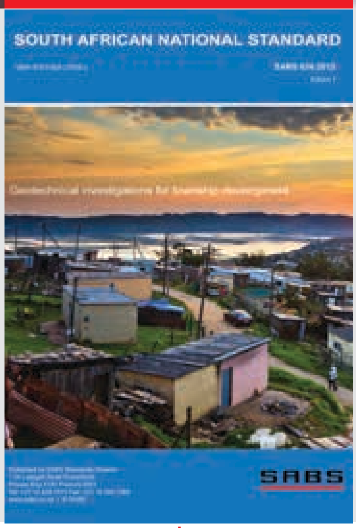
Road and Occupational Safety
Wellness and disease management systems

South African National Standard
Set-top box decoder for free-to-air digital terrestrial television



South African National Standard
Geotechnical investigations of township development

Green Industries - Energy Efficiency
Power and telecom cables

CHANGING AND IMPACTING LIVES

"The SABS continues to meet current and future demands through its commitment to improving growth in the number of standards developed."

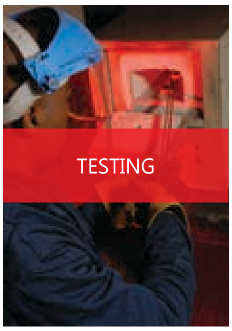
The extraordinary speed of technological advancement over the last three decades and the increasing demands of global commerce have seen the critical process of standardisation come to the fore. Yet, for the South African consumer, standardisation remains comfortably in the background. From life-preserving products and effective business practices to safety in the home, workplace and community, trust in the service quality of the South African Bureau of Standards (SABS) has ensured an easy confidence in many life-changing products and services.

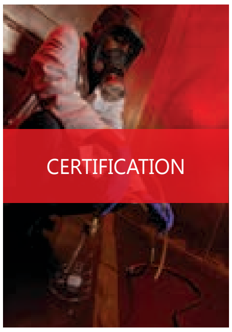
Worldwide, standardisation continues to expand to new fields and a diversity of products. In South Africa, a recent example was the SABS development of standards for African Traditional Medicines, an area that has, until now, not been standardised in any way.

The drive to deter a proliferation of sub-standard products requires a strong commitment to the demands of quality performance and continual improvements in the system. Both internally and externally, this is becoming increasingly important in meeting the strategic aims of the SABS.

The SABS continues to meet current and future demands through its commitment to improving growth in the number of standards developed; the capacity, skill and responsibility of its employees; and its customer service.

In doing so, the SABS makes an impact for the better, affecting the lives of its employees, improving the business practices of its customers, supporting the functioning of the economy, and changing lives within the broader society of South Africa and beyond.





CONTENTS

LIST OF ABBREVIATIONS, ACRONYMS AND DEFINITIONS

ATM	African Traditional Medicine
ARSO	African Organisation for Standardisation
BBBEE	Broad-Based Black Economic Empowerment
BRICS	Brazil/Russia/India/China/South Africa – an association of five major emerging economies
CDP	Competency Development Programme
Conformity assessment	The procedure used to determine, directly or indirectly, if the relevant requirement in technical regulations, standards or any other relevant and validated documentation has been fulfilled
CPA	Consumer Protection Act
CRM	Customer Relationship Management
EAP	Employee Assistance Programme
EE	Employment Equity
ENE	Estimates of National Expenditure
GDP	Gross Domestic Product
Harmonisation of Standards	A process of aligning the content of national standards to those of equivalent international or regional standards
ICT	Information and Communication Technology
IEC	International Electrotechnical Commission
International standard	Normative document, established by consensus within a technical committee or subcommittee whose membership is made up of national standard development organisations across the world, and published by international standards development organisations such as ISO and IEC
IPAP	Industrial Policy Action Plan implemented by **the dti** to achieve the NIPF
ISO	International Organization for Standardization
ISO TMB	International Organization for Standardization Technical Management Board
LIMS	Laboratory Information Management System
King III	King Report on Corporate Governance for 2009 South Africa
MTEF	Medium Term Expenditure Framework
National standard	Normative document, established by consensus within a national technical committee or subcommittee, subjected to public enquiry and comment, published by the South African Bureau of Standards
NETFA	National Electrical Test Facility
NIPF	National Industrial Policy Framework
NRCS	National Regulator for Compulsory Specifications
PC	Portfolio Committee
PFMA	Public Finance Management Act
PMP	Performance Management Programme
PPPFA	Preferential Procurement Policy Framework Act
Regional standard	Normative document, established by consensus within a technical committee or subcommittee whose membership is made up of national standard development organisations across SADC and published by SADCSTAN
RvA	Raad voor Accreditatie
SABS	South African Bureau of Standards
SADC	Southern African Development Community
SADCSTAN	Southern African Development Community Cooperation in Standardisation
SANAS	South African National Accreditation System
SANS	South African National Standard
SMME	Small Medium and Micro Enterprises
TBT	Technical Barriers to Trade
the dti	The Department of Trade and Industry
TIA	Technology Innovation Agency
VPN	Virtual Private Network

Developing, promoting and manufacturing the standards that affect us everyday for over **65 years.**

PART A: GENERAL INFORMATION

STRATEGIC OVERVIEW

VISION

To be the trusted standardisation and quality assurance service provider of choice.

MISSION

SABS provides standards and conformity assessment services to enable the efficient functioning of the economy.

VALUES

As SABS transforms and moves towards a culture of high performance and quality service provision, it is guided by the following values:

Impartiality

- Not showing favouritism towards a person or business for personal gain.
- Basing decisions on objective criteria, rather than on the basis of bias, prejudice, or preferring the benefit to one person over another for improper reasons.

Innovation

- Enhancing, supporting and maintaining positive change.
- Continuously finding innovative ways to execute our responsibilities for sustainable increased productivity to benefit the SABS and the South African economy.

Accountability

- Acknowledging and assuming responsibility for actions and decisions and committing to report, explain and be answerable for resulting consequences.

Integrity

- Being respectful.
- Being honest and trustworthy.
- Being professional at all times.
- Being loyal to the SABS, our country and its people.
- Performing our duties with care and dedication – paying attention to detail.
- Being fair and transparent.

Quality

- Ensuring that all activities and behaviours enforce the SABS as a brand of quality.
- Having pride in the quality of the outputs.
- Giving due attention to internal quality systems and being proud of practising what is preached.

Customer Centricity

- Providing proactive, responsive feedback to employees and customers ensuring that the value of SABS to customers is articulated.
- Acknowledging the needs of customers and putting the customer first.
- Having the ability to constantly and consistently meet and exceed customers’ expectations.

STRATEGIC OUTCOME-ORIENTED GOALS

The SABS provides services that directly impact on the performance of companies, individual industries and the economy by lowering the risk of product and service failures while breaking the information asymmetry on market requirements. The SABS provides a catalyst for economic growth through quality assurance. The goals of the SABS are aligned with those of the Department of Trade and Industry (**the dti**) and the broader government effort to grow the South African economy. In the next five years the SABS will work towards realising the following goals:

- *Provide standardisation and conformity assessment services that support the National Industry Policy Framework (NIPF) and facilitate development and regional economic activity.*

The SABS will increase the output of relevant standards and conformity assessment services to meet the needs of the South African economy and earn revenue to finance its expansion. In this regard the SABS will develop plans to meet each agreed mandate from regulators, policy makers and industry stakeholders.

The SABS will therefore continue to support the development of sectors by developing standards for conversion into regulations by the National Regulator for Compulsory Specifications (NRCS) and other regulators, for the IPAP, Consumer Protection Act (CPA) and various policies, amongst others. The SABS will continue to work with stakeholders to ensure the relevance of its outputs.

- *Allow broader participation and access to the national standardisation process and services.*

The SABS develops national standards through a consensus of participants in the development process. The quality of the national standards is a function of the extent to which these reflect the true interests of society. The SABS will continue to increase its geographic and social accessibility by using a combination of technology and new training venues in other regional centres, and will continue to create a customer-oriented operating model to increase market footprint for its services to the South African economy.

- *Develop standards and provide conformity assessment services that protect the integrity of the South African market.*

Standards specify requirements for entry into a market and are often used to make purchasing decisions. The SABS will endeavour to ensure that the technical barriers to entry stemming from the national standards are appropriate for the developmental needs of the country. The SABS has established an economic impact unit in the Standards division to evaluate the impact of standards and conformity assessment services on the South African economy.

- *Provide the conformity assessment services to support growth of nascent industries.*

In order to be able to deepen and expand its services, the SABS must continue to grow its external commercial revenue base. This growth will fund the resuscitation of the organisation to meet its mandate in the face of rapid technological advancement. The SABS will pursue a relentless growth strategy for the next three years in order to guarantee a sustainable flow of these services to the country in the long term. SABS services cannot simply be substituted by competitors as they often pursue narrow profit objectives while the SABS is part of the state's economic development infrastructure and carries a broader South African brand integrity mandate.


SABS
FESTO

LEGISLATIVE AND OTHER MANDATES

The SABS is the national standardisation institution in South Africa, mandated by the Standards Act, No. 8 of 2008, to:

- Develop, promote and maintain South African National Standards (SANS);
- Promote quality in connection with commodities, products and services; and
- Render conformity assessment services and assist in matters connected therewith.

The Standards Act was amended in 2008 to establish a separate entity responsible for the enforcement of standards in the interests of public health, public safety and the environment. This entity, the National Regulator for Compulsory Specifications (NRCS), was established in terms of the NRCS Act of 2008 and also administers regulations that fall under the jurisdiction of other government departments.

The rationale for the separation was to remove the conflict of interest created by the SABS performing conformity assessments while at the same time regulating them.

The objectives of the NRCS are to:

- Recommend compulsory specifications to the Minister of Trade and Industry;
- Administer and maintain compulsory specifications;
- Carry out market surveillance through inspections in order to monitor compliance; and
- Enforce compliance with compulsory specifications.

SABS BOARD MEMBERS

Bahle Sibisi

Chairperson

Managing Director, Sangena Investment (Pty) Ltd

BSoc. Sc, MA, Development and Economics

Bonakele Mehlomakulu

Chief Executive Officer

PhD, Chemical Engineering

Tshenge Demana

Chief Director: Enterprise and Industry Development Division, Department of Trade and Industry

PhD, Analytical Chemistry

Wendy Poulton

General Manager: Corporate Sustainability and Innovation, Eskom

MSc Microbology

Boitumelo Mosako

Independent Consultant

CA (SA)

Webster Masvikwa

Director, KTN Property Management

CA (SA), MBL, AMCT (UK)

Michael Ellman

Self-employed

PhD, Chemical Engineering

MBA

Guy Harris

CA (SA)

Venete Klein

Graduate of various senior executive programmes including Harvard, MIT, INSEAD, IMD and WITS University

ORGANISATIONAL STRUCTURE

The organisational structure of the executive committee of the SABS, as at 31 March 2013, is represented below.

BOARD

Dr B Mehlomakulu
Chief Executive Officer
PhD, Chemical Engineering

Dr S Bisson
Executive: Standards
D Tech, Biotechnology

Mr F Makamo
Executive: Certification
Acting Executive: Testing
National Higher Diploma Production and Operations Management
BCom (current)

Ms E Lefteris
Chief Financial Officer
CA (SA)

Ms M Mathibe
Executive: Human Capital Development
BA (Hons), Psychology and Education

Dr Rob Davies (MP)
Minister of Trade and Industry

FOREWORD BY THE MINISTER

As the most industrialised country in Africa, South Africa holds a position of key strategic importance in the economic growth across the continent. But to leverage off this position, it is imperative for us to ensure that we strengthen our manufacturing and export capacity.

Accordingly, **the dti** is targeting manufacturing sectors for local procurement under the Preferential Procurement Policy Framework Act. To the credit of the SABS, we witnessed a swift response to develop minimum local content standards for designated products. These interventions will see significant new investments in sectors such as transport and capital equipment, with companies actively positioning themselves to take up the opportunities which arise out of localisation.

For example, we have acted purposefully to implement programmes in the automotive sector in consultation with both business and labour, with positive outcomes. Incentives to promote competitiveness and localisation in this sector have seen private investments of nearly R16 billion, with production volumes rising to 539 424 units and exports to 277 893 units in 2012, as well as 128 projects supporting or sustaining 57 197 jobs. The development of standards by the SABS plays a significant part in such result. In the past year alone the Bureau has developed 225 new standards.

Other sectors showing significant local growth in response to **the dti** strategies are clothing and textiles as well as renewable energy, among others. For instance, some R7.5 billion has been invested in wind tower manufacturing facilities and solar power plants, and 12 205 new permanent jobs have been created in clothing and textiles.

We could not make these advances without the support and implementation provided by our family of satellite agencies, of which the SABS is a pivotal member.

*I am proud of what has been achieved during the year under review, both within the SABS and within **the dti.***

In partnership with **the dti**, the SABS plays a critical role in improving the competitiveness of the South African economy. Standards form the basis of quality and are key to creating global confidence in our products. Thus the agency's work in testing and setting standards for quality control establishes very important guidelines for both foreign and domestic investors in this country. The SABS fulfils a function as vital as that of the technical infrastructure of our country, as important as road or rail infrastructure, for example. The SABS assurance of quality for consumers is an integral part of our efforts to move up the value chain in industrial manufacturing and exports.

I am proud of what has been achieved during the year under review, both within the SABS and within **the dti**. Accordingly, on behalf of **the dti**, I wish to express my thanks to the SABS, its leadership and its staff. Their dedication and hard work are warmly appreciated.

Dr Rob Davies (MP)
Minister of Trade and Industry
August 2013

FOREWORD BY THE CHAIRPERSON

Bahle Sibisi
Chairperson of the SABS Board

In tough economic conditions with slow growth and uneven recovery, there is a high risk of technical barriers being used to close markets from global competition. The deployment of standardisation and conformity to standards as tools for strategic and national policy has gained prominence as Brazil, Russia, India, China and South Africa (BRICS) aggressively participate in the development and adoption of international standards.

South Africa's strategic direction for economic growth places substantial emphasis on strengthening its international competitiveness and seeking new export opportunities in developing markets, particularly in Africa and the BRICS markets. The flagship national industrial development policy framework implementation plan, the IPAP, has articulated the support that standardisation can provide to developmental programmes aimed at priority economic sectors. The SABS has actively contributed in terms of national standards for emerging green industries such as wind turbines and solar energy sources and appliances, as prioritised in the IPAP.

As part of the five-year strategy, the SABS is uniquely positioning the organisation to be able to respond effectively to policy demands, through its emphasis on step growth in standardisation services and the economic relevance of national standards and conformity assessment services. This has seen the organisation investing in the deepening of talent across the organisation, along with automation of processes in its operations and key functions. The company took off slowly at the initiation of the strategy, achieving a slow growth rate averaging 2% in the first two years, which has now accelerated to an impressive 15% growth in 2012/13. This phenomenal growth in certification, testing and training services affirms our focus on productivity improvement as one of the pillars of our strategy.

The SABS has grown its strategic partnerships to increase its collaboration in regional and international standards bodies. The SABS has also participated actively in the shaping of the Technical Barriers to Trade framework for Regional Trade Agreements. Through effective strategic partnerships with the international community, the SABS has increased the number of leadership positions held in various leading standards organisations, including the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC). This is important as it provides the platform for South Africa to influence ISO policy matters and work items that will benefit developing nations. On the domestic front, we are promoting the usage of more standards to contribute towards the reduction of illegal, poor quality goods, increase opportunities for export markets, and support localisation strategies. During 2012/13, the SABS has published national standards that are designed to enhance local content, such as the Solar Water Heater standards. This, together with the appointment of the SABS as the office for local content verification by **the dti,** will result in the comprehensive SABS standardisation services adding full value to the South African economy.

The Board remains committed to maintaining good industrial and labour relations in the workplace.

The Board remains committed to maintaining good industrial and labour relations in the workplace. It is important that proactive engagement continues amongst all stakeholders, including labour unions, and that mutually beneficial solutions and outcomes are achieved.

In the year ahead the company will build onto the pipeline, which we have developed through improved partnerships, to increase delivery and facilitate growth. We will launch and rapidly grow the local content verification services, complete our facilities and equipment modernisation programme, and drive further growth in the uptake for training, certification and testing.

The Board appreciates the support that it continues to enjoy from **the dti** and the management of the SABS.

Bahle Sibisi
Chairperson of the SABS Board
August 2013

CHIEF EXECUTIVE OFFICER'S OVERVIEW

Dr Bonakele Mehlomakulu
Chief Executive Officer

The work of the SABS lies at the heart of the South African economy, promoting acceptable quality standards for locally produced goods and providing quality assurance to our major trading partners. Every activity that we undertake and every outcome that we achieve must be measured against our purpose, which is to feature prominently in activities that enable the efficient functioning of the economy.

The journey that we have undertaken commenced with the development of our five-year strategy for growth in 2010, in which we set an aspirational goal to achieve an annual turnover of R1 billion by 2016. During the first year of implementation, while this strategy was just beginning to gain momentum, we managed modest growth of 2%. In 2012/2013, however, the initiatives that we have put in place to drive our strategy have resulted in an excellent 15% growth in turnover.

It gives me great pleasure to present to you the progress that we have made in the last year and the achievements we have recorded in terms of the four key pillars of the strategy, namely Growth, Customer Centricity, Productivity as well as Competent and Empowered Employees.

These four pillars provided the framework for our objectives in our three-year plan (2012/13 – 2014/15) of modernising our facilities and operations; improving on our delivery times; supporting our government in key priority and strategic sectors of our economy; and building a base for significantly improving our customer services.

GROWTH

Total revenue increased by an average of 15% from R593 million in 2011/12 to R679 million in 2012/13. Growth from external revenue reached 21%, attributed in most part to our focus on accelerating growth through significant improvements in the development of new markets as well as better management of revenue-generating processes.

Key projects completed during the year that have notably contributed to this growth include:

- The development of standards for the manufacture of set-top box (STB) decoders and the setting up of a laboratory for testing these (the only one of its kind in Africa). The facility was developed in support of the Department of Communications' Digital Migration Project from analogue to digital bandwidth.
- The roll-out of the Eskom Solar Water Heater (SWH) project which involved the inspection and verification of 40 000 low pressure SWH installations in households across the country to ensure compliance with applicable national standards.
- Projects where we work with all tiers of government, not only to support their organisations to improve service delivery such as the City of Tshwane ISO 9001 certification, but also to assist them in the implementation of their Small, Medium and Micro Enterprises (SMME) development programmes. For example, our partnership with the North West Provincial government to support SMMEs in the building and construction sector and the Eastern Cape Development Cooperation (ECDC) to train selected cooperatives to be ultimately certified to ISO 9001.

We fully appreciate the importance of the SMME sector and recognise the role that the sector plays in the growth of the economy. The next financial year will see even greater focus on this sector through similar partnerships and through the work of our Design Institute.

CUSTOMER CENTRICITY

In line with our plans to gain a deeper understanding of our customers, competitors and the industries that we serve, we commissioned market research that sought detailed feedback on the perception that customers, potential customers and other stakeholders have of the SABS. The research report identified two major aspects of customer centricity that need to be focused on: communication and turnaround times. These are being addressed in our Marketing Plan for the year ahead and will guide our drive to significantly improve customer satisfaction to support the achievement of our growth targets. The Customer Relationship Management (CRM) system was successfully implemented during the year under review. The immediate benefit is the centralisation of customer information and an overall improvement in the quality of customer engagement. Furthermore, the webstore was successfully upgraded to improve the interface for web customers as well as to enhance the efficacy of customer information provided through this channel.

During 2012/13, the SABS delivered on almost all its commitments to the Industrial Policy Action Plan of **the dti.** Our ongoing engagement with our key stakeholders, as presented in this annual report, is part of our strategy to ensure that we can fully deliver on our mandate.

During the year under review the SABS attained leadership positions in key standards bodies, namely:

- Three new leadership positions in the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC).
- Positions on the Council of ISO and the Technical Management Board (TMB) were retained.
- The secretariat of the Southern African Development Community Cooperation in Standardisation (SADCSTAN) was retained and we remain highly involved in the African Organisation for Standardisation (ARSO).

