Annual Report 2008/09

SABS

Your business. Your partner.

Vision

The vision of the South African Bureau of Standards (SABS) is to be the trusted third party that offers uncompromized value-added standardization services.

Mission

We will be proactive in providing trusted and independent standardization services that will result in:

- ***Protection of the integrity of the South African market;***
- ***Protection of the South African consumer;***
- ***Creation of a competitive advantage for the South African industry; and***
- ***Access by South Africans to markets locally and internationally.***

SABS

Contents

2 Highlights
4 Message from the Chairperson
6 Message from the CEO
10 SABS Board members
11 SABS Executive Committee
The clusters:
12 *Chemicals*
14 *Electro-technical*
18 *Food and health*
21 *Mechanical and materials*
24 *Mining and minerals*
26 *Services*
29 *Transportation*
31 *Design institute*
34 Sustainability report
37 Annual financial statements
114 Acronyms and abbreviations

SABS

Highlights

- *The new Standards Act (Act No 8 of 2008) was promulgated on 1 September 2008 and the former Regulatory division was separated from the SABS to form the new National Regulator for Compulsory Specifications (NRCS) under the Department of Trade and Industry (**the dti**).*
- *The SABS Group achieved a Level 3 BBBEE rating, an improvement over the Level 4 rating of 2007/08. SABS Commercial achieved a Level 4 rating for the reporting period (2007/08: Level 5).*
- *The Group's Employment Equity ratio improved from 86% (2007/08) to 89%.*
- *The first ever SABS Expo was held at the Sandton Convention Centre from 29 - 31 October 2008. This inaugural event was a great success.*
- *Through the newly developed standard SANS 17021, SABS was assessed by SANAS and Raad voor Accreditatie (RvA) in March 2008, and was awarded full accreditation to conduct conformity assessments for bodies providing audit and certification for business management systems. SANS 17021 provides specific requirements as opposed to the previous ISO/IEC Guide 62 and ISO/IEC Guide 66, which provided only guidelines.*
- *Phase III of the Infrastructure project was completed, encompassing the planning and design of the new Laboratory complex. Construction will commence in the next reporting period.*
- *The SADCSTAN Executive Committee Meeting was hosted in Cape Town on 8 May 2008. Delegations from 13 SADC states attended, along with observers from AFSEC, ARSO, ASTM, DTI, GSO, ISO, IEC, ISO, and PTB.*
- *The winners of the SABS Design Institute's Design Achievers Awards, two black female students from the Universities of Pretoria and Johannesburg respectively, represented South Africa in Youth Design events in Japan and Hungary.*
- *The national priority to improve energy efficiency and combat climate change was bolstered by the publication of the standards SANS 1307, Domestic solar water heaters, and SANS 204, Energy efficiency in buildings. Should the latter be made mandatory, the country will save the equivalent output of a new nuclear power plant.*
- *The standard SANS 7001, Graphical symbols - Public information symbols, was published, updating the previous ISO 7001:1990 to ensure that international 2010 World Cup visitors will benefit from clearly understood symbols on clearly visible signage.*
- *The target of producing standards at a total cost of R1,500 per page was met and exceeded all other quantitative Key Performance Indicators as set by **the dti**. SABS Standards continued to produce standards more quickly than the internationally accepted benchmark.*

Graphical representations of Standards completed

Figure 1:

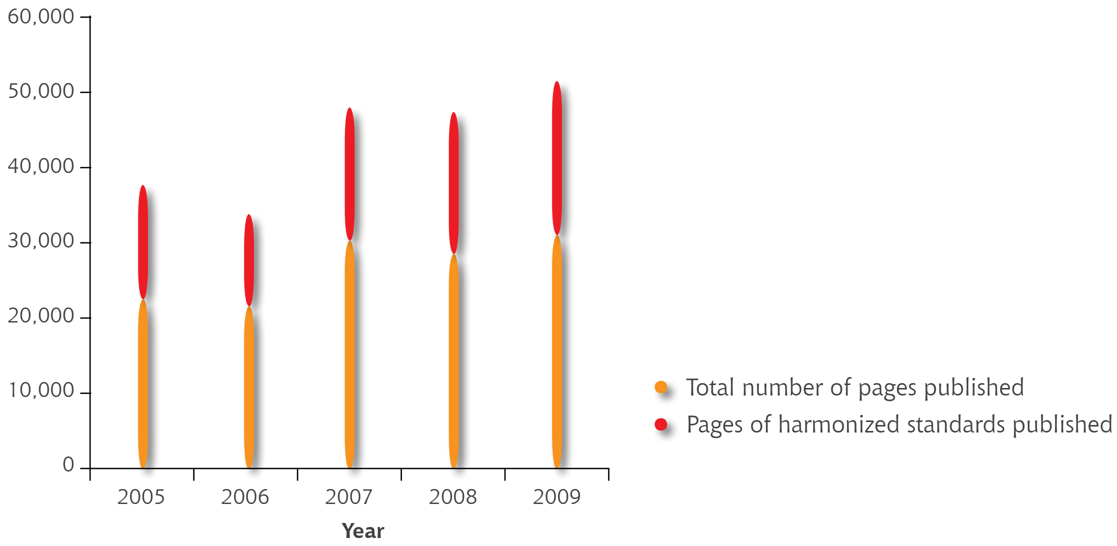


Figure 2:

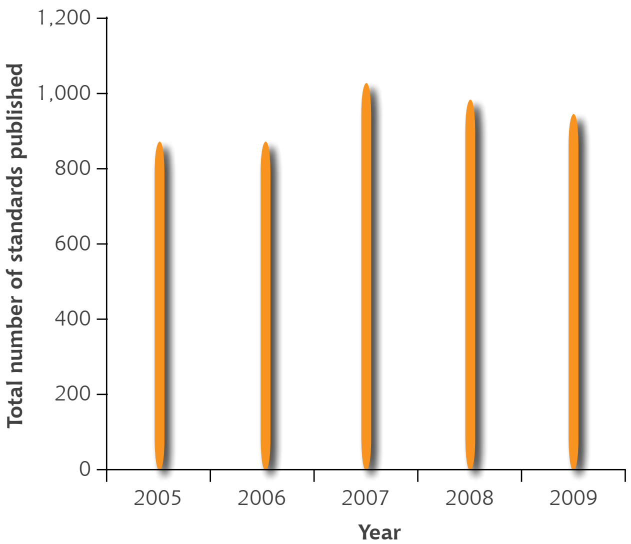
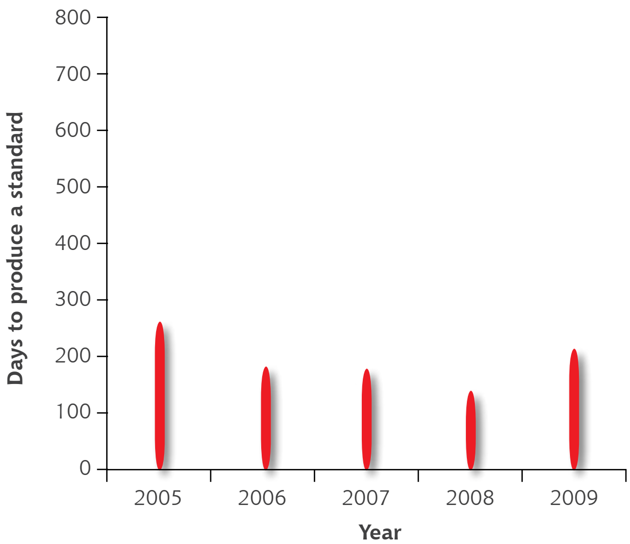


Figure 3:



Message from the Chairperson

Message from the Chairperson

After years of preparation and planning, the operational separation of the SABS Regulatory division to form the new National Regulator for Compulsory Specifications (NRCS) was finalized during the financial year 2008/09. This separation resulted in the National Regulator for Compulsory Specifications Act (Act No 5 of 2008) and the new Standards Act (Act No 8 of 2008) which were both promulgated on 1 September 2008.

The new Standards Act also provides the new framework and mandate for the SABS, aligned to the objectives of our shareholder, the Department of Trade and Industry (**the dti**). In response to the revised mandate and in preparation for the Regulatory split, the Board formulated a new strategic direction for the SABS organisation, at the core of which is ensuring that the SABS becomes the trusted third party that offers quality and reliable value-added standardisation services. The SABS also operates within, and contributes to, the goals of **the dti**:

Promoting broader participation, equity and redress in the economy

The SABS continued to support Small, Medium and Micro Enterprises (SMMEs) via training in HACCP and ISO 9001 systems. A total 0f 136 SMME delegates received training in three provinces. The "Build Our Future" project resulted in a donation of R250 000, along with the labour of volunteer SABS staff, in creating a new classroom for the Ekuthuleni Primary School in KwaZulu-Natal. Rural non-motorised transport received a boost via the project, led by the SABS Design Institute, to design a donkey cart which can be built and maintained by villagers in rural areas.

The SABS Group exceeded the targets for BBBEE rating, with the Group attaining a Level 3 rating and Commercial a Level 4 rating. This represents an improvement of one level respectively over the 2007/08 ratings of level 4 for the Group and level 5 for Commercial. Overall, the organisation attained 89% Employment Equity, up from 86% in the previous reporting period. The 12/20 target for BBBEE procurement was also exceeded by both the Group (15,59) and Commercial (13,44). In summary, both the Group and Commercial were assessed as "value added vendors" which adds significantly to the value of the SABS brand.

Promoting coordinated implementation of the Accelerated and Shared Growth Initiative in South Africa (ASGISA)

The company's ability to meet the year's growth targets was affected by the economic downturn, like all the economic sectors served by the SABS. Nevertheless, targets were exceeded in terms of new and revised standards produced, new private specifications developed and number of ISO listings in systems certification.

It was also pleasing to note that the ratio of external stakeholder participation in international standards committee meetings increased from 60% (2007/08) to 72% this year.

Harmonizing of standards remains a high priority, not just domestically but in our efforts to harmonize standards and remove trade barriers within the Southern African Development Community (SADC). During this reporting period, the number of national standards harmonized with international standards improved to 69%.

There are signs of encouraging growth in standards sales, which increased by R1 million over 2007/08. Commercial revenue increased by 12.6% and certification revenue by 17.3%.

Looking beyond our national borders, the opening of the SABS representative office in Shanghai, China and the hosting of the 2009 ISO General Assembly in Cape Town will both improve the organisation's international profile and reach. Coupled with the Regulatory separation which has brought South Africa in line with best international practice, the SABS is set to entrench its position as a respected and influential player in the field of international standardization.

I would like to thank my fellow Board members and the SABS Executive Committee for their positive response to the Regulatory separation process, thereby steering the organisation onto a newly defined path of growth and sustainability for the future. My heartfelt thanks also go to our shareholder, **the dti**, for their unwavering support and guidance throughout this time of change. After five years of service, the term of office of our CEO, Martin Kuscus, has come to an end. I would like to express my profound gratitude to Martin for his dedication to, and leadership of, the SABS.

Bahle Sibisi
Chairperson

Message from the CEO

The 2008/09 financial year will be remembered as a watershed in the 64-year history and development of the SABS. On 1 September 2008, the promulgation of the new Standards Act (Act No 8 of 2008) launched the SABS onto a new path in keeping with the best practice model applied to national standardization bodies around the world.

The new Act coming into effect, coupled with the separation of the SABS Regulatory Division to form the NRCS, necessitated change throughout the Group. This change process was made doubly difficult by the global economic crisis which pitched the South African economy into recession for the first time in 17 years.

Although this combination of factors brought uncertainty and some insecurity, I believe that we have responded promptly and effectively, putting in place the framework for a strong and sustainable SABS into the future.

The new strategic direction

Following a detailed scrutiny of the new Standards Act and the SABS mandate contained therein, the Board convened to formulate the new vision, mission and strategic goals highlighted on the introductory pages of this annual report. The emphasis was on going “Back to Basics”, making each and every SABS staff member accountable through the message “One Team, One Standard, One Goal”.

This “Back to Basics” initiative also entailed a new operating model based on the four pillars of Talent Management, Operational Efficiency, Technology Enhanced Processes and strengthening our Sales and Marketing drive. By year end, there has been solid progress in implementing the various programmes and initiatives under each pillar.

Standards

SABS Standards (formerly known as Standards South Africa), is the standards-generating arm of the SABS. The core function of the division is the development of standards and the maximisation of benefits of the internationalisation of standards. The goal is providing standards that make South African industry more competitive internationally, and that provide the basis for consumer protection, health, safety and environmental issues. Crucial to this process are the more than 460 technical committees and subcommittees administered by SABS Standards to produce standards. At present, approximately 6 000 standards are maintained, and new standards are developed at a rate of approximately 500 per annum.

The Standards Division performed commendably during this reporting period, particularly considering the challenging circumstances. Although the total number of standards published during the year decreased slightly compared to 2007/08, the total number of standards pages published increased by almost 10%. Standards continue to be produced more quickly than the internationally accepted benchmark, while the cost of producing standards has been kept below R1,500 per page.

Highlights in the year’s work of standards development include:

SANS 990, Business process outsourcing and offshoring operations, which provides effective quality management for three key processes, namely outbound contact centre operations, inbound contact centre operations and back-office processing operations, along with a framework of management principles to improve service and customer satisfaction while reducing waste.

SANS 204, Improving energy efficiency in buildings. If thermal ceiling insulation and high-performance window systems were introduced today into all new residential and commercial buildings, an estimated 3 500 MW in electricity could be saved by 2020.

Following the publication by the Department of Minerals and Energy (DME) of their strategy for energy efficiency in 2004, the need for a standard to achieve this goal in the building sector became obvious. The first three parts of SANS 204 have been published, whilst the fourth part of the standard is at a project stage.

While intended for mandatory application in new buildings, SANS 204 can also be used for voluntary energy efficient retrofits to existing buildings, as the owners strive to reduce their electricity and energy accounts. Each part of SANS 204 covers a different aspect.

The first part sets out the general requirements for maximum demand and consumption per building classification for each climatic zone and will eventually form part of the National Building Regulations. A compliance certificate has been developed, which, in future, will have to be completed by the responsible person (i.e developer or owner), and submitted together with the building plans to the local authority for approval. This certificate also requires an energy audit to be conducted a year later, to prove compliance and measure the actual energy saved.

Parts 2 and 3, which deal with naturally ventilated buildings and artificially ventilated buildings respectively, will eventually become part of the SANS 10400 National Building Code. Part 3 is for buildings with a central humidity, ventilation and air conditioning (HVAC) system. A building without air conditioning is covered by Part 2. However, a building that does not have centralised systems is still included under Part 2. Even a converted house used as an office, with a "window rattler" in each room, is covered by Part 2. Both are deemed to satisfy the rules that have been set out.

Wherever possible, passive building design is encouraged. The standard follows the same order as when an actual building is constructed, i.e. first design, and then construction. The key sections are:

- site and siting (orientation and shading – to face north and use shading);
- building design (foundation, floor, walls, fenestration (windows), roof, and ceiling);
- building sealing (envelope, air infiltration, and leakage); and
- services (lighting and power, hot water services, and appliances).

SANS 1884-3, a standard for vehicles transporting wild carnivores, gives a wealth of very practical advice on how to transport wild carnivores humanely, safely and efficiently. The standard will help improve safety, both for carnivores and those transporting them. Using the standard will also lessen the chance of accidents or injuries, which can have a huge financial impact on this R5 billion per annum industry.

SANS 20090, Replacement brake lining assemblies and drum brake linings for power-driven vehicles and their trailers, is a safety-critical standard of considerable importance to the automotive industry. It is used in the testing of brake linings and will eventually be referred to in legislation.

SANS 729, Live aquaculture abalone, provides the means to guarantee the public health status of export abalone, to help ensure continued exports.

Several important Approved Recommended Practices (ARPs) were also published, providing guidance on choosing suitable compact fluorescent lights and photovoltaic systems for rural electrification projects.

Commercial

The Commercial division administers the various SABS Mark schemes offered by the organization, along with product and systems certification, and testing services. The 2008/09 reporting period marked the first full year of operation for the SABS Commercial Sales department, established to help the various clusters and regions to achieve their sales targets. The recession has affected many sectors served by the SABS, in particular the automotive industry. As a result of the reduction in customer requests for testing and certification services. The SABS Board approved the establishment of a representative office in Shanghai, China. The SABS already has 102 clients based in South East Asia, and the Chinese representative office will aim to increase this business, particularly in the automotive and electro-technical sectors.

There are also many opportunities for new business. This year marked the first customer certification in SANS 16001 (*Towards better HIV/AIDS management systems*), a certification with huge potential as South Africa strives to manage the effects of HIV. The automotive fitment sector, the timber industry, Further Education and Training (FET) colleges, solar water heaters, and government initiatives in housing and health care all offer prospects for new business and growth of existing business.

Even in the current dire economic climate, there were some promising signs of growth, along with new business contracts. Certification increased by 16% over 2007/08, the SABS was awarded a lucrative Eskom tender, Standards sales continue to be strong and the Electro-technical cluster in particular performed well.

Protecting our Greatest Asset

As the SABS strives to improve its products and service offerings, there is an increasing imperative to attract and retain the scarce technical and scientific skills essential to our business.

Under the "Talent Management" pillar of the B2B programme, Commercial created posts that distinguish between managers and technical specialists. Some 43 experts in Commercial were affected, and the new posts allow them to contribute their skills to the business in the most appropriate way.

The SABS Group has attained a level 3 BBBEE rating, with Commercial rated at level 4. While these are excellent ratings that reflect the organization's commitment to transformation, the Commercial rating has emphasised the need to appoint more female managers in Commercial, along with providing skills development for designated groups. During the review period, the SABS reviewed the Competency Development Programme (CDP), which will assist in refining the programme into a more effective mechanism to attract and retain skills.

The need for scarce skills development and job creation apply not just to the SABS, but are national priorities. To this end, the SABS launched the graduate recruitment programme in early 2009. Under this programme, a selected number of graduates will be offered internships at the SABS, to hone their skills and supplement their academic qualifications with on-the-job experience. Hopefully, for many of them, this will be the start of a long and illustrious career with the SABS.

Bolstering the Operational Platform

During the period under review, work was concluded on the foyer refurbishment project. The result is a more secure, high-tech, professional "face" for the SABS, reflecting the monolithic brand and also offering facilities for private meetings between SABS personnel and clients.

While the foyer serves as a new front door, the new laboratory complex – facing onto George Storrar Drive – will provide a new "public face" for the SABS. The planning and design phases were completed during the year, and construction will commence in the next financial year.

The new three-storey laboratory building will feature 10 650 square metres of floor space, along with environmental and energy efficiency performance. The building will house the ageing current laboratories, which will be converted into offices. The laboratory building is scheduled for completion in 2011.

Training, International and Regional Standardization Activities

The need for harmonized standards to remove technical barriers to trade is very pertinent to South Africa and our regional trading partners in SADC. The SABS (on behalf of South Africa) currently holds the secretariat of SADCSTAN (SADC Cooperation in Standardization), the body responsible for coordinating standardization activities throughout the region. The SABS frequently hosts delegates from the 13 other SADC nations for training, seminars and other gatherings, and knowledge-sharing.

The SABS has a footprint in 46 countries worldwide and remains a respected role player in international standardization activities. During the period under review, the SABS held two important international appointments: a two year term on the ISO Council, and a three-year term on the ISO Technical Management Board (TMB). Also during this period, the SABS secured the bid to host the 2009 ISO General Assembly, which will take place in Cape Town during September. This will be the first ISO GA held on the African continent, and symbolizes the credibility and respect for both South Africa and the SABS in the field of international standardization.

Conclusion

The past 12 months have driven home the message that change is no longer an option but an imperative. In conclusion, I would like to commend and thank all those throughout the SABS who have accepted the necessity of change, who have approached it as an opportunity and not just a challenge, and whose positive contribution is putting the SABS on a path to profitability, growth and sustainability.

Martin Kuscus
CEO

SABS Board members

Mr C Sibisi
Chairperson

Mr M Kuscus
CEO

Dr T Demana

Mr A Mabizela

Ms I Sekonyela

Ms W Poulton

Ms B Mosako

Mr R Pitot

Mr M Kuscus
CEO

Ms T Cooper
CFO

Mr P Semnarayan
Commercial until December 2008

Dr G Visser
Standards until December 2008
Commercial from Jan 2009

Mr M McNerney
Corporate Services until February 2009

Ms G Monareng
Corporate Strategy and Business Improvement until March 2009

Ms D Monama
Human Resources until September 2008

Mr S Kapito
Human Capital Development from November 2008

Mr M Moeletsi
Regulatory until August 2008

Chemicals

Chemicals

The Chemicals cluster provides conformity assessment services to the petrochemical, industrial chemicals, rubber, plastics, paints, sealants, coatings and other niche sectors.

Standards

During the past year, 85 standards were published, and 38 New Work Item Proposals (NWIP) were approved. The year's highlights include the publication of the revised SANS 10234, *Globally harmonized system (GHS) of classification and labeling of chemicals*, and the supplement, *List of classification and labeling of chemicals in accordance with the GHS*. This revision has brought the standard into line with the latest provisions of the international GHS regulations.

Commercial

Chemical Certification

The processes guiding system and product certification are accredited internationally and nationally by the South African National Accreditation System (SANAS) and the RvA, the Accreditation Council of the Netherlands, to ISO/IEC 17021 and ISO/IEC Guide 65.

Certification of companies for both systems and product certification has expanded to various countries in Africa, Asia and Europe.

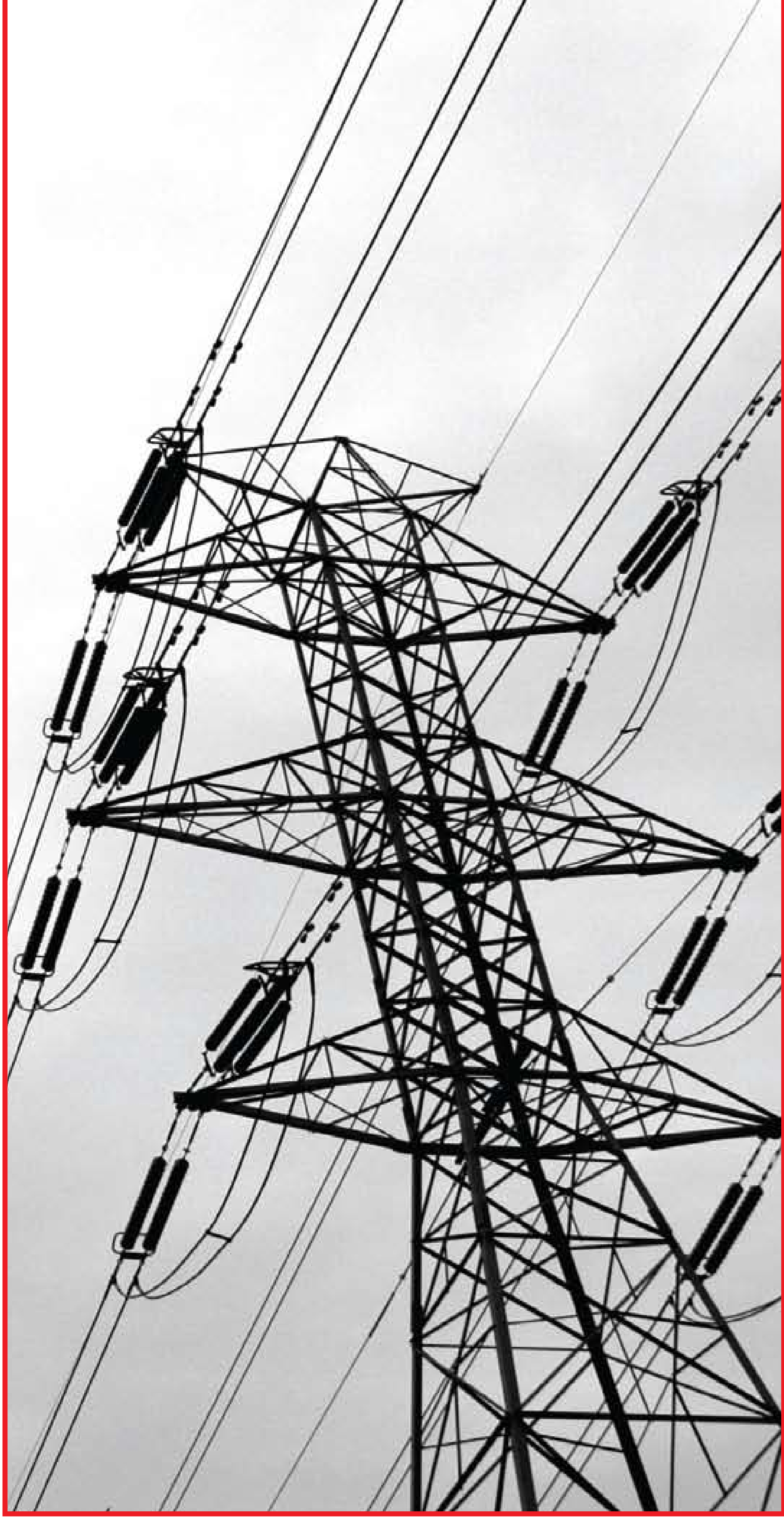
Chemical Laboratory Testing

During the 2008/09 financial year, focus was placed on setting up a biodiesel testing facility to carry out virtually full specification testing. The set-up, including method validation, was completed during August 2008. Immediately thereafter, the facility was put to work in the "SA Biodiesel Quality Assessment" project that was managed by the SABS Research & Development Group. This project included validation of the test method for quantifying biodiesel in diesel (BS EN14078).

Focus was also placed on experiential training for students and petroleum industry professionals. A total of nine students were offered an opportunity for permanent employment after in-service training in the fields of polymer science, analytical chemistry and chemical engineering. An American Society for Testing and Materials (ASTM) petrol testing course was presented by internationally recognised experts for local and regional petroleum industry professionals, including 20 delegates from South African refineries and the Botswana Bureau of Standards.

