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 the Deputy Minister supported the annual World Blood Donor Day event in June 2012, as well as the SANBS Celebration of 75 Years of Existence of Blood Services in South Africa, held in October 2012. The company 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). It also collaborated with the Bone Marrow Registry, recruiting potential donors together with the Sunflower Fund. SANBS has also registered with the International Rare Blood Donor Panel as well as the International Haemovigilance 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.

The SANBS 5 Year Strategic Plan

In January 2013 the Executive and Board held a mid-term review of the 5 Year Strategic Plan. The business plan and scorecard measures were also reviewed and approved.

Social and Environmental Responsibility

A key strategic driver of the 2012-2013 Business Plan was to focus on the improvement of the SANBS Safety and Environmental Management Programme. The main objectives as part of the SANBS going green and growing quality were:

- Revision of the Safety and Health Risk Assessment Programme as part of the 5 Year Strategic Plan to achieve External Health and Safety Accreditation in 2015.
- Revision of the Waste Management Programme to ensure that SANBS complies with environmental legislation.

In collaboration with the Department of Health and funded by the President's Emergency Plan for AIDS Relief (PEPFAR), SANBS supplied 45 additional fridges for Emergency Blood Supply for obstetric haemorrhage. This is a project aimed at ensuring the availability of emergency blood stock in all hospitals that perform caesarean sections under the 'Saving Mothers, Saving Babies', Department of Health's Campaign.

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



Dr. Loyiso Mpuntsha
Chief Executive Officer



MEDICAL AND OPERATIONS REPORT

Blood is a national resource, and SANBS is legally and ethically obliged to ensure donor safety, promote appropriate blood usage and optimize transfusion safety in South Africa. The medical division plays an important role in ensuring the safety of 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. A plan to have all zones covered by a medical officer, medical liaison and hospital liaison officer was completed during 2012. The main challenges, however, remain the demographics of the country as a whole, and to present training in public hospitals (already facing severe staff shortages) without interrupting/interfering with service delivery.

Healthcare Worker Education

The Medical Division provided education and training on various aspects of Blood Transfusion and Transfusion Medicine to 4 393 healthcare workers during 2012-2013. Education was provided at all levels from small, rural district hospitals through to the large academic training hospitals.

SANBS has also been contributing both financially, as well as providing academic support to the Post Graduate Diploma in Transfusion Medicine, being offered by the University of the Free State. As part of the company's strategy to continuously educate the users of blood, the medical team has reviewed the Nurses Guidelines booklet that will be distributed across all hospitals serviced by SANBS.

In KwaZulu Natal (KZN) lectures on "Appropriate use of Blood and Blood Products and Blood Ordering" were provided to 120 final year medical students of the University of KwaZulu-Natal (UKZN) Nelson R Mandela School of Medicine. These lectures will continue to be provided to final year students annually.

Donor Care: Donor Vigilance

Donor adverse events are now routinely reported in the Haemovigilance (HV) Report.

A new dual-language Self-evaluation Questionnaire has been developed and approved by all levels of internal stakeholders including the Board. The questionnaires have been standardized between SANBS and WPBTS and once approved by the Department of Health, will be officially implemented by both services.

Donor adverse events

Donor adverse events were at 0,64% over the previous year and below the set target of less than 2%. The majority of the reactions were classified as vasovagal incidents and the details of all donor adverse reactions will be captured in the Haemovigilance report 2012 which is published on the SANBS website.

Blood donation and increasing age: over 65 years

There has been a renewed emphasis on communicating with donors over 65 years old, due to particular complications that could arise and the need for these donors to first obtain medical clearance letters from their house doctors before continuing to be donors.

Healthcare worker campaign (HCARE)

The Healthcare Workers' Campaign, 'A unit for my patient', was successfully launched in all the zones. The campaign was built into the collections model to ensure donor retention and will be monitored and measured closely for the period January 2013 to January 2014 to assess its success and sustainability.

Anti-D Programme

The aim is for South Africa to be self-sufficient in meeting the demands of Rhesus (Rh) negative mothers. A total of 500 litres of Anti-D plasma is needed annually. SANBS itself is collecting plasma, but at present the levels are insufficient and therefore the company has to rely on imported Anti-D plasma by the National BioProducts Institute (NBI). SANBS has decided to have a robust campaign to recruit new donors in 2012-2013 and this will be ongoing into the next financial year.

In addition, in order to improve its current programme, SANBS has started an initiative to share best practice and to benchmark against other international organisations. To this end an agreement has been reached with the Sanquin Blood Bank Programme in the Netherlands to share their methodology and recruitment strategies and will be used to augment current protocols and recruitment strategies around the Anti-D plasma programme.

Haemovigilance

The 2011 report is the first report that was compiled as a South African report in line with the International Haemovigilance Network (IHN) recommendations, as opposed to each of the SANBS and Western Province Blood Transfusion Service (WPBTS) compiling separate reports. Whilst its use to users, it had to be read in conjunction with each other in order to get the national picture. However, this information is time consuming to gather and as a result the 2012 report is still being compiled to be completed in the new financial year, when it will be uploaded to the SANBS website.

Reviewed transfusion reaction form

The new edition transfusion reaction form has been finalised and aims to ensure blood users will complete it fully, therefore making classifying cases more accurate. The form will also be shared with other countries through the IHN.

World Health Organization (WHO) Haemovigilance (HV) Consultation 2012

SANBS participated at the WHO HV Consultation held in Dubai in November 2012. The company presented and shared information with other members of the IHN and WHO member states and received two awards in recognition of active membership and participation. Areas requiring attention for South Africa included hospital audits on blood usage and employment of transfusion officers. Both issues have been included in the SANBS strategic plan. Blood utilisation auditing is already taking place at some major hospitals and new positions for blood conservation officers have been approved. Other aspects highlighted at the meeting are already in place and only need to be maximised.

International Surveillance of Transfusion Associated Reactions and Events (ISTARE) participation

The South African National Haemovigilance office has submitted all reports from 2006-2011 to the IHN database and these will also be shared between all the member countries. In a further initiative to accommodate donors, the double reds project was started in January 2012. The collection of the double red cell donations commenced in the Northern Cape and although this programme is still new, it holds promise to increase O and B collections, reduce travelling and inconvenience to donors and decrease overall collection costs in this geographically challenging area.

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 3% of all products produced during the period and 97,9% of the products tested, met specifications as defined in the Standards of Practice.

Review of Product Compliance to Specifications

	Produced	Tested	% Tested	Passed all parameters	% Passed all parameters
Apr - Jun	396 037	12 619	3,19	12 364	98,0
Jul - Sept	409 559	11 737	2,87	11 534	98,3
Oct - Dec	394 091	11 516	2,92	11 267	97,8
Jan - Mar	410 815	11 267	2,70	10 949	97,2
TD Total	1 609 182	46 221	2,90	45 237	97,9

Sterility Testing of Blood products

% Compliance	Apheresis Platelets	Expired Platelets	Stem cells	Eye Serum
Quarter 1	99,2	95,3	96,2	100
Quarter 2	99,1	100	90,7	98,7
Quarter 3	97,9	100	89,7	98,8
Quarter 4	98,0	100	89,0	100

QC Proficiency Testing

The SANBS Transfusion Medicine Proficiency programme distribution to SADC countries and external laboratories increased by 27% from 11 participants in 2011, to 14 in 2012. Countries included on the programme are Malawi, Zimbabwe, Rwanda, Namibia, Eritrea, Ghana and Lesotho.

Critical Materials

Validation of the digital Min/Max thermometers was completed and thermometers rolled out to all SANBS areas. The use of mercury Min/Max thermometers has been discontinued effective March 2013 as part of SANBS's contribution to reduce the environmental impact of mercury and to reduce safety risks to staff and the community at large.

Social Impact of SANBS HIV Counselling Programme

HIV counselling and testing (HCT) is an important tool in the on-going mission to prevent and control HIV/AIDS in any country. SANBS offers HIV counselling to all blood donors that test HIV positive and targets to counsel at least 60% of these donors. The company has almost reached these levels in 2012-2013 and this should be exceeded in the forthcoming year. 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 Highly Active Antiretroviral Therapy (HAART) if they qualify.

SANBS collaboration in the recruitment of donors onto the South African Bone Marrow Registry

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. SANBS undertakes the Human Leukocyte Antigen (HLA) typing tests on these donors and the cost of performing these tests is paid for by TSF. Notably, 24% of donors recruited through SANBS over the last 6 months have been black and, importantly, they have all been HLA -A, -B and -DR typed. 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 SABMR:

Total number of donors registered on the SABMR database

Black	2 686	4%
Coloured	3 704	6%
Asian	5 382	8%
White	47 547	74%
Unknown	5 441	8%
TOTAL	64 760	100%

Number of SABMR donors typed for HLA -A, -B and -DR

Black	HLA-ABDR Typed	Total in Database	% HLA-ABDR Typed
Black	1 841	2 686	68,5%
Coloured	1 560	3 704	42,1%
Asian	1 584	5 382	29,7%
White	7 187	47 547	15,1%
Unknown	1 426	5 441	26,2%
TOTAL	13 598	64 760	21,0%

SANBS involvement with Solid Organ Transplantation

SANBS undertakes the immunology testing related to solid organ transplantation in both Gauteng and KwaZulu-Natal. 1 996 related living donor cross-matches and 49 cadaver cross-matches were performed for potential solid organ transplantation.

Rare Blood Group Donor Panel:

SANBS currently has 164 donors on the rare donor panel and approximately 400 rare donation samples are currently stored in its Pinetown laboratory. SANBS is part of the International Rare Donor Working Party. Of the 308 blood units issued from the Rare Donor Panel, 287 units were utilised for patients serviced by SANBS and 21 units were issued to the WPBTS and internationally.

Saving Mothers Campaign – collaboration with the Department of Health

The Medical Unit is actively involved in the Saving Mothers Campaign. In South Africa in the period between 2008 and 2010, 4 869 maternal deaths were reported, an increase from the last report of 2004 to 2007. One of the avoidable factors that have been cited as a cause of maternal death was obstetric haemorrhage which remains the second highest cause of maternal mortality. In the 2008-2010 report into maternal deaths, the "big 5" causes of maternal death were non-pregnancy related infections (40,5% - mainly deaths due to HIV infection complicated by tuberculosis, pneumocystis pneumonia and pneumonia), obstetric haemorrhage (14,1%), complications of hypertension in pregnancy (14,0%), pregnancy-related sepsis (9,1%, includes septic miscarriage and puerperal sepsis) and medical and surgical disorders (8,8%). SANBS has partnered the Department of Health with regards to decreasing the maternal mortality rate related to obstetric haemorrhage which is seen as the most common avoidable cause of maternal death and has the support of all the provincial directorates of maternal, women and child health.

Significant outcomes from this partnership include:

- National guidelines on platelet use in obstetrics being formulated;
- All hospitals that do caesarean sections being equipped with emergency fridges for emergency blood storage;
- Improved communication between hospitals and SANBS blood banks;
- Set up of Hospital Transfusion Committees (HTC's) and the
- Training of doctors in the use of blood and blood products.

Therapeutic Apheresis and Cellular Therapy Services

During the reporting period, SANBS therapeutic apheresis and cellular therapy services continued to grow. Therapeutic apheresis services are provided to patients with diagnoses requiring critical care, and for these patients it provides a life-saving opportunity. Cellular therapy in the form of stem cell harvesting, cryopreservation and re-infusion is provided to patients with oncological diagnosed, cancers affecting young and old. This service contributes to life-prolonging management of these patients.