The importance that the SABS places on membership of these key organisations is demonstrated in the achievement against the target for the number of international committees on which South Africa serves as chairperson or secretariat (21 against a target of 19). The SABS will continue to play a pivotal role in the interactions amongst South African and international stakeholders to develop South African National Standards (SANS) to meet the needs of industry and society and to advance the interests of developing countries such as ourselves.

PRODUCTIVITY

Improving operational performance to enable delivery of quality outputs for customers and stakeholders is a key objective of our five-year strategy.

I am pleased to report that we have made a lot of progress on the ICT Strategy, approved in May 2012, that will transform the ICT function into a value added contributor to the business. The first phase of the strategy, which focused on addressing ICT infrastructure challenges and governance, was completed with the upgrading of the local area network and the migration to an improved Microsoft platform. The next phase will focus on a business re-engineering programme that will guide the implementation of integrated enterprise systems that will further improve operational excellence and efficiencies in the organisation.

Our ICT infrastructure upgrade project was able to support the delivery of key productivity improvement projects:

- The pilot phase of the Laboratory Information Management System (LIMS) was completed and the roll-out to the first 23 laboratories at Groenkloof will commence in the year ahead. The plan is to roll out to all laboratories at the SABS before the end of the next financial year.
- The roll-out of eCommittees, a platform designed to improve efficiency in the standards development process, has progressed well. Some 100 committees (27% of all committees) are already on the platform and the rest will be migrated in the next financial year.

Noteworthy productivity improvements were achieved in the standards development process as a result of effective oversight processes that closely monitored project delivery timelines. The average turnaround time to publish standards was 368 days against a target of 507 days. The Standards division also exceeded its targets for home-grown standards development by a staggering 40%, achieving 225 home-grown standards compared with the 135 developed in 2011/12.

I am also pleased that, in the first quarter of the year under review, the SABS was recommended for re-accreditation by the South African National Accreditation System (SANAS) and the Raad voor Accreditatie (RvA) on ISO 17021 (Quality Management System and Environment System) and ISO TS (Automotive), paying credence to the successful re-accreditation process that was concluded in 2011/12. The target for the number of certificates issued (12 000) was exceeded by 13.5% to achieve a total of 13 625 certificates for the year.

COMPETENT AND EMPOWERED EMPLOYEES

In the interests of optimising human resources for improved productivity and aligning the business of the SABS to market requirements, improving the capacity and skills of SABS staff has continued to take centre stage. This year we advanced our talent management programme by identifying the talent in our organisation and completing assessments to put developmental plans in place in order to fast-track their career paths. This facilitates the building of a strong management team for the future and provides a supply for talent from within the organisation on which we can grow sustainably.

Changing the culture of a 68-year-old institution is a challenge. I am personally leading an initiative to enhance employee performance through four balanced pillars of behaviour, namely Stretch, Support, Discipline and Trust. Through this initiative, employees across all levels are being empowered to be responsible for the right behaviours in the workplace. This will ensure sustainability of our programmes and will promote a productive and positive working environment in which we will implement our strategy.

Last, but just as important in our advances over the past year, is

I am personally leading an initiative to enhance employee performance through four balanced pillars of behaviour, namely Stretch, Support, Discipline and Trust.

our focus on growing our talent pool through offering training opportunities for our employees.

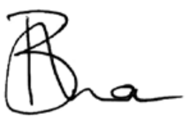
- The Da Vinci programme was launched in June 2011 and consists of core and 50% tailor-made, SABS-specific modules that also address our specific training requirements. The qualifications include Certificate, Masters and PhD and the first group from the Certificate level graduated in November 2012. Two students graduated cum laude and two other students obtained top achiever awards. Masters and PhD programme students are currently working on their SABS-relevant research papers with ongoing support from mentors and coaches.
- The Harvard Leadership Development Programme was launched in January 2013 and offers on-line leadership development training that is also aligned to the SABS leadership development framework. The first intake of 20 employees is scheduled to graduate in July 2013.

The future talent for our country comes from the learners who are still in school today. Through our interventions, the SABS has seen several disadvantaged schools and high school learners gain access to mathematics and science facilities, materials and tuition. It is rewarding to know that the scholars in our programmes are now achieving over 80% pass rates in maths and science.

Looking ahead, the SABS has a number of key initiatives in the pipeline to drive growth in line with our five-year strategy and three-year plan, including:

- SABS Local Content Verification Services that we are privileged to have been selected to implement and manage by **the dti.** This involves an ongoing surveillance of entities, similar to the SABS Mark Scheme process, that have been awarded government tenders and are subject to local content requirements.
- Increase in formal engagement with our key stakeholders in industry and the public sector, through advisory forums, to understand their requirements and to improve the services that we offer to them.
- Advancement of the work that we have started on modernising our laboratories and revitalising those that have been experiencing slow growth in recent years.

In closing, I would like to extend my sincere appreciation to the Executive Committee and all dedicated SABS employees for their hard work that has set us on the path to sustainable growth. I would like to thank the SABS Board as well as our supportive and active shareholder, **the dti**, for their constructive engagement and guidance. We at the SABS remain committed to our quest to make a positive and sustainable contribution to the economic growth of our nation.



Dr Bonakele Mehlomakulu
Chief Executive Officer
South African Bureau of Standards
August 2013

HIGHLIGHTS

OPERATIONAL HIGHLIGHTS

The highlights for 2012/13 reflect positive and measurable achievements against the objectives of the SABS Strategic Plan for 2011-2016.

Rapid progress was made towards realising the organisation's longer term five-year goals. These include focusing on standards with economic impact, improving customer relationships, delivering quality outputs for customers and stakeholders, and growing competencies within the organisation.

The reduction in turnaround time and a 40% increase in the publication of home-grown standards both testify to the success of the organisation's efforts to improve productivity and enhance efficiencies.

Also noteworthy is the organisation's prioritisation of standards that support the Industrial Policy Action Plan which aims at local economic benefits and contributing to environmental and social sustainability.

Turnaround time for publication of standards	• 368 days • Reduced by 139 days from 507 days in 2011/12
Employment Equity targets	• 74% black; 45% female • Representation of people with disabilities remains a challenge
Standards development	• 478 standards published • 6% increase
Home-grown standards developed	• 225 standards published • 40% increase, exceeded target by 65
IPAP commitments delivered	• 9 out of 9 standards delivered, with local economic benefit • 5 out of 6 projects delivered to introduce and expand conformity assessment services • Only one project was delayed by equipment manufacture, but was completed by May 2013
Certificates awarded	• 13.5% increase as a result of new business in the government sector as well as in the Mark Scheme
Conformity testing	• 7% growth arising from recovery in Mining and increased demand for testing in some laboratories such as NETFA (National Electrical Test Facility) and electrical appliances
Strategic partnerships	• 10.5% above target due to engagement with international community
Leadership development	• 12 managers completed leadership development programme • 20% above target
Succession management	• 49% of people with scarce critical skills are in development programmes • More than double the target of 10% achieved

FINANCIAL HIGHLIGHTS

The highlight of the results for the financial year 2012/13 is that total revenue has increased by an average 15% year-on-year, with commercial operations achieving a 21% growth in revenue.

This is an important achievement for the SABS for two reasons: first, it has enabled the organisation to recover from revenue losses sustained from loss of contracts in the Mining and Minerals division in 2011/12; and second, it shows sustainable management of revenue streams. Only 24% of the organisation's revenue in 2012/13 was derived from public funding via a grant from **the dti**, and the SABS has once again demonstrated its capacity to ensure prudent and profitable management of its revenues.

Significant progress has been made against the achievement of pipeline projects. Most notably, the R30 million project from the Department of Communications to set up a set-top box testing facility in support of digital migration has been completed as well as the testing of 40 000 solar water heaters in support of Eskom's energy efficiency programmes.

Profit from operations has shown a 1% decline, largely due to further investment in human capital and other resources.

In support of the goals of the five-year Strategic Plan for 2011-2016, the SABS continues to invest in its people, processes and systems. A capital injection of R70 million during 2012/13 has seen expenditure on fixed assets to facilitate the modernisation of laboratories as well as improving the information technology (IT) infrastructure across the organisation. An amount of R10 million has been committed to a Laboratory Information Management system, specific to the laboratories, to manage workflow, efficiencies and service. During the year, the system was successfully piloted in the food and water laboratories.

The IT infrastructure upgrades will result in significant operational and customer service efficiencies into the future. This year has seen a successful migration from the Novell to a Windows platform and a stabilisation of the base infrastructure. The coming year will see a focus on business applications and communication systems. Centralisation of billing functions has seen improved efficiencies with an uptick in average billing rates.

The establishment of the asset management department is starting to bear fruit. A full asset verification exercise was completed during the year, identifying and barcoding each and every asset within the organisation. This will now enable a detailed analysis of return on investment of significant assets within the organisation.

The supply chain management function continues with its strategy to ensure fair, equitable, transparent spend across the organisation with minimisation of total cost of ownership. The division has fully implemented the Preferential Procurement Policy Framework Act and all policies and procedures have been aligned to this. The focus for the next financial year will be to increase spend with black-owned and black female-owned entities.

Total revenue	• R679 million • 15% growth from 2011/12
Commercial operations revenue	• R485 million • 21% growth from 2011/12
the dti grant revenue	• R163 million • Represents 24% of total funding
Profit from operations	• R54 million • 8% of total revenue. • Down from 9% in 2011/12
Mining and Minerals	• 38% increase in revenue • Strong recovery on the loss of 2011/12
Capital investment	• R70m • Investment in fixed assets, modernisation of laboratories, information technology
Employee benefits	• R374 million • 14% increase on 2011/2012
Pipeline projects	• R30 million contract from Dept of Communications for set-up of a laboratory for testing of set-top boxes in support of digital migration completed • R24 million contract from Eskom for testing of 40 000 solar water heaters completed
Laboratory Information Management Systems (LIMS)	• R10 million • Investment in a pilot project in 2013 and preparation for full operation by 2014.

OPERATIONAL OVERVIEW

Standardisation is critical for any economy to function. While government needs standards to regulate economic activity to achieve societal benefits and to facilitate trade with foreign markets, industry needs standards for protection against poor quality products, to comply with societal expectations and to lower cost of inputs.

In pursuit of South Africa's socio-economic development goals, the five-year SABS Strategic Plan for 2011-2016 gives priority to developing standards and delivering conformity assessments that will drive development. Having standards development and conformity assessments in the same stable allows the SABS to seamlessly increase the value of standards to the economy.

This overview of SABS operations for 2012/13 takes a look at the performance of the products and services delivered by both the Standards and Commercial divisions of the organisation, namely:

- National standards for products, services, and processes and systems
- Testing, inspection and verification of products against set standards
- Certification of products, services and processes and systems
- Promotion of industrial design
- Provision of training services

STANDARDS

Developing, maintaining and promoting South African National Standards (SANS) is the primary function of the Standards division. It is here that minimum quality requirements are set for products and services in the interests of economic growth. The impact of this work is far reaching and multi-faceted, ranging from increasing the quality of production, to enhancing safety standards, to protecting the environment, to supporting international trade.

OVERVIEW

2012/13 has been a year of renewed optimism for the SABS Standards division, in which it has focused on the delivery of positive life-changing benefits to society. In support of its rejuvenated objectives for the year, a number of activities were initiated, such as the roll-out of eCommittees, classifying standards sales according to market segments as well as giving priority to standards development that will produce a social benefit and striving for effective international participation.

A strategic reorganisation of the division has strengthened its capacity for stakeholder engagement and for creating value for industry and society in South Africa. Undeveloped and fragmented emerging industries have received attention, with substantial progress made in the area of African Traditional Medicines (ATM) which are used by approximately 80% of the population. Valuable lessons have been learned in the process of standardisation for the traditional medicine industry, which will enable the division to develop standards for similar emerging industries.

In a business environment characterised by streams of new innovations to market, fragmentation of traditional markets and convergence of technologies, South Africa is seeing the emergence of new risks arising from deviations from principles. These often result in the damaging infringement of the intensive compliance required by standards development. To this end, the SABS focused on the revision and implementation of a principles document, SANS 1-1 Standard for Standards Part 1: Development of South African National Standards, to support the strategic delivery of standards with a positive net benefit impact on society.

ECONOMIC IMPACT AND INDUSTRIAL POLICY

The Economic Impact and Industrial Policy area of the SABS has a critical function as the guardian of delivering a net benefit to society. It has to evaluate project proposals for development of standards and the impact of such standards after they have been published. There is proactive identification of industry standards gaps and a process to mitigate the dual impact (positive and negative) of standards.

STRATEGIC PARTNERSHIPS AND INTERNATIONAL RELATIONS

Standards division has placed the SABS in a position of regional and international influence where it can safeguard South Africa's interests with regard to the content and pace of changes in the international trade technical infrastructure. By focusing on the development of stakeholder engagement strategies and the reconciliation of interests for different stakeholder groupings, as well as responding to feedback, the SABS has engaged in meeting the needs of the key stakeholders. An international participation improvement drive was undertaken that led to an increase in secretariats (from 18 to 21) and chairmanships for ISO and IEC committees, the retention of ISO TMB and ISO Council membership, membership to IEC SMC, the revival of ARSO membership, and a qualitative review of the SADCSTAN operations.

ACHIEVEMENTS

During the year under review, the Standards division achieved or exceeded its annual targets in most key indicators:

- 225 home-grown standards were developed to meet South African socio-economic needs against a target of 160;
- 21 ISO and IEC secretariat and chairperson roles were attained during the year under review, against a target of 19;
- Average number of days to produce a standard was 368 days against a target of 507; and
- An on-target delivery of 9 IPAP projects as committed.

In addition, the division commenced with the roll-out of eCommittees, a standardised, integrated collaboration platform and set of tools introduced by ISO, that is used to improve efficiency in standards development.

STANDARDS PUBLISHED

Selection of key standards published in 2012/2013

Sector	Standard	Description	Objective
SA National Standards	SANS 1-1	Standard for Standards Part 1: Development of South African National Standards	Provide clarity on the SABS role in the development of standards as laid out in the Standards Act No. 8 of 2008
SA National Standards	SATS 2	Development of normative documents other than South African National Standards	Provide clarity on the SABS role in the development of standards as laid out in the Standards Act No. 8 of 2008
Sustainable Development	SANS 1936 series (6 parts of SANS 1936)	Standards for Dolomitic Areas were published in Q2 2012/2013 and launched at the SABS Convention	Provides for requirements for feasibility-level geotechnical investigations, design-level investigations, for safe use, risk management and for inspection and verification when development is undertaken on dolomitic land
IPAP – local production	SANS 660	School furniture (IPAP- government procurement)	Sustainable products for government procurement of local content
IPAP – local production	SANS 862	Set-top box decoder for free-to-air digital terrestrial television (IPAP – local content)	Development of local products
IPAP – Green Industries – Renewable Energy – local production	SANS 1307	Domestic storage solar water heating system	Diversifying energy sources and reducing energy usage
IPAP - Green Industries - Energy Efficiency	SANS 1352	Installation, maintenance, replacement and repair of domestic air source water heating heat pump system	Diversifying energy sources and reducing energy usage
Road and Occupational Safety	SANS 1793	Evidential breath analysers	Mitigate road deaths caused by drinking and driving
Road and Occupational Safety	SANS 16001	Wellness and disease (including HIV and TB) management systems - Requirements	Mitigate impact of HIV and TB

INDIGENOUS KNOWLEDGE SYSTEMS

The African Traditional Medicines industry is founded on a shared heritage across the continent. It has operated without standards for centuries. The World Health Organization estimates that up to 80% of the African population makes use of traditional medicines. In South Africa this market is worth R2.9 billion (2006 figures) in revenues that are excluded from South Africa's GDP. Thus there is a pressing need to create awareness of standards and their role in developing industries.

To facilitate the development of the ATM industry in South Africa, the SABS is currently focusing on developing standards for cultivation practices, in line with the Draft ATM Policy and the Indigenous Knowledge Systems (IKS) Policy adopted by Cabinet in 2004. The first phase in this project was the development of the ARP029 Guidelines for Good Agricultural and Cultivation Practices which is awaiting final approval before publication.

Working in partnership with the Department of Science and Technology (DST), the IKS unit and the Agricultural Research Council (ARC), with grant funding from USAID, the SABS is also aiming at driving coordinated development of standards in ATM for the SADC region.

SABS DESIGN INSTITUTE

Innovative design plays a critical role in sustainable economic development and benefits to quality of life. Recognition of this factor is driving nations across the world to reformulate policies and strategies on design capabilities, no less so than at the SABS.

In South Africa the SABS Design Institute is working towards transforming design capability across all sectors. Its goal is to promote the value of design as a route to growing competitiveness in the economy, through the dissemination of design knowledge and practice and the demonstration of success from the use of design based methods and intervention.

Following the re-engineering of the SABS Design Institute through the development of a new strategy in the five-year Strategic Plan launched in 2011/12, the Institute has worked hard to position design in South Africa as a dynamic force that inspires a breakaway from the norm into innovative solutions that thrust individuals and enterprises above their competitors.

The Institute is working with a number of strategic partners, to leverage their resources to implement initiatives that are geared towards achieving the objectives defined in the strategy. Its key achievements for the past year are outlined in the table below:

Design Institute key achievements 2012/2013

Initiative	Description	Outcome
Design qualification development	Development of pilot project with Durban University of Technology for course in design	Support manufacturers in line with IPAP goals for local manufacture development
SMME business success	Design intervention programme in collaboration with Small Enterprise Development Agency (Seda), as part of Seda incubation programme Assisting 20 SMMEs with the design aspects of their products and/or services	Promote design expertise and innovation that leads to increased business success One of the SMMEs that received assistance through the design intervention programme has already managed to secure a R4 million deal to supply toys to Pick n Pay
Traditional medicines design strategy	Five students selected as design interns to supply design services to the African Traditional Medicines project Sept-Oct 2012	Develop design capacity in the ATM industry
Technology innovation	Working with Technology Innovation Agency to deliver design training workshops to Youth Technology Innovation Fund (YTIF)	Inculcate design thinking and knowledge of fundamentals of design Equip recipients with the design

Initiative	Description	Outcome
Stakeholder engagement	Memberships with ICSID (International Council of Societies of Industrial Designers), NSTF (National Science & Technology Forum), DEFSA (Design Educators Forum of SA) and SAINE (SA Innovation Network)	Establish new linkages and renew current linkages with relevant local and international stakeholders
Research	Establishing the economic impact of design	Provide a model for measuring design impact, as well as report on the current design landscape in South Africa indicating actors and roles
IPAP	For the first time in the history of the Design Institute, it is featured in the IPAP document for 2013/14 (p.107) as the lead department in the implementation of a furniture design competition and furniture design skills development	**the dti** endorses the role of design in enabling an economic sector, and the competencies of the Design Institute

COMMERCIAL

SABS Commercial division is the custodian of the SABS Mark, the principal seal of quality in South Africa. With its proud tradition in the South African economy, the Mark is the promise of acceptable quality levels. It provides the assurance that products have been tested and inspected to ensure that they meet all minimum safety and quality requirements.

SABS Commercial SOC Limited is a wholly-owned subsidiary of the SABS. The division offers conformity testing, certification services and training to a wide range of economic sectors, both locally and abroad, set against both national and international standards and specifications.

The year under review saw reorganisation in various operating clusters which should lead to a significant improvement in business growth, efficiency and service. The division's operating clusters are now Electro-Technical Engineering; Automotive and Mechanical Engineering; Mining and Minerals; Chemical, Bio and Materials; Gauteng/Inland Certification; East Coast Certification; and West Coast Certification.

TESTING AND INSPECTION

2012/13 was a year of improved operations and growth for the Testing and Inspection unit. It generated R219 million in revenue, a 22% increase on the R180 million earned in 2011/12. This strong performance is mainly attributed to the continued and close monitoring of the department's turnaround strategy underpinned by the four main group objectives of Growth, Customer Centricity, Productivity and Competent and Empowered Employees. In addition, organic revenue growth resulted from increased outputs, enhanced sales and improved customer interaction. This growth was driven by new business such as the Solar Water Heater project.