These laboratories are accredited to ISO/IEC 17025 by SANAS. Extension of accreditation was also achieved to include testing of plastic bags.

Electro-technical



The Electro-Technical cluster is an independent, credible and reliable third party conformity assessment service provider to the Electro-Technical and Explosion Prevention sectors and offers a variety of calibration services. The cluster helps to reduce technical barriers to trade and assists South African business in accessing world markets. It is thus able to offer a comprehensive one-stop service to clients as well as dedicated and committed delivery and after-sales support.

Services consist of:

- Certification of Quality Management and Risk Management Systems
- Certification of products to carry the SABS Mark
- Certification of products in accordance with the IECCB scheme
- Certification of communication products for ICASA approval
- Testing of products for compliance to national and international specification for quality and safety

The Electro-Technical testing and certification cluster of the SABS is operated by highly dedicated and experienced staff members who offer world-class conformity assessment services for the purpose of supporting industry in South Africa.

Certification and testing services are accredited against the requirements of ISO 17025 for the range of activities as listed in the SANAS and RvA schedules of accreditation.

Standards

During the reporting period 158 standards (comprising 7 361 pages) were published and106 New Work Item Proposals were generated. The year's highlights included:

Latest edition of wiring code: The latest edition of the wiring code (SANS 10142-1) including Amendment 6, was made available, both in printed and CD-ROM formats. The latest amendment includes changes in the following areas: surge protection, medical locations, alternative electrical supplies, and plugs and sockets.

Helping select CFLs for rural electrification - ARP 062-12-1 published: A problem with using compact fluorescent lamps (CFLs) together with an alternative energy supply for rural electrification, is selecting the correct CFL for the system. Unlike in large grids, where the electrical characteristics of CFLs (particularly their power factor and harmonic content) are seldom a problem, electrical characteristics can be a major problem in small systems, such as photovoltaic systems. Since the provision of lighting and television are typical applications in rural electrification, guidance in selecting the correct CFLs for the system can be very helpful to those designing the systems.

The tests set out in this ARP assist in the wider use of energy saving CFLs with alternative energy sources such as photovoltaics. The document will also enable CFLs to be more widely used as an energy-saving device where they are most needed - in rural electrification projects.

Helping select photovoltaic systems for rural electrification - ARP 062-9-6 published: A problem with using photovoltaic systems with an alternative energy supply for rural electrification, is the selection of a suitable photovoltaic system for the particular project. This is crucial for the project's success, as the wrong choice not only means a failed project and the waste of scarce funding, but also that project managers will hesitate to use photovoltaic systems again.

ARP 062-9-6 proposes simple selection procedures and cheap comparative tests that can be performed in laboratories in developing countries, so that the most suitable small (up to 500 Wp) Photovoltaic Individual Electrification System (PV-IES) can be selected for a particular project.

The tests set out in this ARP assist in the wider use of small photovoltaic systems, important in saving energy where most needed - in rural electrification projects.

Commercial

Strategic and Operational performance

A number of strategic projects and initiatives were undertaken during the review period:

1. A major contribution was made in dealing with complaints received from various industry sectors regarding non-complying products in the market. As part of the Blitz III project, the SABS Electro-Technical Task Team worked successfully to remove safety hazardous products, such as flexible cords, adaptors, cables, appliances and others due to their non-compliance with compulsory specifications;
2. The cluster showed committed participation in key electro-technical industry and utility meetings, such as the Association of Electric Cable Manufacturers of South Africa (AECMSA), the Illumination Engineering Society of South Africa (IESSA), ESKOM, the Education Management Association of South Africa (EMASA), the Electrical Switchgear Association of South Africa (ESASA) and the Electrical Engineering and Allied Industries Association (EEAIA), among others. Special focus was on contributing to energy efficiency initiatives by different stakeholders;
3. Certification took the lead in implementing processes that improved services to customers and in ensuring compliance with requirements. Response time to clients' queries significantly improved across the cluster;
4. The SABS/CEST mutual agreement on joint auditing was signed and implemented;
5. Special attention was given to continuation of training and skills development [CDP], development of technical skills of test officers and auditors, technical signatory status and registration of auditors;
6. Significant capital investment was made in further upgrading testing capabilities to meet current market needs; and
7. SANAS/RvA accreditation of Certification and the Laboratories was retained.

Achievements:

- Participation and presentation of an article at the Switchgear and Drives Conference on the Importance of Testing and SABS Type Test Reports from Accredited Independent Laboratories;
- Restored and regained industry confidence in the processes and integrity of NETFA. Testing enquiries increased and interaction with industry associations improved;
- Successful testing for new design of Single Circuit CrossRopeTower for TAP/ESKOM. On-time completion of testing, as well as the technical expertise available, resulted in NETFA being requested to participate in the TAP/Eskom 765 kV working committee;
- A special project for India Power Grid on the RIV and Visible Corona Testing on the BERSIMIF Conductor was awarded to NETFA in recognition of its capability as a preferred independent test authority. Subsequently, tender documents for the India Power Grid listed NETFA as the preferred service provider;
- Having achieved credibility with the Indian conductor manufacturer, NETFA was requested to increase testing from once (1) per manufacturer to three (3) times per manufacturer (9 x tests per year);
- NETFA successfully conducted a Portable Earthing Gear in accordance with the new requirements of the IEC 61230: 2008-07 Edition 2.0:2008-07

International Standard. This test was performed for the first time at the NETFA High Power Plant after a new test rig was internally designed by laboratory staff. The test report that was issued and the certificate of rating were accepted by both national and international clients;

- A state of the art meter test bench was acquired in order to increase the test capacity of the Appliances test laboratory and to test to the latest applicable international standards. The testing is more automated which saves time, significantly improves productivity and provides more comprehensive results to clients. The laboratory is currently preparing for accreditation to the relevant international standards;
- A new geyser laboratory, set up with two test benches to carry out full safety and performance testing, was successfully commissioned and has been in operation since September 2008. The entire testing process has been thoroughly analysed for possible gaps to be addressed, resulting in major improvements. These improvements almost eliminated the typical customer complaints received in the past. An efficiency study was also conducted and the outcome has been implemented;
- A significant capital investment was made into new Photometry test equipment which improved the testing capability of the Lighting laboratory. Subsequently, a lighting library was developed as part of the improvement programme that was introduced within the Electro-technical cluster;
- The Explosion Prevention Laboratory successfully passed the audits conducted by international test laboratories Factory Mutual (USA) and Testsafe (Australia) for the purposes of re-establishing the mutual agreement of acceptance of test results between the SABS and the respective test laboratories;
- Enquiries for new SABS mark-holders in KwaZulu-Natal and Cape Town increased;
- The Telecoms laboratory was set up to do all the applicable tests as per ICASA requirements;
- The new, more flexible, OPS Management laboratory business model providing technical management expertise was introduced as a 'pilot' project that will be implemented across the Electro-technical cluster. The main purpose of this initiative was to consolidate and further upgrade the specific technical expertise at cluster level; and
- An intensive competency development training programme has been running during the year and a number of auditors/lead auditors were successfully mentored/registered as competent. Test officers were assessed as technical signatories in line with accreditation requirements. These improvements resulted in further building test capacity to meet highly demanding market needs – especially in the field of testing of solar geysers/meters and other appliances such as luminaires and cables.

Food and health

The Food and Health cluster provides conformity assessment services to the food, agrochemical, pharmaceutical and medical devices sectors.

Standards

During the report period, 81 standards were published and 74 NWIPs registered. Highlights include:

Standard to help local abalone export industry published: The South African abalone industry, which exports live abalone (mostly to the Far East) is currently worth about R250 million in terms of exports, and is still growing. But the industry's future depends on it being able to demonstrate that the public health status of its product can be guaranteed.

Transporting wild carnivores safely and efficiently: The South African game ranching industry is huge, with a total economic value currently estimated at nearly R5 billion per annum. The capture and translocation of game are vital to the industry, with an estimated 70,000 animals, some of them carnivores, captured and translocated annually in South Africa. This generates an estimated turnover of between R750 million and R900 million annually in South Africa.

Setting the standard for spirometry – SANS 451 published: Spirometry, the measurement of lung function, is becoming increasingly important as a first test to assess prospective employees for possible lung disorders. It is also being used more and more to establish a baseline for further assessment and determining trends, for example, for medical and occupational surveillance.

Until the publication of this standard, there was no normative, national, professionally recognised framework that could be used by all to conduct these tests. Unqualified personnel were therefore conducting spirometry tests, and recording results of questionable accuracy.

SABS lessens confusion on confused flour beetle (Malkop meelkewer): Thanks to the SABS, there is now more certainty surrounding the Confused Flour Beetle and other pests. A revised set of standards published gives the latest guidelines for the rearing and handling of this insect, known in Afrikaans as the 'Malkop meelkewer'. Actually, the confusion arises when specialists try to identify the beetle, as there are many others that look very similar, hence the name.

The beetle, a major agricultural pest around the world, knows exactly what it is doing. It thrives on flour, and many other damaged or broken grains, oil seeds and vegetable products, infesting them and leaving a sour smell - hardly a welcome guest in your pantry, and one that most of us have already met.

There is a very good reason for raising these pests: to test the efficacy of the pesticides used against them under laboratory conditions. For example, SANS 5459 specifies a method for rearing and handling the Confused Flour Beetle, explaining in less than two pages how to multiply the 16,000 beetles required to start the process.

This latest batch of revised standards also includes how to rear and handle:

- the yellow fever mosquito (very carefully);
- the common housefly (from about 2,000 pupae);
- the tobacco beetle (from some 3,250 beetles); and
- the German cockroach (smaller than its relative, the American cockroach).

Commercial

Food Microbiology

Ongoing testing was conducted on products destined for UK export market.

Condom Laboratory

During the reporting period, the Department of Health decided to double the amount of condoms to be supplied, with a consequent doubling of testing volume. The laboratory has successfully built a cabinet for testing of female condoms.

Radiation Protection Services

This division remains the leading service provider for health and mine practitioners.

Chromatographic Services

The South African Pesticide Initiative Programme was successfully completed in July 2008. Having run since March 2005, this project generated revenue of R16,5 million for SABS.

The department resolved problems with maintaining a sustainable malaria mosquito colony in the Pesticide Trial Section. As a result, the department regained one of the major contracts for chemical and bio-efficacy testing of mosquito nets.

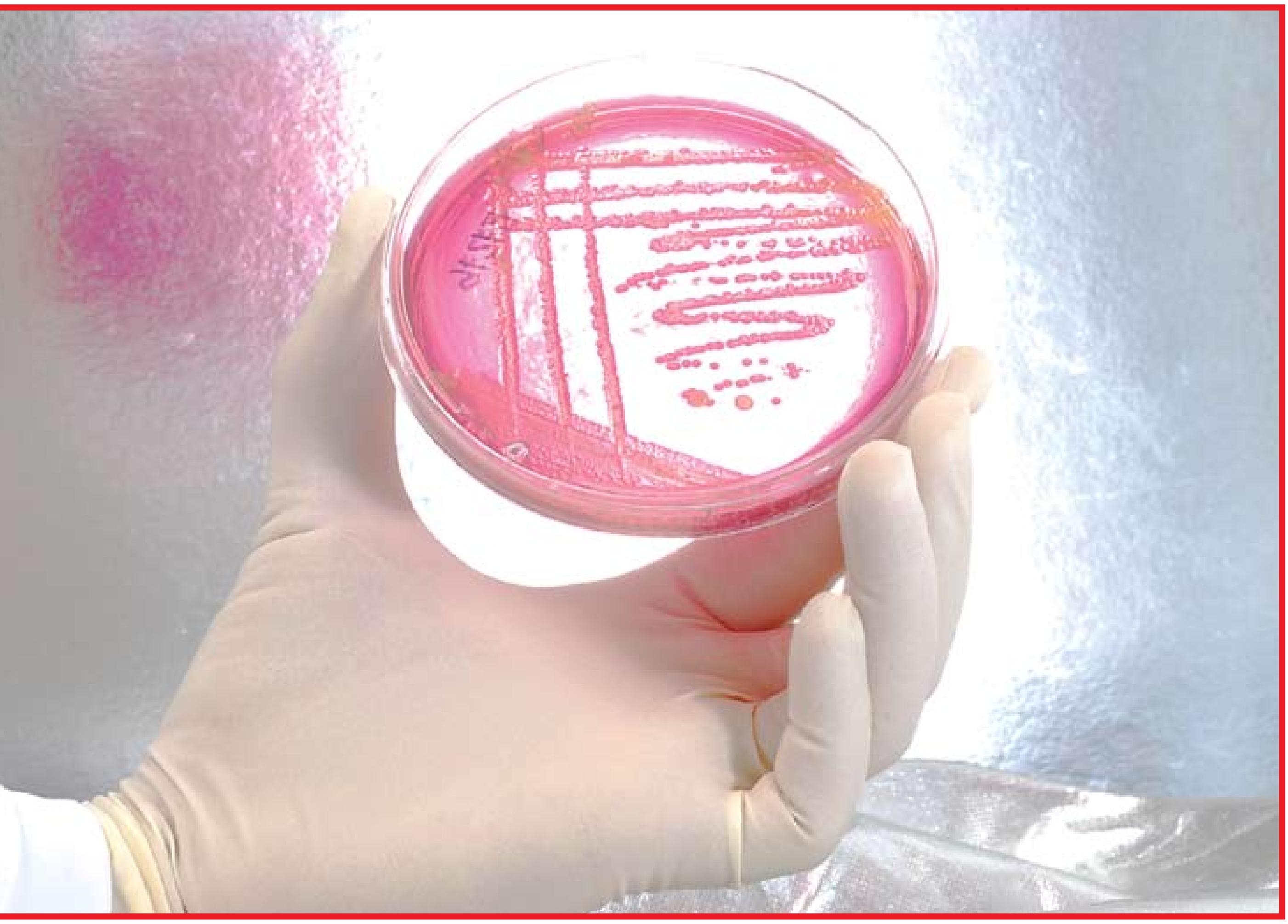
In January 2009, an OECD GLP compliant pesticide residue trial was started. The project, will run over two growing seasons.

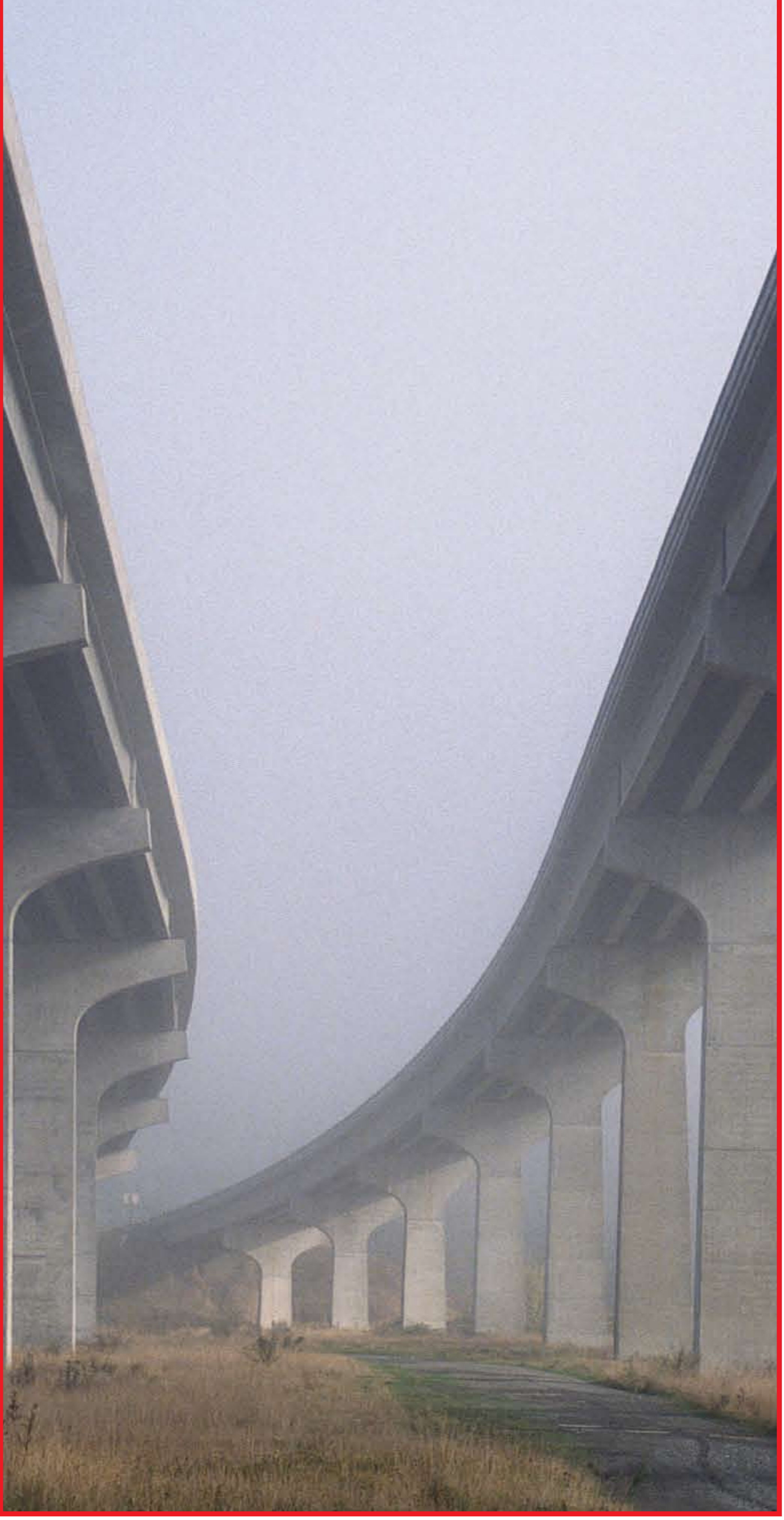
Food and Water Chemistry

The year was marked with good growth and a productivity rating of 81%. External income increased by 19%, with some of the highest growth recorded as follows:

- ICP – Metals: 30%;
- Fruit Juice: 56%; and
- General growth in Food Chemistry: 24%.

The department kept its accreditation status: SABS Food Chemistry T0319 and SABS Water Check PTS0003.





Mechanical and materials

Mechanical and materials

The Mechanical and Materials Cluster serves a broad spectrum of industries which include Civil, Building and Construction, Fibre and Polymers, Fluid Technology, Forestry and Timber, Consignment Inspections, as well as the general Mechanical, Metallurgy, Packaging and Paper industries.

Standards

During the reporting period, 156 standards were published and 61 NWIPs registered. Highlights include:

SANS 10019, Transportable containers for compressed, dissolved and manufactured gases. This safety-critical standard will help ensure that the containers used for transporting these types of gases are fit for purpose, as it covers the four critical areas of design, manufacture, use and maintenance.

Another highlight was the publication of SANS 15614, Specification and qualification of welding procedures. This eight-part standard will be extensively used by the Southern African Institute of Welding to help assess the competency of welders who have completed their practical training, and will play an important part in improving the competency of welders of steels and alloys in the southern African region.

Standards for liquid biofuels are also receiving attention. A highlight was the publication of SANS 666, Ethanol-gel fuelled appliances, which covers the requirements and methods of testing for ethanol gel operated appliances for cooling and heat generation in houses. Ethanol gel is a far safer alternative to the paraffin currently in use to fuel stoves, as it is a solid and therefore far less likely to spill and cause fires.

Improving energy efficiency in buildings - SANS 204 published: If thermal ceiling insulation and high-performance window systems were introduced today into all new residential and commercial buildings, an estimated 3500 MW in electricity could be saved by 2020. This is almost twice the electricity currently produced by our only nuclear power plant, Koeberg (1800 MW).

This is the main point underlying the recent publication of SANS 204, Energy efficiency in buildings: a huge reduction in energy consumption, equivalent to a new nuclear power plant. This can be achieved by introducing sensible and practical measures that save energy when new buildings are designed and built accordingly. By ultimately making the three parts of this standard mandatory, the government will slowly but surely begin to achieve savings in energy and savings in the costs of providing that energy.

The key point is that, although SANS 204 will at first be voluntary, the DME and **the dti** will make it mandatory, as soon as is practical. While intended for mandatory application in new buildings, SANS 204 can also be used for voluntary energy efficient retrofits of existing buildings, as the owners strive to reduce their electricity and energy accounts. Each part of SANS 204 covers a different aspect.

SANS 1307: setting the standard for domestic solar water heaters: The latest edition of SANS 1307, Domestic solar water heaters, has been published. This revised standard is important for all plumbers, architects, and the importers and manufacturers of solar water heating systems, as it specifies the requirements for these systems.

It is important to remember that solar water heating systems need to be properly installed to ensure their safe, efficient and economical operation, and that SANS 10106 is the standard that installations need to comply with. While this standard (full title: SANS 10106, The installation, maintenance, repair and replacement of domestic solar water heating systems) is currently being revised, the existing standard is still adequate for this purpose.

Packaging – recommendations for addressing consumer needs: Like most things, packaging has advantages and disadvantages. On the one hand, it protects the goods we use, especially foodstuffs and pharmaceuticals, and ensures that we receive them in a form that is safe and fit for purpose. But, it also provides a huge amount of domestic waste that requires disposal.

The publication of ARP 41, Packaging – recommendations for addressing consumer needs, an adoption of the international document ISO/IEC Guide 41 with the same title, is therefore important to all involved in packaging. The guide gives the general recommendations to be taken into consideration when determining the most suitable type of packaging to be used at the point of sale to protect goods. It is not applicable to packaging solely intended to protect goods in bulk when being transported between manufacturers and retailers.

Commercial

Product Testing

The testing of solar water systems continues to show substantial growth. This is as a result of the Solar Water Heating Programme driven by Government and ESKOM, which has set a target for renewable energy to contribute 10,000 gigawatt hours (GWh) of final energy consumption by 2013. Solar water heating could contribute up to 23% of this target.

The demand for building materials continues to increase due to the infrastructural development in South Africa and the preparations for the Fédération Internationale de Football Association (FIFA) Soccer World Cup in 2010. There has been a steady growth in the testing of building materials such as building structures, bricks, fire extinguishers, plumbing products and systems.

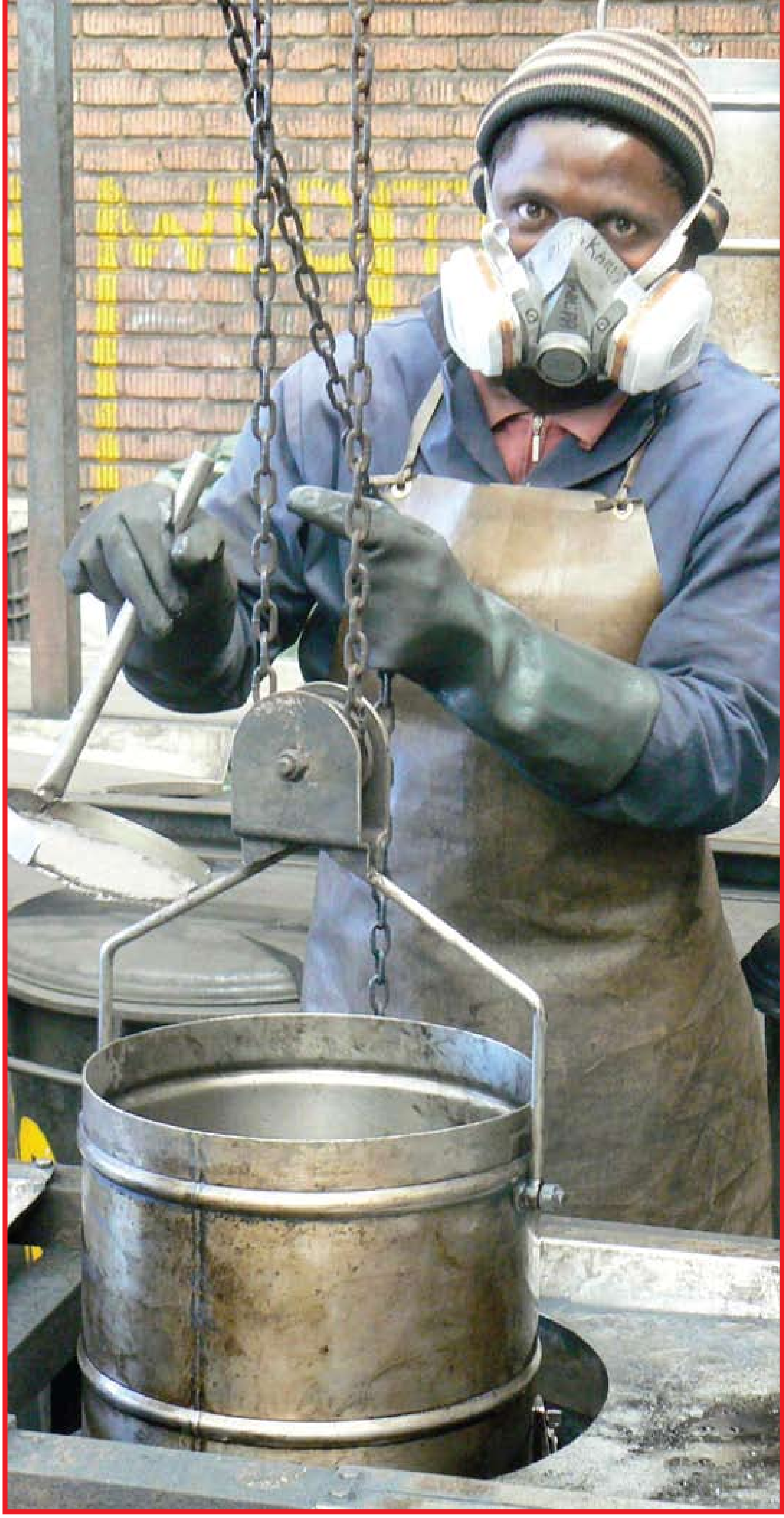
Consignment Inspections

The Consignment Inspection department continues to play a key role in the auditing and testing of consignments, especially in the footwear and textile industries. This includes the testing of South African Police Service and South African National Defence Force uniforms and the testing of fibre and textile materials for the South African Correctional Services.