During the year SANBS performed 1 182 therapeutic apheresis procedures, including 1 171 therapeutic plasma exchange procedures and 11 other therapeutic apheresis procedures including red cell exchange, leukocytapheresis and thrombocytapheresis (all being increases on the previous year). SANBS also performed 146 peripheral blood stem cell collections.

Standards of Practice for Cellular Therapy Products in South Africa

After a SANBS led initiative during the reporting period, the Standards of Practice for Cellular Therapy Products in South Africa has been submitted to the National Department of Health for approval in May 2013.

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.

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.

Transfusion Transmissible Infection Look-back Programme

The Transfusion Transmissible Infection Look-back 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.

HIV and Blood Transfusion

Since the introduction of antiretroviral treatment in public hospitals the use of blood transfusion to treat HIV anaemia in public hospitals has been gradually increasing. Many clinicians are concerned about the impact of blood transfusion on HIV positive patients, its risks and benefits. SANBS in conjunction with the HIV Clinicians Society, WPBTS, Safe Blood and the University of KZN Medical School, established a working group to develop Guidelines for Blood Transfusion of HIV positive patients. The Guidelines have been published in the Southern African Journal of HIV Medicine. The Department of Health have indicated their support of the guidelines and offered to assist in ensuring that they are widely circulated in the South African public health facilities.

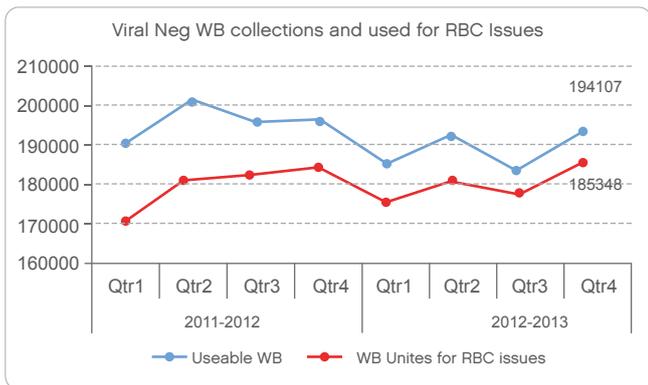
Blood Transfusion Regulations

Regulations relating to Blood and Blood Products, under the National Health Act (2003), were published in the Government Gazette, for comment, on 1 April 2011. In addition, regulations relating to the import and export of Human Tissue, Blood, Blood Products, Cultured cells, Stem cells, Embryos, Zygotes and Gametes and regulations regarding the General Control of Human Bodies, Tissue, Blood, Blood Products and Gametes were also published for comment on 1 April. SANBS has responded to these requests and is now waiting for the final outcome.

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

Whole Blood (WB) Collection and Red Cell Component (RBC) Issue

During the financial year, 797 623 donations were collected, of which 756 358 were whole blood collections. Of these, 16 709 whole blood donations could not be used due to incorrect volumes. A further 4 373 whole blood collections were discarded due to a positive viral screen result and of the remainder, 719 173 of the whole blood collections were used for transfusions of either adult or paediatric red cell products.



Apheresis Red Cell Collections

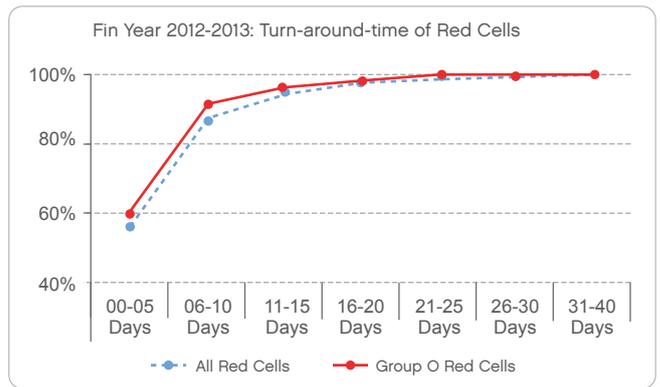
SANBS introduced apheresis double red cell collections at the end of March 2012 in the Northern Cape (Kimberley).

During the 2012-2013 financial year, 1 444 apheresis collection procedures took place which yielded 2 782 adult red cell products (yield = 1,93 adult red cells per procedure). 97% of these products were issued for transfusion.

Apheresis Red Cell Procedures	Financial Year 2012-2013				
	Qtr1	Qtr2	Qtr3	Qtr4	TOTAL
Apheresis Collection Procedures	216	407	409	412	1 444
RBC Adult Product Yield	405	789	791	797	2 782
Product Used Count	399	767	773	774	2 713

Turn-around time of red cells issued: April 2012 - March 2013

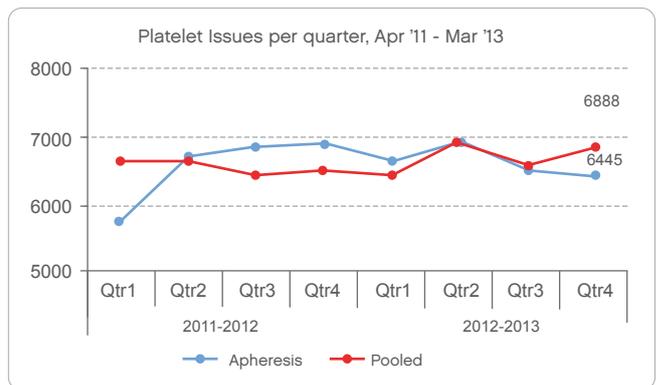
Turn-around days	% Cummulative red cells issued	
	All Blood Groups	Group O
00-05 Days	54,09%	59,22%
06-15 Days	86,04%	89,32%
11-15 Days	93,63%	95,27%
16-20 Days	96,57%	97,47%
21-25 Days	97,90%	98,32%
26-30 Days	98,72%	98,83%
31-40 Days	99,77%	99,69%
> 40 Days	100,00%	100,00%



Platelet Issues: April 2012 - March 2013

Platelet issues increased compared to the previous financial year. The number of apheresis and pooled platelet products issued in this financial year were 26 631 and 26 887 respectively. Neonatal and paediatric products accounted for 15,5% of apheresis platelet issues during the 2012-2013 financial year. Gauteng hospitals used 65% of the apheresis platelets.

Platelet usage by quarter for last two financial years



Residual Risk

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				
Residual Risk per Quarter	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	10.39	11.89	12.23	13.30
Risk: 1 in X	9 627	84 079	81 784	75 177
Residual Risk per semester				
Incidence per mil		11.15		12.72
Risk: 1 in X		89 703		7 862
Residual Risk per Financial Year				
Incidence per mil				11.93
Risk: 1 in X				83 857

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

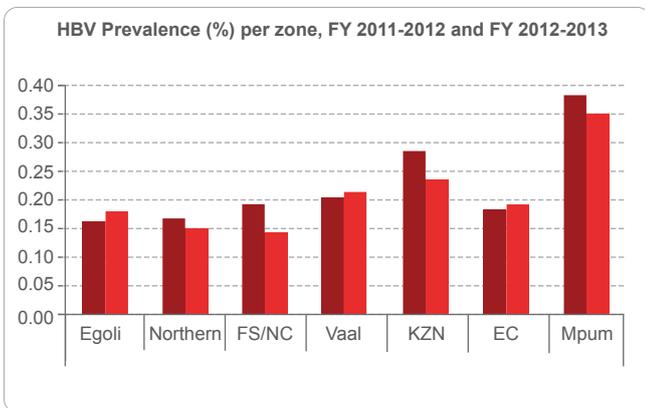
Viral Surveillance

HIV: HIV prevalence fluctuated between 0,18% and 0,24% during the past 2 financial years with the rate for 2012-2013 at 0,20%. All zones with the exception of Northern Zone showed an increase in HIV during the last quarter.

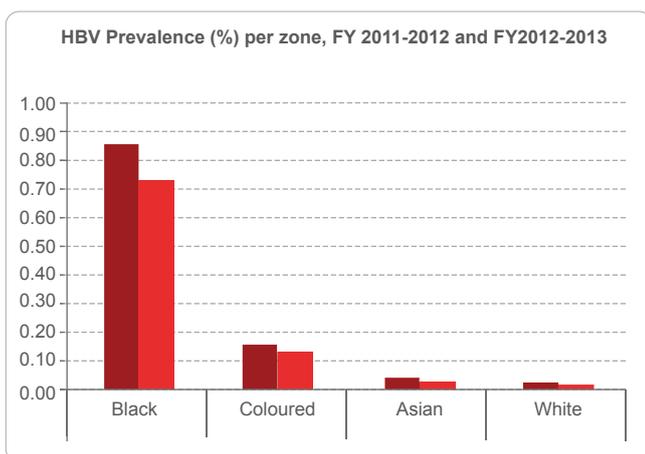
HBV: Hepatitis B Virus (HBV) prevalence increased to 0,14% from the previous financial years' rate of 0,12%.

HCV: Hepatitis C Virus (HCV) prevalence decreased to 0,005% from the previous financial year's rate of 0,007%.

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



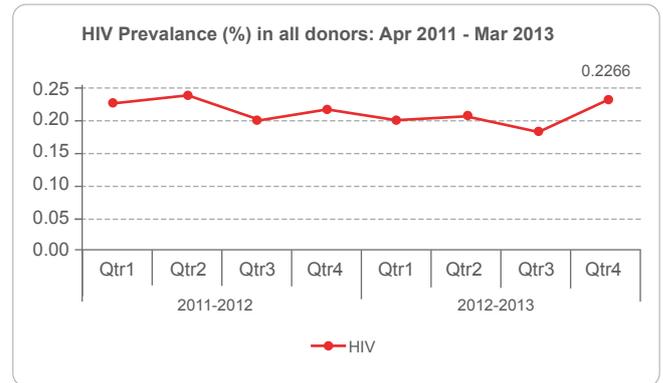
HIV rates per Race for the last 2 financial years are depicted below.



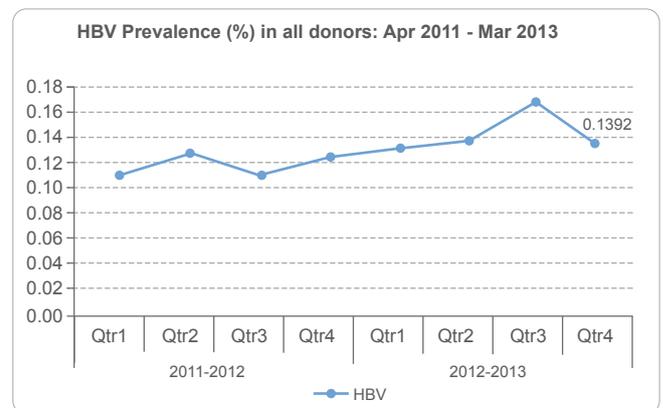
The quarterly trend in viral rates for HIV, HBV (Hepatitis B Virus) and HCV (Hepatitis C Virus) in all collections for the last 2 financial years is shown in the following 3 figures.

Refer to tables below for HIV rates per quarter, by Zone and donor types for the period April 2011 to March 2013, and HIV rates per ethnic group and donor types.