These results indicate a positive delivery of quality products and services, with the Testing and Inspection unit continuing to make an impact on the lives of its internal and external stakeholders.

Electro-Technical Engineering

The Engineering laboratories cover a wide scope of testing and place a strong focus on energy efficiency and alternative energy projects.

INDUSTRIES SERVED

Electrical Engineering; Electronics and Appliances; Civil Engineering; Electrical Engineering; Plumbing; Lighting; Mining Safety

The cluster accomplished the completion of the following key projects and objectives:

- **Stakeholder management**: An intensive Customer Relationship Management (CRM) programme was implemented to strengthen customer relationship at all levels, especially with decision makers. Overall CRM was improved through regular interaction meetings with the key industry associations and customers. A quality barometer was established to ensure effective resolution of customer complaints and requests as well as stakeholder feedback.
- **Set-top boxes laboratory**: A laboratory for testing of set-top boxes (STB) proved to be a key growth initiative. This is part of the Department of Communication's (DoC) Digital Migration project that has been initiated at a national level. After the successful completion of the pilot project during 2012/13 and technical training of the SABS engineers in the UK, the laboratory is able to accept STBs for testing according to the original design specifications.
- **Operational improvements**: Specific turnaround strategies were put in place to resolve bottlenecks in the Appliances, Lighting and Material & Installations laboratories, including the installation of more test benches to improve the use of resources and overall productivity. Operational planning of jobs, execution and management control was streamlined and baseline turnaround times for all test laboratories were significantly improved from an average of 14 days to four days. In addition, the department has retained two accreditation schemes, namely the South African National Accreditation System (SANAS) and the International Conformity testing and certification of electro-technical equipment and components (IECEE CB Scheme).
- **Human capital**: Over the past year the cluster has implemented an intensive human capital strategy aimed at developing, retaining and improving the present skills. The cluster is committed to skills transfer among its employees, continuous and focused learning and development of advanced technical and core skills, and leadership development. In addition Electro-Technical Engineering has focused on promotion of excellence through technical publications, presentations at conferences, and internship and experiential training of young professionals. Nine of the interns currently with the division will be employed on a permanent basis in the following financial year.

Automotive and Mechanical Engineering

The Automotive and Mechanical cluster provides testing services for various vehicle makes and models, as well as testing for a range of other sectors.

INDUSTRIES SERVED

Alternative Energy and Plumbing; Civil; Metallurgy; Mechanical; Automotive; Metrology

The restructured Automotive and Mechanical cluster shifted its strategy towards meeting customer needs, delivering on government initiatives (for example IPAP and the Automotive Industrial Plan) and improved testing turnaround times.

The cluster has invested in supporting the Alternative Energy sector, including providing support to ESKOM and government's energy saving projects. Civil engineering testing continued to focus on fire-proof testing and cement in support of the Material Building Regulations Act. In addition, a focus on automotive testing has supported the production of cleaner fuels and emissions testing

The resulting return on investment has extended beyond the SABS, spanning across universities and manufacturers, thereby improving the organisation's relevance to industries.

Mining and Minerals

The Mining and Minerals laboratories provide sampling and analytical services to the mining industry in South Africa, specifically at sites located in major mining areas, export ports and areas of mineral ore utilisation. Although the laboratories can service the broader mining market, the greater part of the business is in sampling and analysis in the coal and iron ore sectors.

INDUSTRIES SERVED

Coal Mining; Iron Ore Mining

While 2012/13 was a difficult year for South Africa's mining industry, the Mining and Minerals cluster accomplished significant revenue growth.

The cluster successfully maintained its existing business and obtained new contracts with blue-chip companies. Stability was attained through the leadership of newly appointed managers with extensive industry experience.

Mining and Minerals extensively promoted the SABS brand through attendance at conferences and presentation of technical papers.

Infrastructural improvements were implemented to refurbish laboratories and upgrade equipment to world class standards and all laboratories successfully maintained their ISO 17025 accreditation status.

Chemical, Bio and Materials

The Chemical, Bio and Materials cluster of laboratories serves a wide range of customers. It tests products for purposes that include testing to obtain the SABS Mark, testing to meet government products regulations, and to determine if the products meet national minimum specifications.

INDUSTRIES SERVED

Beverages; Food Producers; Leisure Goods; Personal Goods; Health Care Equipment; Pharmaceuticals; Water

The primary focus of Chemical, Bio and Materials over the past year was to improve its testing speed and turnaround. It was also the cluster selected to pilot the Laboratory Information Management System (LIMS) in its Food and Water laboratory. The aim of LIMS is to improve overall management of the laboratories and upgrade the automation of laboratory operations. The pilot was successfully concluded and the LIMS configuration has been completed in preparation for roll-out in all 23 laboratories at the SABS headquarters.

CERTIFICATION

The SABS Certification division provides independent third party conformity assessment services to its clients. Staffed by 214 qualified, highly competent and experienced auditors, the division provides product certification (the SABS Mark) and system certification services to both local and international customers. Certification from the SABS provides organisations with the assurance that their products and services consistently comply with certain predefined standards and customer requirements.

The division's revenue for 2012/13 was R244 million, an increase of 21% over the previous year's income.

CERTIFICATION HIGHLIGHTS

All certification schemes provided by the SABS are accredited by the mandated national accreditation system (SANAS). During 2012/13 the Certification division was awarded new accreditations on the OHSAS 18001 scheme (Occupational, Health and Safety Management) and FSCC 22001 (Food Safety Management System). The additional accreditations allow the division to offer its customers a fully comprehensive certification service.

New schemes were established in the certification product line, namely ISO 50001 (Energy Efficiency Management Scheme) and SATS 1286 (Local Content Verification Scheme). The Local Content Verification Scheme will assist government departments and state-owned enterprises to procure locally produced goods and services, thereby stimulating growth in local manufacturers and the creation of job opportunities.

The division continued to enter into a number of strategic agreements with industry partners, the most significant of which was with SANTAM. The agreement is for the certification of glass fitment centres. This agreement allows the SABS Certification division to conduct assessment and audits of glass fitment centres to ensure compliance to quality standards.

In its quest to continue to be relevant to its stakeholders, the Certification division entered into an agreement with the North West Provincial Government to supply SABS services to SMMEs in the North West Province. Since the signing of the agreement, the division has successfully undertaken tests on bricks and has provided gap analyses on the manufacturing processes of 32 SMMEs.

The division also entered into an agreement with the South African Post Office (SAPO) to provide ISO 9001 certification to all its postal services offices and branches across the country. The impact of this agreement is expected to enhance customer service at the Post Office. If the agreement results in measurable success, it will create a platform for the same concept to be rolled out to other state-owned enterprises.

STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

SABS

STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2013

The Chief Executive Officer is responsible for the preparation of the public entity's performance information and for the judgments made in this information.

The Chief Executive Officer is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

In my opinion, the performance information fairly reflects the actual achievements against planned objectives, indictors and targets as per the strategic and annual performance plan of the South African Bureau of Standards for the financial year ended 31 March 2013.

The South African Bureau of Standards performance information for the year ended 31 March 2013 have been examined by the external auditors and their report is presented on page 55.

The performance information of the entity set out on page 60 to 106 were approved by the board.

Boni Mehlomakulu
Chief Executive Officer

Bahle Sibisi
Chairman of the Board

SOUTH AFRICAN BUREAU OF STANDARDS – Established in terms of Section 2 of the Standards Act, 1945, as amended

Gauteng Head Office
1 Dr Lategan Road, Groenkloof
Private Bag X191
Pretoria, 0001
Tel +27 (0) 12 428 7911
Fax +27 (0) 12 344 1568

West Coast Region
Liesbeek Park Way, Rosebank
PO Box 615, Rondebosch,
Cape Town, 7701
Tel +27 (0) 21 681 6700
Fax +27 (0) 21 681 6701

East Coast Region
15 Garth Road,
Waterfall Park
PO Box 30087,
Mayville, 4058
Tel +27 (0) 31 203 2900
Fax +27 (0) 31 203 2907

AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

Please refer to page 55 for the Report of the Auditor-General.

OVERVIEW OF PERFORMANCE

The cornerstone of the five-year strategy that was unveiled in 2010 and was subsequently approved by the SABS Board is the achievement of R1 billion in turnover by 2015/2016. This aspirational goal was underpinned by a number of key objectives, namely, customer centricity, productivity and people processes to support the growth aspiration.

In the first year of the implementation of the strategy in 2011/12, the SABS achieved a modest income growth of 2%. In 2012/13, focus was placed on accelerating the growth through significant improvements in the development of new markets as well as better management of revenue-generating processes. The achievements of 2012/13, in both financial and non-financial performance indicators, bear testimony that the interventions that were implemented are bearing fruit, resulting in significant progress being made towards realising the organisation's five-year strategy.

SERVICE DELIVERY (EXTERNAL) ENVIRONMENT

Competition is becoming increasingly fierce, as witnessed across most of the conformity assessment, certification and testing services offered by the SABS. The entry of international players such as Bureau Veritas, SGS and Intertek Testing Services has particularly put pressure on the ability of the SABS to provide services to multinational clients as a key requirement is to provide services in other markets outside of South Africa.

Opportunities, however, do exist for the SABS to serve the public and parastatal sectors, and inroads are being made in this regard. In the 2012/2013 financial year, the SABS has delivered various projects in national, provincial and local government and has contributed positively to their service delivery improvement.

Changes in the domestic and global economy have a bearing on the SABS as it provides services to enterprises that import and export manufactured goods. The tough economic conditions of 2012, as reflected in negative consumer and business confidence during the year under review, resulted in a real economic growth rate of 2.1%. Although healthier economic conditions would have meant better growth prospects for the SABS, the growth achievement is testament to the focus and determination of the organisation to deliver on the business plan.

ORGANISATIONAL ENVIRONMENT

The period under review saw an industrial action (strike) by National Health Education and Allied Workers' Union (NEHAWU) members. A breakdown in the mediation process on salary negotiations and other employee benefit demands for 2012/2013 resulted in a strike that began on 8 October 2012 and ended on 19 October 2012. The final settlement agreement was signed in December 2012. A task team comprising management and NEHAWU members has been formed to engage on the other employee benefits which could not be resolved during the negotiations.

STRATEGIC OUTCOME-ORIENTED GOALS

The performance outcomes for 2012/13 show strong progress in delivery of the SABS Five-Year Strategic Plan for 2011-2016. The performance information that follows covers in some detail the activities and results of the organisation's strategic goals for the year under review. In particular, the key priorities that were established in the SABS Business Plan for 2012/2013 were successfully addressed:

GROWTH

- The total revenue (commercial revenue plus government grant) of R651.9 million for the year exceeded the target of R650.0 million by almost R2.0 million and translates to a 15% year-on-year growth in revenue.

CUSTOMER CENTRICITY

- A Customer Relationship Management (CRM) tool was successfully implemented to improve the quality of interaction between customers and the SABS.
- Market research was commissioned with the objective of gaining insights and deeper understanding of clients, competitors and the industries served to inform new product and market development aims.
- The majority of IPAP projects (14 out of 15) were delivered, demonstrating our commitment to meeting the requirements of our key stakeholders.
- A programme to intensify the delivery of standards with net economic and societal benefit was implemented, including a new prioritisation process and an evaluation methodology.
- The SABS webstore was delivered, which will improve the interface for standards online customers as well as enhance the quality of customer information provided through this channel.

PRODUCTIVITY

- The implementation of productivity improvement projects has advanced to pilot phase:
- The eCommittees platform was rolled out to 100 committees, representing 27% of all committees. This integrated platform incorporates a set of tools, such as eBallot, designed to improve efficiency in the standards development process. Plans are in place to roll out to the remaining committees by the end of the next financial year.
- The Laboratory Information Management System pilot reached a significant milestone with the dispatching of the first test reports and automatically generated invoices to clients.

COMPETENT AND EMPOWERED EMPLOYEES

- An integrated Human Resource Plan was developed, to align workforce requirements to the strategy of the SABS in the next three years. The plan was presented to the Human Resources and Remuneration Committee of the Board and progress on its key initiatives is tracked on a quarterly basis.

Strategic Objective

Increase the use of standardisation services in the South African economy through a customer-centred operating model and by producing standards with an economic impact.

Output	Performance indicator/ Measure	2011/2012			2012/2013			Comment on 2012/2013 Achievement
		Target	Achievement	Variance	Target	Achievement	Variance	
Increased value in the SABS services to the economy	Total revenue (R m)	651.8m	567.0m	-13.0%	R650.0m	R651.9m	0.3%	Focus on pipeline projects such as the Eskom Solar Water Heater project as well as double-digit growth from Certification and some testing laboratories.
	External revenue (R m)	492.6m	401.5m	-18.5%	R486.5m	R488.8m	0.5%	
	Core funding (R m)	159.2m	159.2m	0.0%	R163.1m	R163.1m	0.0%	
Home-grown standards	Number of published home-grown standards	135	259	91.9%	160	225	40.6%	Publication of home-grown standards has been prioritised to promote local economic benefit as per IPAP mandate.
Conformity tests, reports and certificates (including consignment and installation inspections and verifications)	Number of certificates awarded[1]	11 178	12 135	8.6%	12 000	13 625	13.5%	Growth from new business in the government sector as well as in the Mark Scheme.
	Number of test reports issued[1]	596 165	360 486	-39.5%	365 000	390 624	7.0%	Recovery in Mining and increased demand for testing in some laboratories such as NETFA and appliances.

1: Indicators for SABS Commercial SOC (Pty) Ltd

Through the achievement of the growth indicators, particularly the publishing of home-grown standards, the SABS has advanced **the dti's** objective of facilitating industrial development and competitiveness.

Strategic Objective

Improve the relationships with customers and ensure that the organisation is focused on meeting customer expectations and its mandate.

Output	Performance indicator/ Measure	2011/2012			2012/2013			Comment
		Target	Achievement	Variance	Target	Achievement	Variance	
Standards and conformity assessments to meet IPAP requirements	Number of standards development projects completed as per the SABS IPAP plan[1]	–	–	–	9	9	0.0%	Focus on prioritising standards with local economic benefit as per IPAP mandate.
	Number of projects to introduce and to expand conformity assessment services[1]	–	–	–	6	5	-16.7%	The project for the recapitalisation of the vehicle emission-testing laboratory was not achieved because it had a major dependency on the equipment manufacturer. A site visit was conducted only in March 2013 and the installation is estimated to take place in the second week of May.
Increase SABS membership in international committees and management structures of multilateral standardisation organisations.	Number of international committees for which South Africa serves as a chairperson or secretariats.	18	17	-5.6%	19	21	10.5%	Target exceeded due to effective strategic partnerships with the international community.

1: Indicators for SABS Commercial SOC (Pty) Ltd

Strategic Objective

Improve the operational performance of the SABS to deliver quality outputs for customers and other stakeholders.

Output	Performance indicator/ Measure	2011/2012			2012/2013			Comment
		Target	Achievement	Variance	Target	Achievement	Variance	
Reduced time for publication of standards	Number of days to publish standards	–	–	–	507	368	139 days	Significant improvement in turnaround time in the two quarters.

The indicators achieved contribute to **the dti's** strategic objective of building mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development.

Strategic Objective

Develop and maintain a pool of competencies for the standardisation and conformity assessment services and provide training to benefit industry and the technical infrastructure institution.

Output	Performance indicator/ Measure	2011/2012			2012/2013			Comment
		Target	Achievement	Variance	Target	Achievement	Variance	
Three (3) Leadership Development Programmes (SABS – specific classroom programme and Mentorship and coaching)	Number of managers that have successfully completed a leadership development programme.	–	–	–	10	12	20.0%	Focus on prioritising activities that address skills and leadership deficiencies, especially in operating functions.
Succession Management	Percentage of approved scarce and critical people in the Products and Service Division and in Standards Division that have development programmes in place.	–	–	–	10%	49%	39%	

It is the objective of **the dti** to promote a professional, ethical, dynamic, competitive and customer focused working environment that ensures effective and efficient service delivery. The achievement of the indicators above, which relate to the development of competent and empowered employees, contributes to this objective.

STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

While the targets for the current year were mostly achieved, there are a number of strategies that will be put in place in order to improve performance:

- Tighter management of performance variances and action items early on in the performance year; and
- Recording major dependencies on programmes in time in order to manage them effectively.

CHANGES TO PLANNED TARGETS

The table below shows the adjustments to planned targets that were approved by the Executive Authority and the Accounting Authority.

<table>
<tr><th>Indicator</th><th>Reason</th></tr>
<tr><td>Total revenue (R m)</td><td rowspan="9">The five-year strategy of the SABS that was unveiled in 2010 proposed a number of deliverables that needed to be completed in the first few years of the strategy before entering a period of high growth required to ultimately reach the 2015/16 goals.

The financial assumptions and targets in the mid-term did not take into account the slow levels of growth in the initial years of the strategy implementation. This created unrealistically high growth ambitions in the first few years, especially under the prevailing economic conditions.</td></tr>
<tr><td>Number of published home-grown standards</td></tr>
<tr><td>Number of conformity certificates</td></tr>
<tr><td>Number of test reports</td></tr>
<tr><td>Percentage improvement in the customer satisfaction index</td></tr>
<tr><td>Number of standards development projects completed as per the SABS IPAP plan</td></tr>
<tr><td>Number of international committees for which South Africa serves as chairperson or secretariat</td></tr>
<tr><td>Number of days to publish standards</td></tr>
<tr><td>Percentage of approved scarce and critical skills that have developmental programmes in place.</td></tr>
</table>

SUMMARY OF FINANCIAL INFORMATION

The summary of the financial information is set out in page 60 of the Financial Information Section.

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Edition 2

SOUTH AFRICAN NATIONAL STANDARD

Set-top box decoder for free-to-air digital terrestrial television

Published by SABS Standards Division
1 Dr Lategan Road Groenkloof   Private Bag X191 Pretoria 0001
Tel: +27 12 428 7911 Fax: +27 12 344 1568
www.sabs.co.za

INTRODUCTION

The SABS is committed to the highest standards of integrity and ethical conduct, and to open and transparent governance that gives its shareholder and other stakeholders the assurance that it is being managed ethically in line with best practice, applicable legislation and predetermined risk parameters.

The SABS reports to its stakeholders through the Annual Report, and as a further measure to encourage open communication between the Shareholder and the Board, the latter holds discussions with the Shareholder on matters of common interest in order to align, as far as it is possible, its strategies with those of the Shareholder, the South African Government, through the Minister of Trade and Industry.

The SABS endorses and supports the Code of Corporate Practices and Conduct contained in the King Report on Corporate Governance (King III). Following the publication of this report in September 2009, a comprehensive implementation plan was developed and the Board members believe that the Group is now substantially compliant with King III. While adherence to King III recommendations can be viewed as good practice and not a regulatory requirement, the Group recognises its responsibility and the benefits that can flow from good corporate citizenship. Accordingly the Group measures not only its financial performance, but also its non-financial performance, aiming to achieve a balance of integrated economic, social and environmental performance.

As the Group continually strives to improve corporate governance standards, areas requiring further enhancement will be addressed in the next financial year. This process is being monitored by the Company Secretary.

PORTFOLIO COMMITTEES

The SABS has attended four Portfolio Committee (PC) meetings in Parliament where various matters related to standardisation were discussed. The table below summarises the key outcomes of the meetings.

Date of Meeting	Presentation	Commentary
30 May 2012	Presentation to Trade & Industry PC: Briefing by SABS in relation to its commitments to IPAP	There ought to be clear understanding of the mandate for the four Technical Infrastructure institutes; and how they support each other in achieving IPAP objectives: • Availability of Standards for Smart Grids • Support of SMMEs by SABS
30 August 2012	Presentation to PC on Energy: Exploring solutions to challenges on financing and certification of locally produced renewable products	The SABS to explore solutions for component versus system testing for Solar Water Heaters in order to bring the costs of assurance down.
3 December 2012	PC on Energy visit to SABS: SABS Energy efficiency sector presentation	The portfolio committee requested to visit the labs at SABS to determine the level of capacity that exists for testing in the EE sector. Committee members were educated and positively surprised on the diversity of testing conducted at SABS. Modernisation of certain testing equipment was to be considered.
16 April 2013	Presentation to Trade & Industry PC: Briefing on the Corporate Plan and of SABS	The portfolio committee briefing highlighted the importance of educating the public regarding the role of the NRCS relative to that of the SABS. SABS is expected to play a broader role in "policing" of goods that are sold to the public; but this is not in line with the SABS mandate

EXECUTIVE AUTHORITY

Reports on progress of the SABS against the business plan are submitted quarterly to the Department of Trade and Industry, one month after the end of each quarter. The reports provide the overview of the organisation for the reporting period, a full financial report, progress against all key performance indicators as well as commentary on any variances, whether positive or negative.