Environmental Certification

Many organizations in South Africa have realised the need to minimise harmful effects on the environment caused by their own activities, and the willingness to operate in an environmentally sustainable manner. This has resulted in a steady growth of ISO 14001 (Environmental Management Systems) certificates of compliance issued to various organizations which included Johannesburg City Power, ESKOM and Phalaborwa Mining among others.

Mining and minerals



Mining and Minerals provide laboratory services to the African mining and ore commodity trading industry. The primary function is quality control and sale specification confirmation. The cluster has 11 laboratory facilities geographically spread around the country. Ten of the laboratories offer 24/7 service to customers.

Standards

Our objective for the period under review was to revitalise and reposition the work of the technical committees in order to streamline the standards development processes to support the mining sector. All work items were assessed to ensure their relevance and plans were developed to produce these standards in line with the needs of the stakeholders. This process has resulted in the assessment of 35 open projects and the identification of a series of standards that need to be developed.

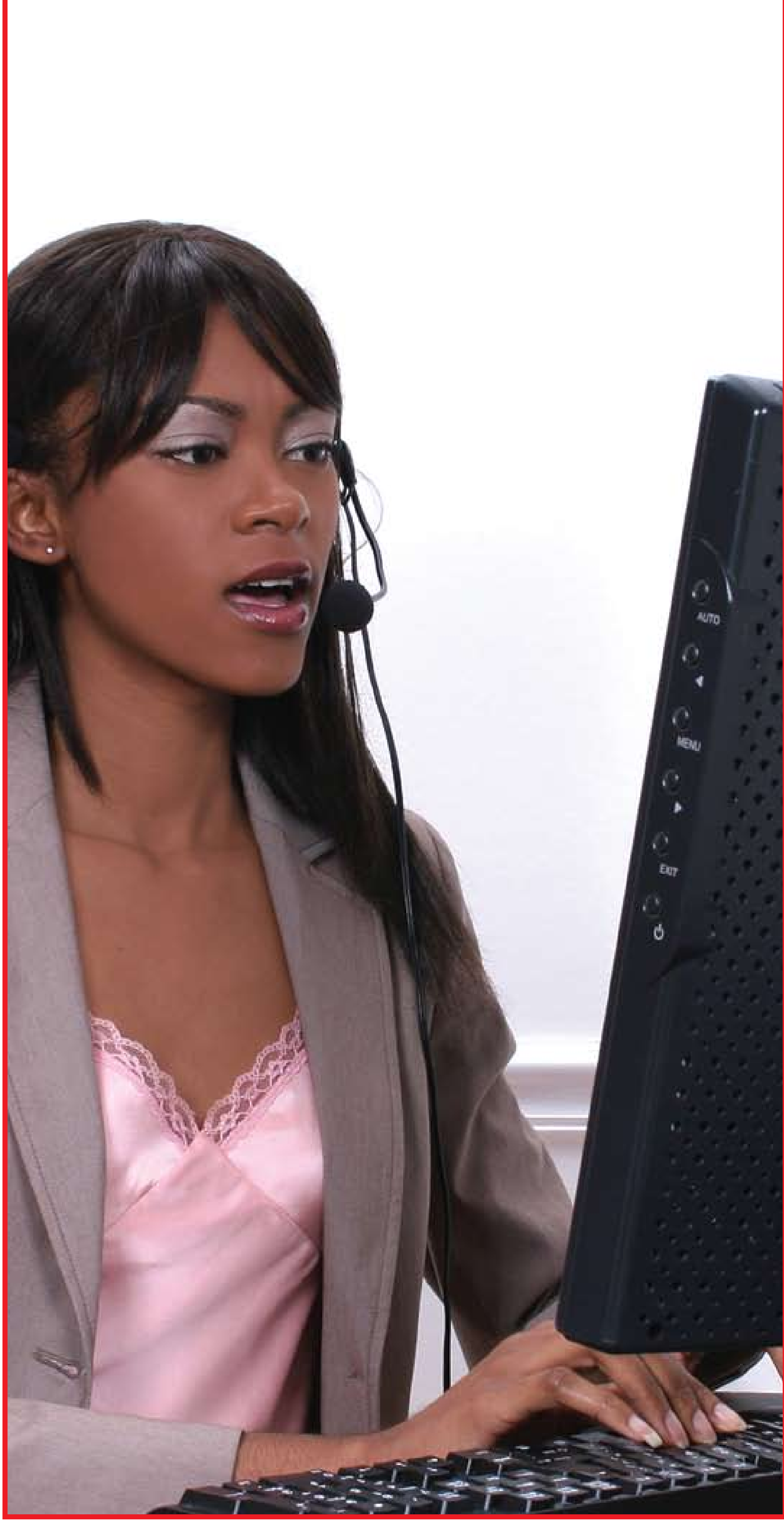
There will be a continued effort to support the mining sector and government initiatives especially those with regard to legislation.

Commercial

The world-wide commodity market slump has created pressure in this cluster. Our objective for the period under review was to increase market share from 8% to a minimum of 10%, and increase profitability by 20%. The unexpected drop in the coal price and new competitors entering the South African market were contributing factors.

New projects during 20008/09 include:

- A three year tender for in-land coal quality verification was secured with Eskom;
- Umcebo Mining: This is a new venture where SABS will be managing the on-site laboratory.



Services

The Services cluster provides third party, independent certification services to the Service sector of the economy that includes, amongst others, the Financial, Medical Aid Administration, Car Rental, Security, Cleaning, Warehousing and Logistics, Education, Government, IT, and Business Consulting sectors, to enable them to meet customer requirements and achieve business objectives by implementing Quality Management Systems such as ISO 9001, ISO 20000 and ISO 27001.

Standards

Sixty new standards were published and 49 NWIPs were generated. Highlights include:

New Business Process Outsourcing and Offshoring (BPO&O) standard to raise the bar for SA operators - SANS 990 published: South Africa's local Business Process Outsourcing and Offshoring industry and government players, including Business Process Outsourcing Enabling South Africa, the Business Trust and **the dti** have teamed up with the SABS to launch a new standard, SANS 990 otherwise known as the call centre.

The publication of the three parts of SANS 990, *Business process outsourcing and offshoring operations*, will provide effective quality management for three key processes, namely:

- Part 1, *Outbound contact centre operations* (including the process of making calls to customers, typically in telesales);
- Part 2, *Inbound contact centre operations* (the process of receiving calls, typically in the form of customer enquiries or complaints received); and
- Part 3, *Back-office processing operations* (the process for all non-call based activities by a central processing department, typically IT remote server support, payroll processing and accounts receivable/payable).

Furthermore, the standard contains a framework of management principles that can help the industry to:

- improve revenue through increased productivity;
- improve customer, client and staff satisfaction;
- reduce waste; and
- improve efficiency, quality and service.

Latest version of ISO 9001 and national adoption (SANS 9001) published: The new version of the standard ISO 9001:2008, Quality management systems – Requirements was published in November, while the national adoption of this standard (SANS 9001:2008, Quality management systems – Requirements) was available from the SABS early in December.

Latest standard for public information symbols published: More than 300,000 visitors are expected in South Africa for the 2010 Soccer World Cup. Of these, many will not speak English but will still expect to find where the ATMs, railways, toilets, soccer stadiums, and restaurants are: along with a host of other things that tourists need to know when attending international events. While text messages will not help these visitors much, carefully planned symbols on clearly visible signs will.

For this reason, there is an increasing move internationally towards standardized public information symbols, as set out in SANS 7001, *Graphical symbols - Public information symbols*. This standard will be of considerable importance to those organising international events in South Africa, as it shows the latest available public symbols. SANS 7001 is identical to the latest international standard ISO 7001:2007, and replaces ISO 7001:1990, which has been revised and expanded with accessibility issues in mind.

Towards better emergency and disaster planning – ARP 22399 published: Natural and unnatural disasters have called for better planning and crisis management.

While no single emergency plan can prevent disasters like these, better emergency and disaster planning can help save lives and lessen damage to property. Emergency and disaster planning worldwide can be improved by following the recommendations and guidelines provided in a document recently published by the ISO, which combines lessons learned by countries such as Australia, Israel, Japan, the United Kingdom and the United States.

This document, ISO/PAS 22399, *Societal security – Guideline for incident preparedness and operational security management*, was published by ISO in 2007 and has recently been adopted and published in South Africa as an identical document, ARP 22399.

Setting the standard for exhibitions, shows, fairs and conventions - SANS 25639: Exhibitions, shows, fairs and conventions are becoming an increasingly important part of international tourism. But, until recently, different countries placed different emphases when hosting such events. By standardising on the vocabulary used and the measurement procedures used for statistical purposes, countries around the world are now able to facilitate these business tourism events, and become more attractive as possible venues.

That, basically, is why the international standard ISO 25639, *Exhibitions, shows, fairs and conventions* was published. Part 1 deals with the vocabulary, while Part 2 focuses on the measurement procedures for statistical purposes. Both these international standards have been adopted and recently published as the South African national standards SANS 25639-1 and SANS 25639-2 documents.

Towards better maintenance contracts- ARP 078: Today, more and more municipalities and other organizations contract out maintenance and other services. This is a particularly relevant option to an organization that does not have the necessary specialised technical knowledge or capacity to maintain its own infrastructure.

A generic document that can provide general guidelines for maintenance and other such contracts will therefore be of considerable use both to the organizations contracting out the services (e.g. municipalities) and those who are awarded the contract to provide the services (e.g. SMMEs and local businesses). This is why the publication of ARP 078, *Guidelines for the preparation of maintenance contracts*, is of considerable interest to all involved in providing such services.

Commercial

The financial year showed an increase in government departments/parastatals being certified to ISO 9001: Companies and Intellectual Property Registration Office, Gauteng Shared Services and Council for Scientific and Industrial Research (CSIR) Shared Services. There has been a steady inflow of FET colleges for ISO 9001 certification, and the Ekurhuleni West FET was certified during the period under review.

Municipal departments, for example the Ekurhuleni Department of Housing, are increasingly requesting ISO 9001 certification.

There has also been an increase in enquires with regard to ISO 20000 and ISO 27001 certification. This bodes well for new business in the next financial year.

Two certifications during the reporting period merit highlighting as historic firsts. XLNT Panel Beaters in Cape Town became the first panel beating enterprise in South Africa to achieve ISO 9001:2000 certification, and the SABS Durban regional office completed its first certification to the SANS 16001 HIV management standard.

Transportation

Transportation

The Transportation cluster offers a wide range of services to the transportation industries which include (but are not limited to) systems certification, product certification, vehicle test station inspectorate services and associated laboratory tests.

During the period under review, the cluster continued its support for government initiatives with regard to legislation, namely the permanent fixing of vehicle registration plates, and the publishing of SANS 1116 Parts 1 and 3 with regard to the inclusion of vehicle blank registration plates. Continued support is also being given to the Gauteng registration plate effort.

Standards

During the reporting period, 111 standards were published and 19 NWIPs were registered. Highlights include:

SANS 20090: *Replacement brake lining assemblies and drum brake linings for power-driven vehicles and their trailers*, was published. This safety-critical standard is of considerable importance to the automotive industry, as it is used in the testing of brake linings, and will likely be referred to in legislation.

Towards better taxi safety: SANS 570: Fatal accidents involving minibus taxis are often blamed on tyre failure, although official statistics do not indicate how many accidents this actually causes. Nevertheless, establishing whether a driver can keep control of his vehicle after tyre failure is surely a step towards better taxi safety.

This is where SANS 570 can assist, as it sets performance requirements to test any vehicle, system or equipment to see whether a driver will be able to bring a taxi safely to rest after a tyre blowout.

Commercial

Transportation Certification

Certification processes are mainly aimed at:

1. **Systems Certification:** (ISO 9001) ISO/TS 16949, of which ISO/TS 16949 is an automotive specification requirement and supports Original Equipment Manufacturers. In this regard, various SABS certified clients have received numerous supplier awards.
2. **Product Certification:** This is provided for various SANS specifications, such as vehicle registration plates and towing devices.
3. **Niche markets:** The department also certifies manufacturers and service providers in bus operations, fitment of automotive glass, air bags, towing devices, and diesel/petrol engine re-manufacturing.
4. **Vehicle test station evaluation:** The department is appointed by the National Department of Transport as the inspectorate for Vehicle Test Stations. The department was instrumental in the updating of various national standards covering this industry. During the period under review, departmental support was provided to law enforcement agencies during various successful investigations to curb bribery and corruption in the industry.

These departments are nationally and internationally accredited by SANAS, the Accreditation Council of the Netherlands (RvA) and the Verband der Automobilindustrie eV Qualitäts Management Center.

Laboratory Testing in the Transportation Industry

Laboratory testing is conducted in Gauteng and East London. The East London facility provides testing services with regard to emissions as well as noise of batteries and vehicles. The Gauteng laboratories are mostly involved in the testing of systems such as brakes, components and seat belts.

These laboratories are accredited by SANAS to ISO/IEC 17025.

During this reporting period, the accreditation score of these laboratories' scope was increased to include friction testing. Technical signatories for these laboratories were also increased.

Design institute

The highlights of 2008/09 include the following:

Design Strategy

World Design Survey

The Design Institute was the project leader for Africa for the World Design Survey of the International Design Alliance. The main objective of the World Design Survey is to facilitate the understanding of the magnitude, impact, characteristics and unique cultural differences of the design economy in an international context. This is ultimately to be able to share practices and transfer knowledge regionally and internationally.

This research undertaking was a mammoth task but the end result received international acclaim for its scope and thoroughness. It has since formed the basis of more undertakings, in particular for the work flowing from the Design Summit.

Design Summit

A Design Summit was held on 30 October 2008 as part of the Standards Convention to focus on future development of design for the economic and social benefit of South Africa. A primary recommendation was the establishment of a Design Advisory Committee to guide the Design Institute activities.

ICSID Board in South Africa

The Design Institute hosted a Board meeting of the International Council of Societies of Industrial Design (ICSID). The Design Institute also arranged a meeting between top executives and the Cape Town City Council in view of a bid to be proclaimed a World Design Capital.

Design for Development

Network of Africa Designers

The Design Institute hosted a successful two-day Africa Design Day conference in June 2008. The conference focused on successful design case histories for economic and social development on the African continent. Design professionals from various African countries such as Nigeria, Kenya, Uganda, Rwanda and Botswana shared the podium discussing the state of design in their respective countries.

Design Charter

The Network of Africa Designers (NAD) was established ten years ago as an informal network for professional designers on the African Continent. During the June meeting serious requests were put forward to formalise NAD into a structured association. A Design Charter was developed and adopted at a meeting in Cape Town in February 2009. The meeting was addressed by the president of the ICSID on how the newly formed body could benefit from linking into the global Design network. The Design Institute will host the secretariat of NAD.

New Product Design

SABS Design Excellence Awards 2008

The Design Excellence Awards Event was held on 30 October 2008 and the winning products were exhibited at the Sandton Convention Centre from 28-31 October 2008. There were 14 winning products.

Prototype Initiative

The comprehensive changes from an initial award scheme came into effect during 2008. From 15-17 July the Design Institute held 34 consultations. New product developers were given the opportunity to present their concepts or prototypes to industrial design consultants. The feedback on the need for these consultations was overwhelmingly positive, to the extent that they will be rolled out in three provinces and linked to the Technology Stations at the Cape Peninsula University of Technology, the Central University of Technology (CUT) and the University of Johannesburg. The participants in the 2008 project were honoured during an awards evening on 30 October 2008 and received Prototype certificates.

Idea to Product Seminars

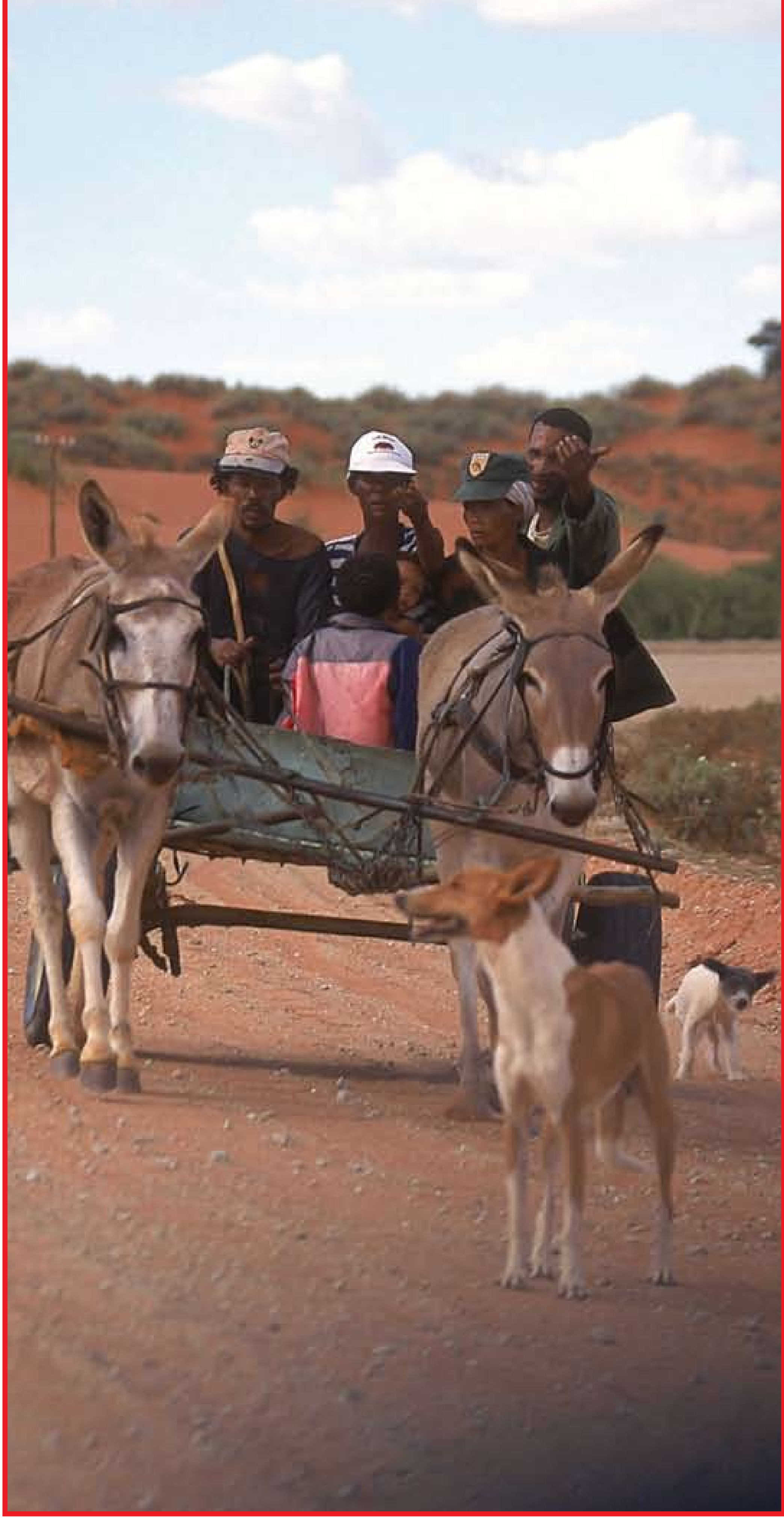
The new shorter format of the popular seminar series: Idea to Product was rolled out in three more provinces. Well attended seminars were conducted at CUT in Bloemfontein; the Automotive Components Technology Station at the

Nelson Mandela Metropolitan University; the agricultural co-operation, Agrimedia, at Bredasdorp; and with Tshumisano at the CSIR in Pretoria during October.

Design Education

SABS Design Achievers Awards continue to be a leading intervention in promoting design leadership among the youth in Africa. This year the SABS Design Institute hosted eight students from design institutions outside of South Africa. The students came from Nigeria, Uganda, Botswana, Namibia, Rwanda, Ghana, Zimbabwe and Kenya. The event has become the norm for educators as well as students who travel from all provinces to learn, share and showcase their leadership qualities. The top awards went to two black female students from Pretoria University and the University of Johannesburg respectively. They represented South Africa in Youth Design events in Nagoya, Japan and Hungary.

Sustainability report



Corporate Social Investment

"Build Our Future": The SABS KwaZulu-Natal (KZN) regional office set a refreshingly different example with "Build Our Future", an initiative to provide an extra classroom for the Ekuthuleni Primary School in Inanda, Durban. The SABS donated R250,000 to help fund the project. However, the KZN office employees also became directly involved, joining fellow East Coast Radio volunteers to visit the site on Fridays and help build the new classroom. The classroom, which is being used as a media centre by the school, was officially handed over in March 2009. It is the first time that the school has enjoyed a media centre facility for learners. A number of SABS customers also got involved and donated SABS mark bearing products to be used in the classroom.

The SABS gave R150,000 to Ubabalo eAfrica for a holistic value-based coaching programme.

SMME Training: The SABS offers SMME support training to contribute to the creation of sustainable economic growth. This support is offered via a subsidy that is a cost-sharing, cash grant incentive in which the SABS covers 50% of the training cost on behalf of SMME delegates. During the reporting period, SMME training was offered to 136 delegates in the Eastern Cape, Limpopo and Gauteng. Training was offered in HACCP and ISO 9001 systems.

Rural Transport Project: In response to the national need for affordable and effective non-motorised forms of transport for rural areas, the SABS previously published a national standard pertaining to the popular and ubiquitous donkey cart. During the 2008/09 reporting period, the SABS Design Institute and the Strategy Development team completed the design concepts and produced prototypes of donkey carts and bicycles. These were tested by the SABS and then submitted to the project's sponsor, the National Department of Transport.

Employee Health and Wellbeing

HIV and AIDS awareness: An external service provider was appointed to conduct HIV testing in Pretoria and all regions. Personal presentations by subject experts were also made to staff on how the HIV enters the body, and how to live positively with HIV. In December, a candlelit memorial service was held for those affected or infected by HIV and AIDS.

The Biggest Loser: This internal competition proved very popular, with 15 finalists selected from entries received. These finalists were then monitored over a period of 20 weeks by a biokineticist, in their attempts to lose weight and become the "biggest loser". The programme was very successful, with the winner recording an outstanding 24 kilograms weight loss over the duration of the competition.

Diseases and Occupational Health: During the reporting period, expert presentations or awareness campaigns were conducted around stress management, nutrition and active lifestyle, occupational health and mental illness. Special events were also organized for cervical cancer awareness month, breast cancer awareness month and world no tobacco day. Finally, to bolster financial wellness, employees in Pretoria and the regions were taken individually through their credit records by experts.

Employment Equity and Transformation

The SABS made sound progress towards its employment equity (EE) targets during the 2008/09 reporting period. Senior management EE rose from 67% (2007/08) to 80% in 2008/09. The incremental increases in *Professionally qualified and experienced specialists and mid-management* (63% to 64%) and *Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents* (83% to 86%) are satisfactory, however the scarcity of technical skills required by the SABS has made it difficult to recruit suitably qualified personnel. Overall, the EE ratio improved from 86% (2007/08) to 89% (2008/09).