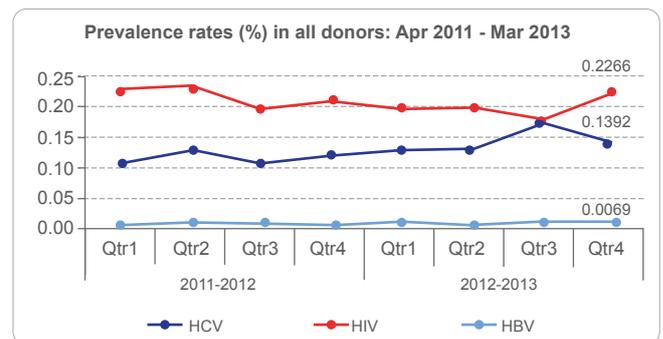
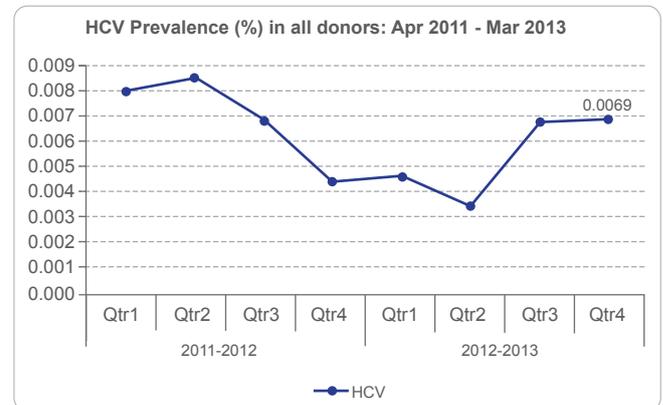
HIV Prevalence (%)



HBV Prevalence (%)



HCV Prevalence (%)



Research Activities

REDS-III Contract

SANBS (together with Brazil and China), has been awarded the REDS-III contract. The Recipient Epidemiology and Donor Evaluation Study (REDS-III) is a collaborative research initiative which will be conducted over the next seven years with the University of California, San Francisco (UCSF). The goal of the programme is to improve the safety and effectiveness of Blood Banking and Transfusion Medicine Practices in South Africa by performing Laboratory and Epidemiological Research. REDS-III is one of the components of a programme conducted under the auspices of the United States National Heart Lung and Blood Institute (NHLBI), a Department of the US National Institutes of Health (NIH). Phase I of the contract is nearing completion with only the Obstetric Haemorrhage arm in the Eastern Cape to be completed. Phase II of the obstetric haemorrhage project is due to start in September 2013.

One of the aims of the project is to establish a research donation and donor database which will be used to evaluate donor and donation characteristics such as the prevalence and incidence of HIV (and other TTI markers: Transfusion-Transmitted Infectious markers) among donors. The database will include information on donors compiled over a period of six years. The study also aims to determine incident HIV infection in South African Blood Donors and evaluate demographic and behavioural risk factors associated with recent HIV infection.

It will characterise molecular subtypes and drug resistance profiles of the virus in positive donors. REDS-III will evaluate the efficacy of Blood Donor Recruitment and Retention strategies in South Africa and identify motivators and barriers to blood donation in South African donors.

A renewal of the REDS-III Contract has been signed by SANBS and has the support of the Department of Health. Patients participating in the study will provide informed consent and confidentiality will be ensured.

The SANBS-PEPFAR Project

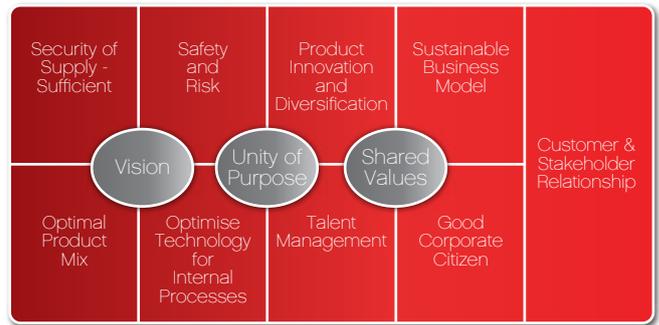
This year the project covered:-

- Notification and Counselling Programme for HIV infected and affected donors. The objective is to develop and implement a SANBS policy for comprehensive post-donation counselling.
- Emergency blood supply for obstetric haemorrhage - Maternal Mortality Workshops. This is aimed at ensuring the availability of emergency blood stock in all hospitals that perform caesarean sections under the 'Saving Mothers, Saving Babies' Campaign.
- A proposal for year 4 has been submitted for USD 1,7 million.

Research and Publications:

- The staff of SANBS undertakes considerable research in many areas and in keeping with prior years, this research has been published in numerous journals and publications.

2015 Strategic Objectives
Key strategic objectives defining our agenda...



Operations Performance Highlights

In general and notwithstanding the collections made and reported in the Medical Report and by the Chief Executive Officer, blood collections were slightly below target for the financial year for all blood groups and notably for group O. These were partly due to challenges encountered where clinics had to be cancelled and most notably due to strikes in the mining sector.

The Plasma supply to the National BioProducts Institute (NBI) exceeded target and SANBS negotiated to supply an additional 15 000 litres of plasma.

The ongoing use and development of the electronic Collections Management System and Scoreboard to monitor daily stock levels continues to provide real time monitoring and management of potential shortages. This has enabled improved efficiencies in allocation of staff resources.

A major milestone was the completion of the roll out of the Meditech mobile laptop solution to all seven zones. This has enabled SANBS to have real time information on repeat donors available at all clinics. The result is improved efficiency in registering donors and access to the donor's records, especially with regards to deferrals.

Eight years of testing blood donations with state of the art nucleic acid testing was completed in October 2012, and to date there has not been a single reported case of HIV transmission through blood transfusion in these 8 years. The success achieved by SANBS in improving blood safety has been appreciated globally and many developed and developing countries are looking at implementing the SANBS model for blood donation screening.

In 2012, SANBS implemented a system in Gauteng to collect data from the 14 major hospitals, on blood ordered, but not transfused to patients, in order to assess how much blood was being wasted. On average approximately 6% of blood issued to hospitals is not being transfused. SANBS will be implementing further monitoring and education programmes in 2013-2014 to reduce this wastage.

The number of donors deferred for the year was 19,1% nationally, but was higher at 23% among black donors. It has been recognised that additional focus needs to be placed on deferred donors to encourage them to return to donate after the deferral period is over and staff will be appointed in 2013-2014 to interact more closely with these donors.

SUSTAINABILITY REPORT

MARKETING AND COMMUNICATIONS

The Strategic Objectives of the SANBS Marketing Department are:

- To recruit, retain and educate blood donors
- To achieve and maintain 85% of repeat donors
- Curb the decline in the white donor base
- To improve brand awareness
- To increase black donor retention

Major Campaign for blood donation 2012

In the 2012-13 reporting period SANBS continued with the theme "Be Part of the DONation. Be a Hero, It's in Your Blood" in its campaign to recruit blood donors. This was meant to encourage donors to take action and become involved with the brand and the campaign proved a success.



Promotions and Partnerships

The Mandela Day events resulted in a record breaking collection of 4 989 units of blood collected on one day, with 6 104 people who presented themselves to donate.

'The Battle of the Blood Givers' with East Coast Radio resulted in 2 683 units being collected between 11-16 June in KZN.

Corporate interventions with Standard Bank, OUTsurance, Tiger Wheel and Tyre as well as outside broadcasts with various radio stations, a partnership with the Universal Church of the Kingdom of God in Pretoria and the LIONS Club, have all led to increases in blood collections. There has also been further support by Government leadership through the Deputy Minister of Health, Gauteng and KwaZulu-Natal Health MEC's, the KwaZulu-Natal Premier, and Ethekwini Municipality Mayor.



At many schools where blood drives are conducted, SANBS makes use of trained volunteer pupils to assist at the blood drives and the marketing thereof at their schools. The Peer Promoter Program is on-going and continues to grow in these zones. Peer promotion has led to more successful school blood drives as well as increased youth donor retention.

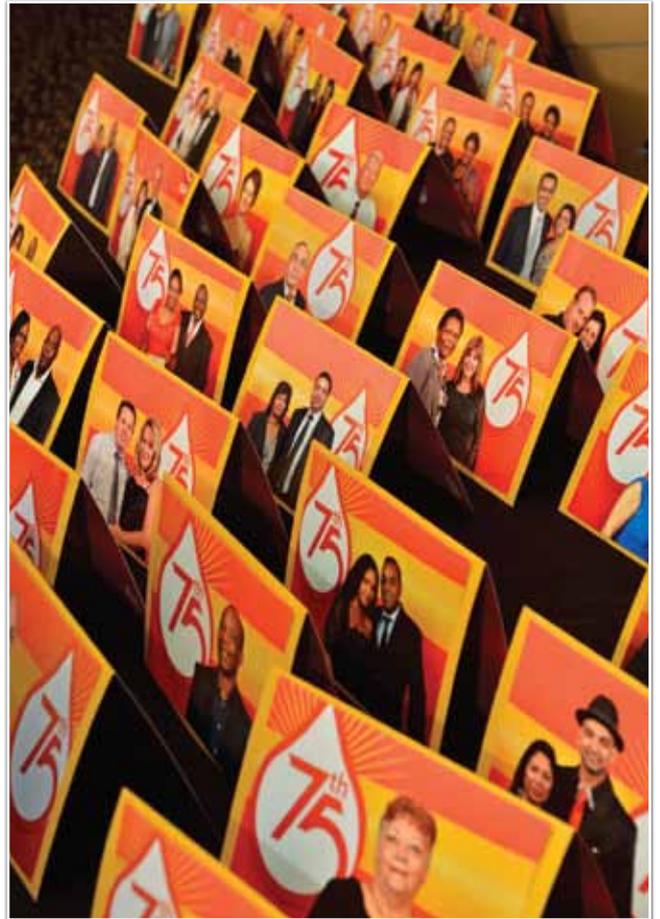
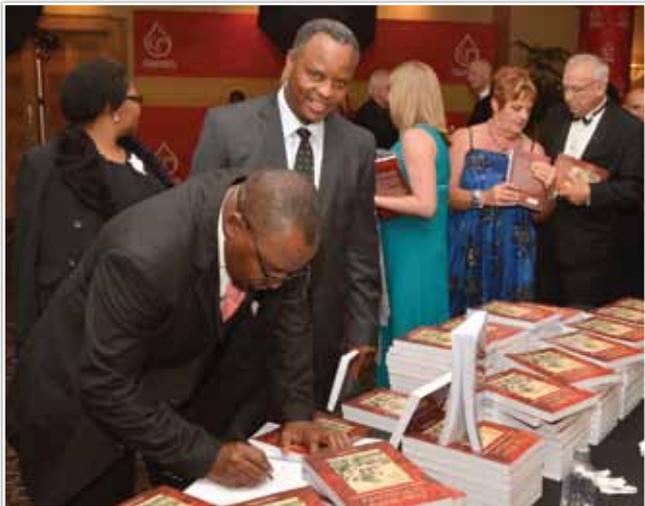
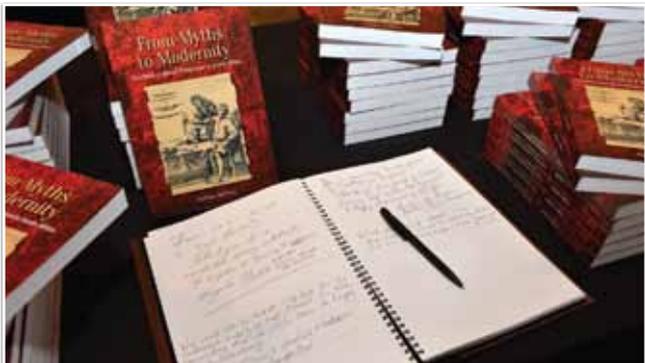
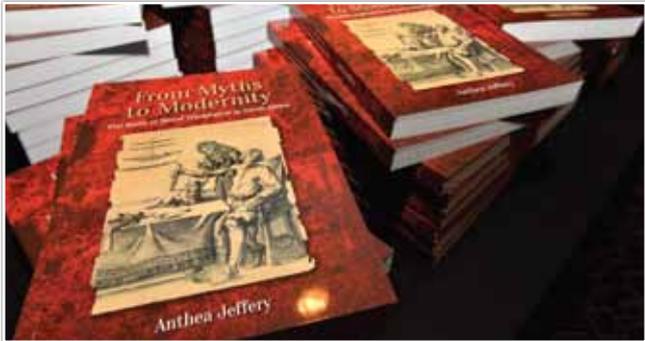
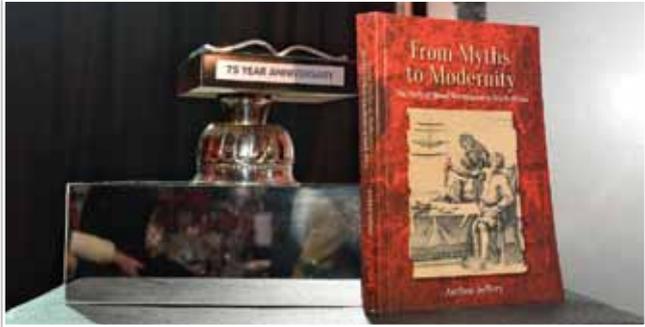
The Adopt-a-Day/Month project continues to be a successful initiative. In the Eastern Cape and at Polokwane, the campaign is focused on encouraging the parents of pupils at primary schools in the area to donate blood at their local donor centres in support of their school when SANBS hosts periodic blood drives.