Quarter	Date Submitted	Commentary
1	31 July 2012	Feedback on two key issues – cancellation of courses in the regions that led to slow growth for the business unit as well as the development of a strategy to deal with competitive pricing for testing in the laboratories. Progress was made on both items: • The integration of training administration into the regions contributed to growth shown in the last quarter of the year. • Phase 1 of the Pricing and Costing Project, which will enable the SABS to price testing and certification services effectively, was completed and recommendations are being implemented.
2	31 October 2012	None
3	31 January 2013	None
4	Waived by the shareholder on the basis that 4th quarter performance information forms part of the annual report	

THE BOARD

INTRODUCTION

The size of the Board is prescribed by section 6 (2) of the Standards Act, 2008 which requires a minimum of eight (8) and a maximum of nine (9) members appointed by the Shareholder. As at the date of the report, there were nine (9) Board members of which eight (8) were non-executive. In line with the recommendations of King III, the SABS has a unitary Board structure, comprising seven (7) independent non-executive members, one (1) non-executive member and one (1) executive member. In assessing the status of members, the principles contained in King III were applied.

THE ROLE OF THE BOARD IS AS FOLLOWS:

The Board is responsible for the appointment of the Chief Executive Officer and there is a clear division of roles between the Chairperson and Chief Executive Officer. The Chairperson oversees the effective functioning of the Board and the Chief Executive Officer together with her Executive Team are answerable for the day-to-day affairs of the organisation which include the implementation and monitoring of the strategy in a responsible manner. The role and responsibilities of the board are to:

- act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholder and other stakeholders along sound corporate governance principles;
- appreciate that strategy, risk, performance and sustainability are inseparable;
- provide effective leadership on an ethical foundation;
- ensure that the organisation is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business but also the impact that business operations have on the environment and the society within which it operates;
- ensure that the organisation's ethics are managed effectively;
- ensure that the organisation has an effective and independent audit committee;
- be responsible for the governance of risk;
- be responsible for information technology (IT) governance;
- ensure that the organisation complies with applicable laws and considers adherence to non-binding rules and standards;
- ensure that there is an effective risk-based internal audit;
- appreciate that stakeholder's perceptions affect the organisation's reputation;
- ensure the integrity of the organisation's integrated report;
- act in the best interests of the organisation;
- commence business rescue proceedings as soon as the organisation is financially distressed; and
- evaluate the performance of the Chief Executive Officer.

The non-executive members provide the Board with advice and experience that is independent of the executive and play a critical role on the various Board sub-committees. The meetings follow a formal agenda to ensure that all substantive matters are addressed and information relevant to the meetings is supplied to Board members in advance so that they can make informed and reasoned decisions.

The members have unrestricted access to information and may seek independent professional advice on matters concerning the affairs of the organisation if and when required. The members of the Board were as follows as at the date of this report:

Composition of the Board

Name	Gender	Date of Appointment	Term	Expiry of Term	Qualifications	Area of Expertise	Board Directorship (including SABS)
Bahle Sibisi	M	26 August 2009	2	24 August 2014	B Soc. Sc MA, Development Economics	Economics	8
Bonakele Mehlomakulu	F	7 September 2009	1	6 September 2014	PhD, Chemical Engineering	Chemical Engineering	3
Tshenge Demana	M	26 August 2009	2	24 August 2014	PhD, Analytical Chemistry	Science	4
Guy Harris	M	1 May 2013	1	24 August 2014	CA (SA)	• Manufacturing • Finance	7
Michael Ellman	M	26 August 2009	1	24 August 2014	PhD, Chemical Engineering MBA	• Mining • Petroleum and Gas • Standards Development • Chemicals and Polymer Research and Development	7
Venete Klein	F	1 May 2013	1	24 August 2014	Graduate of various senior executive programmes including Harvard, MIT, INSEAD, IMD and Wits University	• Finance • Business Management • Corporate Governance • Banking (retail and business) • Credit Extension	9
Webster Masvikwa	M	26 August 2009	1	24 August 2014	CA (SA) MBL (SA) AMCT (UK)	Finance	7
Boitumelo Mosako	F	26 August 2009	2	24 August 2014	CA (SA)	Finance	5
Wendy Poulton	F	26 August 2009	2	24 August 2014	MSc Microbiology	• Energy • Sustainable Development • Strategy	1

BOARD CHARTER

The primary objective of the Board Charter is to set out the role and responsibilities of the Board as well as the requirements for its composition and meetings. The approved Board Charter is subject to the provisions of the Standards Act, 2008 and any other applicable law or regulatory provision. During the period under review the Board has revised its Charter in accordance with the recommendations contained in King III.

DELEGATION OF AUTHORITY

The Board has delegated a wide range of matters to the Executive Committee, including financial, strategic, operational, governance, risk and functional issues. Management is responsible for the day-to-day affairs of the organisation 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.

The performance of members of the Executive Committee is evaluated against their agreed performance contracts which are aligned to the Organisational Scorecard which is annually recommended by the HR, Remuneration and Nomination Committee for approval by the Board. At the time of the report, the Executive Committee comprised the following members:

Chief Executive Officer: Bonakele Mehlomakulu
Chief Financial Officer: Elis Lefteris
Executive Standards: Sadhvir Bissoon
Executive Certification: Frank Makamo
Executive Human Capital Development: Mercy Mathibe

BOARD MEETINGS

The Board meets at least five (5) times per annum or as circumstances necessitate. During the period under review the Board met six (6) times and a Board Lekgotla also took place to discuss strategic matters. All documents submitted to the Board are reviewed by the Executive Committee and approved by the Chief Executive Officer to ensure completeness and relevance. Non-executive members have unfettered access to members of the Executive Team and any other employee to seek explanations and clarification on any matter prior to or following meetings. Members of the Executive Committee are regular attendees at Board meetings and report to the Board on their respective operational areas. The attendance record for meetings during the period under review was as follows:

SABS Board Attendance Record 2012/2013

	31 May 2012	26 July 2012	23 August 2012	25 October 2012	22 November 2012	28 February 2013
Mr Bahle Sibisi (Chairperson)	✓	✓	✓	✓	✓	✓
Dr Tshenge Demana	✓	✓	✓	✓	✓	✓
Dr Michael Ellman	✓	✓	✓	†	✓	✓
Mr Webster Masvikwa	✓	✓	†	✓	✓	✓
Mr Mafika Mkwanazi	†			*		
Ms Boitumelo Mosako	✓	✓	✓	✓	✓	✓
Ms Wendy Poulton	✓	✓	✓	†	✓	✓

✓ Present † Apologies * Resigned on 19 July 2012

INDUCTION

On appointment, new members have the benefit of an induction programme, aimed at deepening their understanding of the business environment and markets in which the SABS operates. This includes amongst others induction material on the approved Business and Corporate Plans, terms of reference for Board appointed committees, the Board Charter, minutes of previous Board and Board Committee meetings as well as essential organisational background material.

As part of the induction programme, newly appointed members meet with executive and senior management to be inducted on products and services as well as the organisational structure.

COMMITTEES

The Board established four (4) committees to assist in discharging its responsibilities, namely the Audit and Finance Committee, Investment Committee, Business Risk, Social and Ethics Committee and HR, Remuneration and Nomination Committee. Delegating authority to Committees or management does not in any way release the Board of its duties and responsibilities. There is always transparency and full disclosure from the Board committees to the Board.

AUDIT AND FINANCE COMMITTEE:

The Audit and Finance Committee is constituted as a statutory committee of the Group as well as a committee of the Board and among others its mandate includes overseeing integrated reporting; monitoring and reviewing the effectiveness of the Group's internal audit function; annually reviewing the expertise, appropriateness and experience of the finance function; and ensuring that a combined assurance model is applied to provide a co-coordinated approach to all assurance activities.

The committee comprised four (4) independent non-executive directors; the majority have the requisite financial skills and experience to fulfil the committee's duties. In addition to the committee members, the Chief Executive Officer, the Chief Financial Officer, the Head Internal Audit and the external auditors attend all committee meetings by invitation.

Although the Board has appointed a Business Risk Social and Ethics Committee to assist with the discharge of its duties with regard to the integrated risk management process, the Audit and Finance Committee has an interest in risk management as a result of its responsibility for internal controls. In addition, the chairperson of the Business Risk Social and Ethics Committee is a member of the Audit and Finance Committee.

During the financial year ended 31 March 2013 the committee carried out its duties as required by section 94(2) of the South African Companies Act No 71 of 2008, the Public Finance Management Act No.1 of 1999 (as amended by Act 29 of 1999), the King III Report on Corporate Governance and the committee's approved terms of reference. The committee performed the following duties, among others:

- reviewed the Group financial statements and declaration of compliance with statutory requirements;
- reviewed the quality, independence and effectiveness of the internal audit process as well as the positive assurance opinion of the internal auditor on internal financial controls;
- reviewed the performance and agreed on the performance indicators for the Head Internal Audit;
- reviewed its terms of reference;
- recommended the approval of the policy on ad-hoc services by external auditors to the Board;
- reviewed the effectiveness of the finance function;
- reviewed the external auditor's management letters and management responses; and
- reviewed significant judgments and unadjusted differences resulting from the audit, as well as any reporting decisions made.

The committee has also evaluated the consolidated annual financial statements for the year ended 31 March 2013 and concluded that these comply, in all material aspects, with the requirements of South African Generally Accepted Accounting Practice (SA GAAP). The committee has reviewed the Auditor-General's management letter and management's response thereto as well as significant adjustments resulting from the audit and recommended the approval of the annual financial statements to the Board on 21 May 2013.

Attendance of meetings held during the year under review is presented in the following table:

	17 May 2012	28 May 2012	9 July 2012	26 July 2012	8 Aug 2012	8 Nov 2012	14 Feb 2013
Ms Boitumelo Mosako (Chairperson)	✓	✓	✓	✓	✓	✓	✓
Dr Michael Ellman	†	✓	✓	✓	✓	✓	✓
Mr Webster Masvikwa	✓	✓	✓	✓	✓	✓	✓
Ms Wendy Poulton	✓	✓	†	✓	✓	✓	✓

✓ Present † Apologies

INVESTMENT COMMITTEE:

The committee comprises three (3) non-executive members and one independent external member. The Chief Executive Officer and the Chief Financial Officer attend all meetings. The committee's mandate as set out in the Investment Policy is to amongst others meet the daily operational cash flow needs of the SABS; allow for any unforeseen expenses or other cash flow needs; to provide for medium and long term capital expenditure and the post-retirement medical liability and any other specific liabilities.

The attendance record of members for the period under review was as follows:

Investment Committee Attendance Record 2012/2013

	17 May 2012	8 August 2012	8 November 2012	14 February 2013
Ms Boitumelo Mosako (Chairperson)	✓	✓	✓	✓
Dr Tshenge Demana	✓	✓	✓	✓
Mr Webster Masvikwa	✓	✓	✓	✓
Mr Mafika Mkwanazi	†		*	
Mr John Oliphant	†	✓	†	†

✓ Present † Apologies * Resigned on 19 July 2012

BUSINESS RISK, SOCIAL AND ETHICS COMMITTEE:

The committee comprises two (2) non-executive members. The Chief Executive Officer, the Chief Financial Officer, Head Internal Audit and the Chief Risk Officer have a standing invitation to attend all meetings of this committee. The duties of this committee include amongst others: setting out the nature, role, responsibility and authority of the risk management function within the Group, outlining the scope of risk management, reviewing and assessing the integrity of the risk control systems, ensuring that risk policies and strategies are effectively managed and the overseeing and monitoring of compliance, safety, health and environmental matters.

During the period under review, the committee has changed its name (from the Business Risk Committee) to incorporate the responsibilities for social and ethics matters to its current Terms of Reference. These responsibilities include the monitoring of the Group's activities with regard to social and economic development, corporate citizenship and consumer relationships.

The attendance record of members for the period under review was as follows:

SABS Business Risk, Social and Ethics Committee Attendance Record 2012/2013

	17 May 2012	8 August 2012	8 November 2012	14 February 2013
Ms Wendy Poulton (Chairperson)	✓	✓	✓	✓
Mr Mafika Mkwanazi	✓		*	
Dr Michael Ellman	†	✓	✓	✓

✓ Present † Apologies * Resigned on 19 July 2012

HR, REMUNERATION AND NOMINATION COMMITTEE:

The committee comprises two (2) non-executive members appointed by the Board. The Chief Executive Officer and the Executive Human Capital Development attend all meetings but recuse themselves when their remuneration and performance are discussed. The committee assists the Board in the development of compensation policies, plans and performance goals, as well as specific compensation levels for the SABS. The committee annually manages the Board's evaluation of the performance of the Executive Team.

During the period under review the Terms of Reference of the committee have been revised in order to include responsibilities relating to succession planning, nominations, the composition of the Board and Board committees, as well as continuous development and training of Board members. The attendance record of members for meetings during the period under review was as follows:

SABS HR, Remuneration and Nomination Committee Attendance Record 2012/2013

	17 May 2012	16 July 2012	8 August 2012	8 November 2012	14 February 2013
Dr Tshenge Demana (Chairperson)	✓	✓	✓	✓	✓
Dr Michael Ellman	†	✓	✓	✓	✓
Mr Mafika Mkwanazi	✓	†	*		

✓ Present † Apologies * Resigned on 19 July 2012

REMUNERATION OF BOARD MEMBERS

Non-executive members receive remuneration based on meetings attended; the fees are annually set by National Treasury but payment thereof is subject to approval by the shareholder based on the outcome of the Board's performance assessment. The remuneration of Board members and the Executive Management Team is set out in notes to the financial statements in page 100.

PERFORMANCE ASSESSMENT

During the period under review, an appraisal of the Board was undertaken by PricewaterhouseCoopers in collaboration with the Company Secretary. The assessment covered a review of areas relating to Board composition and responsibilities, Board dynamics and leadership, Board committees, strategy and compliance, risk management and internal controls as well as ethics and stakeholder relationships. Overall the outcome revealed that members were satisfied that good governance is generally practised and that the Board is functioning well in its oversight and support role. An action plan will be prepared to address the improvement initiatives that were identified.

CONFLICTS OF INTEREST

All members are required to declare all conflicts of interest that may exist as a result of their association with any other company at every Board meeting. As soon as an individual becomes aware of any conflict of interest, he or she is required to disclose such conflict and to recuse themselves from the discussions and is precluded from voting on conflicted matters.

SHAREHOLDER'S COMPACT

In terms of the Treasury Regulations issued in accordance with the PFMA, the SABS must, in consultation with the Executive Authority, annually agree on its key performance objectives, measures and indicators. These are captured in the Shareholder's Compact which is annually concluded between the SABS and the Executive Authority. The Compact promotes good governance practices in the SABS by helping to clarify the roles and responsibilities of the Board and the Executive Authority and ensuring agreement on the organisation's mandate and key objectives.

FINANCIAL STATEMENTS

The SABS Board and the Executive Committee confirm that they are responsible for preparing financial statements that fairly present the state of affairs of the Group as at the end of the financial year. The Annual Financial Statements contained on pages 60 to 106 have been prepared in accordance with the Statements of South African Generally Accepted Accounting Practice, the Companies Act (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 the International Standards of Auditing and reporting their findings thereon. The Auditor-General's report is set out on page 55.

GOING CONCERN

The SABS Board reviewed and approved the Group's financial budgets for the period 1 April 2013 to 31 March 2014 and is satisfied that adequate resources exist to continue business for the foreseeable future. The Board confirms that there is no reason to believe that the Group's operations will not continue as a going concern in the year ahead.

SIGNIFICANCE AND MATERIALITY FRAMEWORK

The significance and materiality framework for reporting losses through criminal conduct and irregular, fruitless and wasteful expenditure, as well as significant transactions envisaged per section 54(2) of the PFMA has been confirmed by the Board. Losses through criminal conduct and irregular, fruitless and wasteful expenditure which are identified are disclosed as prescribed in terms of relevant legislation.

RISK MANAGEMENT

During the year under review risk management has received greater attention and has been proactively integrated into the business of the SABS. The risks identified during the period under review are continuously being monitored across the business areas.

The SABS Board through the Risk Committee acknowledges its overall accountability for ensuring an effective risk management process whilst also assessing the effectiveness process.

The responsibility of risk management resides with the Executive and Line Management at all business units, regions and projects. Those accountable for the management of risks also ensure that the necessary controls remain in place and are effective at all times. Risk assessments are being performed at departmental, business unit, regional and project level and are reported upward to the Executive.

As a result of this increased focus, the risks identified during the period under review provide the basis for regular and exception reporting to the Line Management, Executive, Risk Committee and the Board. This reporting provides an assessment of the likelihood and impact of the risk materialising, as well as the risk mitigation initiatives and the effectiveness thereof. Hence we have had no undue, unexpected or unusual risks nor have any limits of the risk appetite been exceeded nor any material deviations been recorded. Furthermore, we envisaged no risks that threaten the company's sustainability.

Key risks identified and managed as part of enterprise risk managment process in 2012/2013

Risk	Treatment	Residual Risk
Growth of the SABS	Various initiatives and drives have been implemented to grow the sales pipeline as well as the establishment of long term customer accounts. There is continuous review and monitoring of pipeline projects and other sales opportunities.	Medium
Operational Inefficiencies	Various SABS modernisation projects, as well as strategic projects to enhance operational inefficiencies, are being rolled out.	Medium
Lack of a competitive pricing and costing model	A special costing project has been rolled out. Phase 1 covering the costing of tests has been completed in certain business areas and the implementation of Phase 2 of the project is in progress. Phase 2 seeks to deal with the conclusions drawn and insights gained from Phase I by addressing the business processes and seeking ways to improve on inefficiencies.	Medium
Loss of skilled and competent employees	The talent management audit has been completed and culminated with the approval of the Talent Pool. Psychometric assessments are in progress and will continue into the new performance year. Accordingly this will culminate in developmental plans that will be implemented in the new year. This intervention ensures that the organisation has a talent pool in place for succession management purposes.	Low
Corruption, theft and fraud leading to loss of revenue and assets	Our risk treatment initiatives include continuous forensic investigation including disciplinary action on Hotline responses. The SABS Legal Services Department is currently finalising the appointment of a resource to monitor intellectual property infringement and the implementation of SABS policy on intellectual property transgression.	High
Ageing infrastructure and breakdown of key equipment	The SABS is registering and analysing all laboratory equipment and updating the database, and an equipment maintenance plan is being developed.	Medium
ICT Infrastructure, Governance and Cyber Risks	The approved ICT Strategy is being rolled out in phases. Phase 1 covers the upgrade of IT infrastructure, Phase 2 Business Applications and Phase 3 the Roll-out of Enabling Technologies.	Medium

Risk	Treatment	Residual Risk
Roll-out of the LIMS system	Phase 1 has been completed and Phase 2 is now in progress. Phase 2 covers the roll-out of LIMS to the Groenkloof and NETFA laboratories whilst Phase 3 is the roll-out to the SABS regional offices and Mining and Minerals laboratories.	High
Effective Relationship Management	Review of Standard Committee representation and establishment and implementation of Government Advisory Forums.	Medium

INTERNAL CONTROL UNIT

The SABS Board is ultimately accountable for the Group's systems of internal controls. These controls are designed to provide reasonable assurance regarding the achievement of the Group's objectives regarding the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

Internal Audit operates under the direction of the Audit and Finance Committee which approves the Internal Audit Plan. The Internal Audit Plan is informed by strategy and key risks that may impair the realisation of strategic objectives and goals. The Internal Audit Plan is updated annually to ensure that it is responsive to changes in the business. Significant findings on internal audits are reported to the Audit and Finance Committee at each scheduled meeting. Also, follow-up audits are conducted in areas where significant control weaknesses are found to ensure that mitigating strategies are adequate and effectively implemented by management. Further, Internal Audit provides assurance to the Board through the Business Risk, Social and Ethics Committee on the effectiveness of the risk management process.