March 2008

	Male			Female				Male	Female Total	Male Total	Grand Total
Occupational Level	African	Coloured	Indian	African	Coloured	Indian	White	White			
Senior management (P1-3)	1	1	1				1	2	1	5	**6**
Professionals (P4-6)	12		5	4	1	1	9	19	15	36	**51**
Skilled technicians and associate professionals (P7-12)	325	48	43	267	50	25	193	193	535	609	**1144**
Semi -skilled and discretionary decision making (P13-16)	244	9	3	41	4		2	4	47	260	**307**
Grand Total	**582**	**58**	**52**	**312**	**55**	**26**	**205**	**218**	**598**	**910**	**1508**

March 2009

	Male			Female				Male	Female Total	Male Total	Grand Total
Occupational Level	African	Coloured	Indian	African	Coloured	Indian	White	White			
Senior management (P1-3)	1	1		1			1	1	2	3	**5**
Professionals (P4-6)	11		5	3	1	1	6	15	11	31	**42**
Skilled technicians and associate professionals (P7-12)	237	22	33	233	25	22	154	119	434	411	**845**
Semi -skilled and discretionary decision making (P13-16)	281	7	6	61	4	3	4	7	72	301	**373**
Grand Total	**530**	**30**	**44**	**298**	**30**	**26**	**165**	**142**	**519**	**746**	**1265**

Annual financial statements >>>

for the year ended 31 March 2009

38 Seven year group review

40 Financial review

42 Corporate governance report

50 Report of the Audit Committee of the Board

51 Statement of responsibility of the Board

52 Report of the Auditor-General

54 Board report

57 Performance against objectives

63 Income statements

64 Balance sheets

65 Statements of changes in equity

66 Cash flow statements

67 Notes to the financial statements

SABS

Seven year group review

for the years ended 31 March

	2009 R'000	2008 R'000	2007 R'000	2006 R'000	2005 R'000	2004 R'000	2003 R'000
Income statement							
Commercial revenue	**358,509**	318,350	304,134	279,425	266,522	253,845	219,544
Levy income	**45,245**	104,013	102,439	81,169	63,705	59,020	47,540
Parliamentary grant recognised as income	**128,785**	125,273	110,695	96,754	97,075	90,410	89,250
Expenditure	**541,355**	545,127	511,554	456,525	414,029	399,107	304,251
Net investment (cost)/income	**(596)**	530	2,925	3,408	3,772	5,119	4,355
Profit for the year	**30,749**	35,043	66,636	20,257	12,268	29,990	68,349
Operating profit	**44,601**	46,552	72,493	34,524	23,814	26,885	24,570
Balance sheet							
Property, plant and equipment	**170,936**	169,511	154,239	131,570	142,361	145,120	144,130
Investment properties	**11,761**	2,547	2,681	-	-	-	-
Intangibles	**17,982**	6,244	374	-	-	212	224
Other assets	**273,820**	311,229	226,568	168,514	144,582	92,411	45,580
Non-current assets/disposal group held for sale	**2,342**	15,673	13,410	17,000	-	-	-
Current assets excluding cash	**67,459**	64,209	85,414	69,008	50,719	57,444	42,786
Net cash and cash equivalents	**7,565**	(3,065)	27,010	25,875	34,081	47,242	49,990
Total assets	**551,865**	566,348	509,696	411,967	371,743	342,429	282,710
Capital and reserves	**347,320**	339,854	292,348	194,965	175,704	150,891	121,144
Interest bearing borrowings	**18,441**	22,726	23,509	23,675	15,000	15,000	15,000
Other liabilities	**102,191**	117,049	101,616	103,829	87,176	88,738	88,258
Current liabilities	**83,913**	86,719	92,223	89,498	93,863	87,800	58,308
Total equity and liabilities	**551,865**	566,348	509,696	411,967	371,743	342,429	282,710
Cash flows							
Net cash flow from operating activities	**26,192**	40,640	80,517	37,217	48,172	55,685	67,343
Net cash flow from investing activities	**(11,277)**	(70,483)	(79,216)	(54,098)	(61,333)	(58,433)	(36,636)
Net cash flow from financing activities	**(4,285)**	(232)	(166)	8,675	-	-	-
Cash and cash equivalents at beginning of year	**(3,065)**	27,010	25,875	34,081	47,242	49,990	19,283
Cash and cash equivalents at end of year	**7,565**	(3,065)	27,010	25,875	34,081	47,242	49,990

	2009 R'000	2008 R'000	2007 R'000	2006 R'000	2005 R'000	2004 R'000	2003 R'000
Ratio analysis							
Profitability and asset management							
Asset turnover	**0.9**	0.9	1.0	1.1	1.2	1.2	1.2
Return on net assets	**9,7%**	9,6%	18,6%	11,6%	9.8%	13.0%	14.1%
Return on equity	**12,8%**	13,7%	24,8%	17,7%	13.6%	17.8%	20.3%
Current ratio	**0.8**	0.7	0.9	0.8	0.5	0.7	0.7
Operating margin %	**11,0%**	11,0%	17,8%	9,6%	7.2%	8.6%	9.2%
Revenue % to total income	**70,9%**	74,1%	76,1%	76.3%	76.1%	73.9%	73.6%
Performance							
Revenue per employee (Rands)	**262,008**	287,322	298,074	295,811	284,678	276,383	253,882
Operating profit per employee (Rands)	**28,943**	31,668	53,147	23,104	20,529	23,750	23,356
Remuneration as a % of total expenditure	**58,2%**	62,1%	61.3%	59.1%	57.1%	53.7%	52.7%
Average number of employees	**1,541**	1,470	1,364	1,219	1,160	1,132	1,052

Ratio definitions

Asset turnover	Revenue divided by net assets
Return on net assets	Operating profit as a percentage of net assets excluding cash resources
Current ratio	Current assets (excluding cash resources) to current liabilities
Operating margin %	Operating profit as a percentage of revenue

Operating profit/(loss) refers to profit before interest and tax (PBIT) and is stated before the effect of adopting IAS19; post retirement medical aid benefits and long service leave awards and the impairment of assets.

Financial review

for the year ended 31 March 2009

The Group continued to deliver earnings growth during the year under review. In spite of this the year ended in a subdued mood as the effect of the global economic downturn began to take its toll on our customers and consequently SABS.

The focus for the year under review was to build the reputation of the SABS, improve knowledge acquisition and retention, implement **the dti** industrial policy and manage the Regulatory split.

Performance

For the year under review the performance of SABS is measured against the four performance indicators set out internally, namely profitability, transformation, human resource development and customer care. We also take into consideration the fulfilment of the main strategic objectives of **the dti**.

Revenue from commercial operations at R358,5 million increased by 12,6% on last year, mainly as a result of good performance in the products and system certification domain. The certification domain realised a growth of 17,3% representing an increase in revenue of R21,2 million. The sales of publications increased by 10,5%. These are real increases in revenue. Investigation, tests and services income increased by 9,6% but the growth was significantly lower than the budgeted growth targets.

The base line parliamentary core funding allocation of R122,6 million increased by 6,1% from the previous year allocation of R115,8 million.

Operating profit before taxation, financing and discontinued operations increased by R7,2 million to R27,6 million compared to an increase of R5,8 million the previous year. Operating profit includes R14,1 million (2008: R9,4 million) gains on the realisation of investments. Total expenses for the year are R491,9 million which is a 12% increase compared to the R437,3 million incurred in the previous year.

The contribution of discontinued operations, being the Regulatory Division and Namibian operations, was a net profit of R2,1 million (2008: R11,3 million). Included in the net profit is a loss of R3,9 million on the net assets of the Regulatory Division transferred to the National Regulator for Compulsory Specifications.

Significant emphasis has been placed on the development of a performance based culture. Service delivery has been identified as one of the key strategic objectives to assist the organization to sustain growth. This has been built into the performance management system. The elimination of unnecessary processes will greatly influence improving delivery time to customers.

SABS achieved a level 3 BBBEE rating and SABS Commercial a level 4 rating. Both entities improved their ratings by a level and are designated as value added vendors. SABS Commercial improved its performance in respect of management control, employment equity and skills development.

Capital expenditure

Group capital expenditure totaled R41,2 million (2008: R48,8 million) and includes an amount of R0,5 million (2008: R3,2 million) for leased assets comprising mainly computer equipment. The major expenditure was for the building, upgrade of ICT infrastructure and the replacement of laboratory equipment.

Information technology

This financial year was again focused on the ICT Migration Project. The primary environment - back office and upgraded JDE - was expanded to include other business processes. This phase of the project had a lot of business involvement and the business processes completed were predominantly in the commercial and financial areas and included Planning and Scheduling. The Lead-to-Revenue project has been finalised and needs to be signed off by the business. The Business Intelligence requirement commenced and static reports required by finance were completed and dashboards are being developed as per business requirements. The ICT Steercom continues to review the ICT projects and strategies, and the new financial year will focus on stabilisation.

Post-employment healthcare benefits

The Group provides post-employment medical aid contribution subsidies to qualifying retirees. Employees who meet set criteria are also entitled to this benefit when they retire. The expected liability has been determined by an actuary. The post-employment healthcare benefit obligation amounted to R73,5 million (2008: R66,9 million) at 31 March 2009.

Cash reserves

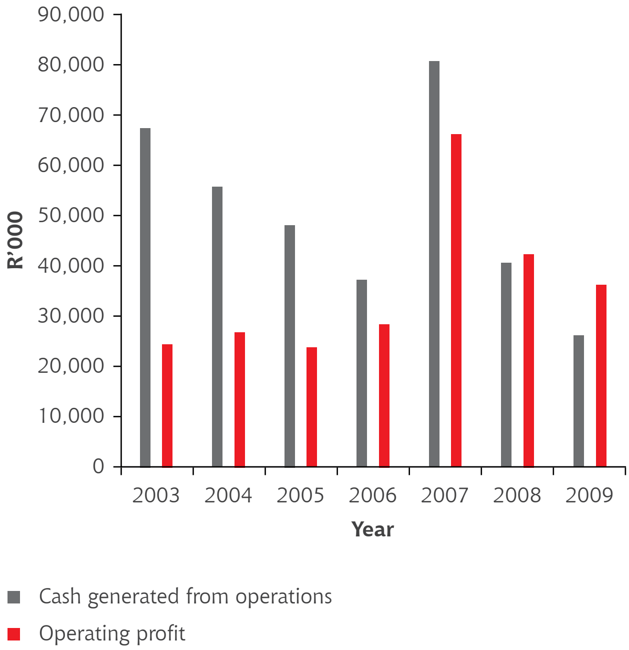
The cash position of the Group increased by R10,6 million (2008: decreased by R30,1 million) during the year ended 31 March 2009. The Group had cash and cash equivalents of R7,7 million (2008: overdraft of R3,1 million) at 31 March 2009. Investments to the value of R28,9 million were sold during the year.

Future outlook

The SABS Group has, as a business priority, to maintain its status of world class supplier of services in order to provide a reliable standardization framework while contributing meaningfully to South Africa's industry and the national imperatives.

The global macro economic conditions are expected to continue affecting the SABS Group operations. As SABS customers curtail their expenditure in response to the global economic downturn SABS will seek to offer them greater value. SABS will continue the drive for efficiencies across the Group to mitigate the impact of recession on revenue.

Cash generated from operations and operating profit (R'000)



Governance principles

Statement on corporate governance

The SABS Group is committed to the principles of openness, integrity and accountability and continually reviews its processes and practices to ensure compliance with legal obligations and adherence to good corporate governance practices that are benchmarked with the international best practices. Compliance with the King II Report on Corporate Governance and the Public Finance Management Act, No 1 of 1999 (PFMA) is therefore an integral part of the objectives of the Group as approved by the SABS Board.

The primary objective of any system of corporate governance is to ensure that Board members and management, to whom the operations of the SABS has been entrusted by the shareholder, carry out their fiduciary duties, placing the interest of the organization ahead of their own. This process is facilitated through the establishment of appropriate reporting and control structures within the organization.

The Board and its committees will continue to consider and attend to issues of governance during the next financial year and thereafter.

The SABS Board and the executive management believe that the organization has complied with the principles incorporated in the Code of Practices and Conduct as set out in the King II Report.

Financial statements

The SABS Board and the executive management confirm that they 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 and results of the operations of the SABS and the Group.

The annual financial statements contained on pages 64 to 113 have been prepared in accordance with the Statements of South African Generally Accepted Accounting Practice, the Companies Act, No 61 of 1973 (as amended) and the PFMA. They are based on appropriate accounting policies and are supported by reasonable and prudent judgments and estimates.

The external auditor is the Auditor-General and is responsible for carrying out an independent examination of the financial statements in accordance with International Standards on Auditing and reporting their findings thereon. The Auditor-General's report is set out on pages 52 and 53.

Going concern

The SABS Board is satisfied that adequate resources exist to continue business for the foreseeable future. The SABS Board confirms that there is no reason to believe that the Group's operations will not continue as going concerns in the year ahead, other than where closures or discontinuations are anticipated, in which case provision is made to reduce the carrying costs of the relevant assets to net realisable value.

Internal control

The Group maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for its assets. Such controls are based on established policies and procedures and are implemented with an appropriate segregation of duties. The internal audit function operates under the direction of the Finance and Audit Committee of the Board, which approves the scope of the work to be performed. Significant findings are reported to both Executive Management and the Finance and Audit Committee. Corrective action is taken to address internal control deficiencies identified.

Risk management

The SABS Board acknowledges that it is responsible for the total process of risk management as well as forming its own opinion on the effectiveness of the process. The Board through the Business Risk Committee, operates under an appropriate charter and is chaired by an independent non-executive member.

In terms of the Business Risk Committee's mandate, the committee assesses the effectiveness of the Group's risk management process. The process incorporates formalised systems of risk identification, control and monitoring. Management is accountable for designing, implementing and monitoring the process of risk management and integrating it into the day to day activities of the Group.

Strategic risks

The following table sets out the key business risks and operational risks which are the main focus areas for the SABS:

Business and operational risk	Initiatives/success factors/funds committed
Major infrastructure failure	The refurbishment plan continues to be implemented. The SABS expects construction of the new buildings in early 2010. The overall envisaged completion date remains 2011. The allocated funds were confirmed by **the dti** in March 2009 and used to address the gaps.
Damage to SABS reputation	This risk is now being managed at an operational level. The marketing and communications plan continues to be implemented internally and externally with visible, measurable results.
Loss of key competencies and corporate knowledge	Human Capital Development has restructured to improve service delivery. Key focus areas in the new structure are skills transfer, career pathing and succession planning to address the risk.
Business continuity and disaster recovery plans	Disaster recovery plans have been completed in the ICT Department and are tested regularly. The SABS is in the process of formalising the business continuity plans and implementing an overall plan for the business.
Inability of SABS Commercial to meet the regulators' requirements	An action plan was implemented and the SABS continues to ensure accreditation of the laboratories, especially those rendering service to the regulators. Work has been initiated to start a Government Advisory Board.

Code of ethics

The SABS Board, Executive Management and employees are required to observe the highest ethical standards ensuring that business practices are conducted in a manner which, in all reasonable circumstances, is beyond reproach.

The Group's code of ethics consists of four fundamental ethical principles: respect, accountability, fairness, and trust. Ethical standards, covering issues such as bribery and corruption, fraud, human rights and discrimination, including a commitment to conduct our business taking into consideration the interests of all our stakeholders and the environment.

The SABS internal fraud and corruption hotline, which was replaced by an off-site fraud and corruption hotline. This is to provide an independent facility for stakeholders of the SABS to anonymously report fraud and other crimes, deviations from Company policies or any kind of activity that is not in the best interest of the Group, or stakeholders in general.

Worker participation and employment equity

The Group continues to have participative structures in place on issues that affect employees and is committed to providing equal opportunities for its employees. Several programmes have been implemented to ensure practical application of the Group's commitment to modern workplace practices to foster employee participation and work processes involvement as a key practice at all levels of the organization. The Group continues to provide a climate that encourages its employees to reach their maximum potential through Union Management Forums and EE Forums.

Sustainability reporting

The Group supports the principles of the King II Report of 2002 and the concept of the triple bottom line, which embraces economic, social and environmental relationships through an integrated sustainability approach that encompasses all the Group's stakeholders namely:

- Our Shareholder;
- Our Customers;
- Our Employees; and
- The Communities in which we operate.

Governance structure

SABS Board

The split of the SABS that took place on 1 September 2008 has resulted in the repeal of the 1993 Standards Act and the promulgation of the new Standards Act, No 8 of 2008. The Act provides for a minimum of seven Board members and a maximum of nine to be appointed by the Minister of Trade and Industry. One of the members is the Chief Executive Officer who also serves as a member of the Board by virtue of his office. The appointment of a Board member is for a period not exceeding five years however members are eligible for re-appointment. Six of the current SABS Board members were appointed on 15 August 2006 until 14 August 2009. This includes the appointment of Mr LR Pitot who is serving his re-appointment for a period of three years from the aforementioned date and Ms I Sekonyela who was appointed on 23 October 2007 until 14 August 2009.

The Board meets to evaluate performance, determine key performance criteria, evaluate legal and regulatory compliance, assess risk and review the strategic direction of the Group. Board meetings are held at least quarterly and whenever circumstances necessitate.

The Chairperson of the Board provides leadership and guidance and encourage proper deliberation of all matters requiring the Board's attention. The Chairperson has no executive functions.

The Company Secretary is responsible for ensuring compliance with the statutory and regulatory requirements as well as advising on director's fiduciary duties, matters of ethics and corporate governance.

The SABS Board charter is continuously reviewed in accordance with best practice and if necessary, is amended to ensure compliance with the developments in corporate governance.

Executive Committee

The Board has delegated a wide range of matters relating to the management of the SABS Group to the Executive Committee, including financial, strategic, operational, governance, risk and functional issues. The SABS Management is responsible for the day to day affairs of the SABS and ensures that the relevant legislation and regulations are adhered to and that adequate internal financial control systems are in place to provide reasonable certainty in respect of the completeness and accuracy of the accounting records, integrity and the reliability of financial statements and the safeguarding of assets.

Members of this committee are the Chief Executive Officer (Mr M Kuscus) and the executives in charge of the following functions: Standards Division, Dr G Visser until 31 December 2008 and replaced by Ms V Lennon from 18 May 2009; Regulatory Division, Mr M Moeletsi until 1 September 2008 when the Division split from the SABS to form a new statutory entity; Corporate Strategy and Business Improvement, Ms G Monareng until 28 February 2009; Commercial, Mr J Stanbury and Mr P Semnarayan until 30 November and 12 December 2008 respectively then replaced by Dr G Visser from1 January 2009; Corporate, Mr M McNerney until 28 February 2009 then replaced by Ms G Monareng, Finance, Ms T Cooper and Human Resources, Mrs D Monama until 30 September 2008 then replaced by Mr S Kapito.

Strategic planning

A corporate plan covering three years is compiled and approved by the SABS Board and the Minister of Trade and Industry. A business plan is compiled with the detailed annual targets for the following year. The SABS reports on performance against these plans.

SABS Board Committees

Finance and Audit Committee

Members and meetings

During the year under review the committee consisted of Ms B Mosako (Chairperson), Dr T Demana, Mr LR Pitot and Mr A Mabizela.

Persons in attendance at committee meetings regularly include, by invitation, the Chief Executive Officer, Manager: Internal Audit, the Chief Financial Officer, Company Secretary, External Auditors and representatives of the Office of the Auditor-General.

Purpose

This committee deals with all matters prescribed by the regulations issued in terms of the PFMA, controls the final reviews of the key risk matters affecting the organization; agrees on the scope and reviews the annual external audit plan and the work of the SABS internal auditors. The Finance Audit Committee has adopted formal terms of reference and is satisfied that it has complied with its responsibilities as set out in the said terms of reference.

Business Risk Committee

Members and meetings

During the year under review, the Business Risk Committee met on 8 May 2008, 24 July 2008, 6 November 2008 and 29 January 2009. The committee currently consists of Ms W Poulton (Chairperson), Ms B Mosako, Mr LR Pitot and Mr A Mabizela.

Persons in attendance at committee meetings regularly include the Chief Executive Officer, the Manager: Internal Audit, Chief Financial Officer and the Company Secretary.

Purpose

The quality, integrity and reliability of the Group's risk management is delegated to the Business Risk Committee. The Committee co-ordinates the Group's risk management and assurance efforts and assists the Board in the discharge of its duties relating to corporate accountability and the associated risk. The Board is responsible for monitoring and reviewing the risk management strategy of the SABS and the Business Risk Committee assists the Board in fulfilling this responsibility.

Human Resources/Remuneration Committee

Members and meetings

During the year under review, the Human Resources/ Remuneration Committee met on 8 May 2008, 24 July 2008, 6 November 2008 and 29 January 2009. The committee currently consists of Dr T Demana (Chairperson), Ms I Sekonyela, Ms W Poulton and Mr LR Pitot.

Persons in attendance at this committee meeting regularly include the Chief Executive Officer, the Head of Human Resources and the Company Secretary.

Purpose

The committee provides the vehicle for the SABS Board to influence and control human resources and remuneration in the organization; determines human resources policy and strategy; approves remuneration, bonus and other incentive or performance based payments for executives.

Annual Board Strategic session

Members and meetings

During the year under review this committee held one strategic meeting on 28 and 29 August 2008. This session currently consists of all Board members and persons in attendance at these meetings and includes the Chief Executive Officer and invited members of Executive Management, **the dti** representatives and any other invited guests.

Purpose

This forum sets out to determine the strategies and strategic objectives of the SABS Group.

Attendance

The record of attendance by each Board member of the SABS Board meetings and SABS Board Committee meetings for the financial year ended March 2009 is listed in the table below:

Board term and members for 15 August 2006 to 15 August 2009

Director's Name	08/05/2008	29/05/2008	24/07/2008	09/09/2008 Special	01/10/2008 Special	06/11/2008	27/11/2008 Special	29/01/2009
Mr CB Sibisi	Y	Y	Y	Y	Y	Y	Y	Y
Dr T Demana	Y	Y	Y	N	Y	N	Y	Y
Ms Sekonyela	Y	Y	Y	N	Y	Y	Y	N
Mr LR Pitot	Y	Y	Y	Y	Y	N	Y	Y
Ms B Mosako	Y	Y	Y	N	Y	Y	N	N
Mr A Mabizela	N	N	Y	Y	N	Y	N	N
Ms W Poulton	Y	Y	N	N	Y	N	Y	Y
Finance and Audit Committee								
Ms B Mosako	Y	Y	Y			N		N
Dr T Demana	Y	Y	Y			N		Y
Mr LR Pitot	Y	Y	Y			Y		Y
Mr A Mabizela	N	N	Y			Y		N
Business Risk Committee								
Ms W Poulton	Y		N			Y		Y
Mr LR Pitot	Y		Y			Y		Y
Mr A Mabizela	N		Y			N		N
Ms B Mosako	Y		Y			Y		N
HR and Remuneration Committee								
Dr T Demana	Y		Y			N		Y
Ms W Poulton	Y		N			N		Y
Ms I Sekonyela	Y		Y			Y		N
Mr LR Pitot	Y		Y			Y		Y

Board and executive management remuneration

Each Board member (non-executive directors) receive an amount per meeting attended. The remuneration paid to Board members and executive management during the year is included in the related parties note of the financial statements.

Board Members

Board Member	Age	Qualification	Employer	Position held
Mr CB Sibisi	45	BSoc SC MA (Development and Economics)	Sangena Investments (Pty) Ltd	Chief Executive
Mr A Mabizela	40	Bachelor of Laws BSc (Economics) Hons	Stanlib	Head: Stanlib Africa Business Unit
Ms I Sekonyela	41	B Cur, BA Hons,HR Diploma, Senior Management Progr. Adv. Labour Law.	Batho Batho Business Consulting	Managing Member
Mr LR Pitot	62	CA (SA)	Naacam	Executive Director
Dr T Demana	49	PhD Analytical Chemistry MSc Chemistry BSc Chemistry	**the dti**	Chief Director: Enterprise & Industry Development Division
Ms W Poulton	46	MSc	Eskom	General Manager: Corporate Sustainability
Ms B Mosako	30	CA (SA)	Triumph Venture Capital	Executive Director: Finance and Investments
Mr MJ Kuscus	53	BA Cur EDP (Harvard)	SABS	Chief Executive Officer

Materiality framework

In accordance with the PFMA, the SABS has agreed to a framework of acceptable levels of materiality and significance with our executive authority, **the dti**.

In terms of Treasury Regulations 28.1.5 issued in terms of the PFMA, Act No 1 of 1999, the accounting authority of the SABS must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority in consultation with the external auditors. This is the materiality framework for the SABS Consolidated Group financial statements.

The attainment of the vision of the SABS, which is to be the trusted third party that offers quality and reliable value-added stadardization services, depends on the nature of every business transaction conducted by every employee on a daily basis. The ethical conduct of the SABS is built on values such as respect, accountability, fairness and trust and underpins SABS commitment to adhere to the highest possible acceptable norms and standards of society in all our dealings with our clients and stakeholders as well as the relationships within the SABS.

Staff members will refrain from any conduct, which may be prejudicial to the image, name and good standing of the SABS and will ensure that all activities will be done according to the legal framework of South Africa.

		Material
Section 50 (1)	(1) The accounting authority for a public entity must – (a) exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity; (b) act with fidelity, honesty, integrity and in the best interest of the public entity in managing the financial affairs of the public entity; (c) on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way influence the decision or actions of the executive authority or that legislature; and (d) seek, within the sphere of influence of that accounting authority, to prevent any prejudice to the financial interest of the state.	Qualitative: The SABS is committed to have an open and transparent culture and to disclose any relevant information to it's stakeholders. Materiality can only be determined if the nature of the information is known. Quantitative: R250,000
Section 55 (2)	(2) The annual report and financial statements referred to by PFMA Subsection 55 (1)(d) must – (a) fairly present the state of affairs of the public entity, its business, its financial results, its performance against pre-determined objectives and its financial position as at the end of the financial year concerned; (b) include particulars of – (i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year; (ii) any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure; (iii) any losses recovered or written off; (iv) any financial assistance received from the state and commitments made by the state on its behalf; and (v) any other matters that may be prescribed; and (c) include the financial statements of any subsidiaries.	Qualitative: Any such matter that the Board thinks will influence the users of the statements. Quantitative: 0.5% of budgeted revenue. It should not be more than determined by the Auditor-General on an annual basis. R250,000 Will disclose as prescribed. Any fruitless and wasteful expenditure as determined by the act. Grants are agreed with the executive authority and declared in full. Will disclose as prescribed. All subsidiaries are consolidated.

		Material
Section 54 (2)	(2) Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction;	
	(a) establishment of participation in the establishment of a company;	Each transaction separately.
	(b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;	50% of voting rights acquired. Materiality figure on the total financial statements.
	(c) acquisition of disposal of a significant shareholding in a company;	30% or more of shareholding or materiality figure on the total financial statements.
	(d) acquisition or disposal of a significant asset;	1% of property, plant and equipment, investment property and intangible assets.
	(e) commencement or cessation of a significant business activity; and	Each transaction separately.
	(f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.	50% of voting rights and 30% change of ownership measured against the materiality of the total financial statements.
Section 66 (1)	(1) An institution to which this Act applies may not borrow money or issue a guarantee, indemnity or security, or enter into any other transaction that binds or may bind that institution or the Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transaction- (a) is authorised by this Act; (b) in the case of public entities, is also authorised by other legislation not in conflict with this Act; and (c) in the case of loans by a province or a provincial government business enterprise under the ownership control of a provincial executive, is within the limits as set in terms of the Borrowing Powers of Provincial Governments Act, No 48 of 1996.	SABS acts within the ambit as set by this section.

Report of the Audit Committee of the Board

for the year ended 31 March 2009

We are pleased to present our report for the financial year ended 31 March 2009.

Audit Committee members and attendance

The Audit Committee consists of the members listed hereunder and should meet four times per annum as per its approved terms of reference. During the current year six meetings were held.

Name of member	Number of meetings attended
Ms B Mosako (Chairperson)	4
Dr T Demana	4
Mr LR Pitot	6
Mr A Mabizela	2

Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 51(1)(a) of the PFMA and Treasury Regulation 27.1.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter; has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

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 PFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the audit report on the annual financial statements and the management letter of the Auditor-General, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the system of internal control for the period under review was efficient and effective.

The quality of management reports submitted in terms of the PFMA

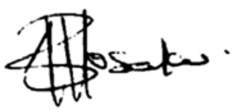
The Audit Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Authority during the year under review.

Evaluation of financial statements

The Audit Committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Authority;
- reviewed the Auditor-General's management letter and management's response thereto; and
- reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General'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 Auditor-General.