SANBS has adopted June as Blood Donor Month. It was supported by many events and special blood drives including free publicity on the radio, television and in the print media. The popular rock band, The Parlotones, also supported SANBS by promoting blood donation. SANBS supported the World Health Organisation's World Blood Donor Day by keeping donor centres open longer, resulting in 5 341 potential donors attending SANBS blood drives or donor centres.

75th Anniversary of Blood Transfusion

The highlight of the celebratory year was an event to launch a book focused on the story of blood transfusion in South Africa entitled "From Myths to Modernity" and authored by Ms. Anthea Jeffery of the South African Institute of Race Relations.



Festive season campaigns

SANBS continues to have its festive and holiday season campaigns and which are launched well in advance of the activities. The purpose is to address season blood shortages, assist donors on locating their nearest donor centres and to promote general awareness among the public with a view to consider blood donation.



**SOME GET
THE RED
CARPET
TREATMENT.**

**FOR OTHERS,
JUICE AND A BISCUIT
IS ENOUGH.**



**YOU DON'T JUST GIVE BLOOD,
YOU SAVE LIVES.**

**SMS your name and postal code to
31454 for your nearest donor centre.**

Standard rates apply.

Communications

Digital Media Platforms

The following on Facebook and Twitter has grown at a phenomenal rate. In addition several partnerships have been forged with local, regional and national media and many SABC radio stations have offered great support throughout the year.

Customer Service

All SANBS mobile blood donation vehicles and fixed site Donor centres have been equipped with the Customer Feedback System (CFS) devices to monitor performance and address any gaps.

IT Governance Report

In line with the recommendations of the King Report on Corporate Governance 2009, SANBS IT has adopted the Control Objectives in Information and related Technologies (COBIT) framework as well as ISO 27001 for Information Security. During 2011 the foundation was laid for the implementation of COBIT by undertaking a maturity assessment and defining short and long term targets. During 2012, key COBIT processes were implemented. The remaining COBIT processes will be implemented in the next financial year.

Governance and Information Security policies, procedures and guidelines, including the Information Security Policy Manual, IT Risk Assessment Procedure and the IT Governance Policy, were drafted to support the IT policy framework, the governance framework and the security framework.

SANBS IT reinforced its compliance to Chapter 5 of the King Report on Corporate Governance 2009 IT principles with the following:

- The drafting of a Green IT strategy. This strategy has been aligned to the SANBS environmental sustainability objectives and aims to support SANBS in becoming a good corporate citizen.
- The drafting of an IT benefit realisation framework to monitor IT projects and investments to promote value delivery to business.
- The approval of the IT Governance and Information Security Charters, which outline the accountability framework for the governance of IT and information security.

SANBS IT plans to further embed leading practice in 2013 by completing the implementation of the remaining COBIT processes and incorporating the ISO 27001 into the information security practices. Planned initiatives include:

- To develop and implement the outstanding policies, standards and guidelines that supports the IT policy framework.
- The introduction of security and governance awareness programmes for IT users.
- To further align the SANBS IT systems to the Information Security Strategy.
- To develop baselines and metrics to monitor the operational efficiency of the IT governance and security processes.
- The management of IT risks through documenting IT risks and designing and implementing of mitigating controls.
- The approval of the IT Governance and Information Security Charters, which outline the accountability framework for the governance of IT and information security.

RISK MANAGEMENT

An annual strategic risk assessment was conducted by the SANBS Board and Executive management during June 2012, at which the top strategic risks were identified. These are also aligned to the 9 strategic objectives set in the 5 year plan to 2015 - see diagram page 14. The business plans for the year ending March 2013 took account of these strategic risks, and the strategic responses thereto are stated in the table below.

Risk	Strategic Response
1. Financial instability	<ul style="list-style-type: none"> • Improvement in the debtor collections process • Manage costs and maintain acceptable liquidity • Improve the budgetary process • Management of key stakeholders – Medical aids, Banks and Department of Health • Management of key suppliers • IT/Admin – stores management
2. Inadequate safety of blood supply	<ul style="list-style-type: none"> • Blood bank automation and Implementation of Electronic Crossmatch • Laboratory Information System Alignment (Donation Testing) • Continuously research new testing technology • Quality control and assurance of SANBS products and Services • Safety, Health and environment – develop SAP based Safety, Health and Environment (SHE) management system
3. Inability to procure sufficient blood	<ul style="list-style-type: none"> • Develop and implement integrated collections management system on SAP • Meditech Laptop roll-out in 5 Zones • Review Meditech Architecture and Business Processes • Optimise Blood Collection footprint nationally with WPBTS

Risk	Strategic Response
4. Fraud, corruption and theft	<ul style="list-style-type: none"> • Enterprise Risk Management Framework development and implementation • Risk based – Audit and Safety, Health, Environment and Quality plans development • Tip-offs line for anonymous reporting of inappropriate behaviour
5. Harm to reputation	<ul style="list-style-type: none"> • Manage reputation – restore public trust in the nation's blood system • CRM strategy implementation • Positively profile SANBS in the media
6. Inadequate skills base	<ul style="list-style-type: none"> • Alignment of performance management with strategic objectives • Talent and Succession planning • Develop a selection blue print • Implement computer-based performance management system • Implement E-Learning • Implement employee self-service and management self-service
7. Non-compliance to legislation	<ul style="list-style-type: none"> • Implementation of an institutional compliance programme
8. Inappropriate strategy and execution (long term)	<ul style="list-style-type: none"> • Balanced scorecard alignment and implementation • Integrated planning framework • Quarterly strategic review session facilitation • Setting up the programme management office • Environmental scanning process implementation – Market research • Transfusion research • Business Planning coordination
9. Poor customer care (donor)	<ul style="list-style-type: none"> • Donor Care/Retention Strategy (phase 1 implementation) – Cholesterol and glucose testing
10. Inappropriate stakeholder management, poor customer care (recipient) and inappropriate product mix	<ul style="list-style-type: none"> • CRM strategy implementation • Develop and manage stakeholder matrix • Develop and manage corporate communication programme • Growing cellular therapy • Monitoring clinical usage of blood products • Promotion of SANBS special products • Growing molecular laboratory services

BEE Framework

SANBS is committed to sustainable transformation and has aligned itself with the Codes of Practice under the Broad-based Black Economic Empowerment (BBBEE) Act. The most recent evaluation for SANBS indicates that the company remains a level 4 contributor as per the BEE scorecard detailed below. During the year under review the SANBS has implemented initiatives aimed at improving its contribution. Currently, the company is a level 4 contributor as per the BEE scorecard detailed below.

Elements	Weighting	2011/2012	2010/2011
Ownership	n/a	n/a	n/a
Management Control	15.00	13.81	15.04
Employment Equity	15.00	11.30	11.68
Skills Development	20.00	16.00	16.00
Preferential Procurement	20.00	13.46	14.17
Enterprise Development	15.00	n/a	0.00
Socio-Economic Development	15.00	15.00	15.00
Total Score	100.00	69.57	71.89
Level		4	4

HUMAN CAPITAL MANAGEMENT

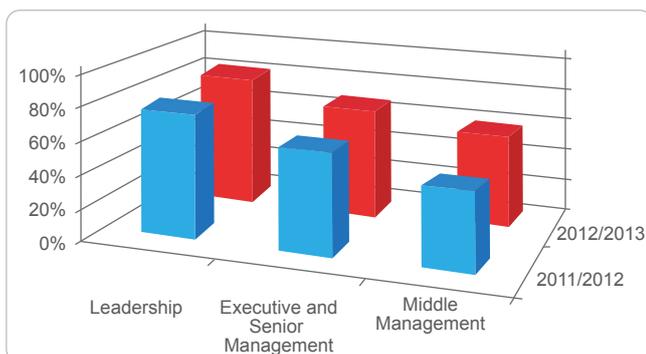
The SANBS Human Resources (HR) value proposition is to build and maintain a sustainable customer focused and people centred business culture through enabling, engaging and empowering its employees. The company is striving to become an Employer of Choice by 2015, and has successfully implemented HR projects and programmes to ensure that it achieves this business strategy.

As part of the strategic objective of becoming an Employer of Choice, SANBS is constantly striving to add value to the lives of employees through better career opportunities, competitive and market related compensation and an enabling and empowering culture.

Transformation and Skills Development

As a responsible corporate citizen SANBS is committed to comply with the country's legislative framework. Transformation therefore remains a priority and SANBS continues to improve, with black employee representation currently at 79% (2011-12: 75%) of all employees. Through the Employment Equity Space Creation project, representation has been accelerated as follows:

Level	2012-2013	2011-2012
Leadership	87%	75%
Executive and Senior Management	71%	64%
Middle Management	59%	49%



The challenge going forward is to grow the talent pool, through the Talent Management Framework, so as to sustain this success rate.

Given the highly competitive market the company operates in, talent management is one of the SANBS' strategic business priorities. Employees are offered opportunities to continually develop themselves through workplace qualifications, various study programmes and qualifications at tertiary level.

During the reporting period, the organisation invested R1,2 million in the study assistance programme which enabled 142 employees to obtain various certificates, diplomas and degrees.

Various programmes were implemented in the reporting period to address compliance risks with the Health Professions Council of South Africa (HPCSA) including:

Programme	Number of learners
Laboratory Assistance Programme for lower level staff who handle blood products	98
Phlebotomy Learnerships to address the critical need for professionals to perform venepunctures	16
National Diploma in Biomedical Technology. This programme was initiated to address the need to increase the number of Medical Technologists and is conducted in partnership with:	
• Tshwane University of Technology (TUT)	71
• Durban University of Technology (DUT)	11
• Cape Peninsula University of Technology (CPUT)	16
The duration of the diploma is three years.	

The organisation invested R293 664 in bursaries sponsoring education at tertiary level for employees' children and dependants, with 23 students receiving various grants.