FRAUD AND CORRUPTION

The SABS is committed to "Zero tolerance" towards any fraudulent behaviour. The fraud policy and fraud prevention plan are in place and effective. To promote the culture of whistleblowing, a Fraud Hotline is in place and is independently managed by internal audit. The Hotline guarantees the anonymity of whistleblowers. During the financial year, fraud awareness sessions were held with SABS employees to raise awareness about fraud and corruption as well as to inform them on how the hotline works.

All reasonable suspicions of fraud, corruption and misadministration are verified and investigated where appropriate. Legal recourse is taken against perpetrators to the full extent of the law, including but not limited to:

- disciplinary action;
- iInstitution of criminal proceedings; and
- recovery of losses and civil litigation.

COMPLIANCE WITH LAWS AND REGULATIONS

Legal and regulatory compliance forms an important component of the SABS's corporate governance structure. The Chief Risk Officer advises and assists the Board and management in designing and implementing appropriate compliance management policies and procedures, awareness training, assessing, monitoring and reporting on the compliance programmes and practices, implementing strategies that reinforce a safe, transparent and ethical working environment, and ensuring consistent enforcement of policies, standards and procedures.

In furtherance of management's commitment to legal and regulatory compliance, the Compliance policy and procedures are being consistently updated as per the business and/or regulatory requirements. The policy seeks to establish, promote and maintain values based on compliance and an ethical culture within the spirit of applicable laws, regulations, codes and standards and in the context of the organisation's values, internal policies and procedures.

MINIMISING CONFLICT OF INTEREST

The SABS procurement process requires that the bidders declare if any of their directors have any interest in the SABS and its related companies. As part of the evaluation, procurement specifically checks all declaration forms submitted by bidders. Where bidders have declared names, procurement department checks the name against the employee list. Human Capital Development provides a new list of employees to the procurement department on a monthly basis. If the declared individual is employed by the SABS, procurement will further check if the individual has formally declared their interest in the bidder. If the individual has not declared their interest in the bidder, appropriate disciplinary action will be taken. If it is found out that the bidders did not declare an existing conflict of interest, the bidder will be disqualified from the procurement process or the resulting contract will be cancelled.

Procurement personnel renew their declaration of interest on a yearly basis. Care is taken to ensure that conflict of interest is avoided within the procurement department. If any conflict exists, the affected employee is recused from the process. No procurement employee is allowed to participate in a procurement activity where they are conflicted. If a procurement employee neglects to declare existing conflicts of interest with suppliers/bidders, an appropriate disciplinary action shall be taken.

CODE OF CONDUCT

The Code of Ethics commits Board members, executive management and employees to high standards of ethical conduct in their dealings with clients and all other stakeholders. The principles in the code have been communicated throughout the Group. The code also ensures that the values of the SABS should be deeply rooted and should guide all actions and decisions to ensure that the SABS is a world-class organisation that adheres to best practices. Such commitment will also enhance our reputation of good governance and social responsibility.

All employees are encouraged to report any suspected fraudulent, unethical and/or corrupt practices to the SABS Hotline which is managed by an independent external service provider. All sources of information and reports received are kept strictly confidential, and are investigated before appropriate action is instituted.

HEALTH SAFETY AND ENVIRONMENTAL ISSUES

EMPLOYEE HEALTH AND WELLNESS

The SABS has established an Occupational Health Centre (OHC) at the Groenkloof Campus which is fully equipped with the necessary equipment to conduct pre-employment, routine and exit medical examinations. The OHC is staffed by a contract doctor and full-time registered nurses. The medical examinations apply to office staff and laboratory staff. Health risk assessments have been conducted for each laboratory to assure that medical examinations will detect health conditions specific to each laboratory risk profile. Medical examinations are conducted by contracted medical services in the regions.

The SABS has established an Employee Assistance Programme (EAP) though the appointment of Independent Counselling and Advisory Services (ICAS). The EAP aims to provide a confidential environment to aid employees and their immediate household in dealing with life challenges which may include psychological counselling, legal and financial guidance and substance abuse counselling as examples. The EAP further provides support to line management with guidance in assisting troubled employees through referral to ICAS.

A total of 277 employee engagement cases were recorded for the financial year. The two dominant reasons or triggers for engagement were relationship issues (21%) and stress (18%).

EMPLOYEE SAFETY

During the year, the SABS recorded a total of nine lost time injuries, of which four related to vehicle incidents and five due to slipping/falling, and 25 minor injuries. The SABS has implemented and continuously improves its safety management systems with specific focus on awareness through toolbox talks, the safety poster programme and detailed investigation of each incident. Each incident investigation outcome is communicated to safety representatives for proactive intervention in their respective work areas. Safety awareness is further promoted by the production of a dedicated visitor safety induction pamphlet as well as the production of an employee and contractor safety induction video.

EMPLOYEE SECURITY

The SABS has awarded a national security contract in order to implement a standardised system of securing SABS people and assets through physical guarding, access control and intrusion detection and response. The management system includes threat assessments, incident investigations and on-going maintenance, upgrading and expansion of security equipment.

ENVIRONMENT

The SABS has awarded a contract to recycle all general waste inclusive of paper, plastics and metals at the Groenkloof Campus and is presently in progress to appoint similar contracts in the regions. A contract has been awarded to process hazardous wastes in compliance with legislation and good practices to avoid damage to the environment. The SABS has recycled 35 tons of waste during the period under review.

COMPANY/BOARD SECRETARY

The Board is responsible for the appointment of the Company Secretary who plays a pivotal role in guiding and assisting the Board on the delivery of its mandate, and is expected to be available to the chairperson and individual members at all times. The Company Secretary is required to bring to the immediate attention of the Board any changes to legislation which may impact on the organisation, Board members, senior management and employees. Also, the Company Secretary administers and records the business of the directorate and ensures that the Board Charter and the Terms of Reference of Board committees are kept up to date. In addition, the Company Secretary is responsible for ensuring that the Board's procedures and applicable rules are fully observed and comply with legislation and corporate governance tenets as set out in King III.

SOCIAL RESPONSIBILITY

The SABS is committed to supporting mathematics and science education in disadvantaged schools as a means of enabling students to achieve their full potential, thereby empowering them to attain scarce and critical skills and become active participants in the development of the national economy.

The SABS has a number of support programmes in place that provide tuition in mathematics and science, and are supplying learning materials and facilities to support the teaching of these subjects. During the year under review the following initiatives were undertaken:

Maths and Science Saturday School: The SABS hosts extra maths and science tuition at its head office in Pretoria every Saturday for students from Moridi Technical High School in Mamelodi. The SABS provides bus transport, tuition, learning materials and lunch for the learners. Since the programme's inception in 2008, the Grade 12 pass rate for maths and science in this school has increased from 12% in 2008 to 30% in 2009, 78% in 2010, dropped to 66% in 2011 and then improved to 81.1% in 2012.

Trans Oranje School for the Deaf, Pretoria: The SABS donated an iLab facility that aids in the learning process for hearing impaired learners.

Clarkebury Senior Secondary School, Eastern Cape: This school was former President Nelson Mandela's alma mater. Here the SABS assisted with upgrading facilities and has committed to providing equipment for maths and science laboratories.

Digwala High School, Mpumalanga: At this school in the Nkangala District, the SABS assisted with establishing a library and a laboratory centre supporting maths and science learning.

Inthongazi Community Education Trust: As part of its commitment to the advancement of higher education in South Africa, the SABS provided assistance to Inthongazi Senior Secondary School at Port Shepstone in KwaZulu-Natal, to establish an Education Trust for deserving learners from that area. The aim of the Trust is to provide financial assistance to female students who have intentions of pursuing tertiary education at an institution of higher learning especially in the field of Science and Engineering.

VALUE ADDED STATEMENT

FOR THE YEAR ENDED 31 MARCH 2013

Adding value to stakeholders

	GROUP			
	2013 R'000	%	2012 R'000	%
Revenue	484 918	116	401 482	109
Other income	26 969	6	30 671	8
Government grants	163 096	39	159 207	43
	674 983	161	591 360	160
Less: cost of generating revenue	285 413	68	242 594	66
Value added	389 570	93	348 766	94
Finance income	25 370	6	17 731	5
Dividend income	4 375	1	2 626	1
Wealth created	419 315	100	369 123	100
Wealth distributed				
Employees - salaries, wages and other benefits	387 444	93	335 949	91
Finance cost	846	-	651	-
	388 290	93	336 600	91
Wealth reinvested				
Reinvested in the Group	31 025	7	32 523	9
	31 025	7	32 523	9
Total wealth distributed and invested	419 315	100	369 123	100

	2013	2012
Employee statistics		
Number of employees at year end	1 108	1 131
Revenue per employee (R'000)	438	355
Value added per employee (R'000)	352	308
Wealth created per employee (R'000)	378	326
Average cost per employee (R'000)	350	297

BROAD-BASED BLACK ECONOMIC EMPOWERMENT VERIFICATION

The SABS established a Broad-Based Black Economic Empowerment (BBBEE) Committee to ensure that the best practice methodologies are adopted in implementing BBBEE initiatives and that legislative compliance is adhered to in the pursuit of improving our BBBEE rating.

The annual BBBEE evaluation of the SABS was undertaken by an independent agency, accredited by the SANAS. The organisation falls within the scope of the Generic Scorecard as contemplated in the Codes of Good Practice and the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003). The SABS and Commercial SOC LTD improved their ratings from a level 4 to a level 3.

PENSION FUND

The SABS continues to take pride in having the best interest of its employees at heart. To this end, it has established a retirement fund to ensure that its employees have financial security and stability at retirement age and in cases of emergencies such as death and disability. The SABS Pension Fund is administered by Alexander Forbes. In order to ensure that the fiduciary duties of the fund are performed to the best interest of the members, the Board of Trustees has been appointed and is formally constituted by both employer and employee representatives. As at April 2012, the fund had 939 members excluding NRCS employees. As at 31 March 2013, the fund had 941 members excluding NRCS members. This accounts for membership growth of only 0.2%.

The SABS fund is a life-stage model with various portfolios. The fund has performed very well for the year under review and the table below depicts the performance of the various portfolios.

Portfolio Name	Life Stage Criteria	Underlying portfolios	Performance Criteria	Rolling time period	Performance over time period (p.a.) as at 31 Mar 2013	Benchmark (p.a.)	CPI over time period (p.a.) as at 31 Mar 2013
High Growth	Default for all members with more than 7 years to retire-ment	100% IS Performer	CPI + 5% Above average returns in relation to other investments of similar risk	5 years	12.49%	11.81%	5.93%
Medium Growth	Default for all members with 6 to 7 years to retirement	50% IS Performer/ 50% IS Conserver	CPI + 4% Above average returns in relation to other investments of similar risk	4 years	16.76%	16.35%	5.29%
Conservative Growth	Default for all members with 4 to 5 years to retirement	100% IS Conserver	CPI + 3% Above average returns in relation to other investments of similar risk	3 years	11.76%	12.16%	5.34%
Capital Preservation	Default for all members with 3 or less years to retirement	100% IS Stable Focus	CPI + 2% Maximum drawdown 2%	1 year	11.52%	9.81%	5.89%
Cash Portfolio	Optional	100% IS Banker		1 year	6.39%	4.88%	5.89%

AUDIT COMMITTEE REPORT

The Audit committee report is set out in page 52 of the Financial Information Section.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

The preparation of the annual financial statements for the year ended 31 March 2013 has been supervised by E E Lefteris, Chief Financial Officer of the SABS.

SEVEN YEAR GROUP REVIEW

FOR THE YEARS ENDED 31 MARCH

	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000
Income statement							
Commercial revenue	**484 918**	401 482	394 553	390 743	358 509	318 350	304 134
Levy revenue	**–**	–	–	–	45 245	104 013	102 439
Parliamentary grant recognised as income	**163 096**	159 207	156 881	134 852	128 785	125 273	110 695
Expenditure	**672 736**	577 050	529 275	516 577	491 831	437 251	407 861
Net (loss)/profit on discontinued operations	**(121)**	(1 493)	(111)	(22 244)	2 061	11 323	44 772
Net investment income/(cost)	**24 524**	17 080	8 453	3 223	(596)	530	2 925
Profit for the year	**31 158**	34 139	54 518	46 818	30 749	35 043	66 636
Operating profit*	**18 523**	22 322	63 745	51 753	44 601	46 552	72 493
Statement of financial position							
Property, plant and equipment	**326 083**	305 154	253 825	169 901	170 936	169 511	154 239
Investment properties	**10 035**	10 466	10 896	11 337	11 761	2 547	2 681
Intangibles	**14 652**	3 292	9 845	17 542	17 982	6 244	374
Total available-for-sale investments	**336 072**	284 308	291 900	201 465	250 088	289 144	207 251
Deferred taxation	**22 865**	22 732	21 116	23 905	23 732	22 085	19 317
Non-current assets/disposal group held for sale	**1 167**	66	1 653	1 894	2 342	15 673	13 410
Current assets excluding cash	**97 552**	61 413	56 180	52 968	67 459	64 209	85 414
Net cash and cash equivalents	**274 338**	262 311	190 447	122 162	7 565	(3 065)	27 010
Total assets	**1 082 764**	949 742	835 862	601 174	551 865	566 348	509 696
Capital and reserves	**526 357**	479 478	445 246	384 679	347 320	339 854	292 348
Interest-bearing borrowings	**–**	–	14 914	15 703	18 441	22 726	23 509
Other liabilities	**396 142**	333 162	253 437	100 204	102 191	117 049	101 616
Current liabilities	**160 265**	137 102	122 265	100 588	83 913	86 719	92 223
Total equity and liabilities	**1 082 764**	949 742	835 862	601 174	551 865	566 348	509 696
Cash flows							
Net cash flow from operating activities	**51 997**	67 128	110 807	90 618	26 192	40 640	80 517
Net cash flow from investing activities	**(105 469)**	(62 087)	(194 575)	26 717	(11 277)	(70 483)	(79 216)
Net cash flow from financing activities	**65 499**	66 823	152 053	(2 738)	(4 285)	(232)	(166)
Cash and cash equivalents at beginning of year	**262 311**	190 447	122 162	7 565	(3 065)	27 010	25 875
Cash and cash equivalents at end of year	**274 338**	262 311	190 447	122 162	7 565	(3 065)	27 010
Ratio analysis							
Profitability and asset management							
Asset turnover	**0,5**	0,5	0,6	0,8	0,9	0,9	1,0
Return on net assets	**2,9%**	4,1%	12,2%	13,7%	9,7%	9,6%	18,6%
Return on equity	**3,5%**	4,7%	14,3%	13,5%	12,8%	13,7%	24,8%
Current ratio	**0,6**	0,4	0,5	0,5	0,8	0,7	0,9
Operating margin %	**3,8%**	5,6%	16,2%	13,2%	11,0%	11,0%	17,8%
Revenue % to total income	**71,4%**	67,6%	68,2%	67,1%	70,9%	74,1%	76,1%

	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000
Performance							
Revenue per employee	**404**	358	339	289	262	287	298
Operating profit per employee	**15**	20	55	38	29	32	53
Remuneration as a % of total expenditure	**57,6%**	58,2%	62,2%	57,9%	64,1%	62,1%	61,3%
Average number of employees	**1 201**	1 120	1 163	1 354	1 541 [1]	1 470	1 364

Ratio definitions

Asset turnover	Revenue divided by assets, less current liabilities
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 refers to profit before interest and tax (PBIT) and includes discontinued operations. It is stated before the effect of adopting IAS 19; post retirement medical aid benefits and long service leave awards and the impairment of assets.

1. Average number of employees includes 285 NRCS employees who were transferred on 1 September 2008.

FINANCIAL REVIEW

FOR THE YEAR ENDED 31 MARCH

The South African Bureau of Standards (SABS) continues to make progress on its mandate to provide relevant standardisation solutions that increase market access to industries and enhances their competitiveness. The operating environment showed improvement during the year with the SABS entering into partnerships with a number of organisations to further its mandate.

Congruent to its mandate, the SABS IPAP commitments to the Department of Trade and Industry (DTI) remain one of the key focus areas in the development of South African National Standards as well as the provision of conformity assessment in support of the revitalisation of industrial sectors in South Africa. Some of the priority sectors of IPAP include the green economy, alternative energy, agro-processing and metals fabrication among others. The SABS has made a significant contribution towards developing standardisation solutions in support of these sectors.

The 2012/13 year has seen a continuation of investment into building operating capacity and has seen some of the fruits of this labour in the growth of revenue.

This review is intended to provide our stakeholders with further insight into the financial performance and position of the Group.

Operating results

Revenue from commercial operations at R484,9 million (2012: R401,5 million) increased by 20,8% on last year. Certification revenue increased by 20,7% compared to the previous year, boosted by growth in new business and a strong demand for product certification, particularly from overseas clients. The Certification division introduced new services that focused on facilitating the implementation of quality management systems by SMMEs. The SABS also entered into key partnerships with other organisations such as Massmart, SEDA, TIA and government departments to support SMMEs. Revenue from inspections, services and tests (R218,7 million) was 21,7 % higher than the previous year, mainly due to work on alternative energy projects and a recovery in sample volumes in the mining, mineral and automotive sections of the business. The SABS completed 40,000 inspections of solar water heater installations as part of its energy efficiency projects, undertaken in support of the national efforts to manage energy demand.

The baseline parliamentary core funding allocation of R163,1 million increased by R3,9 million from the previous year's allocation of R159,2 million.

Total expenses for the year were R672,7 million, a 16,6% increase compared to the R577,1 million incurred in the previous year. The need to improve implementation capacity in order to provide relevant standardisation and conformity assessment services, as well as spending on new markets development and the rejuvenation of the SABS brand, contributed to the increased expenditure. The results of this expenditure are beginning to show through the growth in revenue.

Operating profit before taxation, financing and discontinued operations amounted to R6,6 million for the year. The decrease in the operating profit can mainly be attributed to increased spend on implementation capacity.

Capital expenditure

Group capital expenditure for the year amounted to R69,7 million (2012: R78,4 million). The Group received DTI funding of R48,0 million (including VAT) during the year (compared with 2012: R93,2 million), under review to fund the construction of the new laboratory complex and the upgrade of C-Block on the Groenkloof Campus. The Group also received R30,0 million from the Department of Communication for the setting up of a facility to test set-top boxes for digital terrestrial television during the year under review, of which R14,7 million is included in the capital expenditure figure. The testing facility was commissioned during the last quarter of the year.

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 R86,7 million (2012: R79,2 million) on 31 March 2013. The Board approved that this liability will be funded through 75% of a specific long-term investment. The value of the investment notionally allocated to cover this liability was R96,7 million (2012: R86,2 million). Please refer to note 22 of the financial statements for more.

Borrowings

The Group has no outstanding borrowings and there are no immediate plans to borrow.

Cash and cash equivalents

Cash generated from operating activities amounted to R27,5 million.

The Group received R48,0 million (2012: R93,2 million) in the year ended 31 March 2013 from the shareholder for the construction of the new laboratory complex and the upgrade of C-Block on the Groenkloof Campus. As of 31 March 2013, R140 million (2012: R94,8 million) was included in cash and cash equivalents in respect of this project, which will continue over the next financial year.

The Group will continue to focus on operational improvements with key projects already initiated in the ICT and laboratory areas. There is a need to continuously enhance technical capabilities while maintaining reasonable employee benefit cost. Capital projects amounting to R70,8 million have been included in the plans for the 2013/14 years and provision has been made to fund these out of the cash and cash equivalents.