B Mosako
Audit Committee Chairperson

Statement of responsibility of the Board

for the year ended 31 March 2009

The Board is responsible for the integrity of the financial statements of the organization and the objectivity of other information presented in the annual report.

The fulfilment of this responsibility is discharged through the establishment and maintenance of sound management and accounting systems, the maintenance of an organizational structure which provides for delegation of authority and establishes clear responsibility, together with the constant communication and review of operational performance measured against approved plans and budgets.

Management and employees operate within a framework requiring compliance with all applicable laws and maintenance of the highest integrity in the conduct of all aspects of the business.

The financial statements presented on pages 63 to 113, have been prepared in terms of South African Statements of Generally Accepted Accounting Practice and supported by reasonable and prudent judgments and estimates.

The going concern basis has been adopted in preparing the financial statements. There is no reason to believe that the organization will not be a going concern in the foreseeable future based on forecasts and available cash resources.

The financial statements have been audited by independent auditors in conformity with International Standards on Auditing.

The Audit Committee meets periodically with the auditors and management to discuss internal accounting controls, auditing and financial reporting matters.

The auditors have unrestricted access to all financial records and related data, including minutes of all meetings of the Board.

The Board report and financial statements for the year ended 31 March 2009, which appear on pages 54 to 113 were approved by the Board on 23 July 2009 and signed on its behalf by:

CB Sibisi
Chairperson

MJ Kuscus
Chief Executive Officer

Report of the Auditor-General

for the year ended 31 March 2009

Report of the Auditor-General to Parliament on the Group Financial Statements and Performance Information of South African Bureau of Standards for the year ended 31 March 2009

Report on the Financial Statements

Introduction

1. I have audited the accompanying group financial statements and financial statements of the South African Bureau of Standards, which comprise the consolidated and separate balance sheet as at 31 March 2009 and the consolidated and separate income statement, the consolidated and separate statement of changes in equity and the consolidated and separate cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 63 to 113.

The accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. 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 judgement, 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.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion these financial statements present fairly, in all material respects, the consolidated and separate financial position of the South African Bureau of Standards (SABS) as at 31 March 2009 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and in the manner required by the PFMA.

Emphasis of matter

Without qualifying my opinion, I draw attention to the following matter:

Event subsequent to balance sheet date

8. With reference to the paragraph relating to the regulatory split as detailed in note 9 of the financial statements, the SABS has referred the matter to the Department of Trade and Industry, the outcome of which cannot be presently determined, and no provision for any liability that may result has been made in the financial statements.

Other matters

Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Other key governance requirements

9. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting authority and executive management and are reflected in the key governance responsibilities addressed below:

Key governance responsibilities

10. The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

No.	Matter	Yes	No
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	✓	
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.	✓	
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines (section 55 of the PFMA).	✓	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	✓	
Development of and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	• The public entity had an audit committee in operation throughout the financial year.	✓	
	• The audit committee operates in accordance with approved, written terms of reference.	✓	
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 27.1.8.	✓	
7.	Internal audit		
	• The public entity had an internal audit function in operation throughout the financial year.	✓	
	• The internal audit function operates in terms of an approved internal audit plan.	✓	
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 27.2.	✓	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	✓	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	✓	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	✓	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Treasury Regulation 27.2.	✓	
12.	Powers and duties have been assigned as set out in section 56 of the PFMA.	✓	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.	✓	
Issues relating to the reporting of performance information			
14.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	✓	
15.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	✓	

No.	Matter	Yes	No
16.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the SABS against its mandate, predetermined objectives, outputs, indicators and targets (Treasury Regulation 29.1).	✓	
17.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	✓	

Report on other Legal and Regulatory Requirements

Report on performance information

11. I have reviewed the performance information as set out on pages 57 to 62.

The accounting authority's responsibility for the performance information

12. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

The Auditor-General's responsibility

13. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.
14. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
15. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review.

Appreciation

16. The assistance rendered by the staff of the SABS during the audit is sincerely appreciated.

Auditor-General

Pretoria
6 August 2009

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Board report

for the year ended 31 March 2009

Introduction

In terms of the Standards Act, No 8 of 2008 and the Public Finance Management Act, No 1 of 1999, this report addresses the performance of the SABS and relevant compliance with statutory requirements.

In the opinion of the SABS Board, who fulfils the role of a board of directors as envisaged by the Companies Act, No 61 of 1973, the financial statements fairly reflect the financial position of the SABS Group as at 31 March 2009 and the results of its operations for the year then ended.

We have pleasure in submitting to Parliament, through the Minister of Trade and Industry, this report and the audited financial statements of the SABS Group for the year ended 31 March 2009.

Our statutory basis

The SABS was established as a statutory body in terms of Act No 24 of 1945, which was superseded by the Standards Act, No 29 of 1993 and subsequently superseded by the Standards Act, No 8 of 2008. The organization is listed as a Public Entity, schedule 3B, in terms of the Public Finance Management Act, No 1 of 1999, as amended by Act No 29 of 1999.

Our mandate

In terms of the new Act, the objects of the SABS are to:

- develop, promote and maintain South African National Standards;
- promote quality in connection with commodities, products and services; and
- render conformity assessment services and matters connected therewith.

Our vision and mission

The vision of the SABS is to be the trusted third party that offers quality and reliable value-added standardization services.

The mission is that SABS will be proactive in providing trusted and independent Standardization services that will result in:

- promotion of the integrity of the South African market;
- protection of the South African consumer;
- creation of a competitive advantage for the South African industry; and
- access by South Africans to markets locally and internationally.

Finances and control

The Standards Division of the SABS is financed by funds allocated for that purpose via **the dti**. Inspections and tests, which are carried out for the private sector, industry, national government, provincial and local authorities as well as the certification of products and systems, are funded on a commercial basis by fees charged for services rendered.

The Group made a net profit of R30,7 million (2008: R35,0 million). The results and financial position of the Group as at 31 March 2008 have been restated to account for:

Available-for-sale reserve

Three of the investments held by the SABS were realised during the 2007 financial year but the realisation of the profit in the available-for-sale reserve was not accounted for. The net result is a profit of R9,2 million. This should have been transferred from the available-for-sale reserve to accumulated profit during the 2007 financial year.

Interest bearing borrowings - Finance leases

The SABS has finance leases for computer equipment and printers. Payments are made to the lessor on a quarterly basis. In the 2007 and 2008 financial years the payments made on 1 April were booked back to March. This incorrect treatment of the finance leases was corrected in the current financial year. The net impact on accumulated profit is an increase of R0,6 million.

Project funding

The SABS received funds from third parties to participate in certain projects. Expenses incurred on the projects are offset against the funds received. Expenses amounting to R1,4 million were not offset against funds received in previous years. Internal funds set aside for projects that did not materialise have been reversed amounting to R3,9 million.

Government grants relating to income

Core funding allocated to the SABS for the financial year under review amounted to R122,8 million (2008: R115,8 million) which represents an increase of 6,1% (2008: 14,4%). The funding for the South African Quality Institute is still routed via SABS and the allocation amounted to R2,1 million (2008: R2,3 million).

In this report, included in the Performance Against Objectives, we highlight achievements which are indicative of delivering services for the good of the nation and society. Our aim is to be internationally competitive and locally relevant, and to make a positive and meaningful difference to the lives of all South Africans.

Planning policy

A three year corporate plan setting out SABS's strategic direction is developed annually with key stakeholders using information from all divisions and business units. The Board approves the corporate plan which contain predetermined strategic and operational objectives. The annual budget is approved before the start of the new financial year under review in compliance with provisions of the PFMA.

Standards and technical regulation services are required to:

- facilitate trade in commodities and services nationally, regionally and internationally; and
- protect consumers and society on health, safety and environmental issues.

The country's national imperatives and global challenges provide the background within which we conduct our business and achieve our business goals. The SABS has identified five strategic priorities that were approved by the Board. They are:

- Build reputation;
- Knowledge acquisition and retention;
- Implement **the dti** industrial policy;
- Managing the Regulatory split; and
- Broad-based Black Economic Empowerment.

The key performance areas and indicators are discussed in detail in this report to provide strategic insight into the sustainability and improvement of performance.

Regulatory split

The shareholder benchmarked the regulatory system with others in the world and it was evident that the practice of having a standards body as a regulatory body is not optimal or advantageous. After careful consideration of the practice, the benchmarking results and public input the shareholder decided that the Regulatory Division should be a separate agency reporting to **the dti**. The legislative process for the creation of the NRCS commenced. The National Regulator for Compulsory Specifications Act, No 5 of 2008 and the new Standards Act, No 8 of 2008, were signed by the President in July 2008. The effective date was 1 September 2008.

In terms of the legislation the assets, liabilities, rights and obligation of the Regulatory Division and its employees transfer to the NRCS. A trilateral agreement was reached between the NRCS, SABS and **the dti** with respect to the assets, liabilities, rights and obligations transferring to the NRCS. The NRCS has approached the SABS to renegotiate the terms of the agreement. This matter has been referred to **the dti**.

GCS Namibia

The Regulatory Division was the responsible inspection body for the European Union in Namibia. The proposed split of the SABS into two entities was discussed with the Namibian authorities and the Namibian Government decided to take over the operations of the GCS Namibia (Pty) Ltd. From 1 July 2008 the Namibian Standards Institute has placed their employees at the disposal of the NRCS to do the inspections and all revenue will accrue to the Namibian Standards Institute. The activities of GCS Namibia (Pty) Ltd have been accounted for as a discontinued operation. Ministerial approval still needs to be given for the transfer of the assets.

Employees

The SABS had 320 (2008: 590) permanent employees and 9 (2008: 10) contract workers as at 31 March 2009. The Group had 1448 (2008: 1508) permanent employees and 38 (2008: 36) contract workers as at 31 March 2009.

Subsidiaries

The activities of the SABS subsidiaries, as set out in notes 13 and 30 to the financial statements, are the provision of conformity assessment services which includes testing, certification and training.

Events subsequent to balance sheet date

The Board members are not aware of any matters or circumstances arising since the end of the financial year, except for the Regulatory Division split, not otherwise dealt with in the financial statements, that will have a significant impact on the operations of the Group, the results of the operations or the financial position of the Group.

In alignment with **the dti** goals, SABS reports on its performance based on the following objectives:

***the dti** goals*	*SABS objectives*
Promoting broader participation, equity and redress in the economy.	Support Enterprise development as part of CSI. Improve the BBBEE scorecard. Improve technology and innovation.
Promoting co-ordinated implementation of the Accelerated Shared Growth Initiative in South Africa.	Group sustainable growth. Implement **the dti** industrial policy. Build reputation.
Promoting direct investment and growth in the industrial and service economy, with particular focus on employment creation.	Knowledge acquisition and retention.

Promoting broader participation, equity and redress in the economy

Objectives	Key performance indicators and targets	Performance results
1) Support enterprise development as part of CSI		
Action plan to be developed to direct Corporate Social Investment (CSI)	Active and relevant involvement in national priorities amongst others of note: **Rural development** The project is aimed at developing modes of affordable and sustainable non-motorised transport for a North West rural community in a way that it will have the potential to be replicated in other rural communities. Improved transport and associated economic and social benefits for the rural community including job creation by designing a donkey cart that can be built and maintained by local village entrepreneurs.	The groundwork and conceptualisation phase to redesign an animal drawn cart for the Pitsidusulejang community in the North West province was initiated by the SABS Design Institute in close co-operation with the National Department of Transport, the provincial and local governments and in partnership with tertiary design institutions and the University of Johannesburg. Nineteen concepts including modes of sustainable transport were chosen to be developed to the prototype phase and field tested with the community for acceptability and social functionality. The project was completed in early 2009 and the prototypes were handed over to the Department of Transport for further implementation. The project was endorsed as an Interdesign by the International Council of Societies of Industrial Design (ICSID) and received wide international acclaim.

Promoting broader participation, equity and redress in the economy (continued)

1) Support enterprise development as part of CSI (continued)

Objectives	Key performance indicators and targets	Performance results
	SMME support and development Provide SMMEs with knowledge, skills and capabilities necessary to manufacture high quality products and services that conform to national and international standards.	The SABS subsidised the HACCP 1 and 2; and the ISO 9001 training of small businesses in the Eastern Cape, Mpumalanga and Gauteng provinces. The training was offered in Pretoria, Lebowakgomo (Mokgalaka), Port Elizabeth and East London. A total of 136 delegates in the three provinces were trained.
	School based project To uplift the communities in the regions where the SABS operates at the grassroots level.	'Build our future' project. The SABS Group contributed R250,000 towards the building of a classroom at the Ekuthuleni Primary School in Inanda, KwaZulu-Natal province. This was accomplished in partnership with Durban's East Coast Radio to help 1,689 disadvantaged children. The employees of the SABS in the Durban office were actively involved in the construction of the building and the office saw many employees on Friday afternoons at the building site getting their hands dirty. The classroom was successfully completed and officially opened at a special ceremony on 26 March 2009.
Improve the BBBEE scorecard	Maintain a level 4 contributor status for the Group as a whole.	SABS achieved a score of 76,68% on its BBBEE scorecard and SABS Commercial achieved a score of 72,40%. This equates to level 3 and 4 ratings for this component.
	Achieve at least 12/20 for procurement sub-component of BBBEE scorecard.	SABS achieved score of 15,59 and SABS Commercial score of 13,44.
Absorb black females in core job categories and management	Improve black females in core job categories and management to 23% of staff.	Achieved 14% of black females in core positions and management.
	Employ people with disabilities as 3% of total staff.	Employed people with disabilities as 2% of total staff.

Objectives	Key performance indicators and targets	Performance results

2) Improve technology and innovation

To continuously improve, invest in and align the business processes through the use of appropriate technology	Website relaunch.	The new look SABS website was relaunched.
Improve the existing filing systems and practices to bring them in line with regulatory requirements of the National Archives	Livelink and fileplan implementation.	The SABS fileplan has been completed and will be submitted to the National Archives. Livelink workflow has started and progress is good. Migration of documents in all the departments and regions is in the final stage of being completed.
	Implementation of the records management system across the SABS Group in accordance to the National Archive and Records Service of SA Act.	The records management policy was reviewed, finalised and signed off. A task team that consist of the champions in the different units has been established and awareness was conducted in the regions.

Promoting co-ordinated implementation of the Accelerated and Shared Growth Initiative in South Africa

Objectives	Key performance indicators and targets	Performance results
1) Group sustainable growth		
Contribution to economic growth	The target for the number of mark scheme permits was 4,187.	The actual number of mark scheme permits produced was 4,058 (2008: 4,055).
	The target for the number of ISO listing system certification was 2,877.	The number of ISO listing system certification was 3,054 (2008: 2,837).
	Increase number of certification schemes to 18.	There were 18 certification schemes at 31 March 2009.
Revenue growth	Achieve investigation, tests and services revenue of R218 million.	Achieved investigation, tests and services revenue of R200 million.
	Achieve product and certification services revenue of R160 million.	Achieved product and certification services revenue of R144 million.
Refurbish the buildings and plant	Progress of the refurbishment of the Groenkloof plant and buildings. Construction planned to commence in January 2009.	Phase 3 of the project which was the design development was successfully completed end March 2009. We are now entering the tender documentation and procurement phase of the project before construction commences. The project has been delayed as funding has been delayed to 2010/11.
2) Implement the dti industrial policy		
Sales of standards	Target for 2008/9 publication sales is R15,6 million.	Revenue of R14,8 million achieved (2008: R13,8 million).
Provision of information on standards to requesters by SABS information services	Total number of standards enquiries dealt with during the year to be at least 40,000.	37,208 (2008: 34,303) enquiries recorded in register.

Objectives	Key performance indicators and targets	Performance results
Days to produce a standard	Target number of days to produce a standard is 300.	The number of days to complete a standard is 330.
Development of South African National Standards	Produce 550 new and revised standards.	634 (2008: 611) new and revised standards were produced.
Development of "Private specifications" for government sector	Produce 130 new private specifications.	141 (2008: 171) of these standards issued during the year.
Alignment (harmonisation) of South African National Standards with international standards of WTO-TBT obligations	At least 70% of the national standards published during the period under review to be internationally harmonized.	69% achieved compared to 68% in the previous financial year.
External stakeholder participation in international standards committee meetings	60% of delegates external to StanSA.	72% achieved compared to 60% in the previous financial year.

3) Build reputation

Build reputation and retain all relevant national and international accreditations	69 accredited laboratories.	One laboratory was placed into voluntary suspension during the year as a result of a loss of technical signatories. Three labs closed down. 64 Laboratories were accredited.
Improve procurement turnaround times	Average of two days from the approved requisition to placing the order.	An actual turnaround time of 0.62 days was achieved at the end of March 2009.

Promote direct investment and growth in the industrial and services economy, with particular focus on employment creation

Objectives	Key performance indicators and targets	Performance results
1) Knowledge acquisition and retention		
To have a formal skills transfer programme for 80% of jobs with critical skills set	80% to be achieved.	The new manager for organizational development and learning and development will start on 1 July 2009 and will facilitate the process towards achieving this.
To reward staff based on individual performance	Performance Management system developed.	Salary increase awards and bonus payments based on performance.
To have career ladders for critical jobs and a suite of competency documents	80% of critical jobs to have career ladders developed and 80% of jobs to have competency documents.	Career ladders and competency documents were developed for the auditor, test officer, standards writer and business unit manager.

Income statements

for the year ended 31 March 2009

	Notes	Group 2009 R'000	Group 2008 (restated) R'000	SABS 2009 R'000	SABS 2008 (restated) R'000
Continuing operations					
Revenue	2	**358,509**	318,350	**67,452**	50,448
Other income	3	**160,959**	139,316	**202,975**	195,518
		519,468	457,666	**270,427**	245,966
Employee benefit expenditure	4	**(279,548)**	(266,844)	**(88,643)**	(88,750)
Depreciation	10	**(21,605)**	(24,057)	**(12,402)**	(14,526)
Contract services		**(22,010)**	(4,439)	**(15,941)**	(966)
Travel expenditure		**(23,628)**	(17,813)	**(7,207)**	(6,237)
Advertising expenditure		**(15,871)**	(11,023)	**(15,812)**	(10,980)
Repairs and maintenance expenditure		**(24,520)**	(24,826)	**(18,217)**	(18,629)
Consulting and technical fees		**(15,840)**	(22,561)	**(4,133)**	(8,562)
Other expenditure	5	**(88,809)**	(65,688)	**(78,304)**	(84,310)
Operating profit		**27,637**	20,415	**29,768**	13,006
Finance revenue	6	**2,080**	3,076	**2,075**	3,074
Finance cost	7	**(2,676)**	(2,546)	**(746)**	(865)
Net profit before taxation		**27,041**	20,945	**31,097**	15,215
Taxation	8	**1,647**	2,775	**-**	-
Profit for the year from continuing operations		**28,688**	23,720	**31,097**	15,215
Discontinued operations					
Profit/(loss) for the year from discontinued operations	9	**2,061**	11,323	**(591)**	1,816
Profit for the year		**30,749**	35,043	**30,506**	17,031

Balance sheets

at 31 March 2009

	Notes	Group 2009 R'000	Group 2008 (restated) R'000	SABS 2009 R'000	SABS 2008 (restated) R'000
Assets					
Non-current assets		**474,499**	489,531	**375,138**	394,932
Property, plant and equipment	10	**170,936**	169,511	**95,307**	96,997
Investment properties	11	**11,761**	2,547	**11,761**	2,547
Intangible assets	12	**17,982**	6,244	**17,982**	6,244
Investment in subsidiaries	13	**-**	-	**-**	-
Available-for-sale investments	14	**250,088**	289,144	**250,088**	289,144
Deferred taxation	15	**23,732**	22,085	**-**	-
Current assets		**75,024**	66,689	**75,095**	67,859
Inventory	16	**829**	374	**498**	171
Trade and other receivables	17	**66,630**	63,835	**6,687**	3,405
Loans to Group companies	18	**-**	-	**60,424**	62,580
Cash and cash equivalents	19	**7,565**	2,480	**7,486**	1,703
Assets of disposal group classified as held for sale	9	**2,342**	15,673	**-**	10,367
Total assets		**551,865**	571,893	**450,233**	473,158
Equity and liabilities					
Equity and reserves		**347,320**	339,854	**345,549**	338,326
General reserve	21	**54,282**	54,282	**54,282**	54,282
Available-for-sale reserve	22	**16,328**	39,611	**16,328**	39,611
Accumulated profit		**274,827**	244,434	**274,939**	244,433
Reserves of disposal group classified as held for sale	9	**1,883**	1,527	**-**	-
Non-current liabilities		**117,446**	121,954	**55,748**	59,669
Interest bearing borrowings	23	**15,714**	19,051	**829**	4,051
Employment benefit obligations	24	**85,912**	83,970	**48,980**	49,479
Deferred income	25	**15,820**	18,933	**5,939**	6,139
Current liabilities		**86,640**	95,939	**48,936**	64,796
Deferred income	25	**9,521**	10,195	**6,608**	7,282
Trade and other payables	26	**66,872**	69,652	**34,011**	43,213
Interest bearing borrowings	23	**2,727**	3,675	**2,727**	3,675
Employment benefit obligations	24	**7,520**	6,872	**5,590**	5,081
Bank overdraft	19	**-**	5,545	**-**	5,545
Liabilities of disposal group classified as held for sale	9	**459**	14,146	**-**	10,367
Total equity and liabilities		**551,865**	571,893	**450,233**	473,158

for the year ended 31 March 2009

	Notes	General reserve R'000	Available-for-sale reserve R'000	Discontinued operations R'000	Accumulated profit R'000	Total equity and reserves R'000
Group						
Balance at 31 March 2007 as restated	33	54,282	32,709	-	210,918	297,909
Movement on available-for-sale reserve	22	-	6,902	-	-	6,902
Discontinued operations	9	-	-	1,527	(1,527)	-
Net profit for the year as restated		-	-	-	35,043	35,043
Balance at 31 March 2008 as restated		54,282	39,611	1,527	244,434	339,854
Discontinued operations		-	-	356	(356)	-
Movement on available-for-sale reserve	22	-	(23,283)	-	-	(23,283)
Net profit for the year		-	-	-	30,749	30,749
Balance at 31 March 2009		**54,282**	**16,328**	**1,883**	**274,827**	**347,320**
SABS						
Balance at 31 March 2007 as restated	33	54,282	32,709	-	227,402	314,393
Movement on available-for-sale reserve	22	-	6,902	-	-	6,902
Net profit for the year as restated		-	-	-	17,031	17,031
Balance at 31 March 2008 as restated		54,282	39,611	-	244,433	338,326
Movement on available-for-sale reserve	22	-	(23,283)	-	-	(23,283)
Net profit for the year		-	-	-	30,506	30,506
Balance at 31 March 2009		**54,282**	**16,328**	**-**	**274,939**	**345,549**

Cash flow statements

for the year ended 31 March 2009

		Group		SABS	
		2009	2008 (restated)	**2009**	2008 (restated)
	Notes	**R'000**	R'000	**R'000**	R'000
Cash inflow from operating activities		**26,192**	40,640	**6,278**	50,596
Cash received from customers		**354,938**	308,850	**64,176**	51,975
Cash paid to suppliers and employees		**(328,150)**	(268,747)	**(59,227)**	(3,588)
Cash generated from operations	27.1	**26,788**	40,103	**4,949**	48,387
Finance revenue		**2,080**	3,076	**2,075**	3,074
Finance cost		**(2,676)**	(2,546)	**(746)**	(865)
Taxation received	27.2	**-**	7	**-**	-
Cash (outflow)/inflow from investing activities		**(11,277)**	(70,483)	**1,138**	(63,137)
Purchase of property, plant and equipment		**(26,048)**	(42,477)	**(13,633)**	(22,774)
Purchase of intangible assets		**(15,122)**	(6,288)	**(15,122)**	(6,288)
Proceeds on disposal of property, plant and equipment	27.3	**27**	445	**27**	445
Purchase of available-for-sale investments		**(32,719)**	(72,629)	**(32,719)**	(72,629)
Disposal of available-for-sale investments		**62,585**	7,000	**62,585**	7,000
Disposal of non-current asset held for sale		**-**	12,357	**-**	-
Disposal of investments held for trading		**-**	31,109	**-**	31,109
Cash (outflow)/inflow from financing activities		**(4,285)**	(232)	**3,912**	(17,013)
Decrease in interest bearing borrowings		**(4,285)**	(232)	**(4,170)**	(232)
Increase/(decrease) in loans to Group companies		**-**	-	**8,082**	(16,781)
Increase/(decrease) in cash and cash equivalents		**10,630**	(30,075)	**11,328**	(29,554)
Cash and cash equivalents at beginning of year		**(3,065)**	27,010	**(3,842)**	25,712
Cash and cash equivalents at end of year	19	**7,565**	(3,065)	**7,486**	(3,842)

1. Significant accounting policies

The principal accounting policies adopted in the preparation of these annual financial statements are set out below. The accounting policies adopted are consistent with those of the previous financial year.

1.1 Basis of preparation

The consolidated annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, using the historical cost convention except for available-for-sale investment securities and financial assets and liabilities held for trading, which have been measured at fair value.

The preparation of annual financial statements in conformity with South African Statements of Generally Accepted Accounting Practice require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1.2 Basis of consolidation

Subsidiaries

Subsidiaries are those entities in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has the power to govern the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Where the business of a wholly owned subsidiary is purchased by a fellow wholly owned subsidiary, the purchase is undertaken at the net book value of the related assets and liabilities.

Subsidiaries are consolidated from the date on which effective control is transferred to the Group and consolidation ceases from the date of disposal or the date on which control ceases. All inter-company transactions, balances and unrealised surpluses and deficits on transactions between Group entities have been eliminated. Accounting policies have been applied consistently by Group entities.

1. Significant accounting policies (continued)

1.3 Foreign currency transaction

Functional and presentation currency

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ('the measurement currency'). The financial statements are presented in Rands, which is the functional currency of the Group.