Compensation

The organisation conducted a Remuneration Survey benchmark exercise, with the assistance of remuneration specialists in order to ensure that compensation and benefits strategy and practice are competitive and aligned to market trends. The survey results confirmed that the organisation's compensation was in line with the market and slightly ahead of other organisations of similar size.

A new and fully automated performance management system was initiated and is in the process of being implemented. The performance system will assist in putting in place clear, measureable objectives with metrics and timelines.

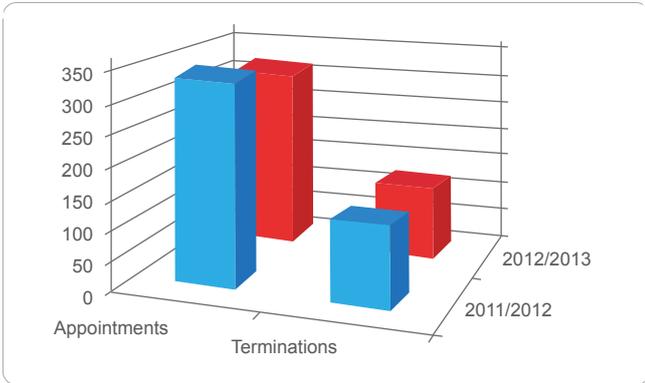
SANBS has also introduced an incentive bonus scheme which will reward good performance and assist in the retention of key and scarce skills.

Employee Turnover

Despite the challenges that the organisation faces in retention of key and scarce skills, the employee turnover has remained relatively constant.

The table below reflects the percentage employee turnover over the past two years.

	2012-2013	2011-2012
Appointments	317	343
Terminations	131	136



Employment Relations

The organisation renegotiated the recognition agreement it has with the majority union, Health and Other Service Personnel Trade Union of South Africa (Hospersa), in order to ensure that it is in compliance with current legislation and best practice. SANBS also recognises two other unions, namely National Education Health & Allied Workers Union (NEHAWU) and Solidarity.

Employees continue to enjoy freedom of association and out of a total staff complement of 2 430, 1 732 employees are members of the three unions.

Management has a mutually constructive relationship with the unions to the extent that during the past two years, wage negotiations were settled between the parties without the necessity of involving a third party such as the Commission for Conciliation Mediation and Arbitration (CCMA).

The organisation will continue to consult with the unions in all initiatives that involve their members and strive towards a peaceful labour relations environment.

Health and Employee Wellness

As an organisation whose main objective is to save lives, the health and well-being of its employees, and the end user of its products, are critical.

The organisation provides a comprehensive employee wellness service through a combination of company managed on-site health centres and a contracted professional service.

The on-site health centres offer occupational health support as well as limited primary health care, free of charge, to all permanent and temporary staff.

The contracted professional service offers a 24 hour telephonic service as well as face-to-face professional counselling for all employees needing assistance in health, marital and financial areas.

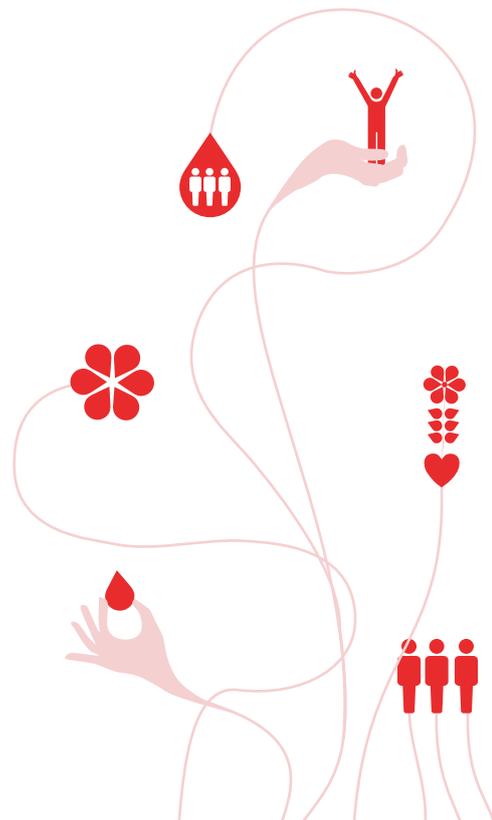
The company also offers all employees subsidised membership to a variety of medical aid schemes, with the intention of providing employees and their dependants with access to cost-effective and comprehensive health care.

The Employee Wellness utilisation rate is 24,4 % (2011: 23,9%) and 100% of top management have undertaken Executive medicals provided by a professional consultancy.

Projects

During the period under review SANBS also undertook the following projects:

- (a) Post-retirement Medical Aid (PRMA) buy out
Over the past few years SANBS has been making provision for the PRMA liability which in the financial year 2011-2012 was valued at R170,8 million. Through the PRMA buy-out process the company was able to reduce the liability to approve R43,4 million. The buy-out process was voluntary whereby qualifying employees were offered an opportunity to invest their share of the liability in the retirement fund, to opt for a cash pay-out or retain the benefit. The 2013 actuarial valuation estimated the accrued liability to have been R207,8 million, if the buy-out process was not implemented.
- (b) Project E3 (Employee & Management Self-service)
The Project E3 is an HR division initiative designed to deliver a number of vitally important platforms to assist employees and managers to electronically process leave applications, view their pay advice slips and IRP5s, and monitor and amend their personal information. A new electronic Performance Management System planned for the next financial year, will also be included in the E3 project.



SANBS GOVERNANCE PRACTICE



CORPORATE GOVERNANCE REPORT

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
- Ensure compliance with relevant legislation and regulations

The Board and Management are committed to ensure adherence to the Companies Act 2008 and the 2009 King Report on Corporate Governance with focus on the following governance principles:

- Ethical leadership, integrity and judgement 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 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 the SANBS will continue as a going concern for its next financial 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 organizational performance is assessed.

STATUTORY COMPLIANCE

The SANBS is registered as a Not-for-profit Company and is governed by the Companies Act 71 of 2008, and the National Health Act 61 of 2003.

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

BOARD OF DIRECTORS

Structure of the Board and Committees

The Board provides leadership, vision and strategic direction to the SANBS to enhance stakeholder value and reputational reliance, and to ensure long-term sustainability and growth of the company. Board members are reminded annually of their statutory duties pertaining to the declaration of interests and requested to submit a general declaration of interest. An affected Board member is legally bound to inform the Board of a conflict, or potential conflict of interests in relation to a particular item on the agenda, and to recuse themselves from the discussion of that item, unless the Board resolves that the declared interest is trivial.

The Board has the responsibility to control and manage the SANBS and to establish its direction. It monitors the operational functioning of the company by management, through detailed periodic reporting, and annually approves the business key performance areas, activities, budget and funding programme.

The composition of the Board provides for a majority of non-executive directors, including a non-executive chairperson. The company's constitution, the Memorandum of Incorporation (MOI), provides that there shall not be more than 15 directors. The current makeup of the board of directors comprises nine Donor non-executive directors, four independent non-executive directors and two executive directors. Non-executive directors are chosen for their business skills and acumen, which include finance, business, medical and community development. The Board is responsible to the National Council, but at all times endeavours to act in the interests of all stakeholders. A minimum of four board meetings are held during a year.

The board of directors retains control over the strategic direction of the company, which is aimed at meeting its mission of providing all patients with sufficient safe, quality blood products and related blood medical services, in a sustainable manner. The information provided to the Board is sufficient to enable the directors to give full consideration to the issues before them.

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 28 - 56.

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 Remunera-

tion Committee and the Chairman of the Board, subject to consultation with the other Directors, evaluates the performance of the Chief Executive Officer on an annual basis.

The names and dates of appointment of the directors are included in the Directors' Report which is included on pages 32 to 36 in this Annual Report.

BOARD COMMITTEES

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 its Committees is set out below:

Member	Board	Audit Risk and IT Governance	Governance Ethics & Social	HR and Remuneration	Clinical Governance	Nomination	Human Resources Ethics
Non-executive							
R Brand	5 of 5	6 of 6	3 of 3	3 of 3	7 of 7	1 of 1	
A Christians	5 of 5		4 of 4	4 of 4	2 of 2		3 of 3
D Dondur	4 of 5	6 of 6	3 of 4	3 of 4			3 of 3
J Mahlangu	4 of 4				5 of 5		
G Simelane	5 of 5	3 of 4			7 of 7		
C Mey	4 of 5	3 of 4	2 of 3	2 of 3	7 of 7	1 of 1	
C Sanangura	5 of 5	6 of 6	1 of 1	1 of 1	2 of 2		
M Nolan	5 of 5						3 of 3
P Venter	4 of 5		4 of 4	4 of 4		4 of 4	3 of 3
W Gumede	5 of 5	2 of 2	4 of 4	4 of 4			1 of 1
P Knox	1 of 1					3 of 4	
R Theunissen	1 of 1	2 of 2	1 of 1	1 of 1			
K Moate	4 of 4						
M Tshifularo	3 of 4					2 of 2	
Executive							
L Mpuntsha	5 of 5	5 of 6	3 of 4	3 of 4	7 of 7		
C Ingram	4 of 5					2 of 2	
S Coffey	3 of 4	4 of 4	3 of 3	3 of 3			
Seconded							
A Ramalho							3 of 3
M Salojee							3 of 3
M Taubkin						2 of 4	
J Mphahlele						1 of 4	
A Rantloane						2 of 4	

The remuneration/directors for attendance at meetings is set out below.

Member	Fees R'000	Other Expense R'000	Total R'000
Non-executive directors			
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 Mohlangu	150	3	153
M Tshifularo	114	3	117
M Nolan	315	4	319
P Knox	79	-	79
P Venter	215	16	231
R Theunissen	62	-	62
R Brand	401	11	412
W Gumede	219	2	221
	3 172	96	3 268

Other expenses to non-executive directors relate to travel.

AUDIT, RISK AND IT GOVERNANCE COMMITTEE

The Audit, Risk and IT Governance Committee facilitates systematic interaction between the Board and the company's external auditors and is responsible for the internal controls of the company. It ensures that management implements policies and processes that contribute to the maintenance of discipline and control and an effective risk management system, thereby reducing the opportunity for fraud and corruption. It reviews the company's accounting policies and recommends changes where appropriate. The committee is further tasked to monitor compliance with legislative requirements and codes of best practice.

Functions of the Audit Committee include:

- Reviewing the broad implementation and effectiveness of corporate governance;
- Reviewing the financial statements and accounting policies;
- Reviewing the effectiveness of management information, risk management practices and other systems of internal control with specific reference to the findings and recommendations of both the internal and external auditors;
- Considering the effectiveness of the internal audit function;
- Considering pending litigation, reports of employee dishonesty and insurance cover;
- Reviewing the IT roll-out and ensure adequate support within the organisation, which is heavily reliant on IT structures.

The external auditors are appointed each year, based on the recommendations by the Audit Committee to the National Council.

Risk Management and Internal Audit

The Board is ultimately responsible for ensuring that the company has an effective risk management system in place. Executive management is, however, responsible for identification, evaluation, management, measuring and monitoring the strategic, operational and financial risks affecting their areas of business. These risks are assessed on an annual basis and evaluated against a variety of internal and external sources. A detailed risk assessment has been performed, a rolling three-year internal audit plan developed and internal audits in key identified areas performed.

Currently the SANBS is reliant on the outsourced internal audit function which operates independently under the guidance of the audit committee. Internal Audit focuses on the adequacy and effectiveness of the company's management of risks, and assists executive management in meeting their business objectives through an examination and assessment of the company's activities, ongoing assessment of the risks involved and an evaluation of the adequacy and effectiveness of the processes, systems and controls to manage these risks.