Investments

There has been no change in the investments held with Old Mutual and Investment Solutions. The matured funds from the Liberty investment was invested in a five year fixed deposit account with FNB, with a return of 7,5 % since inception. The annualised long-term investment returns were between 7,5% and 12 %. The targeted returns over a rolling period longer than three years are CPI plus 3% per annum after costs.

The quantum of the short-term investment portfolio was determined in line with the Investment Policy, and the funds were invested in money market products. On average, an annualised return of 6% per annum was achieved since the inception of the short-term investments.

Financial management imperatives

The SABS financial management practices remain sound, despite changes in the economic environment as well as continuous threats of competition. The priorities for the year ahead are informed by strategic imperatives that include:

- implementing and operating **the dti's** Local Content Verification Services on entities that are awarded government tenders that are subject to local content requirements. This is important for the SABS, as it has potential to grow revenue significantly
- the commitment to addressing the needs of the SMME sector, with the promise of tailor-made solutions that will enhance access to markets. Numerous projects and strategic partnerships with other organisations have been initiated and we look forward to these projects producing tangible outcomes in support of this growing sector of the economy
- the training academy remains one of the strategic priorities for new business growth. The leadership capabilities have been boosted by the appointment of a general manager. The diverse portfolio of testing services, together with the decentralisation of training in the regions and a focused sales and marketing strategy, will be key in achieving the projected revenue growth in test, investigations and services
- implementing LIMS and completing the laboratory improvement strategy focused on increasing the proportion of laboratories whose revenue is sufficient to meet all its overheads, and are therefore able to reinvest in their own long-term growth

BBBEE

The SABS supports transformation and the policy objectives of broad based black economic empowerment (BBBEE). SABS achieved a level 4 (2012: level 4) BBBEE rating and SABS Commercial a level 3 (2012: level 4) rating. Action plans are being implemented to improve these ratings.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2013

The committee is pleased to present its report for the financial year ended 31 March 2013. The Audit and Finance Committee is constituted as a statutory committee of the Group as well as a committee of the board, and its mandate includes, among others:

- overseeing integrated reporting;
- monitoring and reviewing the effectiveness of the Group's internal audit function;
- annually reviewing the expertise, appropriateness and experience of the finance function; and
- ensuring that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities.

Composition

The Audit and Finance Committee comprised four independent non-executive directors; the majority of which have the requisite financial skills and experience to fulfil the committee's duties.

Frequency and attendance of meetings

In addition to the committee members, the chief executive officer, the chief financial officer, the head of internal audit and the external auditors attend all committee meetings by invitation. During the year under review, the committee met seven times. Attendance of meetings held during the year under review is presented in the following table:

	MEETING DATES						
Members	**17 May 2012**	**28 May 2012**	**9 July 2012**	**26 July 2012**	**8 August 2012**	**8 November 2012**	**14 February 2013**
Ms Boitumelo Mosako (Chairperson)	✓	✓	✓	✓	✓	✓	✓
Dr Michael J Ellman	†	✓	✓	✓	✓	✓	✓
Mr Webster K Masvikwa	✓	✓	✓	✓	✓	✓	✓
Ms Wendy Poulton	✓	✓	✓	✓	✓	✓	✓

✓ - Present † - Apologies

Risk management oversight

Although the board has appointed a Business Risk Committee to assist with the discharge of its duties with regard to the integrated risk management process, the Audit and Finance Committee has an interest in risk management as a result of its responsibility for internal controls. In addition, the chairperson of the Business Risk Committee is a member of the Audit and Finance Committee.

Internal audit

The Group's internal audit function provides the board with assurance on the key areas of the Group's internal financial controls. The internal audit plan and the internal audit charter were reviewed and approved by the committee. Internal audit provides assurance that the entity operates in a responsibly governed manner by performing the following functions:

- objectively assuring effectiveness of risk management and the internal control framework;
- analysing and assessing business processes and associated controls; and
- reporting audit findings and recommendations to management and the audit committee.

The Committee is of the opinion that the Group's system of internal financial controls is effective and provides reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements.

Group Finance

The committeee has considered the expertise, resources and experience of the Finance function, staff and concluded that these were appropriate

Duties during the period under review

During the financial year, ended 31 March 2013, the committee carried out its duties as required by section 94(2) of the South African Companies Act No 71 of 2008, the King Report and the committee's terms of reference.

The committee performed the following statutory duties:

- evaluated the independence and effectiveness of the external auditors and approved their terms of engagement after consideration of the timing and scope of the audit; and
- considered and approved the audit fee payable to the external auditors for the year ended 31 March 2013.

It also:

- reviewed the Group financial statements and declaration of compliance with statutory requirements;
- reviewed the quality, independence and effectiveness of the internal audit process as well as the positive assurance opinion of the internal auditor on internal financial controls;
- reviewed its terms of reference;
- reviewed the external auditor's management letters and management responses;
- reviewed significant judgments and unadjusted differences resulting from the audit, as well as any reporting decisions made; and
- recommended the reappointment of the external auditor to the shareholder.

Annual financial statements

The Audit and Finance Committee has evaluated the consolidated annual financial statements for the year ended 31 March 2013, and concluded that these comply in all material aspects with the requirements of the South African Statements of Generally Accepted Accounting Practice. The committee has reviewed the Auditor-General's management letter and management's response thereto, as well as significant adjustments resulting from the audit, and recommended the approval of the annual financial statements to the board.

Conclusion

The committee is satisfied that it has considered and discharged its responsibilities in accordance with its mandate and terms of reference during the year under review.

B MOSAKO
AUDIT AND FINANCE COMMITTEE CHAIRPERSON

STATEMENT OF RESPONSIBILITY OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2013

The Board is responsible and accountable for the integrity of the financial statements of the organisation 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 organisational structure which provides for the delegation of authority and establishes clear responsibilities, together with constant communication and the 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 60 to 106, have been prepared in terms of South African Statements of Generally Accepted Accounting Practice and are supported by reasonable and prudent judgments and estimates.

The going concern basis has been adopted in preparing the financial statements. The Board has a reasonable expectation that the organisation will have adequate resources to continue its operations as a going concern for the foreseeable future.

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

The Audit Committee meets periodically with the internal and external 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 2013, which appear on pages 57 to 106, were approved by the Board on 1 August 2013 and signed on its behalf by:

CB SIBISI
CHAIRPERSON

B MEHLOMAKULU
CHIEF EXECUTIVE OFFICER

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR SOUTH AFRICAN BUREAU OF STANDARDS

Introduction

1. I have audited the consolidated and separate financial statements of the South African Bureau of Standards as set out on pages 60 to 106, which comprise the consolidated and separate statement of financial position as at 31 March 2013, the consolidated and separate statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the consolidated financial statements

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

Auditor-General's responsibility

3. My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate 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 consolidated and separate 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 consolidated and separate financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the South African Bureau of Standards and its subsidiaries as at 31 March 2013, and their financial performance and cash flows for the year then ended in accordance with the South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).
7. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on page 59 of the annual report.

9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information.*

   The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

10. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

11. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in the key applicable laws and regulations as set out in *(General Notice)* issued in terms of the PAA.

Internal control

12. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. I did not identify any deficiencies in internal controls which I considered sufficiently significant for inclusion in this report.

OTHER REPORTS

Investigations

13. An investigation was conducted on request of the entity. The investigation was initiated based on the allegations of possible fraudulent invoices made to customers. The investigation resulted in criminal proceedings being instituted against an employee.

Agreed-upon procedures engagements

14. As requested by the entity engagements were conducted on royalty fees payable by the South African Bureau of Standards (SABS) and the Human Resources Management section of the integrated report. The report on royalties covered the period 1 January 2012 to 31 December 2012 and was issued on 8 May 2013. The Human Resources Management report has not been finalised at the time of issuing this report.

Auditor-General

Pretoria

31 July 2013

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

FOR THE YEAR ENDED 31 MARCH 2013

Introduction

In terms of the Standards Act, 2008 (Act 8 of 2008) and the Public Finance Management Act, 1999 (Act 1 of 1999), this report addresses the performance of the SABS and relevant compliance with statutory requirements.

In the opinion of the SABS Board, which fulfils the role of a board of directors as envisaged by the Companies Act, the financial statements fairly reflect the financial position of the SABS Group as of 31 March 2013 and the results of its operations and cash flows 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 2013.

Our statutory basis

The SABS was established as a statutory body in terms of Act 24 of 1945, which was superseded by the Standards Act, 1993 (Act 29 of 1993) and subsequently superseded by the Standards Act, 2008 (Act 8 of 2008). The organisation is listed as a Schedule 3B entity in terms of the Public Finance Management Act.

Our mandate

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

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

Vision

To be the trusted standardisation and quality assurance service provider of choice.

Mission

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

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

Values

- Impartiality
- Accountability
- Innovation
- Integrity
- Quality
- Customer centricity

Finances

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 R31,2 million (2012: R34,1 million) for the year ended March 2013. The profit for the year from continuing operations after taxation is R31,3 million (2012: R35,6 million). The financial review provides further details regarding financial performance.

Government grants relating to income

The government grant allocated to the SABS for the financial year under review amounted to R163,1 million (2012: R159,2 million) which represents an increase of 2,5% (2012: 1,5%).

The SABS received R48,0 million (2012: R93,2 million) which includes VAT, during the year under review being the final funding for the building of the new laboratories and upgrading of C-Block on the Groenkloof campus.

Strategic planning policy

Corporate and business plans are approved by the Board and the Executive Authority, and contain predetermined strategic and operational objectives. The plans, together with associated budgets, are approved before the start of the financial year in compliance with the provisions of the Public Finance Management Act.

The SABS has analysed the environment within which it operates and identified the continuous upgrading of laboratory infrastructure, retention of core technical skills and the mounting competition from international conformity assessment bodies as some of its biggest challenges. Informed by this analysis, the SABS developed a five year growth plan (to March 2016) focusing on growth, customer centricity, operational efficiency and competent human resources, as a means to effectively develop its mandate. The 2012/13 financial year marks the second year of implementing this strategy.

Over the medium term, the SABS will reinforce delivery against its core functions by:

- the development and provision of national standards;
- the testing of products;
- certification of products and systems;
- protection of consumers from unsafe or poor quality goods in the South African market place;
- the promotion of design in South Africa; and
- training related to standards, quality and design.

In order to achieve its vision and contribute to the achievement of the goals of national government in all its spheres, the SABS has decided to pursue the following strategic objectives:

- increase the use of standardisation services by broadening the geographic footprint as well as the scope of services offered
- put the customer at the forefront of everything we do
- improve the operational performance of the SABS to enable delivery of quality outputs for customers and the South African economy
- develop and retain a competent workforce that is aligned with the organisation's mandate.

In this report, included in the Performance Against Objectives section, the achievements of the SABS are highlighted against the predetermined objectives for the year. The SABS managed to achieve all of its objectives for the year except one.

Employees

The SABS had 331 (2012: 299) permanent employees and 18 (2012: 29) contract workers as at 31 March 2013. The Group had 1 032 (2012: 937) permanent employees and 76 (2012: 94) contract workers as at 31 March 2013.

Subsidiaries

The activities of the SABS subsidiaries, as set out in notes 13 and 29 to the financial statements, are the provision of conformity assessment services which include testing, certification and training.

Events subsequent to reporting date

The Board members are not aware of any matters or circumstances arising since the end of the financial year, 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.

PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

FOR THE YEAR ENDED 31 MARCH 2013

The approved Business Plan for 2012/2013 includes the SABS objectives and the performance indicators for the period. The specific targets and the performance measured against these targets for the year ended 31 March 2013 is as follows:

Performance indicator/ measure	Annual target	Actual achievement	Achieved	Comment
Total revenue	R650,0m	R651,9m	Yes	Focus on pipeline projects such as the Eskom Solar Water Heater project as well as double digit growth from certification and some testing laboratories.
External revenue	R486,5m	R488,8m		
Core funding	R163,1m	R163,1m		
Number of published home-grown standards	160	225		Publication of home-grown standards has been prioritised to promote local economic benefit as per IPAP mandate.
Number of certificates awarded	12,000	13,625		Growth from new business in the government sector as well as in the Mark Scheme.
Number of test reports issued	365,000	390,624		Recovery in mining and increased demand for testing in some laboratories such as NETFA and appliances.
Number of standards development projects completed as per the SABS IPAP plan	9	9		Focus on prioritising standards with local economic benefit as per IPAP mandate.
Number of projects to introduce and to expand conformity assessment services	6	5	No	The project for the recapitalisation of the vehicle emission testing laboratory was not achieved because it had a major dependency on the equipment manufacturer. A site visit was conducted only in March 2013 and the installation is estimated to take place in the second week of May.
Number of international committees for which South Africa serves as chairperson or secretariat	19	21	Yes	Target exceeded due to effective strategic partnerships with the international community.
Number of days to publish standards	507	368		Significant improvement in turnaround time in the last two quarters.
Number of managers who have successfully completed a leadership development programme	10 managers	12 managers		Focus on prioritising activities that address skills and leadership deficiencies, especially in operating functions.
Number of approved scarce and critical staff in the Products and Service Division and Standards Division staff who have development programmes in place	10%	49%		

INCOME STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

	NOTES	GROUP 2013 R'000	GROUP (restated) 2012 R'000	SABS 2013 R'000	SABS (restated) 2012 R'000
Continuing operations					
Revenue	2	**484 918**	401 482	**64 536**	80 022
Other income	3	**31 344**	33 297	**108 260**	99 166
Government grants	29.6	**163 096**	159 207	**163 096**	139 755
		679 358	593 986	**335 892**	318 943
Employee benefit expenditure	4	**(387 444)**	(335 949)	**(145 556)**	(130 209)
Depreciation	10	**(31 431)**	(26 002)	**(8 505)**	(8 866)
Contract services		**(51 503)**	(32 040)	**(27 030)**	(25 172)
Travel expenditure		**(34 534)**	(27 419)	**(7 829)**	(4 673)
Advertising expenditure		**(16 721)**	(17 355)	**(7 740)**	(12 555)
Repairs and maintenance expenditure		**(11 007)**	(10 744)	**(6 406)**	(6 843)
Consulting and technical fees		**(19 603)**	(17 981)	**(8 194)**	(8 951)
Other expenditure	5	**(120 493)**	(109 560)	**(138 703)**	(118 656)
Operating profit/(loss)		**6 622**	16 936	**(14 071)**	3 018
Finance revenue	6	**25 370**	17 731	**25 369**	17 730
Finance cost	7	**(846)**	(651)	**(808)**	(643)
Net profit before taxation		**31 146**	34 016	**10 490**	20 105
Taxation	8	**133**	1 616	**-**	-
Profit for the year from continuing operations		**31 279**	35 632	**10 490**	20 105
Discontinued operations					
Loss for the year from discontinued operations	9	**(121)**	(1 493)	**-**	-
Profit for the year		**31 158**	34 139	**10 490**	20 105

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2013

	NOTES	GROUP 2013 R'000	GROUP (restated) 2012 R'000	SABS 2013 R'000	SABS (restated) 2012 R'000
Profit for the year		**31 158**	34 139	**10 490**	20 105
Other comprehensive income					
Net gains on available-for-sale financial assets	21	**15 721**	8 712	**15 721**	8 712
Total comprehensive income for the year, net of tax		**46 879**	42 851	**26 211**	28 817

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2013

		GROUP		SABS	
	NOTES	2013 R'000	2012 R'000	2013 R'000	2012 R'000
ASSETS					
Non-current assets		**651 419**	570 824	**526 381**	469 765
Property, plant and equipment	10	**326 083**	305 154	**58 657**	42 759
Investment properties	11	**10 035**	10 466	**188 733**	195 287
Intangible assets	12	**14 652**	3 292	**1 206**	2 538
Investment in subsidiaries	13	**-**	-	**1**	1
Available-for-sale investments	14	**277 784**	229 180	**277 784**	229 180
Deferred taxation	15	**22 865**	22 732	**-**	-
Current assets		**430 178**	378 852	**343 585**	327 521
Inventory	16	**1 092**	1 128	**1 092**	1 128
Trade and other receivables	17	**96 460**	60 285	**9 887**	5 637
Loans to group companies	18	**-**	-	**62**	3 412
Available-for-sale investments	14	**58 288**	55 128	**58 288**	55 128
Cash and cash equivalents	19	**274 338**	262 311	**274 256**	262 216
Assets of disposal group classified as held for sale	9	**1 167**	66	**-**	-
Total assets		**1 082 764**	949 742	**869 966**	797 286
EQUITY AND LIABILITIES					
Equity and reserves		**526 357**	479 478	**484 227**	458 016
General reserve	20	**54 282**	54 282	**54 282**	54 282
Other components of equity	21	**30 431**	14 710	**30 431**	14 710
Accumulated profit		**440 624**	410 489	**399 514**	389 024
Reserves of disposal group classified as held for sale	9	**1 020**	(3)	**-**	-
Non-current liabilities		**395 995**	333 093	**322 766**	284 110
Employment benefit obligations	22	**97 396**	93 867	**53 029**	52 197
Deferred income	23	**298 599**	239 226	**269 737**	231 913
Current liabilities		**160 265**	137 102	**62 973**	55 160
Deferred income	23	**7 595**	8 315	**5 649**	5 434
Trade and other payables	24	**141 760**	112 448	**50 360**	40 551
Employment benefit obligations	22	**7 612**	7 376	**6 078**	5 924
VAT liability	25	**3 298**	8 963	**886**	3 251
Liabilities of disposal group classified as held for sale	9	**147**	69	**-**	-
Total equity and liabilities		**1 082 764**	949 742	**869 966**	797 286

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2013

	Notes	General reserve R'000	Available-for-sale reserve R'000	Discontinued operations R'000	Accumulated profit (restated) R'000	Total equity and reserves R'000
GROUP						
Balance at 31 March 2011		54 282	12 918	1 486	374 861	443 547
Other comprehensive income		-	8 712	-	-	8 712
Discontinued operations	9	-	-	(1 489)	1 489	-
Net profit for the year as restated		-	(6 920)	-	34 139	27 219
Balance at 31 March 2012 as restated		54 282	14 710	(3)	410 489	479 478
Other comprehensive income		-	15 721	-	-	15 721
Discontinued operations	9	-	-	1 023	(1 023)	-
Net profit for the year		-	-	-	31 158	31 158
Balance at 31 March 2013		**54 282**	**30 431**	**1 020**	**440 624**	**526 357**
SABS						
Balance at 31 March 2011		54 282	12 918	-	368 919	436 119
Other comprehensive income		-	8 712	-	-	8 712
Net profit for the year as restated		-	(6 920)	-	20 105	13 185
Balance at 31 March 2012 restated		54 282	14 710	-	389 024	458 016
Other comprehensive income		-	15 721	-	-	15 721
Net profit for the year		-	-	-	10 490	10 490
Balance at 31 March 2013		**54 282**	**30 431**	**-**	**399 514**	**484 227**

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2013

		GROUP		SABS	
	Notes	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Cash inflow from operating activities		**51 997**	67 128	**47 990**	28 048
Cash received from customers		**642 140**	587 848	**331 648**	324 113
Cash paid to suppliers and employees		**(614 667)**	(537 800)	**(308 219)**	(313 152)
Cash generated from operations	26.1	**27 473**	50 048	**23 429**	10 961
Finance revenue	6	**25 370**	17 731	**25 369**	17 730
Finance cost	7	**(846)**	(651)	**(808)**	(643)
Cash outflow from investing activities		**(105 469)**	(62 087)	**(62 975)**	(38 705)
Purchase of property, plant and equipment	10	**(60 329)**	(78 392)	**(28 196)**	(56 511)
Transfer of property, plant and equipment to subsidiary	10	**-**	-	**1 428**	1 501
Purchase of intangible assets	12	**(9 393)**	-	**(90)**	-
Proceeds on disposal of property, plant and equipment	26.2	**370**	75	**-**	75
Purchase of available-for-sale investments	14	**(36 117)**	(5 912)	**(36 117)**	(5 912)
Disposal of available-for-sale investments	14	**-**	22 142	**-**	22 142
Cash inflow from financing activities		**65 499**	66 823	**27 025**	82 518
Repayment of interest-bearing borrowings		**-**	(14 914)	**-**	(9)
Core funding received for infrastructure project	29.6	**42 106**	81 737	**42 106**	81 737
Funding for government-specific projects	29.6	**23 393**	-	**-**	-
Net decrease in loans to group companies		**-**	-	**-**	790
Repayment of loans to group companies		**-**	-	**(15 081)**	-
Increase in cash and cash equivalents		**12 027**	71 864	**12 040**	71 861
Cash and cash equivalents at beginning of year		**262 311**	190 447	**262 216**	190 355
Cash and cash equivalents at end of year	19	**274 338**	262 311	**274 256**	262 216

FOR THE YEAR ENDED 31 MARCH 2013

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these annual financial statements are set out below. The accounting policies have been applied consistently in dealing with items that are considered material to the consolidated and stand-alone entity financial statements.