The following are approximate values at balance sheet date for selected currencies:

	2009	2008
Euro	**12.81**	12.84
Pound Sterling	**13.74**	16.14
US Dollar	**9.67**	8.09

Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currencies classified as available-for-sale are analyzed between transaction differences resulting from changes in the fair value cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in profit or loss.

Translation differences on debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items such as equities held for trading are reported as part of the fair value gain or loss. Translation differences on available-for-sale securities are included in the revaluation reserve in equity.

Exchange differences that result from a severe devaluation of a currency against which there is no practical means of hedging and which affects liabilities that cannot be settled, and that arise directly on the recent acquisition of an asset invoiced in a foreign currency, are included in the carrying amount of the related asset. The asset is impaired if the adjusted amounts exceed the lower of replacement cost and the amount recoverable from the sale or use of the asset.

1.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes all costs that are incurred in order to bring the asset into a location and condition necessary to enable it to operate as intended by management and includes the cost of materials and direct labour. Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. If a replacement part is recognised in the carrying amount of an item of plant and equipment, the carrying amount of the replaced part is derecognised. Repair and maintenance expenditure is recognised as an expense in the year it is incurred.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation on other assets is calculated using the straight-line basis over the estimated useful life of each part of property, plant and equipment from when it is available to operate as intended by management. The estimated useful lives are as follows:

	Years
Buildings	50
Laboratory equipment	3-10
Furniture and office equipment	3-10
Vehicles	3

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Where significant parts (components) of an item of property, plant and equipment have different useful lives or depreciation methods to the item itself, these parts are accounted for as separate items of property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amounts.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is included in operating profit.

The carrying amount of an item or part of an item of property, plant and equipment shall be derecognised at the earlier of the date of disposal or the date when no future economic benefits are expected from its use or disposal. Gains or losses on derecognition of items of property, plant and equipment are included in the income statement. The gain or loss is the difference between the net disposal proceeds and the carrying amount of the asset.

Interest costs on borrowings to finance the construction of property, plant, and equipment are capitalised, during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

1.5 Investment properties

Investment properties are properties held for the purpose of earning rental income or for capital appreciation or both, and are initially recorded at cost or deemed cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, and are accounted for in line with the policy on property, plant and equipment (refer accounting policy note 1.4).

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of investment property from when it is available to operate as intended by management. The estimated useful lives are as follows:

	Years
Investment properties	30

1. Significant accounting policies (continued)

1.6 Intangible assets (excluding goodwill)

Intangible assets (excluding goodwill) are initially measured at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other subsequent expenditure is expensed as incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the asset. The estimated useful lives are as follows:

	Years
Computer software	3-5

Amortisation periods are assessed annually. Intangible assets with an indefinite useful life are tested for impairment at each balance sheet date. Such intangible assets are not amortised.

1.7 Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups are classified as held for sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the assets' previous carrying value and fair value less costs to sell.

1.8 Financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value plus directly attributable transaction costs, except for financial assets or financial liabilities carried at fair value through profit or loss, which do not include directly attributable transaction costs. All other financial instruments are initially measured at fair value. "Regular way" purchases and sales are accounted for at trade date. Subsequent to initial recognition financial instruments are measured as set out below.

Trade and other receivables

Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method less provision for impairment. At each balance sheet date, the Group assesses whether there is any objective evidence that trade and other receivables are impaired. A provision for impairment of trade and other receivables is raised in the income statement, when there is objective evidence that the Group will not be able to collect all amounts due in accordance with the original terms agreed upon. The amount of the provision is the difference between the assets carrying value and the present value of estimated future cash flows, discounted at the effective interest rate. The Group takes the impairment of trade receivables directly to the carrying value of the asset.

Investments

For the purpose of measuring investments subsequent to initial recognition, the Group classifies them as either held to maturity, available-for-sale or those that are measured at fair value through profit or loss.

- Investments classified as held to maturity represent those that the Group has the express intention and ability to hold to maturity and are measured at amortised cost using the effective interest rate method less impairment losses;
- Investments classified as available-for-sale are measured at subsequent reporting dates at fair value. Gains and losses on available-for-sale investments are recognised directly in equity with the associated deferred taxation, until the investment is disposed of or impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement for the period; and
- Investments that are designated at fair value through profit or loss are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value of investments held for trading purposes or those designated as measured at fair value through profit or loss are recognised in the income statement in the period in which they arise.

Where applicable fair value is calculated by referring to Stock Exchange quoted selling prices at the close of business on the balance sheet date. Equity securities for which fair values can not be measured reliably are recognised at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

Interest bearing borrowings

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

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

Offset

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legal enforceable right to set-off the recognised amounts, and the intention is to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derecognition

A financial asset, or portion of a financial asset, is derecognised where:

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without any material delay to a third party under a 'pass-through' arrangement; or

1. Significant accounting policies (continued)

1.8 Financial instruments (continued)

Derecognition (continued)

- The Group has transferred its rights to receive cash flows from the asset and either
  a) has transferred substantially all the risks and rewards of the asset; or
  b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

Financial assets, other than those financial assets classified as fair value through profit and loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where 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 impacted.

If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement for equity investments classified as available-for-sale are not subsequently reversed through the income statement. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed through the income statement if the increase in fair value can objectively be related to an event occurring after recognition of the impairment loss.

1.9 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted-average method. The cost of inventory includes all expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less the estimated selling expenses.

1.10 Impairment of non-financial assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible 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 is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, if related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying value that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement. After such a reversal the depreciation charge is adjusted in future years to allocate the asset's revised carrying value, less any residual value, on a systematic basis over its remaining useful life.

1.11 Employee benefits

Pension obligations

The Group contributes towards a group defined contribution plan. A defined contribution plan is a pension plan under which the entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. Contributions are recognised as an expense as incurred.

Post-employment healthcare benefit obligation

The entitlement to post-employment healthcare benefits is based on employees appointed prior to September 1998, who have ten years membership to the medical aid at retirement, remaining in service up to retirement age and retired employees with the benefit.

The liability recognised in respect of post-employment healthcare benefit is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. An actuarial valuation is performed annually. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities that have terms of maturity approximating the terms of the related liability.

Cumulative actuarial gains and losses at the end of the previous period arising from experience adjustments and changes in actuarial assumptions in excess of the greater of:

- 10% of the value of plan assets; or
- 10% of the defined benefit obligations

are spread to income over the lesser of 10 years or the employees' expected average remaining working lives.

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested, past service costs are recognised immediately.

Long service leave obligation

The entitlement to leave benefits is based on employees who will receive additional leave days based on their respective years of service with SABS. Specifically SABS employees with six to ten years service are awarded an additional three days leave for the rest of employment and SABS employees with ten completed years or more in service will receive another three days additional leave for the rest of their employment (i.e. six days additional leave). Employees will receive the long service award once they have reached the years of service. The obligation is valued annually by an independent qualified actuary. Any unrecognised actuarial gains and losses and past service costs are recognised immediately.

1. Significant accounting policies (continued)

1.12 Provisions

Provisions are recognised in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

1.13 Leases

The Group is the lessee

Leases of property, plant and equipment, where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset on the same basis as owned assets, or where shorter, the term of the relevant lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each year during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

Combined leases with land and building components are considered separately for classification purposes. At inception of the lease, the minimum lease payments are allocated to the components in proportion to the relative fair values of the leasehold interests in the land and buildings element of the lease. If this can not be measured reliably, then the lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the period of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

The Group is the lessor

Rental income from operating leases is recognised in the income statement on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income.

1.14 Revenue and other income recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is reduced for customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from investigations, tests and services is recognised by reference to stage of completion. Revenue from levies is recognised upon completed production of compulsory specification items. Companies produce and complete a levy return of their production which is invoiced by SABS. Product and system certification revenue is recognised on a straight-line basis over the period of the contract.

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity. When a receivable is recognised, the Group reduces the carrying amount to its present value for significant receivables or receivables with extended payment terms. The present value represents the estimated future cash flows discounted at original effective interest rates. The unwinding of the discount is recognised as interest income over the period.

Dividend income is recognised when the shareholder's right to receive payment is established.

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

1.15 Taxation

The charge for current taxation is the amount of income tax payable in respect of the taxable income for the current period. It is calculated by using tax rates that have been enacted or substantially enacted at the balance sheet date. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred taxation is provided, using the balance sheet method, providing for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred income tax is determined using tax rates that have been enacted or substantially enacted at the balance sheet date. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

1.16 Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all covenants.

Government grants are recognised as income over the periods necessary to match them to the related costs on a systematic basis. Government grants relating to assets are recognised as a reduction of the cost of the asset acquired. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal annual amounts over the expected useful life of the related asset.

1. Significant accounting policies (continued)

1.17 Comparative figures

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

1.18 New accounting standards and interpretations

The following amendments to existing standards have been published that are mandatory for accounting periods commencing after 1 April 2009, which the Group has elected not to early adopt.

- IAS 1 - Presentation of financial statements (effective 1 January 2009)
  Revised IAS 1 introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their own capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. The revised IAS 1 is expected to have a significant impact on the presentation of the consolidated financial statements.

- IAS 23 - Borrowing costs (effective 1 January 2009)
  Revised IAS 23 removes the option to expense borrowing cost and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. The revised IAS 23 will become mandatory for the Group's 2009 consolidated financial statements and will constitute a change in accounting policy for the Group. In accordance with the transitional provisions the Group will apply the revised IAS 23 to qualifying assets for which capitalisation of borrowing costs commences on or after the effective date. There will be no impact on prior periods.

The following amendments to existing standards and new standards are considered not to be relevant to the Group's operations and will therefore have no impact on the Group when they become effective:

- IFRS 1 - First-time adoption of international financial reporting standards (effective 1 July 2009);
- IFRS 2 - Share based payments (effective 1 January 2009);
- IFRS 8 - Operating segments (effective 1 January 2009);
- IAS 28 - Investments in associates (effective 1 July 2009);
- IAS 29 - Financial reporting in hyperinflationary economies (effective 1 January 2009);
- IAS 31 - Interests in joint ventures (effective 1 July 2009);
- IAS 34 - Interim financial reporting (effective 1 January 2009); and
- IAS 41 - Agriculture (effective 1 January 2009).

	Group		SABS	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000

2. Revenue

Revenue comprises income from services provided for the certification, testing and inspection of products for compliance with safety standards, and levies from compulsory specifications.

	Group 2009 R'000	Group 2008 R'000	SABS 2009 R'000	SABS 2008 R'000
Revenue comprises:				
Investigations, tests and services	**199,593**	182,110	**-**	485
Product and system certification	**143,654**	122,427	**-**	4
Sale of publications	**15,262**	13,813	**13,090**	11,984
Services - Group	**-**	-	**54,362**	37,975
	358,509	318,350	**67,452**	50,448

3. Other income

	Group 2009 R'000	Group 2008 R'000	SABS 2009 R'000	SABS 2008 R'000
Includes:				
Government grants and core funding	**122,830**	115,805	**113,485**	114,150
Deferred income in respect of government grants recognised during the year for plant and equipment	**3,318**	3,515	**405**	771
Dividends received	**265**	-	**265**	-
Foreign exchange gains	**903**	260	**44**	-
Realised gains on available-for-sale investments	**14,093**	9,362	**14,093**	9,362
Gain on investment held for trading	**-**	787	**-**	787
Profit on disposals of property, plant and equipment	**-**	263	**-**	263
Rental income from investment property	**2,857**	1,261	**2,857**	1,261
Rentals in respect of operating leases (minimum lease payments)	**-**	-	**51,669**	55,686
Land and buildings	**-**	-	**23,475**	32,109
Equipment	**-**	-	**28,194**	23,577
Royalties received	**-**	-	**6,997**	6,341

4. Employee benefit expenditure

	Group 2009 R'000	Group 2008 R'000	SABS 2009 R'000	SABS 2008 R'000
Salaries and wages	**227,551**	216,601	**69,206**	68,575
Medical aid and other employment benefits	**19,820**	17,230	**4,337**	4,214
Pension costs	**18,928**	17,702	**6,213**	6,036
Board emoluments (note 30.5)	**2,223**	2,039	**2,223**	2,039
	268,522	253,572	**81,979**	80,864
Post-employment healthcare benefits (note 24)	**7,186**	6,340	**5,291**	4,927
Long service leave benefits (note 24)	**3,840**	6,932	**1,373**	2,959
	279,548	266,844	**88,643**	88,750

	Group		SABS	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000

5. Other expenditure

	2009 Group	2008 Group	**2009 SABS**	2008 SABS
Includes:				
Amortisation of intangible assets (note 12)	**3,384**	418	**3,384**	418
Auditors' remuneration	**1,752**	1,371	**1,257**	983
- Audit fees - current year	**1,752**	1,348	**1,257**	983
- Audit related services	**-**	23	**-**	-
Bad debts	**2,633**	738	**256**	335
- Bad debts written-off	**1,918**	499	**323**	12
- Bad debts recovered	**(61)**	(4)	**(61)**	(4)
- Impairment of debtors/(reversal of impairment)	**776**	243	**(6)**	327
Consumables	**17,134**	15,490	**1,389**	2,420
Impairment of loan in subsidiary	**-**	-	**(1,908)**	24,492
Depreciation on investment properties (note 11)	**352**	134	**352**	134
Direct operating expenses relating to investment properties that:				
- Generated rental income	**405**	235	**405**	235
- Did not generate rental income	**52**	56	**52**	56
Impairment of non-current assets held for sale	**-**	1,053	**-**	-
Impairment of assets	**-**	489	**-**	8
Municipal services	**16,041**	12,984	**13,609**	10,843
Loss on disposal of property, plant and equipment	**160**	-	**63**	-
Realised foreign exchange losses	**545**	820	**158**	314
Rentals in respect of operating leases (minimum lease payments)	**13,306**	16,430	**20,678**	16,620
- Land and buildings	**6,725**	6,916	**16,138**	8,309
- Equipment	**6,581**	9,514	**4,540**	8,311

6. Finance revenue

	2009 Group	2008 Group	**2009 SABS**	2008 SABS
Cash equivalents	**331**	786	**326**	784
Current investments	**1,749**	2,290	**1,749**	2,290
	2,080	3,076	**2,075**	3,074

7. Finance cost

	2009 Group	2008 Group	**2009 SABS**	2008 SABS
Overdraft and banking facilities	**2,042**	1,752	**112**	71
Finance lease charges	**634**	794	**634**	794
	2,676	2,546	**746**	865

	Group		SABS	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000

8. Taxation

SA normal taxation				
Deferred taxation - current year	**(1,647)**	(2,775)	**-**	-
The charge for the year can be reconciled to the profit per the income statement as follows:				
Profit before taxation	**29,102**	32,268	**30,506**	17,031
Taxation at 28% (2008: 29%)	**8,149**	9,358	**8,542**	4,939
Non-taxable/non-deductible differences				
Exempt income and expenses	**(9,699)**	(13,267)	**(8,542)**	(4,939)
Non-deductible expenditure	**-**	305	**-**	-
Prior year tax adjustment	**(97)**	40	**-**	-
Tax rate change	**-**	789	**-**	-
Taxation expense	**(1,647)**	(2,775)	**-**	-

The SABS has been exempted from income tax in terms of the provisions of section 10(1)(cA)(I) of the Income Tax Act.

9. Discontinued operations

The shareholder (**the dti**) benchmarked the regulatory systems with others in the world and it was evident that the practice of having a standards body as a regulatory body is not optimal or advantageous. After careful consideration of the practice, the benchmarking results and public input the shareholder decided that the Regulatory Division should be a separate agency reporting to **the dti**. The legislative process for the creation of the NRCS commenced. The National Regulator for Compulsory Specifications Act, No 5 of 2008 and the new Standards Act, No 8 of 2008, were signed by the President in July 2008. The effective date was 1 September 2008.

The assets, liabilities, rights and obligations of the Regulatory Division and its employees were transferred to the NRCS in terms of the legislation. A trilateral agreement was reached between NRCS, SABS and **the dti**. The NRCS has approached the SABS to renegotiate the terms of the agreement. The matter has been referred to **the dti**.

The Regulatory Division is the responsible inspection body for the European Union in Namibia. The proposed split of the SABS into two entities was discussed with the Namibian authorities and the Namibian Government decided to take over the operations of the GCS Namibia (Pty) Ltd. From 1 July 2008 the Namibian Standards Institute has placed their employees at the disposal of the NRCS to do the inspections and all revenue will accrue to the Namibian Standards Institute. Ministerial approval still needs to be given for the transfer of assets.

9. Discontinued operations (continued)

	Group		SABS	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000
The results of the discontinued operations are as follows:				
Revenue	**55,462**	119,199	**53,079**	114,453
Expenses	**(49,524)**	(107,876)	**(49,793)**	(112,637)
Impairment loss recognised on the measurement to fair value less costs to sell	**(3,877)**	-	**(3,877)**	-
Profit/(loss) for the year from discontinued operations	**2,061**	11,323	**(591)**	1,816
The major classes of assets and liabilities classified as held for sale are as follows:				
Assets				
Property, plant and equipment (note 10)	**22**	2,477	**-**	2,455
Trade receivables	**29**	5,896	**-**	3,623
Investments	**-**	4,289	**-**	4,289
Cash and cash equivalents	**2,291**	3,011	**-**	-
Assets of disposal group classified as held for sale	**2,342**	15,673	**-**	10,367
Liabilities				
Trade and other payables	**406**	929	**-**	230
Employee benefits (note 24)	**-**	10,137	**-**	10,137
Inter-company loans	**53**	3,080	**-**	-
Liabilities of disposal group classified as held for sale	**459**	14,146	**-**	10,367
Net assets directly associated with assets classified as held for sale	**1,883**	1,527	**-**	-
Reserves	**1,883**	1,527	**-**	-
Reserve of disposal group classified as held for sale	**1,883**	1,527	**-**	-
The net cash flows incurred are as follows:				
Operating	**(2,732)**	(9,187)	**(7,335)**	(7,682)
Net cash inflow/(outflow)	**3,996**	(9,187)	**(591)**	(7,682)
Impairment of trade and other receivables:				
Opening balance	**540**	222	**390**	-
Increase in impairment provision	**-**	390	**-**	390
Reversal of impairment provision	**(540)**	(72)	**(390)**	-
Closing balance	**-**	540	**-**	390

As at 31 March the age analysis of trade receivables is as follows:

	Total	Not past due or impaired	Past due and impaired			
			> 30 days	> 60 days	>90 days	>120 days
	R'000	R'000	R'000	R'000	R'000	R'000
Group						
2009	**29**	**-**	**16**	**-**	**-**	**13**
%	**100%**	**0%**	**55%**	**0%**	**0%**	**45%**
2008	5,896	2,154	2,253	111	177	1,201
%	100%	37%	38%	2%	3%	20%
SABS						
2009	**-**	**-**	**-**	**-**	**-**	**-**
%	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
2008	3,623	584	1,789	112	127	1,011
%	100%	16%	49%	3%	4%	28%

10. Property, plant and equipment

	Land	Buildings	Laboratory equipment	Furniture and office equipment	Vehicles	Work-in-progress	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Group							
2009							
Opening carrying value	6,543	56,271	62,559	24,952	10	19,176	169,511
Cost	6,543	93,231	135,439	56,083	414	19,176	310,886
Accumulated depreciation	-	(36,960)	(72,880)	(31,131)	(404)	-	(141,375)
Additions	-	2,521	12,449	6,394	6	4,678	26,048
Transfers	-	4,004	4,545	2,111	-	(10,660)	-
Disposals	-	(61)	(122)	(4)	-	-	(187)
Discontinued operations	-	-	(2,020)	(811)	-	-	(2,831)
Depreciation	-	(2,621)	(9,815)	(9,161)	(8)	-	(21,605)
Closing carrying value	**6,543**	**60,114**	**67,596**	**23,481**	**8**	**13,194**	**170,936**
Cost	6,543	99,723	138,543	59,913	67	13,194	317,983
Accumulated depreciation	-	(39,609)	(70,947)	(36,432)	(59)	-	(147,047)

10. Property, plant and equipment (continued)

	Land	Buildings	Laboratory equipment	Furniture and office equipment	Vehicles	Work-in-progress	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Group							
2008							
Opening carrying value	6,543	56,437	55,058	23,463	49	12,689	154,239
Cost	6,543	90,926	117,216	45,701	735	12,689	273,810
Accumulated depreciation	-	(34,489)	(62,158)	(22,238)	(686)	-	(119,571)
Additions	-	793	12,383	341	-	28,960	42,477
Transfers	-	3,074	7,662	11,737	-	(22,473)	-
Disposals	-	(182)	-	-	-	-	(182)
Impairment	-	(301)	(8)	(180)	-	-	(489)
Discontinued operations	-	(549)	(760)	(1,143)	(25)	-	(2,477)
Depreciation	-	(3,001)	(11,776)	(9,266)	(14)	-	(24,057)
Closing carrying value	**6,543**	**56,271**	**62,559**	**24,952**	**10**	**19,176**	**169,511**
Cost	6,543	93,231	135,439	56,083	414	19,176	310,886
Accumulated depreciation	-	(36,960)	(72,880)	(31,131)	(404)	-	(141,375)
SABS							
2009							
Opening carrying value	5,703	44,933	8,355	23,675	10	14,321	96,997
Cost	5,703	79,588	49,830	51,478	414	14,321	201,334
Accumulated depreciation	-	(34,655)	(41,475)	(27,803)	(404)	-	(104,337)
Additions	-	2,510	1,536	6,328	6	3,253	13,633
Transfers	-	4,004	414	2,111	-	(6,529)	-
Disposals	-	(60)	(30)	-	-	-	(90)
Discontinued operations	-	-	(2,020)	(811)	-	-	(2,831)
Depreciation	-	(2,187)	(1,211)	(8,996)	(8)	-	(12,402)
Closing carrying value	**5,703**	**49,200**	**7,044**	**22,307**	**8**	**11,045**	**95,307**
Cost	5,703	86,071	39,419	56,905	67	11,045	199,210
Accumulated depreciation	-	(36,871)	(32,375)	(34,598)	(59)	-	(103,903)

	Land	Buildings	Laboratory equipment	Furniture and office equipment	Vehicles	Work-in-progress	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
SABS							
2008							
Opening carrying value	5,703	44,825	12,270	21,683	49	6,864	91,394
Cost	5,703	77,544	51,489	40,930	735	6,864	183,265
Accumulated depreciation	-	(32,719)	(39,219)	(19,247)	(686)	-	(91,871)
Additions	-	204	162	140	-	22,268	22,774
Transfers	-	3,074	-	11,737	-	(14,811)	-
Disposals	-	(182)	-	-	-	-	(182)
Impairment		-	(8)	-	-	-	(8)
Discontinued operations	-	(548)	(760)	(1,122)	(25)	-	(2,455)
Depreciation	-	(2,440)	(3,309)	(8,763)	(14)	-	(14,526)
Closing carrying value	**5,703**	**44,933**	**8,355**	**23,675**	**10**	**14,321**	**96,997**
Cost	5,703	79,588	49,830	51,478	414	14,321	201,334
Accumulated depreciation	-	(34,655)	(41,475)	(27,803)	(404)	-	(104,337)

Freehold land and buildings as well as significant components to the buildings are stated at cost. The useful life of each building is deemed to equate its economic useful life as management has taken a decision not to sell these buildings.

The category of furniture and office equipment includes computer equipment leased from third parties under finance leases with the following carrying values:

	Group		SABS	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000
Opening cost	**18,075**	14,858	**18,075**	14,858
Additions	**539**	3,217	**539**	3,217
Opening accumulated depreciation	**(12,500)**	(7,183)	**(12,500)**	(7,183)
Depreciation	**(3,590)**	(5,047)	**(3,590)**	(5,047)
Closing carrying value	**2,524**	5,845	**2,524**	5,845

A register of land and buildings is available for inspection at the registered office of each Company in the Group. Details of the finance lease obligations is disclosed in note 23.

	Group		SABS	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000

11. Investment properties

	Group 2009 R'000	Group 2008 R'000	SABS 2009 R'000	SABS 2008 R'000
Opening carrying value	**2,547**	2,681	**2,547**	2,681
Cost	**4,161**	4,161	**4,161**	4,161
Accumulated depreciation	**(1,614)**	(1,480)	**(1,614)**	(1,480)
Depreciation	**(352)**	(134)	**(352)**	(134)
Additions	**9,566**	-	**9,566**	-
Closing carrying value	**11,761**	2,547	**11,761**	2,547
Cost	**13,727**	4,161	**13,727**	4,161
Accumulated depreciation	**(1,966)**	(1,614)	**(1,966)**	(1,614)

Investment properties and significant components thereof are stated at the deemed costs thereof. No valuation of investment properties was done.

Investment properties consist of:

- A portion of the building in Durban;
- A property in East London; and
- Buildings N, R and Z including the parking located on the Groenkloof campus.

Management estimate of the fair value is R40,1 million (2008: R17,4 million).

12. Intangible assets

	Group 2009 R'000	Group 2008 R'000	SABS 2009 R'000	SABS 2008 R'000
Computer software				
Opening carrying value	**6,244**	374	**6,244**	374
Cost	**6,835**	396	**6,835**	396
Accumulated amortisation	**(591)**	(22)	**(591)**	(22)
Additions	**15,122**	6,288	**15,122**	6,288
Amortisation	**(3,384)**	(418)	**(3,384)**	(418)
Closing carrying value	**17,982**	6,244	**17,982**	6,244
Cost	**21,792**	6,835	**21,792**	6,835
Accumulated amortisation	**(3,810)**	(591)	**(3,810)**	(591)

13. Investment in subsidiaries

The entities principal subsidiaries are:

Name	Ownership %	SABS 2009 R'000	SABS 2008 R'000
GCS Namibia (Pty) Ltd	**100%**	**4**	4
SABS Commercial (Pty) Ltd	**100%**	**29,954**	35,880
Less: Impairment of equity loan		**(29,958)**	(35,884)
		-	-

14. Available-for-sale investments

	Group 2009 R'000	Group 2008 R'000	SABS 2009 R'000	SABS 2008 R'000
Opening balance	**289,144**	207,251	**289,144**	207,251
Additions (net of costs)	**32,719**	72,629	**32,719**	72,629
Disposals	**(62,585)**	(7,000)	**(62,585)**	(7,000)
Fair value adjustment	**179**	(1,180)	**179**	(1,180)
(Losses)/gains on investments transferred to equity	**(9,369)**	17,444	**(9,369)**	17,444
Closing balance	**250,088**	289,144	**250,088**	289,144
Available-for-sale investments comprises:				
Money market	**38,667**	40,056	**38,667**	40,056
Equities	**211,421**	249,088	**211,421**	249,088
	250,088	289,144	**250,088**	289,144

Financial assets are classified as available-for-sale when the intention with regard to the instrument and its origination and design does not fall within the ambit of the other financial asset classification. Available-for-sale instruments are typically assets that are held for a longer period and in respect of which short-term fluctuations in value do not affect the Group's hold or sell decision.