Conflicts of Interest

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

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

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

This Committee's responsibilities are to ensure:

- The consistent application of a Code of Conduct to which all employees are expected to adhere and which requires the highest standards of ethical business practices to be applied;
- Employment practices are fair, transparent, equitable and consistently applied; and
- The company's executive management and staff, is fairly rewarded for their individual contributions to the Company's overall performance, having due regard to the competitiveness within the relevant market as well as the financial well-being of the organisation.

GOVERNANCE SOCIAL AND ETHICS COMMITTEE

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

CLINICAL GOVERNANCE COMMITTEE

The function of the Clinical Governance 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 ensuring the quality and safety of donors, patients and healthcare professionals' care.

NOMINATION COMMITTEE

The role of the Nomination Committee is to assist in the nomination and selection of Directors who are fit and proper persons to be directors of having regard to appropriate composition, skills, experience and other qualities required to sit on the board of directors and contribute to leadership and direction of the organisation.

HUMAN RESEARCH AND ETHICS COMMITTEE

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

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

During the year it was resolved that this would no longer be a board sub-committee and would in future be managed by the Medical Division.

EXECUTIVE MANAGEMENT

The day-to-day management of the company rests with an Executive Management Committee (Exco), which is chaired by the Chief Executive Officer. This committee, which comprises senior executive management within the company, meets regularly to consider or implement:

- Board resolutions and direction in respect of the directions and operations of the company as per its mandate;
- The development and growth of the business in terms of the company's mission;
- External developments within the markets in which the company operates;
- General management issues concerning the running of the company; and
- Company performance against the business plan and budget.

STAKEHOLDER COMMUNICATIONS

The Chairperson and Chief Executive Officer regularly consult and report on the business imperatives of the SANBS to the National Council. Furthermore, as part of the review of the strategic vision, members of executive management regularly meet and interact with the main stakeholders and donors of the company.

FINANCIAL STATEMENTS

The directors are responsible for preparing the financial statements and other information presented in the annual report, in a manner that fairly presents the state of affairs of the SANBS and the results of its operations. The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with generally accepted auditing standards and reporting their findings thereon.

Management prepares financial statements in accordance with international financial reporting standards (IFRS), and the Companies Act 2008. Such financial statements are based on appropriate accounting policies that have been consistently applied and are supported by reasonable and prudent judgements and estimates.

INTERNAL CONTROL ENVIRONMENT

The Board acknowledges its overall responsibility for the company's systems of internal control and for reviewing its effectiveness, whilst the role of executive management is to implement systems, processes and policies on risk and control.

Executive management has implemented internal control systems designed to facilitate the effective and efficient operation of the company. The systems are aimed at enabling the company to respond appropriately to significant operational, financial, compliance and strategic risks to achieve the company's business objectives.

EMPOWERMENT

The SANBS is committed to the creation of an environment where all employees, irrespective of race, gender or creed, are able to enjoy equal opportunities. The company provides opportunities to persons who were historically disadvantaged, have potential, and can render an efficient and productive service. The SANBS seeks to create a staff profile representative of the demographics of South African society.

PERFORMANCE MANAGEMENT

In addition to the company Board, sub-committee and Exco meetings, in order to ensure organisational efficiency, effectiveness and the economic utilization of the company's resources, the following measures are in place:

- Balanced scorecard throughout the organisation;
- Operational and financial budgets;
- Divisional management reports;
- Half-yearly performance discussions with the National Council;
- Annual presentations to the Department of Health; and
- Policies and procedures relating to the SANBS key activities.

CODE OF ETHICS

SANBS is committed to upholding the highest standard of ethical behaviour amongst its directors, management and staff in line with the adopted Code of Ethics. The Code of Ethics has been communicated to SANBS staff 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 SANBS' premises
- Moonlighting
- Use of the SANBS resources
- IT behaviour
- Whistle-blowing

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



REPORT OF THE AUDIT, RISK AND IT GOVERNANCE COMMITTEE

The Audit, Risk and IT Governance Committee is pleased to present its report for the financial year ended 31 March 2013.

AUDIT, RISK AND IT GOVERNANCE COMMITTEE RESPONSIBILITY, MEMBERS AND ATTENDANCE

The Audit, Risk and IT Governance Committee consists of five non-executive and one executive directors, and is 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 at least four times a year and has done so for the year under review. The Audit, Risk and IT Governance Committee has adopted an appropriate formal terms of reference as its charter.

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 activities of the internal audit function, including its work programme, reports and 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 assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the 2009 King Report on Corporate Governance recommendations, Internal Audit provides the Audit 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 on the audit report. Accordingly, the Committee can report that the systems of internal control for the period under review were adequate and effective.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit 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 Audit 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 the Committee's review of the annual financial statements of the company for the year ended 31 March 2013, the Committee is 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 Audit and Risk Committee recommend these annual financial statements, which are prepared on the going concern basis, as confirmed by the independent external auditors, to the Board for approval.



Chairperson of the Audit Committee
29 August 2013

STATEMENT BY COMPANY SECRETARY

This is to confirm that the office of the Company Secretary has, in terms of the Companies Act 2008, made provision for lodging with the Companies and Intellectual Property Commission, all such returns as are required in terms of the legislation, and that such returns are true, correct and up to date.



Acting: Company Secretary
29 August 2013

Annual Financial Statements



SANBS

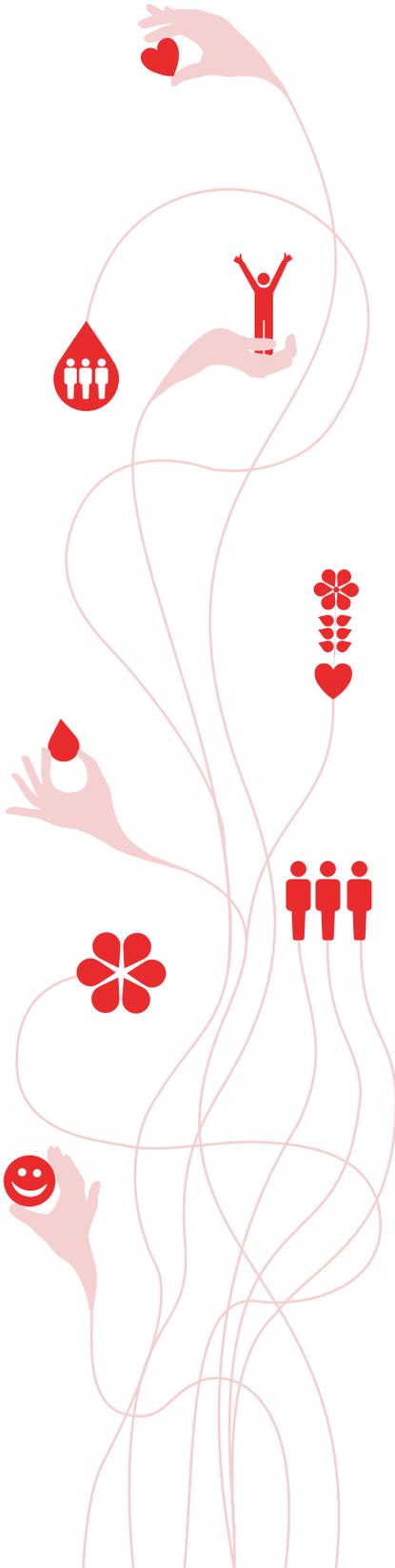
South African National Blood Service

SECTION 2

Directors' Approval of the Annual Financial Statements	30
Independent Auditor's Report	31
Directors' Report	32
Statement of Financial Position	34
Statement of Comprehensive Income	35
Statement of Cash Flows	36
Notes to the Annual Financial Statements	37 56

**DIRECTORS' APPROVAL OF THE
ANNUAL FINANCIAL STATEMENTS**

The annual financial statements set out on pages 28 - 56 were approved by the Board of Directors on 29 August 2013 and are signed on its behalf by:



Alex Christians
Chairman: Board of Directors



Dr. Loyiso Mpuntsha
Chief Executive Officer

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 28 to 56, which comprise the statement of financial position as at 31 March 2013, 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 31 March 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 2013, 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
29 August 2013

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31 March 2013.

1. NATURE OF BUSINESS

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

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

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

2. DIRECTORS

The Board of Directors comprises thirteen Directors being nine Non-executive Donor Directors, two independent Non-executive Directors and two Executive Directors as listed hereunder.

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

Non-executive

A Christians – Chairman
D Dondur – Deputy Chairman
P Venter
R Brand
M Nolan
C Mey
G Simelane
R Theunissen (Appointed on 13 October 2012)
P Knox (Appointed on 13 October 2012)
J Moate (Retired on 13 October 2012)
M Tshifularo (Retired on 13 October 2012)
S Coffey (Retired as director on 31 October 2012)

Executive

L Mpuntsha
C Ingram

Independent Non-executives

C Sanangura
W Gumede

3. COMPANY SECRETARY

Mr. A Higgs is the Acting Company Secretary for SANBS with effect from 1 May 2013. The addresses of the Company Secretary are as follows:

Business address	Postal address
1 Constantia Boulevard Constantia Kloof Roodepoort 1724	Private Bag X14 Weltevreden Park 1715

Ms. N Motaung resigned as the Company Secretary of SANBS on 30 April 2013.

4. AUDITORS

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

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

5. BUSINESS RESULTS SUMMARY

The financial position of the Company at 31 March 2013 is set out in the statement of financial position.

The statement of comprehensive income for the year reflects a surplus of R229,8 million (2012: R359,8 million).

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.

The total amount paid out during the year was R204,8 million and the remaining liability is R43,4 million.

6. EVENTS AFTER THE REPORTING DATE

The Directors are not aware of any material matters or circumstances 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 31 March 2013.

7. GOING CONCERN STATUS

Having reviewed SANBS' cash flow forecast for the year 2013-2014 and, in light of the current financial position, the Directors are satisfied that the organisation has, or has access to, adequate resources to continue its operational existence for the foreseeable future.

8. POLICY DIRECTIVES

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

9. 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 this report.

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

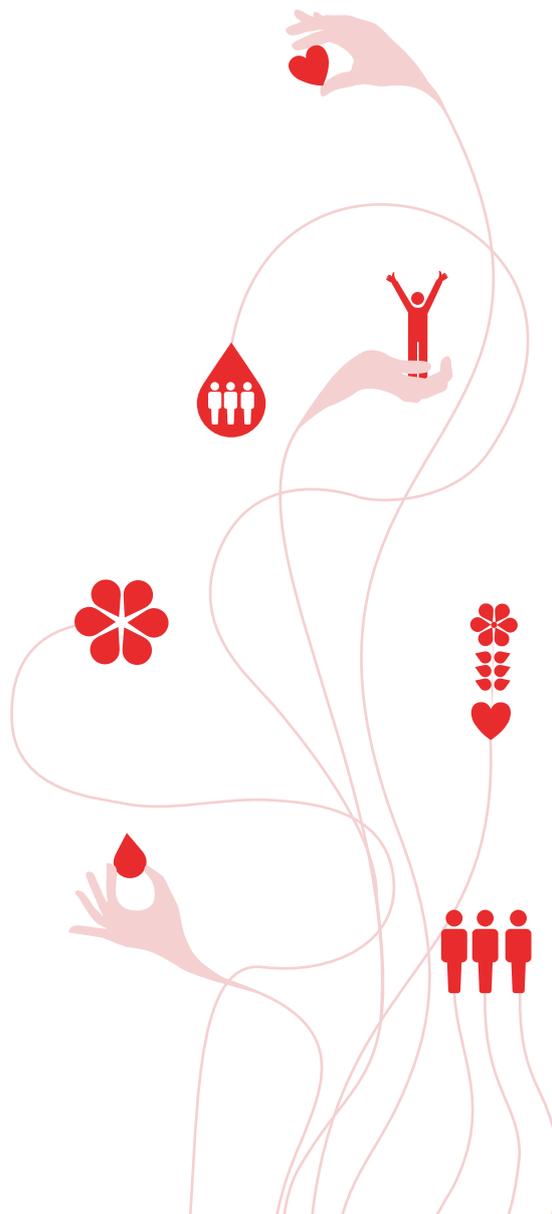
The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements of SANBS have been prepared in terms of IFRS, including any interpretations, guidelines and directives issued by the Accounting Standards Board, as well as in a manner required by the Companies Act. The directors have made an assessment of SANBS' ability to continue as a going concern and have every reason to believe that SANBS will be a going concern in the year ahead. The directors' responsibility also includes maintaining an effective risk management system and an adequate system of internal 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 control aimed at reducing the risk of error or

loss in a cost-effective manner. These standards include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems occurred during the year under review.