1.1 Basis of preparation

The consolidated and stand-alone entity annual financial statements have been prepared in accordance with the PFMA and the 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 annual financial statements are prepared on the going concern basis.

The preparation of annual financial statements in conformity with South African Statements of Generally Accepted Accounting Practice requires 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 on-going 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.

Significant areas of estimation uncertainty include:

- useful economic lives of assets
  Property, plant and equipment is depreciated on a straight line basis over its useful economic life. Intangible assets are amortised on a straight-line basis over the estimated useful life of the asset. Management reviews the appropriateness of useful economic life at least annually and any changes that could affect prospective depreciation/amortisation rates and asset carrying values. Estimates and judgements in this regard are based on historical experience and expectations of the manner in which assets are to be used, together with expected proceeds likely to be realised when assets are disposed of at the end of their useful lives. Such expectations could change over time and therefore impact both depreciation charges and carrying values of tangible and intangible assets in the future
- impairment of assets
  Assets are tested for impairment annually, or more frequently if there is an indicator of impairment. Tangible assets and finite life intangible assets are tested when there is an indicator of impairment. The calculation of the recoverable amount requires the use of estimates and assumptions concerning the future cash flows which are inherently uncertain and could change over time. In addition, changes in economic factors, such as discount rates, could also impact this calculation
- retirement benefits
  The expected costs of providing post-employment benefits under defined benefit arrangements relating to employee service during the period are determined based on financial actuarial assumptions. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.2 Basis of consolidation

Subsidiaries

Subsidiaries are those entities in which the Group, directly or indirectly, has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights 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 acquisition 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 at which control ceases. All inter-company transactions, balances, resulting unrealised gains and losses on transactions between Group entities have been eliminated. Accounting policies have been applied consistently by Group entities.

1.3 Foreign currency transactions

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 reporting date for selected currencies:

	2013	2012
Euro	**11,83**	10,26
Pound sterling	**14,04**	12,27
US dollar	**9,24**	7,71
Swiss franc	**9,72**	-

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 analysed 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 on non-monetary items, such as equities classified as available-for-sale financial assets, are included in other comprehensive income in equity.

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 foreign currency translation 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 replacement cost and the amount recoverable from the sale or use of the asset.

FOR THE YEAR ENDED 31 MARCH 2013

1.4 Property, plant and equipment

Property, plant and equipment is recognised when it is probable that future economic benefits will flow to the entity and the cost can be measured reliably. Spare parts and stand-by equipment are recognised when they qualify as property, plant and equipment. Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment includes all directly attributable 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 if the cost can be measured reliably and it is probable that future economic benefits associated with the item will flow to the Group. 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. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise when a major inspection is performed, the cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance expenditure is recognised as an expense in the year it is incurred.

Land and artwork 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:

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

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted (where required) annually. 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 then 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 sale proceeds and the carrying amount of the asset and is included in operating profit.

Items or part of an item of property, plant and equipment are derecognised at the earlier date of either 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.

1.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets during the period of time that is required to complete and prepare the asset for its intended use. The amount of borrowing costs that the Group capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period. All other borrowing costs are expensed in the period in which they are incurred.

1.6 Investment properties

Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the property will flow to the entity, and the cost of the property can be reliably measured. Investment properties comprise real estate held for earning rental income or for capital appreciation or both. This does not include real estate held for the supply of services or for administrative purposes.

Investment properties are initially recorded at 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 life of each part of an item of investment property from when it is available to operate as intended by management. The estimated useful life of investment properties is 30 years.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The differences between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition

1.7 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 meets the criteria for recognition, namely reliable measurement and probable future economic benefits of 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 life of computer software is between three and five years. Intangible assets are derecognised on disposal or when no future economic benefits are expected from its use or disposal.

The residual values, amortisation methods and amortisation periods are assessed annually. Intangible assets with an indefinite useful life are tested for impairment at each reporting date. Such intangible assets are not amortised.

1.8 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. The asset or disposal group must be available for immediate sale in its present condition and the sale should be highly probable, with an active program to find a buyer. 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.

Property, plant and equipment, investment properties and intangible assets that are classified as held for sale are not depreciated or amortised.

1.9 Financial instruments

Financial assets and liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at fair value. All other financial instruments are initially measured at fair value plus transaction costs. '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 classified as loans and receivables are subsequently measured at amortised cost using the effective interest rate method less provision for impairment. At each reporting 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 and recognises the impairment in profit and loss.

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 apart from those that meet the definition of loans and receivables 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. Fair value gains and losses on available-for-sale investments are recognised directly in other comprehensive income with the associated deferred taxation, until the investment is disposed of or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the income statement for the period.
- 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 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 reporting date. Equity securities for which fair values cannot 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.

Cash on hand is initially recognised at fair value and subsequently measured at fair value. Deposits are carried at amortised cost. Due to the short-term nature the amortised cost normally approximates its fair value.

Interest bearing borrowings

Borrowings are recognised initially at the fair value of proceeds received, net of transaction costs incurred, when the Group 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.

Offset

Financial assets and liabilities are offset and the net amount reported in the statement of financial position 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
- 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.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. 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 when 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 the income statement, are assessed for indicators of impairment at each reporting 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 profit or loss. Impairment losses recognised in the profit or loss for equity investments classified as available-for-sale are not subsequently reversed through the profit or loss. Impairment losses recognised in the profit or loss for debt instruments classified as available-for-sale, are subsequently reversed through the profit or loss if the increase in fair value can objectively be related to an event occurring after recognition of the impairment loss.

1.10 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.

1.11 Impairment of non-financial assets

At each reporting 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.

1.12 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 1 September 1998, who have ten years' membership to the designated medical aid schemes 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 reporting 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 asset, 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 were employed before 1 March 2008. They will receive additional leave days based on their respective years of service with the SABS. Specifically, SABS employees with six to 10 years' service, are awarded an additional three days leave for the rest of their employment and SABS employees with 10 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, losses and past service costs are recognised immediately.

Short-term employee benefits

Short-term employee benefits are those that are due to be settled within 12 months after the end of the period in which the services have been rendered. Remuneration of employees is charged to the income statement. An accrual is made for accumulated leave, incentive bonuses and other short-term employee benefits.

1.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation 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 can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

1.14 Leases

The Group as lessee

Leases in respect of which the Group bears substantially all the risks and rewards incidental to 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. If the Group does not have reasonable certainty that it will obtain ownership of the leased asset at the end of the lease term, the asset is depreciated over the shorter of its lease term and its useful life. 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. Finance charges are recognised in the income statement.

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 cannot 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, as well as lease incentives, are recognised in the income statement on a straight-line basis over the period of the lease.

The Group as 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.

1.15 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 the stage of completion. 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. 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.

1.16 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 reporting date. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

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

Deferred tax assets are reviewed at each reporting date and are recognised 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 benefits 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.

Expenses and assets are recognised net of the amount of sales tax, except:

- when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- when the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1.17 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. Where the grant relates to an asset, it is recognised as deferred income and released to income on a systematic basis over the expected useful life of the related asset.

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1.18 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is accounted for according to the nature of the expense and disclosed separately in the annual report. Measures are implemented to ensure that such expenditure does not re-occur and where possible the expenditure is recovered. Cases of a criminal nature are reported to the responsible authorities.

1.19 Related party transactions

The Group, in the ordinary course of business, entered into various sale and purchase transactions on an arm's length basis at market rates with related parties. The SABS is presumed to be related to all other government entities within the national sphere by virtue of its classification as a national public entity. Only transactions carried out within the ambit of the Department of Trade and Industry and transactions not carried out on an arm's length basis are disclosed. Key personnel are limited to the Board and the executives only.

1.20 Events after the reporting date

Recognised amounts in the financial statements are adjusted to reflect significant events arising after the reporting date, but before the financial statements are authorised for issue, provided there is evidence of conditions that existed at the reporting date. Events after the reporting date that are indicative of conditions that arose after the reporting date are dealt with by way of a note.

1.21 Comparative figures

Certain comparative figures have been reclassified, where required or necessary, in accordance with current period classifications and presentation. Refer to note 32 for prior period adjustments.

1.22 New accounting standards and interpretations

The SABS is categorised as a 3B public entity in terms of the Public Finance Management Act, which makes it a Government Business Enterprise (GBE). The reporting framework for GBE's is under consideration and IFRS, GRAP or any other reporting framework might be used instead. The IFRS amendments below are disclosed for information purposes only and would not necessarily have an impact on the financial statements of the Group. The following accounting standards, interpretations and amendments to published accounting standards are not yet effective and have not been adopted in the current year. The Group will review the effects of the standards on the financial statements, if any, and will consider adoption where appropriate.

- IAS 1 *Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*

  The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012, and will therefore be applied in the Group's first annual report after becoming effective.

- IAS 19 *Employee Benefits (Revised)*

  The IASB has issued numerous amendments to IAS 19. Among other changes are the immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, and modifying accounting for termination benefits. The amended standard will impact the net benefit expense but not the expected return on plan assets, as it is calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

- IAS 28 *Investments in Associates and Joint Ventures (as revised in 2011)*

  As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates has been renamed IAS 28 Investments in Associates and Joint Ventures. The standard describes the application of the equity method to investments in joint ventures in addition to associates and becomes effective for annual periods beginning on or after 1 January 2013.

- IAS 32 *Offsetting Financial Assets and Financial Liabilities — Amendments to IAS 32*
  These amendments clarify the meaning of 'currently has a legally enforceable right to set off'. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2014.

- IFRS 1 *Government Loans – Amendments to IFRS 1*
  These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment is effective for annual periods on or after 1 January 2013. The amendment has no impact on the Group.

- IFRS 7 *Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS 7*
  These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g. collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after 1 January 2013.

- IFRS 9 *Financial Instruments: Classification and Measurement*
  IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but amendments to the Mandatory Effective Date of IFRS 9 as well as Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. The IASB is addressing hedge accounting and impairment of financial assets in subsequent phases. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

- IFRS *10 Consolidated Financial Statements, IAS 27 Separate Financial Statements*
  IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group. This standard becomes effective for annual periods beginning on or after 1 January 2013.

- IFRS 11 *Joint Arrangements*
  IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

- IFRS 12 *Disclosure of Interests in Other Entities*
  IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on the Group's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

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- IFRS 13 *Fair Value Measurement*
  IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.

- IAS 27 *Separate Financial Statements (2011) – effective 1 January 2013*
  Amended version of IAS 27, now only deal with the requirements for separate financial statements, which have been carried over largely unamended from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements. The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments. The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.

Annual Improvements May 2012

These improvements will not have an impact on the Group, but include:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
  This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

- IAS 1 *Presentation of Financial Statements*
  This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period. These improvements are effective for annual periods beginning on or after 1 January 2013.

- IAS 16 *Property Plant and Equipment*
  This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. These improvements are effective for annual periods beginning on or after 1 January 2013.

- IAS 32 *Financial Instruments, Presentation*
  This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. These improvements are effective for annual periods beginning on or after 1 January 2013.

- IAS 34 *Interim Financial Reporting*
  The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures. These improvements are effective for annual periods beginning on or after 1 January 2013.

1.23 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as at 1 January 2012:

- IAS 12 *Income Taxes (Amendment) – Deferred Taxes: Recovery of Underlying Assets*
  The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16, should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after 1 January 2012 and has had no effect on the Group's financial position, performance or its disclosures.

	GROUP		SABS	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
2. REVENUE				
Revenue comprises income from services provided for the sales of standards, certification of products and systems as well as testing and inspection of products for compliance with standards.				
Revenue comprises:				
Investigations, tests and services	**218 706**	179 768	**-**	-
Product and system certification	**244 267**	202 434	**-**	-
Sale of standards	**21 945**	19 280	**19 551**	16 679
Services – group	**-**	-	**44 985**	63 343
	484 918	401 482	**64 536**	80 022
3. OTHER INCOME				
Includes:				
Deferred income in respect of government grants recognised during the year for plant and equipment	**6 846**	5 688	**4 067**	2 775
Dividends received	**4 375**	2 626	**4 375**	2 626
Foreign exchange gains	**254**	1 002	**8**	-
Profit on disposal of property, plant and equipment	**-**	48	**-**	69
Realised gains on available-for-sale investments	**-**	6 920	**-**	6 920
Rental income from investment property	**4 781**	3 483	**4 781**	3 483
Rentals in respect of operating leases (minimum lease payments)	**-**	-	**72 750**	63 402
Land and buildings	**-**	-	**37 892**	29 283
Equipment	**-**	-	**34 858**	34 119
Royalties received	**-**	-	**9 362**	7 862
4. EMPLOYEE BENEFIT EXPENDITURE				
Salaries and wages	**326 821**	284 866	**120 252**	108 153
Medical aid and other employment benefits	**21 502**	19 588	**6 723**	6 343
Pension contributions	**23 909**	21 624	**8 824**	8 028
Board emoluments (note 29.5)	**3 190**	2 992	**3 083**	2 873
	375 422	329 070	**138 882**	125 397
Post-employment healthcare benefits (note 22)	**7 338**	4 609	**5 252**	5 163
Long service leave benefits (note 22)	**4 684**	2 270	**1 422**	(351)
	387 444	335 949	**145 556**	130 209
5. OTHER EXPENDITURE				
Includes:				
Amortisation of intangible assets (note 12)	**3 597**	7 532	**3 353**	7 307
Auditors' remuneration				
- Audit fees – current year	**3 213**	1 998	**2 485**	1 438
Bad debts	**3 133**	2 775	**(80)**	221
- Bad debts written-off	**2 201**	2 233	**36**	284
- Bad debts recovered	**(110)**	(18)	**(110)**	(18)
- Impairment of receivables/(reversal of impairment)	**1 042**	560	**(6)**	(45)
Consumables	**20 615**	19 241	**1 247**	2 133
Depreciation on investment properties (note 11)	**431**	430	**6 931**	4 339
Direct operating expenses relating to investment properties that:				
- Generated rental income	**4 245**	3 333	**30 896**	32 449
- Did not generate rental income	**-**	-	**8 506**	8 466
Impairment of equity loan in subsidiary	**-**	-	**18 431**	7 943
Loss on disposal of property, plant and equipment	**685**	-	**57**	-

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	GROUP		SABS	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Municipal services	**29 323**	26 337	**28 363**	25 188
Realised foreign exchange losses	**1 395**	1 212	**543**	86
Rentals in respect of operating leases (minimum lease payments)	**13 204**	11 203	**25 304**	19 600
- Land and buildings	**9 807**	8 315	**8 180**	5 749
- Equipment	**3 397**	2 888	**17 124**	13 851

6. FINANCE REVENUE

	GROUP 2013 R'000	GROUP 2012 R'000	SABS 2013 R'000	SABS 2012 R'000
Bank balances	**990**	1 135	**989**	1 134
Money market investments and short-term deposits	**24 380**	16 596	**24 380**	16 596
	25 370	17 731	**25 369**	17 730

7. FINANCE COST

	GROUP 2013 R'000	GROUP 2012 R'000	SABS 2013 R'000	SABS 2012 R'000
Interest on banking facilities and Standard Bank loan (2012)	**42**	577	**4**	569
Interest on VAT	**730**	-	**730**	-
Impairment loss on available-for-sale investment (note 14)	**74**	74	**74**	74
	846	651	**808**	643

8. TAXATION

	GROUP 2013 R'000	GROUP 2012 R'000	SABS 2013 R'000	SABS 2012 R'000
Deferred taxation – current year	**(133)**	(1 616)	**-**	-
The charge for the year can be reconciled to the profit per the income statement as follows:				
Profit before taxation				
Continuing operations	**31 146**	34 016	**10 490**	20 105
Discontinuing operations	**(121)**	(1 493)	**-**	-
	31 025	32 523	**10 490**	20 105
Taxation at 28%	**8 687**	9 106	**2 937**	5 629
Non-taxable/non-deductible differences				
Exempt income and expenses	**(8 820)**	(10 722)	**(2 937)**	(5 629)
Taxation expense	**(133)**	(1 616)	**-**	-

Exempt income and expenses relate to the deferred income on government related grants and the expenditure incurred on earmarked projects.

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 benchmarked the regulatory systems with others globally 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 Department of Trade and Industry. The National Regulator for Compulsory Specifications Act and the new Standards Act, No 5 of 2008, were signed by the president in July 2008. The effective date was 1 September 2008.

Previously, the Regulatory Division, through the Global Conformity Services (GCS) Namibia (Pty) Ltd was the responsible inspection body for the European Union in Namibia. The split of the SABS into two entities was agreed with the Namibian authorities and the Namibian Standards Institute (NSI) took over the operations of GCS Namibia (Pty) Ltd. The activities of GCS Namibia (Pty) Ltd have been accounted for as a discontinued operation. Ministerial approval was granted to transfer the Walvis Bay immovable property and the movable assets in Namibia to the NSI. An agreement was entered into between SABS, SABS Commercial SOC Ltd, GCS Namibia (Pty) Ltd and the NSI in accordance with which the movables assets in Namibia were transferred to the NSI on 31 March 2010. The SABS has a property in Luderitz and permission was granted for the disposal of the property. SABS has sold the property and the transfer of the property is currently in progress.

	GROUP 2013 R'000	GROUP 2012 R'000	SABS 2013 R'000	SABS 2012 R'000
The results of the discontinued operations are as follows:				
Revenue	**-**	51	**-**	-
Expenses	**(121)**	(1 544)	**-**	-
Loss for the year from discontinued operations	**(121)**	(1 493)	**-**	-
Assets				
Trade receivables	**-**	31	**-**	-
Cash and cash equivalents	**23**	35	**-**	-
Assets of disposal group classified as held for sale	**23**	66	**-**	-
Liabilities			**-**	-
Trade and other payables	**85**	-	**-**	-
Intercompany loans	**62**	-	**-**	-
Taxation	**-**	69		
Liabilities of disposal group classified as held for sale	**147**	69	**-**	-
Net liabilities directly associated with assets classified as held for sale	**(124)**	(3)	**-**	-
Reserves	**(124)**	(3)	**-**	-
Reserve of disposal group classified as held for sale	**(124)**	(3)	**-**	-
The net cash flows incurred are as follows:				
Operating	**(1)**	(1 687)	**-**	-
Net cash inflow	**45**	35	**-**	-

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

	Total	Not past due nor impaired	Past due and not impaired			
			> 30 days	> 60 days	>90 days	>120 days
GROUP	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
2013	**-**	**-**	**-**	**-**	**-**	**-**
%	-	-	-	-	-	-
2012	31	-	10	-	-	21
%	-	-	-	-	-	-

SABS currently owns a house in Saldanha Bay that was acquired in 2003 and which was converted into an iron ore sampling and testing laboratory for the benefit of a single client. The client has however since opted to automate and perform its own sampling and testing in-house, thereby rendering the service and the property redundant. The Saldanha Bay property has been standing vacant. The Board has resolved that the Saldanha Bay property be disposed of by following an open tender process or applying alternative mechanisms to dispose of the property should no reasonable offer be received through the tender process. The book value of the property is R1,1 million.