Available-for-sale assets are measured at fair value, with fair value gains and losses recognised directly in equity. When available-for-sale assets are determined to be impaired to the extent that the fair value declined below its original cost, the resultant losses are recognised in profit and loss.

These investments are held in various diversified portfolios and are intended to create a base of plan assets to cover post-employment medical benefits and capital expansions.

14. Available-for-sale investments (continued)

During the year the Group realised gains amounting to R10,2 million (2008: R7,8 million) on investments that matured and R3,8 million (2008: R1,5 million) on the disposal of investments.

Ovation Global Investment Services (Pty) Ltd in which the Group has an investment of R19,0 million (2008: R23,1 million) was placed under curatorship on 2 March 2007. A fair value adjustment of 5% - R1,0 million (2008: 5% - R1,2 million) of the value of the investment has been made for possible losses on the investment.

Investments amounting to R14,9 million (2008: R15,0 million), are pledged as security for a medium term loan of R15,0 million with Standard Bank of South Africa Ltd (2008: R15,0 million). (Refer to note 23).

15. Deferred taxation

	Group		SABS	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000
Accelerated wear and tear for tax purposes on property, plant and equipment	**(4,514)**	(3,508)	**-**	-
Assessed losses	**15,022**	13,162	**-**	-
Other deductible temporary differences	**13,224**	12,431	**-**	-
Employee related provisions	**11,771**	12,248	**-**	-
Doubtful debts allowance	**404**	240	**-**	-
Other	**1,049**	(57)	**-**	-
Deferred tax asset	**23,732**	22,085	**-**	-
The movement for the year in the Group's deferred tax positions was as follows:				
Opening balance	**22,085**	19,317	**-**	-
Temporary differences on property, plant and equipment	**(1,006)**	(3,272)	**-**	-
Temporary differences on tax losses	**1,860**	8,486	**-**	-
Reversing temporary differences on other deductible temporary differences	**793**	(2,446)	**-**	-
Closing balance	**23,732**	22,085	**-**	-

At the balance sheet date the Group has unused tax losses of R53,7 million (2008: R47,0 million) available for offset against future taxable profits. A deferred tax asset has been recognised in respect of all losses which the Group anticipates being able to utilise.

	Group		SABS	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000

16. Inventory

Consumable stores	**843**	374	**512**	171
Provision for obsolete stock	**(14)**	-	**(14)**	-
	829	374	**498**	171

17. Trade and other receivables

Trade receivables	**64,170**	64,452	**2,695**	3,264
Less: Impairment of trade and other receivables	**(2,258)**	(1,482)	**(336)**	(341)
	61,912	62,970	**2,359**	2,923
Other receivables	**4,718**	865	**4,328**	482
	66,630	63,835	**6,687**	3,405

The impairment of debtors has been determined by reference to past default experience and the current economic environment. Affected trade receivables are discounted at an effective rate of 12%. No interest is charged on overdue accounts. The credit period is 30 days from date of invoice. The carrying amounts approximate their fair value.

Impairment of trade and other receivables:				
Opening balance	**(1,482)**	(1,779)	**(341)**	(404)
(Increase)/decrease in impairment provision	**(776)**	(243)	**5**	(327)
Impairment - discontinued operations	**-**	540	**-**	390
Closing balance	**(2,258)**	(1,482)	**(336)**	(341)

The following is considered to be objective evidence that trade receivables are impaired:

- All legal collections and avenues have been exhausted;
- Customer in liquidation;
- Judgement awarded in favour of the Group;
- Uneconomical to initiate legal action or to continue legal pursuit;
- Prescribed invoices; and
- Unable to pursue foreign customer legally.

17. Trade and other receivables (continued)

As at 31 March the age analysis of trade and other receivables is as follows:

	Total	Not past due or impaired	Past due but not impaired			
			> 30 days	> 60 days	>90 days	>120 days
	R'000	R'000	R'000	R'000	R'000	R'000
Group						
2009	**66,630**	**33,701**	**15,945**	**7,169**	**2,139**	**7,676**
%	**100%**	**51%**	**24%**	**11%**	**3%**	**12%**
2008	63,835	32,236	14,942	6,418	1,328	8,911
%	100%	50%	23%	10%	2%	14%
SABS						
2009	**6,687**	**3,306**	**1,299**	**-**	**-**	**2,082**
%	**100%**	**49%**	**19%**	**0%**	**0%**	**31%**
2008	3,405	1,471	1,068	371	-	495
%	100%	43%	31%	11%	0%	15%

	SABS	
	2009	2008
	R'000	R'000
18. Loans to group companies		
GCS Namibia (Pty) Ltd	**48**	3,076
SABS Commercial (Pty) Ltd	**69,668**	64,778
Less: Impairment of loan	**(9,292)**	(5,274)
	60,424	62,580
Impairment of loan		
Opening balance	**5,274**	-
Increase in impairment	**4,018**	5,274
	9,292	5,274

SABS Commercial was a subsidiary throughout the year and was directly held. GCS Namibia (Pty) Ltd is registered in Namibia.

The holding Company's interest in profit/(loss) after tax earned by subsidiary is:

	SABS	
	Profit	Loss
	2009	2008
	R'000	R'000
SABS Commercial (Pty) Ltd	**1,795**	(6,306)

All loans to subsidiaries are interest free with no fixed payment date. SABS has subordinated its right to claim payment of a debt of R9,3 million (2008: R5,3 million) owing by its subsidiaries, all wholly owned, until the assets of those companies exceed their liabilities. SABS waives its right of claiming in favour of other creditors in the event of insolvency.

19. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and actual bank balances and investments in money market instruments. Cash and cash equivalents comprise the following:

	Group		SABS	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000
Bank balances	**7,460**	2,119	**7,460**	1,439
Money market investments	**50**	276	**-**	226
Cash on hand	**55**	85	**26**	38
Cash and cash equivalents	**7,565**	2,480	**7,486**	1,703
Overdraft	**-**	(5,545)	**-**	(5,545)
Net cash and cash equivalents used in cash flow statement	**7,565**	(3,065)	**7,486**	(3,842)

The Group has cash management facilities, resulting in all bank balances being swept daily into the account held by SABS.

The effective interest rate of money market instruments is 12,2% at 31 March 2009 (2008: 11,5%).

Corporate Money Managers in which the Group has a short term investment of R0,1 million was placed under curatorship on 3 April 2009. A fair value adjustment of 100% of the value of the investment has been made for possible losses.

	Group		SABS	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000

20. Non-current assets held for sale

Opening balance	**-**	13,410	**-**	-
Less: Disposal	**-**	(12,357)	**-**	-
Impairment	**-**	(1,053)	**-**	-
	-	-	**-**	-

The heavy duty diesel emission machine has been sold. The selling price of R13,4 million was fixed and firm and not subject to any variation or adjustment.

21. General reserve

Ministerial approval has been granted to build up a general reserve to a maximum of 50% of one year's operational expenses, to provide for aspects such as replacement of assets and other contingencies.

22. Available-for-sale reserve

Opening balance	**39,611**	41,946	**39,611**	41,946
Prior year error (note 33)	**-**	(9,237)	**-**	(9,237)
Movements during year	**(23,283)**	6,902	**(23,283)**	6,902
Losses/(gains) on available-for-sale investments	**(9,369)**	17,444	**(9,369)**	17,444
Gains on investments realised	**(14,093)**	(9,362)	**(14,093)**	(9,362)
Fair value adjustment	**179**	(1,180)	**179**	(1,180)
Closing balance	**16,328**	39,611	**16,328**	39,611

23. Interest bearing borrowings

Finance lease liabilities - office equipment	**3,556**	7,726	**3,556**	7,726
Secured loan	**14,885**	15,000	**-**	-
	18,441	22,726	**3,556**	7,726
Less: Current portion				
Finance lease liabilities - office equipment	**(2,727)**	(3,675)	**(2,727)**	(3,675)
Non-current portion	**15,714**	19,051	**829**	4,051

The finance lease liabilities for office equipment bear interest at a rate that approximates prime. The liability is repayable in quarterly installments of R1,3 million (2008: R1,4 million). Lease periods vary between 12 and 36 months (2008: 12 to 36 months).

The secured loan is secured by investments owned by the SABS with a market value of R14,9 million (2008: R15,0 million). The loan is repayable in 2011. Interest is charged at prime less 2,75% and payable monthly.

Permitted borrowings in terms of ministerial approval is R30,0 million for the Group.

	Group		SABS	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000
Finance leases comprise:				
Total future minimum finance lease payments				
Not later than 1 year	**2,989**	4,805	**2,989**	4,805
Later than 1 year and not later than 5 years	**848**	3,808	**848**	3,808
Less: Unpaid future finance charges	**(281)**	(887)	**(281)**	(887)
	3,556	7,726	**3,556**	7,726
Present value of future minimum finance lease payments				
Not later than 1 year	**2,727**	3,675	**2,727**	3,675
Later than 1 year and not later than 5 years	**829**	4,051	**829**	4,051
	3,556	7,726	**3,556**	7,726

The lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. The net book value of leased assets is R2,5 million (2008: R5,8 million) (Refer to note 10).

The fair values are based on discounted cash flows using a discount rate at date of transaction. The carrying amounts of the borrowings approximates their fair value.

24. Employment benefit obligations

	Opening balance	Discon-tinued operations	Provision made/ (released)	Benefits paid	Closing balance	Current portion	Total non-current
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Group							
2009							
Post-employment healthcare benefit	70,038	(115)	7,186	(4,618)	72,491	4,893	67,598
Long service leave awards	20,804	(918)	3,840	(2,785)	20,941	2,627	18,314
	90,842	**(1,033)**	**11,026**	**(7,403)**	**93,432**	**7,520**	**85,912**

24. Employment benefit obligations (continued)

	Opening balance R'000	Discon-tinued operations R'000	Provision made/ (released) R'000	Benefits paid R'000	Closing balance R'000	Current portion R'000	Total non-current R'000
Group							
2008							
Post-employment healthcare benefit	72,599	(4,622)	6,340	(4,279)	70,038	4,345	65,693
Long service leave awards	21,989	(5,515)	6,932	(2,602)	20,804	2,527	18,277
	94,588	(10,137)	13,272	(6,881)	90,842	6,872	83,970
SABS							
2009							
Post-employment healthcare benefit	47,629	(115)	5,291	(4,495)	48,310	4,762	43,548
Long service leave awards	6,931	(918)	1,373	(1,126)	6,260	828	5,432
	54,560	**(1,033)**	**6,664**	**(5,621)**	**54,570**	**5,590**	**48,980**
SABS							
2008							
Post-employment healthcare benefit	51,533	(4,622)	4,927	(4,209)	47,629	4,222	43,407
Long service leave awards	10,657	(5,515)	2,959	(1,170)	6,931	859	6,072
	62,190	(10,137)	7,886	(5,379)	54,560	5,081	49,479

Defined contribution plans

Retirement benefits are provided for through the SABS Retirement Fund to which the organization and its employees contribute. This fund operates as a defined contribution fund and is administered in terms of the Pension Funds Act, No 24 of 1956, as amended.

Post-employment healthcare benefit obligation

This obligation arises because the SABS provides post retirement medical assistance for current employees and pensioners of the SABS who are members of Bestmed Medical Scheme and are entitled to receive a contribution subsidy from SABS. All employees employed by the SABS before 1 September 1998 who belong to Bestmed for at least ten years and retire after the age of 60 are entitled to a post retirement subsidy.

Valuations of these obligations are carried out annually by independent qualified actuaries. The most recent valuation was done as at 31 March 2009.

Key assumptions used (expressed as weighted averages):

	2009	2008
Discount rate per annum	**8.50%**	9.25%
General inflation	**5.5%**	6.5%

The yield curve based on the Bond Exchange of South Africa (BESA) was used. At the end of March 2009 it was an average of 8,52% (2008: 9,4%) per annum. Yields on index linked government bonds are in the region of 3,0% which implies a real return of 5,5% when compared to the yield in nominal government bonds. This is a reasonable estimate of the market view of inflation.

The total outstanding liability amounts to R73,5 million per the valuation performed during March 2009 (2008: R66,9 million).

	Group		**SABS**	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000
Present value of funded obligations	**73,465**	66,937	**56,946**	50,898
Unrecognised actuarial (losses)/gains	**(974)**	3,101	**(8,636)**	(3,269)
Total liability	**72,491**	70,038	**48,310**	47,629
The amount recognised in the income statement is determined as follows:				
Current service cost	**1,283**	1,404	**465**	621
Interest cost	**6,330**	5,486	**4,776**	4,306
Actuarial (gain)/loss recognised	**(427)**	(550)	**50**	-
	7,186	6,340	**5,291**	4,927

Sensitivity analysis

Below the effects on the central basis liability results when the medical aid inflation rate is increased and decreased by 1%:

Changes to medical inflation	**Liability** R'000	**Change in liability** %
+1%	82,097	11.7
Central	73,465	-
-1%	66,166	(9.9)

24. Employment benefit obligations (continued)

Long service leave award obligation

The Group provides employees employed before 1 March 2008 with three additional leave days after five years of service and another three days after ten years of services. Employees annual leave entitlement is increased with these days. The Group's net obligation in this regards is the amount of future benefit that employees have earned in return for their services in current and prior periods. The obligation is valued annually by independent qualified actuaries. Any unrecognised actuarial gains/losses and past service costs are recognised immediately. There are no plan assets for this liability.

Key assumptions used (expressed as weighted averages):

	2009	2008
Discount rate per annum	8.50%	9.25%
Salary inflation	6.5%	7.5%

The BESA yield curve was used to discount the liability. As at the end of March 2009 the annual converted yield was 8,79% (2008: 9,4%).

	Group		SABS	
	2009	2008	2009	2008
	R'000	R'000	R'000	R'000
Present value of funded obligations	20,941	20,804	6,260	6,931
Net liability in balance sheet	20,941	20,804	6,260	6,931
The amount recognised in the income statement is determined as follows:				
Current service cost	3,260	2,373	1,301	1,218
Interest cost	2,012	1,752	805	856
Actuarial (gain)/loss	(1,432)	2,807	(733)	885
	3,840	6,932	1,373	2,959

Sensitivity analysis

Below the effects on the central basis liability results when the salary inflation rate is increased and decreased by 1%:

	Liability	Change in liability
Sensitivity to salary inflation	R'000	%
+1%	22,346	6.7
Central	20,941	-
-1%	19,665	(6.1)

	Group		SABS	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000

25. Deferred income

Government grants received to be recognised in future accounting periods:				
Plant and equipment	**18,933**	22,046	**6,139**	6,339
Income related grants	**6,408**	7,082	**6,408**	7,082
Less: Deferred grant income to be recognised in the following year:	**(9,521)**	(10,195)	**(6,608)**	(7,282)
Plant and equipment	**(3,113)**	(3,113)	**(200)**	(200)
Income related grants	**(6,408)**	(7,082)	**(6,408)**	(7,082)
	15,820	18,933	**5,939**	6,139

Deferred income relating to government grants are recognised over the useful life of the assets.

The useful life of the relevent assets are:

- Horiba plant - building - 50 years;
- Horiba plant - equipment - 5 years;
- Bio fuel - 5 years;
- Accoustics - 5 years;
- Netfa encapsulated sphere - 5 years; and
- GCS rabit automation - 5 years.

26. Trade and other payables

Trade payables	**64,818**	65,823	**33,668**	39,331
Other payables	**2,054**	3,829	**343**	3,882
	66,872	69,652	**34,011**	43,213

The Board members consider that the carrying amount of trade and other payables approximates to their fair value.

Trade payables are normally settled on average 45 days from invoice date or statement date.

27. Notes to cash flow statements

27.1 Reconciliation of profit before taxation and interest to cash generated from operations

	Group 2009 R'000	Group 2008 R'000	SABS 2009 R'000	SABS 2008 R'000
Profit before interest and taxation from continuing operations	**27,637**	20,415	**29,768**	13,006
Profit/(loss) before taxation from discontinued operations	**2,061**	11,323	**(591)**	1,816
Profit before interest and taxation	**29,698**	31,738	**29,177**	14,822
Adjustments for:				
	4,365	6,793	**(10,954)**	15,393
Depreciation on property, plant and equipment	**21,605**	24,057	**12,402**	14,526
Depreciation on investment properties	**352**	134	**352**	134
Impairment of non-current assets held for sale	**-**	1,053	**-**	-
Impairment of property, plant and equipment	**-**	489	**-**	8
Plant and equipment related government grants amortised	**(3,318)**	(3,515)	**(405)**	(771)
Improvements to investment properties	**(9,566)**	-	**(9,566)**	-
Amortisation of intangible assets	**3,384**	418	**3,384**	418
Loss/(profit) on disposal of property, plant and equipment	**160**	(263)	**63**	(263)
Realised gain on available-for-sale investment	**(14,093)**	(9,362)	**(14,093)**	(9,362)
Gain on investment held for trading	**-**	(787)	**-**	(787)
Discontinued operations	**1,442**	(9,187)	**1,798**	(7,682)
Provision for employment benefit obligations	**11,026**	13,272	**6,664**	7,886
Employment benefits paid from provision	**(7,403)**	(6,881)	**(5,621)**	(5,379)
(Decrease)/increase in impairment of loan in subsidiary	**-**	-	**(5,926)**	19,216
Increase/(decrease) in impairment of trade receivables	**776**	243	**(6)**	327
Decrease in provisions	**-**	(2,878)	**-**	(2,878)
Operating cash flows before working capital changes	**34,063**	38,531	**18,223**	30,215
Changes in working capital	**(7,275)**	1,572	**(13,274)**	18,172
(Increase)/decrease in inventory	**(455)**	140	**(327)**	139
(Increase)/decrease in trade and other receivables	**(3,571)**	(9,500)	**(3,276)**	1,527
(Increase)/decrease in income related government grants	**(469)**	5,460	**(469)**	5,460
(Decrease)/increase in trade and other payables	**(2,780)**	5,472	**(9,202)**	11,046
Cash generated from operations	**26,788**	40,103	**4,949**	48,387

	Group 2009 R'000	Group 2008 R'000	SABS 2009 R'000	SABS 2008 R'000

27.2 Taxation received

	Group 2009 R'000	Group 2008 R'000	SABS 2009 R'000	SABS 2008 R'000
Taxation receivable at beginning of year	**-**	-	**-**	-
Namibia timing difference	**-**	(7)	**-**	-
Less: Taxation payable at end of year per balance sheet	**-**	-	**-**	-
	-	(7)	**-**	-

27.3 Proceeds on disposal of property, plant and equipment

	Group 2009 R'000	Group 2008 R'000	SABS 2009 R'000	SABS 2008 R'000
Carrying value of disposals	**187**	182	**90**	182
(Loss)/profit on disposal	**(160)**	263	**(63)**	263
	27	445	**27**	445

28. Commitments

Capital commitments

	Group 2009 R'000	Group 2008 R'000	SABS 2009 R'000	SABS 2008 R'000
Commitments for the acquisition of property, plant and equipment (contracted)	**30,225**	17,584	**16,849**	13,171

Operating lease commitments - the Group as lessee

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

	Group 2009 R'000	Group 2008 R'000	SABS 2009 R'000	SABS 2008 R'000
Buildings	**13,404**	18,182	**9,765**	10,206
Up to 1 year	**2,701**	3,495	**918**	942
1 to 5 years	**6,324**	9,848	**4,468**	4,425
More than 5 years	**4,379**	4,839	**4,379**	4,839

None of the lease agreements contain any contingent rent clauses and it is assumed that there are no contingent rent payments. The Group does not have the option to purchase the property. Escalation clauses vary from contract to contract averaging 8%.

	Group 2009 R'000	Group 2008 R'000	SABS 2009 R'000	SABS 2008 R'000
Vehicles and other equipment	**3,274**	5,392	**325**	1,086
Up to 1 year	**2,017**	2,722	**185**	463
1 to 5 years	**1,257**	2,670	**140**	623
Total	**16,678**	23,574	**10,090**	11,292

29. Financial risk management

29.1 Foreign currency risk management

Foreign currency exposures arise from the sale and purchase of standards and purchase of capital equipment. The Group can not enter into forward exchange contracts. Where possible the supplier is requested to take this cover to fix the price for the Group.

Forward exchange contracts - recognised transactions

No forward exchange contracts were entered into during the financial year ended 31 March 2009.

Uncovered foreign exchange exposure

At year end the Group was exposed to the following foreign currency denominated assets and liabilities for which no forward cover had been taken out.

	Group	
	2009	2008
Foreign currency	**Foreign amount 000**	Foreign amount 000
Great Britain Pounds	**5**	9
United States Dollar	**25**	1
Euro	**13**	15

29.2 Interest rate risk management

The Group is exposed to interest rate risk as it borrows and places funds in the money market floating interest rates. Interest rate risk is managed through effective cash management. An overdraft is utilised to assist with the management of the organization and mismatching of revenue and expenditure. The net interest income at 31 March 2009 was R0,6 million (2008: R0,5 million).

The interest rate re-pricing profile at 31 March 2009 is summarised as follows:

Group	**Floating rate**	**1-6 months**	**7-12 months**	**Beyond 1 year**	**Total floating rate borrowings/ investments**
Borrowings (R'000)	18,441	-	-	-	18,441
% of total borrowings	100%	0%	0%	0%	100%
Cash and cash equivalents (R'000)	7,565	-	-	-	7,565
% of total bank balances	100%	0%	0%	0%	100%

SABS	Floating rate	1-6 months	7-12 months	Beyond 1year	Total floating rate borrowings/ investments
Borrowings (R'000)	3,556	-	-	-	3,556
% of total borrowings	100%	0%	0%	0%	100%
Cash and cash equivalents (R'000)	7,486	-	-	-	7,486
% of total bank balances	100%	0%	0%	0%	100%

29.3 Liquidity risk management

The Group manages liquidity risk through the compilation and monitoring of cash flow forecasts as well as ensuring that there are adequate banking facilities.

The maturity profiles of the financial instruments are summarised as follows:

Group	Within 1 month R'000	1-3 months R'000	3-12 months R'000	1-5 years R'000	Total R'000
2009					
Financial assets					
Trade and other receivables	66,630	-	-	-	66,630
Cash and cash equivalents	7,565	-	-	-	7,565
Other financial assets	-	-	-	250,088	250,088
Financial liabilities					
Trade and other payables	30,921	35,951	-	-	66,872
Interest bearing borrowings	18	1,354	1,355	15,714	18,441
2008					
Financial assets					
Trade and other receivables	63,835	-	-	-	63,835
Other financial assets	-			289,144	289,144
Financial liabilities					
Trade and other payables	69,652	-	-	-	69,652
Interest bearing borrowings	18	1,454	2,203	19,051	22,726
Bank overdraft	3,065	-	-	-	3,065

29. Financial risk management (continued)

29.3 Liquidity risk management (continued)

SABS	Within 1 month R'000	1-3 months R'000	3-12 months R'000	1-5 years R'000	Total R'000
2009					
Financial assets					
Trade and other receivables	6,687	-	-	-	6,687
Cash and cash equivalents	7,486	-	-	-	7,486
Other financial assets	-	-	-	250,088	250,088
Financial liabilities					
Trade and other payables	14,819	19,192	-	-	34,011
Interest bearing borrowings	18	986	1,723	829	3,556
2008					
Financial assets					
Trade and other receivables	3,405	-	-	-	3,405
Other financial assets	-	-	-	289,144	289,144
Financial liabilities					
Trade and other payables	43,213	-	-	-	43,213
Interest bearing borrowings	18	1,454	2,203	4,051	7,726
Bank overdraft	3,842	-	-	-	3,842

29.4 Credit risk management

Potential concentrations of credit risk consist mainly of cash and cash equivalents and trade receivables.

The Group limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high quality credit standing. The credit exposure to any one counterparty is managed by monitoring transactions.

Trade receivables comprise a large number of customers, dispersed across different industries and geographical areas. Credit evaluations are performed on the financial condition of these debtors. Where appropriate, the necessary credit guarantees are arranged. Trade and other receivables are shown net of impairment.

The Group is exposed to credit-related losses in the event of non-performance by counterparties. The Group continually monitors its positions and the credit ratings of its counterparties and limits the extent to which it enters into transactions with any one party.

At 31 March 2009, the Group did not consider there to be any significant concentration of credit risk which had not been insured or adequately provided for. The amount in the balance sheet is the maximum exposure to credit risk.

The credit exposures by geographical region for trade debtors are summarised as follows:

	Group		SABS	
	2009	2008	**2009**	2008
	%	%	**%**	%
South Africa	**96.0**	90.0	**100.0**	99.0
Other	**4.0**	10.0	**-**	1.0
Total	**100.0**	100.0	**100.0**	100.0

29.5 Fair value of financial instruments

In the opinion of the Board the book value of the financial instruments approximates their fair value.

The following methods and assumptions were used by the Group in establishing fair values:

Financial instruments not traded in an active market

At 31 March 2009 the carrying amounts of cash and short-term deposits, accounts receivable, investments, accounts payable and short-term borrowings approximated their fair values due to the short term maturities of these assets and liabilities.