Based on the information and explanations provided by management, the directors are of the opinion that the system of internal controls provide 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 31 March 2013, and the results of its operations for the year then ended.



	Notes	2013 R'000	2012 R'000
ASSETS			
Non-current Assets			
Property, plant and equipment	8	276 214	237 803
Current Assets			
Inventories	9	70 204	71 924
Trade and other receivables	10	429 994	477 781
Cash and cash equivalents	16.3	756 544	656 018
Total Current Assets		1 256 742	1 205 723
Total Assets		1 532 956	1 443 526
RESERVES & LIABILITIES			
Reserves		1 278 494	1 048 658
Non-current Liabilities			
Interest-bearing liabilities	11	1 946	9 302
Provision for post-retirement medical obligations		41 416	13 430
Total Non-current liabilities	12	43 362	22 732
Current Liabilities			
Interest-bearing liabilities		5 031	5 187
Provision for post-retirement medical obligations	11	2 005	175 000
Trade and other payables		164 610	149 486
Grants received-in-advance	12	-	5 843
Provisions	13	39 454	36 620
Total Current Liabilities	14	211 100	372 136
Total Reserves and Liabilities	15	1 532 956	1 443 526

	Notes	2013 R'000	2012 R'000
REVENUE	3	1 899 337	1 779 443
Expenses	4	(1 723 189)	(1 469 516)
Other income		18 158	27 057
Net Interest Received		35 530	22 813
Interest received	5	36 251	24 622
Interest expense	5	(721)	(1 809)
SURPLUS FOR THE YEAR	6	229 836	359 797

CHANGES IN EQUITY
For the year ended 31 March 2013

	2013 R'000 Reserves
Balance at 1 April 2011	688 861
Surplus for the year	359 797
Balance at 31 March 2012	1 048 658
Surplus for the year	229 836
Balance at 31 March 2013	1 278 494

	Notes	2013 R'000	2012 R'000
Cash flow from operating activities			
Cash generated from operations	16.1	239 793	366 169
Changes in working capital	16.2	(77 544)	(28 443)
Cash generated by operating activities		162 249	337 727
Interest received	5	36 251	24 622
Net cash from operating activities		198 500	362 349
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	(86 263)	(56 233)
Proceeds from sale of plant and equipment		2 365	3 613
Net cash from investing activities		(83 898)	(52 620)
Cash flows from financing activities			
Decrease in interest-bearing liabilities		(7 512)	(9 158)
Decrease in grants received-in-advance		(5 843)	-
Interest expense	5	(721)	(1 809)
Net cash from financing activities		(14 076)	(10 967)
Cash movement for the year		100 526	298 762
Cash and cash equivalents at beginning of the year		656 018	357 256
Cash and cash equivalents at the end of the year	16.3	756 544	656 018

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 2012.

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

IFRS 9 Financial Instruments – Classification and Measurement (Effective for annual periods beginning on or after 1 January 2015).

IFRS 10 Consolidated Financial Statements (Effective for annual periods beginning on or after 1 January 2013).

IFRS 11 Joint Arrangements (Effective for annual periods beginning on or after 1 January 2013).

IFRS 12 Disclosure of interest in other Entities (Effective for annual periods beginning on or after 1 January 2013).

IFRS 13 Fair Value Measurement (Effective for annual periods beginning on or after 1 January 2013).

IAS 27 Separate financial statements (Effective for annual periods beginning on or after 1 January 2013).

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

IFRS 7 Financial Instruments – Disclosures (Effective for annual periods beginning on or after 1 January 2013).

IAS 19 Employee Benefits (Effective for annual periods beginning on or after 1 January 2013).

IAS 28 Investments in Associates and Joint Ventures (Effective for annual periods beginning on or after 1 January 2013).

IAS 32 Offsetting financial asset and financial liabilities (Effective for annual periods beginning on or after 1 January 2014).

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

1.2 Basis of preparation

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

These financial statements are presented in South African 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:

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

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

Assets held under finance leases are depreciated over 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.

1.4 Leases (Continued)

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 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 whose performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39. Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

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

1.6.3 Held-to-maturity investments

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

1.6.4 Available-for-sale financial assets

AFS financial assets 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 reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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

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

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

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

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

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

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

When 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 recognised.

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

1.6.7 De-recognition of financial assets

The company derecognises a financial asset only when the contractual rights to 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

1.7.2 Equity Instrument for trading

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.

1.7.3 Financial Liabilities

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.

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 whose performance is evaluated on a fair-value basis in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
 - It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments; Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.
- Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in note 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 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 Revenue recognition

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

1.11 Retirement benefits

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

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

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

1.12 Impairment

At each 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.

1.13 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.

1.14 Research and development

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

1.15 Provisions

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

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

2.1 Critical accounting judgements

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

Impairment of assets

In making 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.

2.2 Key sources of estimation uncertainty

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.

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.

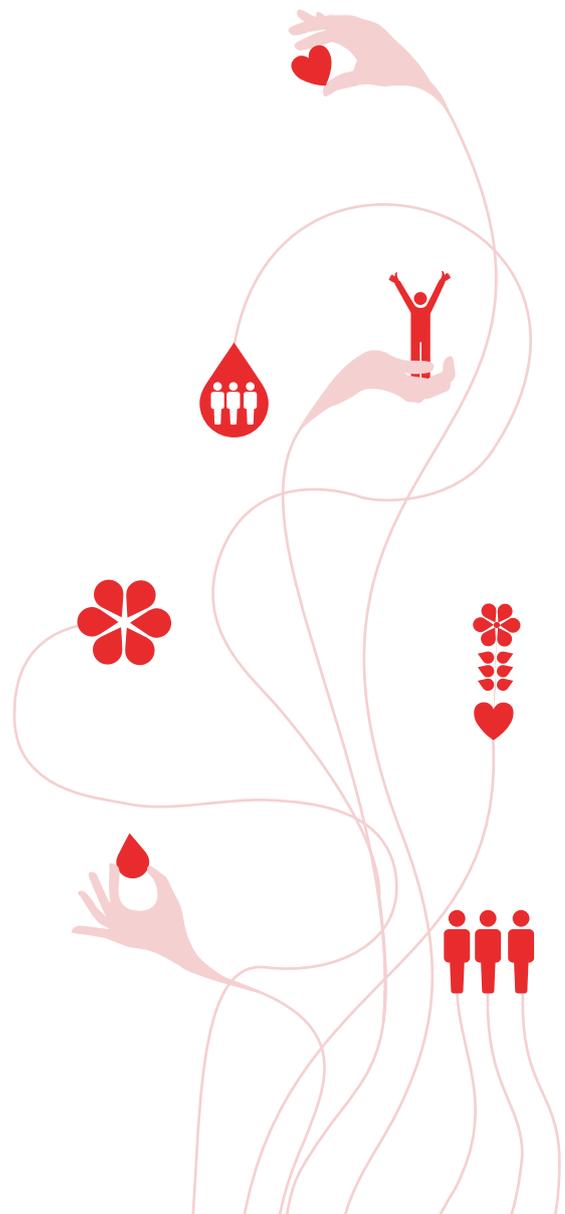
2.2 Key sources of estimation uncertainty (Continued)

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 the assumptions set out in note 12.

Inventory

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



	2013 R'000	2012 R'000
3 REVENUE		
Revenue consists of invoiced value of goods and services to customers excluding value-added taxes.		
Service fees	1 897 795	1 778 464
Product sales	1 542	979
Total Revenue	<u>1 899 337</u>	<u>1 779 443</u>
4 EXPENSES		
Advertising and promotions	29 796	34 015
Communication costs	26 893	21 910
Consulting fees	23 673	12 252
Consumables	385 218	402 168
Depreciation	42 873	31 160
Employee benefits	773 922	645 541
Freight	98 590	81 017
Hired premises	22 490	21 910
Motor vehicle costs	14 484	14 347
Product testing	47 035	40 179
Services	62 408	52 897
Travel and accommodation	30 124	19 696
Other expenses (includes bad debts write off, computer costs, foreign exchange variance; insurance and repairs and maintenance)	165 683	92 424
	<u>1 723 189</u>	<u>1 469 516</u>
5 FINANCE CHARGES		
Interest received		
Bank	<u>36 251</u>	<u>24 622</u>
Interest expense	(663)	(1 737)
Interest on finance lease obligation	(58)	(72)
Other	<u>(721)</u>	<u>(1 809)</u>

	2013 R'000	2012 R'000
6 SURPLUS FOR THE YEAR		
The surplus for the year is stated after taking into account the following items:		
Auditor's remuneration	3 274	3070
Audit fees	3 200	3 000
Fees for other services	74	70
Depreciation	42 873	31 160
Buildings	1 924	804
Plant and equipment	18 875	15 118
Motor vehicles	9 211	7 929
Computer equipment	9 559	5 215
Furniture and fittings	3 304	2 094
Directors' emoluments (refer to Note 22)	24 619	13 576
Executive directors	21 351	10 530
Non-executive directors	3 268	3 046
Impairment of assets	2 476	2 568
Net gain on foreign currency transactions	(1 003)	(6 153)
Employee benefits	743 098	638 648
Salaries and wages	466 378	414 444
Pension	71 171	63 268
Bonus	61 501	51 248
Leave	17 910	16 947
Medical aid	70 234	55 388
Other	55 904	37 353
Net loss on disposal of property, plant and equipment	138	138
Operating lease expenses	24 118	22 574
Land and buildings	19 562	20 067
Plant and equipment	4 556	2 507
PEPFAR grant income	(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 R'000	Additions R'000	Disposals R'000	Transfers R'000	Impairment R'000	End of year R'000
8 PROPERTY, PLANT AND EQUIPMENT 2013						
Cost						
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
	425 397	86 263	(18 888)	-	(2 476)	490 296

	Impairment R'000	Change for the year R'000	Disposals R'000	Transfers R'000	Impairment R'000	End of year R'000
Accumulated Depreciation						
Land and buildings	10 061	1 924	(95)	(66)	-	11 824
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
	187 594	42 873	(16 385)	-	-	214 082

	Cost R'000	Accumulated Depreciation R'000	Net Carrying Value R'000
Current Net Carrying Value			
Land and buildings	166 771	(11 824)	154 947
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
	490 296	(214 082)	276 214

	Beginning of year R'000	Additions R'000	Disposals R'000	Transfers R'000	Impairment R'000	End of year R'000
8 PROPERTY, PLANT AND EQUIPMENT 2012						
Cost						
Land and buildings	151 865	8 997	-	1 453	(2 568)	159 747
Plant and equipment	130 597	13 002	(3 244)	-	-	140 355
Motor vehicles	59 577	16 632	(6 784)	(1 453)	-	67 972
Computer equipment	39 423	15 434	(4 970)	-	-	49 887
Furniture and fittings	5 282	2 168	(14)	-	-	7 436
	386 744	56 233	(15 012)	-	(2 568)	425 397
Accumulated Depreciation	Impairment	Change for the year	Disposals	Transfers	Impairment	End of year
	R'000	R'000	R'000	R'000	R'000	R'000
Land and buildings	9 257	804	-	-	-	10 061
Plant and equipment	97 532	14 442	(3 243)	-	-	108 731
Motor vehicles	26 537	7 969	(3 667)	-	-	30 839
Computer equipment	31 296	5 837	(4 940)	-	-	32 193
Furniture and fittings	3 676	2 108	(14)	-	-	5 770
	168 298	31 160	(11 864)			187 594
Current Net Carrying Value	Cost R'000	Accumulated Depreciation R'000	Net Carrying Value R'000			
Land and buildings	159 747	(10 061)	149 686			
Plant and equipment	140 355	(108 731)	31 624			
Motor vehicles	67 972	(30 839)	37 133			
Computer equipment	49 887	(32 193)	17 694			
Furniture and fittings	7 436	(5 770)	1 666			
	425 397	(187 594)	237 803			

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 SANBS has been registered. Motor vehicles with a net carrying value of R12 486 575 (2012 : R22 175 230) are subject to finance leases as disclosed in Note 11. None of the property, plant and equipment has been pledged as security.