Financial instruments traded in an active market

Financial instruments traded in an organized financial market are measured at the current quoted market price, adjusted for any transaction costs necessary to realise the assets or settle the liabilities.

Interest bearing debt

The carrying amounts of interest bearing debt approximate their fair values.

30. Related party transactions

The Group is controlled by the SABS (incorporated in South Africa under section 2 of the Standards Act, No 24 of 1945) which reports to **the dti**.

Principle related parties

Related party	Country of incorporation	Nature of relationship
GGS Gaming (SA) (Pty) Ltd	South Africa	Joint venture with GGS AU
SABS Commercial (Pty) Ltd formerly known as Testing and Conformity Services (Pty) Ltd	South Africa	Subsidiary
GCS Namibia (Pty) Ltd	Namibia	Subsidiary

The SABS is a public entity and therefore is also a related party to other national state-controlled entities.

30. Related party transactions (continued)

30.1 Purchases from related parties

	2009				2008			
	Group		SABS		Group		SABS	
	Purchases	Balance out-standing	Purchases	Balance out-standing	Purchases	Balance out-standing	Purchases	Balance out-standing
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Group companies								
SABS Commercial (Pty) Ltd	-	-	78,502	-	-	-	67,249	-
Major public entities								
Armscor Business (Pty) Ltd	336	-	28	-	360	-	1	-
Denel Ltd	-	-	-	-	11	-	-	-
Eskom Holdings Ltd	731	-	-	-	806	-	-	-
Rotek Industries (Pty) Ltd	-	-	-	-	-	-	-	-
South African Airways (Pty) Ltd	7,474	-	822	-	6,700	-	5	-
South African Broadcasting Corporation Ltd	1	-	-	-	5	-	5	-
Telkom SA Ltd	2,264	-	1,757	-	3,263	-	2,080	-
Transnet Ltd	256	-	91	-	300	-	63	-
National public entities								
Agricultural Research Council	441	3	4	-	64	-	(4)	-
Council for Geoscience	24	-	-	-	2	-	-	-
National Health Laboratory	1	-	-	-	-	-	-	-
Perishable Products Export Control Board	-	-	-	-	3	-	-	-
South African Medical Research Council	10	-	10	-	-	-	-	-
South African Quality Institute	2	-	2	-	-	-	-	-
National government business enterprises								
Council for Scientific and Industrial Research	781	9	129	-	469	-	59	-
Mhlathuze Water	7	-	-	-	25	-	-	-
Rand Water	5	-	-	-	1	-	-	-
Umgeni Water	307	-	-	-	340	-	-	-
National departments								
Department of Agriculture	6	-	-	-	2	-	-	-
Department of Foreign Affairs	20	-	-	-	-	-	-	-
	12,665	12	81,345	-	12,351	-	69,458	-

R9,7 million was paid to the National Regulator for Compulsory Specifications for levies that accrued to it.

30.2 Sales to related parties

Group	2009 Sales R'000	2009 Impairment of debt R'000	2009 Bad debt written-off R'000	2009 Balance outstanding R'000	2008 Sales R'000	2008 Impairment of debt R'000	2008 Bad debt written-off R'000	2008 Balance outstanding R'000
Major public entities								
Airports Company South Africa Ltd	**3**	**-**	**-**	**3**	1	-	-	-
Armscor Business (Pty) Ltd	**46**	**-**	**-**	**(2)**	261	-	-	43
Armaments Corporation of South Africa	**353**	**-**	**-**	**-**				
Denel Ltd	**213**	**1**	**-**	**11**	226	-	-	74
Bonaero Park (Pty) Ltd	**7**	**-**	**-**	**(18)**	19	-	-	-
Eskom Holdings Ltd	**6,773**	**-**	**-**	**2,374**	3,625	-	-	1,941
Rotek Industries (Pty) Ltd	**1,456**	**-**	**-**	**243**	1,625	-	-	666
Arivia.kom (Pty) Ltd	**57**	**-**	**-**	**-**	41	-	-	8
Green Valley Nuts (Pty) Ltd	**5**	**-**	**-**	**1**	-	-	-	-
Foskor (Pty) Ltd	**101**	**-**	**-**	**8**	86	-	-	35
MTO Forestry (Pty) Ltd	**40**	**-**	**-**	**4**	58	-	-	10
NTP Radioisotopes (Pty) Ltd	**23**	**-**	**-**	**4**	33	-	-	2
Petroleum Oil and Gas Corporation of South Africa	**270**	**-**	**-**	**-**	191	-	-	(5)
Prila 2000 (Pty) Ltd	**25**	**-**	**-**	**-**	28	-	-	-
South African Airways (Pty) Ltd	**39**	**3**	**-**	**13**	82	-	-	9
Telkom SA Ltd	**53**	**-**	**-**	**12**	22	-	-	-
Vodacom Service Provider Company (Pty) Ltd	**1,571**	**-**	**-**	**12**	590	1	-	17
Transnet Ltd	**2,542**	**3**	**-**	**722**	3,148	4	-	2,188
Cape Town Bulk Storage (Pty) Ltd	**-**	**-**	**-**	**-**	2	-	-	-
National public entities								
Agricultural Research Council	**245**	**-**	**-**	**39**	62	-	-	15
Council for Geoscience	**11**	**-**	**-**	**-**	18	-	-	14
Iziko Museums of Cape Town	**1**	**-**	**-**	**-**	1	-	-	-
Mining Qualifications Authority	**40**	**-**	**-**	**-**	30	-	-	34
National Health Laboratory Service	**76**	**-**	**-**	**17**	8	-	-	-
National Library, Pretoria/ Cape Town	**1**	**-**	**-**	**-**	8	-	-	-
Balance carried forward	**13,950**	**7**	**-**	**3,443**	10,165	5	-	5,051

30. Related party transactions (continued)

30.2 Sales to related parties (continued)

	2009				2008			
	Sales	**Impair-ment of debt**	**Bad debt written-off**	**Balance out-standing**	Sales	Impair-ment of debt	Bad debt written-off	Balance out-standing
Group	**R'000**	**R'000**	**R'000**	**R'000**	R'000	R'000	R'000	R'000
Balance brought forward	**13,950**	**7**	**-**	**3,443**	10,165	5	-	5,051
National public entities (continued)								
National Nuclear Regulator	**27**	**-**	**-**	**-**	27	-	-	(10)
National Regulatory for Compulsory Specifications	**12,784**	**-**	**-**	**3,125**	-	-	-	-
National Zoological Gardens of South Africa	**6**	**1**	**-**	**2**	2	-	-	-
Perishable Products Export Control Board	**117**	**-**	**-**	**8**	79	-	-	1
South African Institute for Drug Free Sport	**10**	**-**	**-**	**-**	9	-	-	-
South African National Accreditations System	**13**	**-**	**-**	**-**	31	-	-	1
South African National Parks Board	**2**	**-**	**-**	**2**	6	-	-	-
South African National Roads Agency	**-**	**-**	**-**	**-**	5	-	-	-
South African Qualifications Authority	**29**	**-**	**-**	**-**	-	-	-	-
National government business enterprises								
Amatola Water	**15**	**-**	**-**	**-**	12	-	-	-
Council for Scientific and Industrial Research	**544**	**-**	**-**	**25**	447	1	-	63
Lepelle Northern Water	**1**	**-**	**-**	**-**	1	-	-	-
Magalies Water	**48**	**-**	**-**	**1**	123	-	-	-
Mhlathuze Water	**56**	**-**	**-**	**52**	-	-	-	-
Onderstepoort Biological Products	**31**	**1**	**-**	**10**	71	2	-	3
Overberg Water	**7**	**-**	**-**	**-**	20	-	-	4
Rand Water	**936**	**-**	**-**	**150**	588	1	-	182
Sedibeng Water	**10**	**-**	**-**	**1**	13	-	-	-
Sentech	**(7)**	**-**	**-**	**2**	7	2	-	12
Umgeni Water	**145**	**1**	**-**	**56**	220	-	-	33
National departments								
Department of Agriculture	**203**	**-**	**-**	**83**	147	-	-	(2)
Department of Correctional Services	**2,135**	**-**	**-**	**(4)**	3,519	-	-	385
Balance carried forward	**31,062**	**10**	**-**	**6,957**	15,492	11	-	5,723

Group	2009 Sales R'000	2009 Impairment of debt R'000	2009 Bad debt written-off R'000	2009 Balance outstanding R'000	2008 Sales R'000	2008 Impairment of debt R'000	2008 Bad debt written-off R'000	2008 Balance outstanding R'000
Balance brought forward	**31,062**	**10**	**-**	**6,957**	15,492	11	-	5,723
Department of Defence	**3,512**	**3**	**-**	**718**	2,032	-	-	292
Department of Education	**25**	**-**	**-**	**29**	(296)	-	-	-
Department of Environmental Affairs and Tourism	**-**	**-**	**-**	**-**	1	-	-	(6)
Department of Foreign Affairs	**26**	**-**	**-**	**-**	47	-	-	1
Department of Health	**3,335**	**-**	**-**	**(241)**	3,787	1	-	611
Department of Housing	**-**	**-**	**-**	**-**	3	-	-	4
Department of Labour	**7**	**-**	**-**	**14**	69	-	-	38
Department of Land Affairs	**-**	**-**	**-**	**-**	-	-	-	(26)
Department of Minerals and Energy	**89**	**30**	**-**	**73**	93	7	-	83
Department of Public Works	**45**	**-**	**-**	**5**	40	-	-	(21)
Department of Social Development	**-**	**-**	**-**	**-**	5	-	-	-
Department of Trade and Industry	**38**	**-**	**-**	**(11)**	12	-	-	2
Department of Transport	**112**	**-**	**-**	**43**	101	-	-	(4)
Department of Water Affairs and Forestry	**852**	**-**	**-**	**169**	923	-	-	1
National Intelligence Agency	**-**	**-**	**-**	**-**	9	-	-	-
National Treasury	**-**	**-**	**-**	**-**	4	-	-	-
SA Bank Note Company (Pty) Ltd	**(6)**	**1**	**-**	**7**	54	-	-	13
South African Police Services	**5,386**	**-**	**-**	**187**	4,669	-	-	424
South African Reserve Bank	**20**	**-**	**-**	**-**	29	-	-	-
SA Mint Company (Pty) Ltd	**92**	**1**	**-**	**4**	-	-	-	-
South African Revenue Service	**9**	**-**	**-**	**-**	51	-	-	13
The Presidency	**2**	**1**	**-**	**3**	-	-	-	-
	44,606	**46**	**-**	**7,955**	27,125	19	-	7,148

30. Related party transactions (continued)

30.2 Sales to related parties (continued)

	2009				2008			
	Sales	**Impair-ment of debt**	**Bad debt written-off**	**Balance out-standing**	Sales	Impair-ment of debt	Bad debt written-off	Balance out-standing
SABS	**R'000**	**R'000**	**R'000**	**R'000**	R'000	R'000	R'000	R'000
Group companies								
SABS Commercial (Pty) Ltd	**82,659**	**-**	**-**	**-**	78,012	-	-	-
CGS Namibia (Pty) Ltd	**82**	**-**	**-**	**-**	-	-	-	-
Major public entities								
Airports Company South Africa Ltd	**-**	**-**	**-**	**-**	1	-	-	-
Armaments Corporation of South Africa	**353**	**-**	**-**	**-**	211	-	-	41
Denel Ltd	**24**	**1**	**-**	**7**	13	-	-	-
Bonaero Park (Pty) Ltd	**7**	**-**	**-**	**(18)**	19	-	-	-
Eskom Holdings Ltd	**196**	**-**	**-**	**(2)**	126	-	-	5
Foskor (Pty) Ltd	**29**	**-**	**-**	**-**	16	-	-	-
NTP Radioisotopes (Pty) Ltd	**-**	**-**	**-**	**-**	2	-	-	-
Petroleum Oil and Gas Corporation of South Africa	**-**	**-**	**-**	**-**	45	-	-	-
South African Airways (Pty) Ltd	**-**	**-**	**-**	**-**	75	-	-	-
Telkom SA Ltd	**19**	**-**	**-**	**11**	6	-	-	-
Vodacom Service Provider Company (Pty) Ltd	**1,561**	**-**	**-**	**1**	558	-	-	-
Transnet Ltd	**243**	**-**	**-**	**(78)**	228	-	-	4
National public entities								
Agricultural Research Council	**1**	**-**	**-**	**-**	3	-	-	-
Council for Geoscience	**2**	**-**	**-**	**-**	-	-	-	-
National Health Laboratory Service	**25**	**-**	**-**	**(2)**	2	-	-	(1)
National Library, Pretoria/ Cape Town	**1**	**-**	**-**	**-**	-	-	-	-
National Nuclear Regulator	**-**	**-**	**-**	**-**	7	-	-	-
National Regulatory for Compulsory Specifications	**9,694**	**-**	**-**	**2,137**	-	-	-	-
South African National Accreditations system	**13**	**-**	**-**	**-**	31	-	-	1
South African National Roads Agency	**-**	**-**	**-**	**-**	5	-	-	-
National government business enterprises								
Amatola Water	**3**	**-**	**-**	**-**	-	-	-	-
Council for Scientific and Industrial Research	**19**	**-**	**-**	**-**	8	-	-	-
Balance carried forward	**94,953**	**1**	**-**	**2,056**	79,376	-	-	50

	2009				2008			
	Sales	**Impair-ment of debt**	**Bad debt written-off**	**Balance out-standing**	Sales	Impair-ment of debt	Bad debt written-off	Balance out-standing
SABS	**R'000**	**R'000**	**R'000**	**R'000**	R'000	R'000	R'000	R'000
Balance brought forward	**94,953**	**1**	**-**	**2,056**	79,376	-	-	50
Lepelle Northern Water	**1**	**-**	**-**	**-**	1	-	-	-
Magalies Water	**1**	**-**	**-**	**1**	-	-	-	-
Mhlathuze Water	**-**	**-**	**-**	**-**	3	-	-	-
Onderstepoort Biological Products	**1**	**-**	**-**	**1**	-	-	-	-
Rand Water	**1**	**-**	**-**	**-**	34	-	-	-
Sedibeng Water	**2**	**-**	**-**	**-**	-	-	-	-
Sentech	**3**	**-**	**-**	**2**	1	-	-	-
Umgeni Water	**-**	**-**	**-**	**-**	48	-	-	16
National departments								
Department of Agriculture	**3**	**-**	**-**	**-**	14	-	-	-
Department of Correctional Services	**-**	**-**	**-**	**(4)**	3	-	-	-
Department of Defence	**11**	**-**	**-**	**-**	(29)	-	-	8
Department of Education	**-**	**-**	**-**	**-**	5	-	-	-
Department of Foreign Affairs	**21**	**-**	**-**	**-**	47	-	-	1
Department of Health	**35**	**-**	**-**	**2**	1	-	-	-
Department of Labour	**(18)**	**-**	**-**	**-**	69	-	-	38
Department of Minerals and Energy	**8**	**1**	**-**	**4**	-	-	-	-
Department of Public Works	**26**	**-**	**-**	**-**	-	-	-	-
Department of Social Development	**-**	**-**	**-**	**-**	5	-	-	-
Department of Trade and Industry	**4**	**-**	**-**	**(2)**	-	-	-	(4)
Department of Transport	**16**	**-**	**-**	**-**	17	-	-	(30)
Department of Water Affairs and Forestry	**48**	**-**	**-**	**-**	72	-	-	(1)
National Intelligence Agency	**-**	**-**	**-**	**-**	9	-	-	-
National Treasury	**-**	**-**	**-**	**-**	4	-	-	-
SA Bank Note Company (Pty) Ltd	**-**	**-**	**-**	**-**	1	-	-	-
South African Police Services	**42**	**-**	**-**	**3**	92	-	-	(2)
South African Reserve Bank	**12**	**-**	**-**	**-**	22	-	-	-
SA Mint Company (Pty) Ltd	**1**	**-**	**-**	**-**	-	-	-	-
South African Revenue Services	**9**	**-**	**-**	**-**	2	-	-	-
The Presidency	**2**	**1**	**-**	**3**	-	-	-	-
	95,160	**3**	**-**	**2,066**	79,789	-	-	76

30. Related party transactions (continued)

	SABS 2009 R'000	SABS 2008 R'000
30.3 Loans receivable from related parties - SABS		
SABS Commercial (Pty) Ltd	**69,668**	64,778
GCS Namibia (Pty) Ltd	**48**	3,076
Net loan receivable from Group companies	**69,716**	67,854
30.4 Other group transactions - income		
Royalties receivable	**6,997**	6,341
Rental of assets	**1,531**	4,024

30.5 Key management personnel compensation

The following emoluments were paid to the Board members (Directors):

	Committee fees R'000	Salary/ directors' fees R'000	Bonus/ performance payments R'000	Retirement and medical fund R'000	Other R'000	Total R'000
2009						
SABS Board						
Executive						
MJ Kuscus (CEO)	-	1,346	428	138	120	2,032
Non-executive						
CB Sibisi	44	-	-	-	-	44
A Mabizela	9	-	-	-	-	9
W Poulton	30	-	-	-	-	30
B Mosako	36	-	-	-	-	36
LR Pitot	45	-	-	-	-	45
I Sekonyela	27	-	-	-	-	27
	191	1,346	428	138	120	2,223

	Committee fees	Salary/ directors' fees	Bonus/ performance payments	Retirement and medical fund	Other	Total
	R'000	R'000	R'000	R'000	R'000	R'000
2008						
SABS Board						
Executive						
MJ Kuscus (CEO)	-	1,155	437	89	181	1,862
Non-executive						
CB Sibisi	35	-	-	-	-	35
A Mabizela	23	-	-	-	-	23
NT Moholi[1]	-	-	-	-	-	-
W Poulton	32	-	-	-	-	32
B Mosako	33	-	-	-	-	33
LR Pitot	40	-	-	-	-	40
I Sekonyela[2]	14	-	-	-	-	14
	177	1,155	437	89	181	2,039

1. Resigned 15 August 2007
2. Appointed 23 October 2007

30. Related party transactions (continued)

30.5 Key management personnel compensation (continued)

The following emoluments were paid to executives who report directly to the Chief Executive Officer and other key management personnel:

	Salary	Bonus/ performance payments	Retirement and medical fund	Other	Total
	R'000	R'000	R'000	R'000	R'000
2009					
Executive management					
SABS					
TA Cooper (CFO)	879	71	74	36	1,060
J Stanbury (Commercial)[1]	86	-	-	-	86
GR Visser (Commercial)[2]	641	68	101	88	898
M McNerney (Corporate Services)[3]	878	256	322	26	1,482
M Moeletsi (Regulatory)[4]	221	62	43	42	368
DPS Monama (Human Resources)[5]	254	55	66	36	411
G Monareng (Corporate Strategy)[6]	644	-	65	26	735
S Kapito (Human Capital Development)[7]	268	-	36	29	333
P Semnarayan (Commercial)[8]	627	149	195	6	977
	4,498	661	902	289	6,350
Subsidiary					
J Janjic	747	-	52	19	818
SSM Seane	547	171	113	116	947
F Makamo	631	165	196	-	992
S Ntsie	701	167	100	61	1,029
	2,626	503	461	196	3,786
	7,124	1,164	1,363	485	10,136

1. Contract ended 30 April 2008
2. Appointed as Commercial Executive on 1 January 2009
3. Resigned 28 February 2009
4. Transferred to NRCS 1 September 2008
5. Resigned 30 September 2008
6. Appointed 1 July 2008
7. Appointed 1 November 2008
8. Appointed as Commercial Executive on 1 May 2008 and resigned 12 December 2008

	Salary	Bonus/ performance payments	Retirement and medical fund	Other	Total
	R'000	R'000	R'000	R'000	R'000
2008					
Executive management					
SABS					
TA Cooper (CFO)	797	25	68	36	926
J Stanbury (Commercial)	1,324	628	-	-	1,952
GR Visser (Standards)	538	51	84	55	728
M McNerney (Corporate Services)[1]	328	-	53	15	396
M Moeletsi (Regulatory)	495	62	96	103	756
CJ Johnston (Acting Marketing)[2]	375	58	47	125	605
DPS Monama (Human Resources)	470	52	81	72	675
	4,327	876	429	406	6,038
Subsidiary					
J Janjic	613	140	46	87	886
P Semnarayan	601	160	88	80	929
SSM Seane	471	159	99	116	845
S Ntsie	635	126	100	61	922
M McNerney[1]	282	174	65	16	537
F Makamo[3]	518	38	142	25	723
TF Blom[4]	73	-	16	-	89
	3,193	797	556	385	4,931
	7,520	1,673	985	791	10,969

1. Appointed as Corporate Services Executive 1 October 2007
2. Resigned 30 November 2007
3. Appointed 1 April 2007
4. Appointed 1 February 2008 and resigned 17 March 2008

30.6 Government grants and core funding

	Group		SABS	
	2009	2008	**2009**	2008
	R'000	R'000	**R'000**	R'000
Received from Department of Trade and Industry	**122,830**	122,399	**113,485**	120,744

31. Contingent liabilities

The SABS is the fourth respondent, who with six other respondents have been sued for an amount of R5 billion for damages suffered by the plaintiffs as a result of alledged wrongful and culpable infringement of their physical and mental integrity after allegedly using defective condoms supplied by the Department of Health. The plaintiff's case against the SABS is based on the allegation that SABS breached its legal duty to test, approve and certify the condoms supplied in terms of the condom supply contract and to ensure the quality thereof. The SABS has obtained legal advice on this and is confident that there is a less than remote probability of the plaintiffs case being successful.

32. Fruitless and wasteful expenditure

During the year the Company incurred an expense of R301,949 for the late return of equipment leased. There was no fruitfless and wasteful expenditure in 2008.

33. Restatement of prior year results and financial position

33.1 Available-for-sale reserve

Three of the investments held by the SABS were realised during the 2007 financial year but the realisation of the profit in the available-for-sale reserve was not accounted for. The net result is a profit of R9,2 million. This should have been transferred from the available-for-sale reserve to accumulated profit during the 2007 financial year.

33.2 Interest bearing borrowings - Finance leases

The SABS has finance leases for computer equipment and printers. Payments are made to the lessor on a quarterly basis. In the 2007 and 2008 financial years the payments made on 1 April were booked back to March. This incorrect treatment of the finance leases was corrected in the current financial year. The net impact on accumulated profit is an increase of R0,6 million.

33.3 Project funding

The SABS received funds from third parties to participate in certain projects. Expenses incurred on the projects are offset against the funds received. Expenses amounting to R1,4 million were not offset against funds received in previous years. Internal funds set aside for projects that did not materialise have been reversed amounting to R3,9 million.

33.4 Impact of restatements on previously disclosed results and financial position

The prior year financial results and opening retained earnings have been restated to account for this. The effect of the above on the financial statements is as follows:

	Group	SABS
	2008	2008
	R'000	R'000
Accumulated profit at the beginning of the year		
Balance as previously reported	196,120	212,604
Adjustments to opening accumulated profit	14,798	14,798
Profits on the realisation of investments	9,237	9,237
Interest bearing borrowings - Finance leases	551	551
Project income	5,010	5,010
Net impact on net profit for the year	210,918	227,402

	Group 2008 R'000	SABS 2008 R'000
Accumulated profit as the end of the year		
Balance as previously reported	229,381	229,380
Adjustments to opening accumulated profit	14,798	14,798
Interest bearing borrowings - Finance leases	51	51
Project income	204	204
Closing balance restated	244,434	244,433
Cash and cash equivalents		
Balance as previously reported	(4,504)	(5,281)
Finance leases payment allocated to the correct period	1,439	1,439
Closing balance restated	(3,065)	(3,842)
Available-for-sale reserve		
Balance as previously reported	48,848	48,848
Profit on the realisation of investments	(9,237)	(9,237)
Closing balance restated	39,611	39,611
Interest bearing borrowings - non-current portion		
Balance as previously reported - non-current portion	17,898	2,898
Interest bearing borrowings - Finance leases	1,153	1,153
Closing balance restated	19,051	4,051
Interest bearing borrowings - current portion		
Balance as previously reported - non-current portion	4,168	4,168
Interest bearing borrowings - Finance leases	(493)	(493)
Closing balance restated	3,675	3,675
Deferred income - current portion		
Balance as previously reported	15,409	12,496
Project funds recognised	(5,214)	(5,214)
Closing balance restated	10,195	7,282
Trade and other payables		
Balance as previously reported	69,475	43,036
VAT on finance leases allocated to the correct period	177	177
Closing balance restated	69,652	43,213

34. Events subsequent to balance sheet date

There are no matters or circumstances arising since year end, except for the Regulatory split disclosed in note 9, that are not otherwise dealt with in the financial statements.

Acronyms and abbreviations

ASTM	American Society for Testing and Materials
ARP	Approved Recommended Practices
BBBEE	Broad-based Black Economic Empowerment
CDP	Competency Development Programme
CEST	The Centre for Exploitation of Science and Technology
CSI	Corporate Social Investment
CSIR	Council for Scientific and Industrial Research
CUT	Central University of Technology
DME	Department of Minerals and Energy
EE	Employment Equity
FET	Further Education and Training
FIFA	Fédération Internationale de Football Association (FIFA)
GHS	Globally Harmonized System
GLP	Good Laboratory Practice
HACCP	Hazard Analysis and Critical Control Point
HVAC	Humidity, ventilation and air conditioning
ICSID	International Council of Societies of Industrial Design
NAD	Network of Africa Designers
NRCS	National Regulator for Compulsory Specifications
NWIP	New Work Item Proposals
OECD	Organization for Economic Cooperation and Development
PBIT	Profit before interest and tax
PFMA	Public Finance Management Act
RvA	Raad voor Accreditatie
SABS	South African Bureau of Standards
SADC	Southern African Development Community
SADCSTAN	SADC Cooperation in Standardization
SANAS	Southern African National Accreditation System
SMME	Small, Medium and Micro Enterprises
the dti	The Department of Trade and Industry
WTO-TBT	World Trade Organization-Technical Barriers to Trade

Notes

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