	2013 R'000	2012 R'000
9 INVENTORIES		
Consumable stores	72 380	74 099
Provision for obsolescence	(2 175)	(2 175)
	<u>70 205</u>	<u>71 924</u>
10 TRADE AND OTHER RECEIVABLES		
Trade receivables	427 036	470 787
Sundry receivables	2 958	6 994
	<u>429 994</u>	<u>477 781</u>
Trade receivables:		
Gross	593 787	624 950
Provision for doubtful debts	(166 751)	(154 163)
	<u>427 036</u>	<u>470 787</u>
Age of receivables that are past due, but not impaired:		
30 Days	62 805	65 486
60 Days	23 791	45 323
	<u>86 596</u>	<u>110 809</u>
Not past due	<u>283 464</u>	<u>275 725</u>
Age of impaired receivables:		
90 Days	22 015	49 690
120 Days	16 236	44 190
150+ Days	185 476	144 536
	<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 from Government related business, the company only views Government accounts receivable as potentially problematic if they age beyond 120 days. The Public Finance Management Act (2000) that governs all Public Institutions does, however, provide that all Government Institutions should be paying their creditors within 30 days. This is not currently practised by all relevant Government Institutions.

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

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

Private sector patients/customers

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

Government sector patients/customers

The company trades significantly with Government by way of the Provincial and National Department 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:

	2013 R'000		2012 R'000
Private Sector	309 045	52%	296 935
Medical aids	187 851		164 900
Private patients	78 726		81 485
Private institutions	41 826		47 520
Other	642		3 030
Government Sector	284 742	48%	328 015
Government hospitals	263 484		306 954
Workmen's Comp. Fund	14 492		14 679
Road Accident Fund	6 697		6 151
Other	69		231
	<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.

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

The obligations are secured over motor vehicles with a carrying value of R12 486 575 (2012 : R22 175 230). The obligations bear interest at between 7,5% and 8,25% (2012 : between 7,5% and 9%) and are repayable in monthly instalments of R549 061 (2012 : R694 252).

Reconciliation of future payments:

	Within one year R'000	Two to five years R'000	Total R'000
2013			
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>
2012			
Minimum repayments	6 091	9 619	15 710
Less : finance costs	(904)	(317)	(1 221)
Present value	<u>5187</u>	<u>9 302</u>	<u>14 489</u>

12 PROVISION FOR POST-RETIREMENT MEDICAL OBLIGATIONS

The post-retirement medical arrangements provide health benefits to retired employees and certain dependants. Eligibility for cover is dependent upon certain criteria. There is no planned 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 2013 financial year end indicates that the contractual post-retirement medical aid liability is adequately provided for within the financial statements.

	2013 R'000	2012 R'000
Provision for post-retirement long term medical obligations	41 416	13 430
Short term portion	2 005	175 000
Balance at the end of the year	<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	7 007	6 503
Interest on obligation	16 759	15 187
Actuarial losses recognised in the year	40 503	1 523
	<u>64 269</u>	<u>23 213</u>

	2013 R'000	2012 R'000
12 PROVISION FOR POST-RETIREMENT MEDICAL OBLIGATIONS (Continued)		
Movement in the present value of the defined benefit obligation in the current year is as follows:		
Balance at the beginning of the year	188 430	170 753
Current service costs	7 007	6 503
Interest costs	16 759	15 187
Expected employer benefit payments	(4 430)	(5 536)
Settlement gain	(204 848)	-
Actuarial loss	40 503	1 523
Balance at the end of the year	<u>43 421</u>	<u>188 430</u>
The principal actuarial assumptions applied were:		
Average retirement age	65 years	65 years
Continuation of membership at retirement	100,00%	100,00%
Healthcare cost inflation	8,30%	7,75%
Discount rate	8,40%	9,00%
Salary inflation	7,80%	7,50%
The following table shows the results of those offer letters as at 31 March 2013:		
Responses	<u>No. of employees</u>	
Accepted	689	
Rejected	74	
Not eligible for offer	37	
Terminated before offer	13	
Deceased	5	
No response	67	

The total amount paid out during the year was R204 848 000 and the remaining liability is R43 421 000.

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.

13 TRADE AND OTHER PAYABLES

Trade payables	74 583	73 218
Accruals	31 146	53 734
Other payables	58 881	22 534
	<u>164 610</u>	<u>149 486</u>

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

2013	Total R'000	Current R'000	30 days R'000	60 days R'000	Over 60 days R'000
	74 583	74 151 99,4%	129 0,2%	11 0,0%	292 0,4%
2012	73 218	48 779 66,6%	23 697 32,4%	1 388 1,9%	(646) (0,9%)

	2013 R'000	2012 R'000
14 GRANTS RECEIVED-IN-ADVANCE		
Government grants	-	5 843
15 PROVISIONS		
Leave pay		
Opening balance	36 620	31 968
Additional provisions recognised	12 278	12 963
Reduction due to payments	(9 444)	(8 311)
	<u>39 454</u>	<u>36 620</u>
16.1 Operating profit before working capital changes		
Net surplus	229 836	359 797
Adjustments:		
Depreciation	42 873	31 160
Net loss (profit) on disposal of property, plant and equipment	138	(464)
Interest received	(36 251)	(24 622)
Interest paid	721	1 809
Impairment of assets	2 476	2 568
Amount recognised in income for grants received-in-advance	-	(4 079)
Cash generated from operations	<u>239 793</u>	<u>366 169</u>
16.2 Working Capital Changes		
Decrease/(Increase) in inventories	1 720	(10 869)
Decrease in trade and other receivables	47 787	5 562
Increase/(Decrease) in trade and other payables	15 124	(45 464)
Increase in provisions	2 834	4 652
Decrease/(Increase) in provision for post-retirement medical aid obligations	(145 009)	17 677
Changes in working capital	<u>(77 544)</u>	<u>(28 442)</u>
16.3 Cash and cash equivalents		
Cash and cash equivalents	<u>756 544</u>	<u>656 018</u>
17 OPERATING LEASE COMMITMENTS		
Land and buildings	36 149	42 448
Not later than one year	18 719	14 281
Later than one year, but not later than five years	17 430	28 167
Plant and equipment	-	2 481
Not later than one year	-	2 481
	<u>36 149</u>	<u>44 929</u>
18 PENSION AND PROVIDENT FUND INFORMATION		

The company provides retirement benefits for all eligible permanent employees through a defined contribution provident fund, which is all governed by the Pension Funds Act in South Africa, 1956. At year end there were 2 201 (2012 : 2 123) employees on this fund. The company's contribution to this fund expensed during the current financial year amounted to 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 the 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:	2013	2012
USD	9.2363	7.8836
Euro	11.8433	10.5753
Liabilities in:	R'000	R'000
USD	22 307	25 473
Euro	-	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.

	2013 R'000	2012 R'000
10% foreign currency sensitivity – USD	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 2013, 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 the fair value.

Fair value hierarchy

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

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

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

The entity has no Level 1 financial instruments.

2013

Financial assets

	Level 2 R'000	Level 3 R'000
Trade and other receivables	-	428 158
Cash and cash equivalents	-	756 544
Total	-	1 184 702

Financial liabilities

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

Classification of financial instruments

	Loans and receivables R'000	Amortised cost R'000	Total R'000
Assets			
Trade and other receivables	428 158	-	428 158
Cash and cash equivalents	756 544	-	756 544
Total	1 184 702	-	1 184 702
Liabilities			
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
Total		215 008	215 008

19 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT POLICIES (Continued)

Fair value (Continued)

2013

Financial assets	Level 2 R'000	Level 3 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 receivables R'000	Amortised cost R'000	Total R'000
Assets			
Trade and other receivables	477 781	-	477 781
Cash and cash equivalents	656 018	-	656 018
Total	1 133 799	-	1 133 799
Liabilities			
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

20 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

Approved by directors – not contracted for

	2013 R'000	2012 R'000
Plant and equipment	73 985	57 209
Motor vehicles	12 234	16 877
Furniture and fittings	5 780	7 843
Computer hardware and software	16 767	14 730
Buildings and leasehold improvements	44 344	39 642
	153 110	136 301

21 GUARANTEES

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

22 DIRECTORS' EMOLUMENTS

2013

Executive Directors/Prescribed Officers

	Basic Salary R'000	Bonus and Leave Encashment R'000	Other Benefits R'000	Total R'000
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 Mpofane	873	72	207	1 152
T Mokoena	859	-	69	928
S Mabuza	1 016	103	20	1 139
N Mankungu (Appointed 1 March 2013)	112	-	4	116
	10 885	1 399	9 067	21 351

*The above amounts include R8,1 million and sixty five thousand rand severance package paid to S Coffey and R234,000 paid to R Reddy in respect of the post-retirement medical aid settlement.

Non-executive directors

	Fees R'000	Other Expenses R'000	Total 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 Mohlangu	150	3	153
M Tshifularo	114	3	117
M Nolan	315	4	319
P Knox	79	-	79
P Venter	215	16	231
R Theunissen	62	-	62
R Brand	401	11	412
W Gumede	219	2	221
	3 172	96	3 268

Other expenses to non executive directors relate to travel.

22 DIRECTORS' EMOLUMENTS (Continued)

2012

Executive Directors/Prescribed Officers

	Basic Salary R'000	Bonus and Leave Encashment R'000	Other Benefits R'000	Total R'000
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	291	109	2 243
L Mothokoa	989	123	132	1 244
L Mpofane	566	46	56	668
S Mabuza	951	44	6	1 001
	8 888	1 090	552	10 530

Non-executive directors

	Fees R'000	Other Expenses R'000	Total 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 Mohlangu	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
	2937	109	3 046

Other expenses to non-executive directors relate to travel.

23 Events after the reporting date

The directors are not aware of any material matters or circumstances arising since the end of the financial year to the date of this report, which require consideration for adjustment or disclosure in the annual financial statement for the year ended 31 March 2013.