	GROUP 2013 R'000	GROUP 2012 R'000	SABS 2013 R'000	SABS 2012 R'000
Assets				
Property, plant and equipment	**1 144**	-	**-**	-
Reserve of disposal group classified as held for sale	**1 144**	-	**-**	-

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10. PROPERTY, PLANT AND EQUIPMENT

GROUP 2013	Land R'000	Buildings R'000	Laboratory equipment R'000	Furniture and office equipment R'000	Vehicles R'000	Artwork R'000	Work in progress R'000	Total R'000
Opening carrying value	6 569	219 245	55 526	17 237	104	3	6 470	305 154
Cost	6 569	269 766	154 923	79 905	385	3	6 470	518 021
Accumulated depreciation	-	(50 521)	(99 397)	(62 668)	(281)	-	-	(212 867)
Additions	-	3 617	14 535	20 935	-	-	30 635	69 722
Work-in-progress transfers	-	2 638	8 640	2 063	-	-	(13 341)	-
Category transfers	(2 257)	1 864	194	196	-	3	-	-
Reclassification of intangible assets	-	-	-	(5 563)	-	-	(9 393)	(14 956)
Assets transferred to non-current held for sale	(151)	(993)	-	-	-	-	-	(1 144)
Work-in-progress expensed	-	-	-	-	-	-	(207)	(207)
Disposals	-	(64)	(591)	(400)	-	-	-	(1 055)
Depreciation	-	(9 145)	(12 251)	(9 987)	(48)	-	-	(31 431)
Closing carrying value	**4 161**	**217 162**	**66 053**	**24 481**	**56**	**6**	**14 164**	**326 083**
Cost	4 161	275 300	175 991	85 904	385	6	14 164	555 911
Accumulated depreciation	-	(58 138)	(109 938)	(61 423)	(329)	-	-	(229 828)

GROUP 2012	Land R'000	Buildings R'000	Laboratory equipment R'000	Furniture and office equipment R'000	Vehicles R'000	Artwork R'000	Work in progress R'000	Total R'000
Opening carrying value	6 569	60 784	57 363	16 800	155	3	112 151	253 825
Cost	6 569	104 955	145 569	71 786	385	3	112 151	441 418
Accumulated depreciation	-	(44 171)	(88 206)	(54 986)	(230)	-	-	(187 593)
Additions	-	1 699	9 207	5 978	-	-	61 508	78 392
Category transfers	-	459	(28)	(431)	-	-	-	-
Assets transferred to intangible assets	-	-	-	(979)	-	-	-	(979)
Work-in-progress transfers	-	162 653	727	3 754	-	-	(167 134)	-
Work-in-progress expensed	-	-	-	-	-	-	(55)	(55)
Disposals	-	-	(9)	(18)	-	-	-	(27)
Depreciation	-	(6 350)	(11 734)	(7 867)	(51)	-	-	(26 002)
Closing carrying value	**6 569**	**219 245**	**55 526**	**17 237**	**104**	**3**	**6 470**	**305 154**
Cost	6 569	269 766	154 923	79 905	385	3	6 470	518 021
Accumulated depreciation	-	(50 521)	(99 397)	(62 668)	(281)	-	-	(212 867)

SABS 2013	Land R'000	Buildings R'000	Laboratory equipment R'000	Furniture and office equipment R'000	Vehicles R'000	Artwork R'000	Work in progress R'000	Total R'000
Opening carrying value	5 333	21 972	2 807	11 309	12	-	1 326	42 759
Cost	5 333	40 703	18 732	67 030	82	-	1 326	133 206
Accumulated depreciation	-	(18 731)	(15 925)	(55 721)	(70)	-	-	(90 447)
Additions	-	2 944	-	14 803	-	-	10 539	28 286
Work-in-progress transfers	-	1 702	-	507	-	-	(2 209)	-
Category transfers	(2 082)	2 082	-	-	-	-	-	-
Work-in-progress transferred to investment properties	-	-	-	-	-	-	(377)	(377)
Assets transferred to subsidiary *	-	(1)	(447)	(980)	-	-	-	(1 428)
Reclassification of intangible assets	-	-	-	(1 931)	-	-	(90)	(2 021)
Disposals	-	(32)	(1)	(24)	-	-	-	(57)
Depreciation	-	(2 058)	(622)	(5 816)	(9)	-	-	(8 505)
Closing carrying value	**3 251**	**26 609**	**1 737**	**17 868**	**3**	**-**	**9 189**	**58 657**
Cost	3 251	43 490	10 602	69 502	82	-	9 189	136 116
Accumulated depreciation	-	(16 881)	(8 865)	(51 634)	(79)	-	-	(77 459)

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SABS 2012	Land R'000	Buildings R'000	Laboratory equipment R'000	Furniture and office equipment R'000	Vehicles R'000	Artwork R'000	Work in progress R'000	Total R'000
Opening carrying value	5 333	50 622	3 618	13 794	24	-	112 015	185 406
Cost	5 333	91 339	19 050	63 736	82	-	112 015	291 555
Accumulated depreciation	-	(40 717)	(15 432)	(49 942)	(58)	-	-	(106 149)
Additions	-	1 024	-	4 469	-	-	51 018	56 511
Work in progress expenses	-	-	-	-	-	-	(55)	(55)
Work in progress transfers	-	160 980	-	294	-	-	(161 274)	-
Assets transferred to subsidiary*	-	23	-	(1 146)	-	-	(378)	(1 501)
Reclassification of investment properties	-	(188 730)	-	-	-	-	-	(188 730)
Disposals	-	-	-	(6)	-	-	-	(6)
Depreciation	-	(1 947)	(811)	(6 096)	(12)	-	-	(8 866)
Closing carrying value	**5 333**	**21 972**	**2 807**	**11 309**	**12**	**-**	**1 326**	**42 759**
Cost	5 333	40 703	18 732	67 030	82	-	1 326	133 206
Accumulated depreciation	-	(18 731)	(15 925)	(55 721)	(70)	-	-	(90 447)

* Assets transferred to subsidiary is repaid through the intergroup loan account.

Work in progress for the Group includes an amount of R5,8 million for the IT infrastructure improvement project, laboratory testing equipment of R3,2 million and R2,8 million for the new laboratories.

Freehold land and buildings as well as significant components to the buildings are stated at cost less accumulated depreciation and accumulating impairments. 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.

There were no assets that were pledged as security and there are no contractual commitments.

A register of land and buildings is available for inspection at the registered office of each entity in the Group.

11. INVESTMENT PROPERTIES

	GROUP 2013 R'000	GROUP 2012 R'000	SABS 2013 R'000	SABS 2012 R'000
Opening carrying value	**10 466**	10 896	**195 287**	10 896
Cost	**13 667**	13 667	**226 329**	13 667
Accumulated depreciation	**(3 201)**	(2 771)	**(31 042)**	(2 771)
Work in progress transfers	**-**	-	**377**	-
Reclassification of buildings to investment properties	**-**	-	**-**	188 730
Depreciation	**(431)**	(430)	**(6 931)**	(4 339)
Closing carrying value	**10 035**	10 466	**188 733**	195 287
Cost	**13 667**	13 667	**229 342**	226 329
Accumulated depreciation	**(3 632)**	(3 201)	**(40 609)**	(31 042)

Investment properties and significant components thereof are stated at the costs thereof. At the reporting date, all the investment properties were assessed by independent valuers with a current market value of R23,1 million for the Group and R534,5 million for SABS (2012: management estimate of the fair value – R23,3 million for Group and R504,0 million for SABS).

Investment properties for SABS consist of:

- a property in East London, Cape Town, Durban, one building in Secunda and Netfa
- all the buildings on the Groenkloof Campus except for the administration building, Block A

Investment properties for the Group consist of:

- buildings N, R and Z, including the parking located on the Groenkloof Campus

All buildings situated on the Groenkloof Campus, as well as the properties in East London, were valued by Corporate Valuations based on the replacement value for insurances purposes.

Refer to note 32 on the reclassification of the investment properties.

12. INTANGIBLE ASSETS

	GROUP 2013 R'000	GROUP 2012 R'000	SABS 2013 R'000	SABS 2012 R'000
Computer software				
Opening carrying value	**3 292**	9 845	**2 538**	9 845
Cost	**29 413**	28 343	**28 343**	28 343
Accumulated amortisation	**(26 121)**	(18 498)	**(25 805)**	(18 498)
Work in progress transfers	**9 393**	-	**90**	-
Assets transferred from property, plant and equipment	**5 564**	979	**1 931**	-
Amortisation	**(3 597)**	(7 532)	**(3 353)**	(7 307)
Closing carrying value	**14 652**	3 292	**1 206**	2 538
Cost	**54 945**	29 413	**39 039**	28 343
Accumulated amortisation	**(40 293)**	(26 121)	**(37 833)**	(25 805)

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13. INVESTMENT IN SUBSIDIARIES

The entity's principal subsidiaries are:

NAME	OWNERSHIP %	SABS 2013 R'000	SABS 2012 R'000
SABS Commercial SOC Ltd	100%	**50 260**	31 829
Less: impairment of equity loan		**(50 259)**	(31 828)
		1	1
Equity loan			
Opening balance		**31 828**	23 885
Increase in equity loan from loans to group companies		**18 431**	7 943
Closing balance		**50 259**	31 828

The Group results and position comprise of SABS, SABS Commercial SOC Ltd and the GCS Namibia (Pty) Ltd. Separate financial statements are available for each subsidiary company.

The results of SABS Commercial SOC Ltd for the financial years can be summarised as follows:

	SABS 2013 R'000	SABS 2012 R'000
Revenue	**465 367**	384 803
Other income	**5 195**	24 848
Expenditure	**(468 300)**	(403 681)
Operating profit	**2 262**	5 970
Net finance cost	**(37)**	(8)
Taxation	**133**	1 616
Profit for the year	**2 358**	7 578

14. AVAILABLE-FOR-SALE INVESTMENTS

	GROUP 2013 R'000	GROUP 2012 R'000	SABS 2013 R'000	SABS 2012 R'000
Opening balance	**229 180**	239 786	**229 180**	239 786
Additions (net of costs)	**33 024**	2 869	**33 024**	2 869
Disposals	**-**	(22 142)	**-**	(22 142)
Gains on investments transferred to equity (refer to note 21)	**15 654**	8 741	**15 654**	8 741
Impairment of investment transferred to income statement	**(74)**	(74)	**(74)**	(74)
Non-current portion	**277 784**	229 180	**277 784**	229 180
Opening balance	**55 128**	52 114	**55 128**	52 114
Additions (net of costs)	**3 093**	3 043	**3 093**	3 043
Gains/(losses) on investments transferred to equity (refer to note 21)	**67**	(29)	**67**	(29)
Current portion	**58 288**	55 128	**58 288**	55 128
Available-for-sale investments comprises:				
Money market	**58 288**	55 201	**58 288**	55 201
Equities	**277 784**	229 107	**277 784**	229 107
	336 072	284 308	**336 072**	284 308

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 classifications. 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 other comprehensive income. 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 the income statement.

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.

During the year under review, R22 million of the proceeds from the Liberty investment were invested in a FNB five year fixed deposit account. No investments were disposed of during the year under review (2012: R6,9 million gain on the disposal of the Liberty investment).

The Pinnacle Point Group Limited (formerly Acc-Ross Holdings Limited) was placed under supervision on 28 July 2012 and business rescue proceedings commenced. On 2 January 2013, Pinnacle Point Group Limited went into final liquidation and no value is attached to the shares (2012: R73 926).

Impairment on available-for-sale financial investments
For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The Group evaluated, among other factors, historical share price movements and the duration or extent to which the fair value of an investment is less than its cost. Based on these criteria, the Group identified no impairment on the available-for-sale investments (2012: R73 927 on the Pinnacle Point Group Limited).

15. DEFERRED TAXATION

	GROUP		SABS	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Accelerated wear and tear for tax purposes on property, plant and equipment	**(9 459)**	(9 425)	**-**	-
Intangible assets	**(33)**	(31)	**-**	-
Assessed losses	**3 929**	6 565	**-**	-
Other deductible temporary differences	**28 428**	25 623	**-**	-
Employee related provisions	**17 883**	16 968	**-**	-
Doubtful debts allowance	**639**	419	**-**	-
Other	**9 906**	8 236	**-**	-
Deferred tax asset	**22 865**	22 732	**-**	-
The movement for the year in the Group's deferred tax positions was as follows:				
Opening balance	**22 732**	21 116	**-**	-
Temporary differences on property, plant and equipment	**(34)**	(1 487)	**-**	-
Temporary differences on intangible assets	**(2)**	(31)	**-**	-
Temporary differences on employee related provisions	**916**	617	**-**	-
Temporary differences on tax losses	**(2 636)**	(2 548)	**-**	-
Reversing temporary differences on other deductible temporary differences	**1 889**	5 065	**-**	-
Closing balance	**22 865**	22 732	**-**	-

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At the balance sheet date, the Group has unutilised tax losses of R14,0 million (2012: R23,4 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	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
16. INVENTORY				
Consumable stores	**1 118**	1 145	**1 118**	1 145
Obsolete stock written-off	**(26)**	(17)	**(26)**	(17)
	1 092	1 128	**1 092**	1 128

There were no inventories recognised as an expense during the year under review (2012: Nil)

	GROUP 2013 R'000	GROUP 2012 R'000	SABS 2013 R'000	SABS 2012 R'000
17. TRADE AND OTHER RECEIVABLES				
Trade receivables	**93 505**	58 672	**5 151**	2 328
Less: impairment of trade and other receivables	**(3 053)**	(2 011)	**(11)**	(17)
	90 452	56 661	**5 140**	2 311
Other receivables	**6 008**	3 624	**4 747**	3 326
Straightlining of operating leases	**496**	1 895	**80**	1 895
Deposits and payments in advance	**4 449**	52	**4 082**	-
Employee-related debtors	**1 063**	1 677	**585**	1 431
	96 460	60 285	**9 887**	5 637

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 8.5% (2012: 9%). No interest is charged on overdue accounts. The credit period is 30 days from date of invoice. The carrying amounts approximate their fair value. No individual customer represents more than 10% of the Group's trade receivables.

	GROUP 2013 R'000	GROUP 2012 R'000	SABS 2013 R'000	SABS 2012 R'000
Impairment of trade and other receivables:				
Opening balance	**(2 011)**	(1 451)	**(17)**	(62)
(Increase)/decrease in impairment provision	**(1 042)**	(560)	**6**	45
Closing balance	**(3 053)**	(2 011)	**(11)**	(17)

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

- all legal collections and avenues have been exhausted;
- customers are in liquidation;
- judgement have been awarded in favour of the Group;
- its uneconomical to initiate legal action or to continue legal pursuit;
- there are prescribed invoices; and
- liability to pursue foreign customer legally exists.

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

GROUP				PAST DUE			
2013		**Total**	**Not past due**	**> 30 days**	**> 60 days**	**>90 days**	**>120 days**
Carrying value	**(R'000)**	**96 460**	**42 919**	**28 706**	**12 139**	**4 647**	**8 049**
	%	**100%**	**44%**	**30%**	**13%**	**5%**	**8%**
Impairment	**(R'000)**	**3 053**	**220**	**1 161**	**277**	**1 120**	**275**
	%	**100%**	**7%**	**38%**	**9%**	**37%**	**9%**
2012							
Carrying value	(R'000)	60 285	32 835	19 767	3 649	722	3 312
	%	100%	54%	33%	6%	1%	5%
Impairment	(R'000)	2 011	304	678	207	42	780
	%	66%	10%	22%	7%	1%	26%
SABS							
2013							
Carrying value	**(R'000)**	**9 887**	**7 339**	**2 301**	**907**	**(106)**	**(554)**
	%	**100%**	**74%**	**23%**	**9%**	**(1%)**	**(6%)**
Impairment	**(R'000)**	**11**	**-**	**1**	**3**	**-**	**7**
	%	**100%**	**-**	**9%**	**27%**	**-**	**64%**
2012							
Carrying value	(R'000)	5 637	5 415	693	(100)	5	(376)
	%	100%	96%	12%	(2%)	-	(7%)
Impairment	(R'000)	17	-	1	1	-	15
	%	100%	-	6%	6%	-	88%

18. LOANS TO GROUP COMPANIES

	SABS 2013 R'000	SABS 2012 R'000
GCS Namibia (Pty) Ltd	**62**	-
SABS Commercial SOC Ltd	**-**	3 412
	62	3 412
Loans to SABS Commercial SOC Ltd		
Opening balance	**3 412**	12 260
Repayment of loan by SABS Commercial SOC Ltd	**(3 412)**	(8 848)
Closing balance	**-**	3 412

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 after tax earned by subsidiary is:

	SABS Profit 2013 R'000	SABS Profit 2012 R'000
SABS Commercial SOC Ltd	**2 358**	7 578

All loans to subsidiaries are interest free with no fixed payment date.

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19. CASH AND CASH EQUIVALENTS

	Group 2013 R'000	Group 2012 R'000	SABS 2013 R'000	SABS 2012 R'000
Cash and cash equivalents consist of cash on hand and actual bank balances and investments in money market instruments. Cash and cash equivalents comprise of the following:				
Bank balances	**26 358**	23 190	**26 341**	23 173
Short-term deposits	**181 668**	138 169	**181 668**	138 169
Money Market investments	**66 282**	100 909	**66 231**	100 859
Cash on hand	**30**	43	**16**	16
Net cash and cash equivalents used in cash flow statement	**274 338**	262 311	**274 256**	262 216

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

Short-term deposits are made for varying periods between one day and three months, depending on the immediate operational cash requirements of the Group, and earn interest over the respective short-term deposit dates. The funds are available on demand and there are no restrictions placed on the funds.

The Group has opted to not have access to any overdraft facilities. If the need arises to make use of overdraft facilities, the Group will get the necessary approvals.

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments.

The effective interest rate of money market instruments is 5,56% at 31 March 2013 (2012: 5,75%).

20. 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. No funds have been transferred to the reserve during the year, as it was not required.

	GROUP 2013 R'000	GROUP 2012 R'000	SABS 2013 R'000	SABS 2012 R'000
Opening balance	**54 282**	54 282	**54 282**	54 282
Amount transferred to general reserve	**-**	-	**-**	-
Closing balance	**54 282**	54 282	**54 282**	54 282

21. OTHER COMPONENTS OF EQUITY

	GROUP 2013 R'000	GROUP 2012 R'000	SABS 2013 R'000	SABS 2012 R'000
Available-for-sale reserve				
Opening balance	**14 710**	12 918	**14 710**	12 918
Movements during year	**15 721**	1 792	**15 721**	1 792
Gains on investments realised in income statement (refer to note 3)	**-**	(6 920)	**-**	(6 920)
Gains on available-for-sale investments	**15 721**	8 712	**15 721**	8 712
Closing balance	**30 431**	14 710	**30 431**	14 710

22. EMPLOYMENT BENEFIT OBLIGATIONS

GROUP	Opening balance R'000	Provision made/(re-leased) R'000	Benefits paid R'000	Closing balance R'000	Current portion R'000	Total non-current R'000
2013						
Post-employment healthcare benefit	76 757	7 338	(5 269)	78 826	5 288	73 538
Long service leave awards	24 486	4 684	(2 988)	26 182	2 324	23 858
	101 243	**12 022**	**(8 257)**	**105 008**	**7 612**	**97 396**
2012						
Post-employment healthcare benefit	77 358	4 609	(5 210)	76 757	5 184	71 573
Long service leave awards	24 985	2 270	(2 769)	24 486	2 192	22 294
	102 343	6 879	(7 979)	101 243	7 376	93 867
SABS						
2013						
Post-employment healthcare benefit	50 790	5 252	(4 735)	51 307	5 139	46 168
Long service leave awards	7 331	1 422	(953)	7 800	939	6 861
	58 121	**6 674**	**(5 688)**	**59 107**	**6 078**	**53 029**
2012						
Post-employment healthcare benefit	50 383	5 163	(4 756)	50 790	5 038	45 752
Long service leave awards	8 666	(351)	(984)	7 331	886	6 445
	59 049	4 812	(5 740)	58 121	5 924	52 197

Defined contribution plans

Retirement benefits are provided for through the SABS Retirement Fund to which the organisation and its employees contribute. This fund operates as a defined contribution fund and is administered in terms of the Pension Funds Act, 1956 (Act 24 of 1956), as amended.

Post-employment healthcare benefit obligation

This obligation arises as the SABS provides post-retirement medical assistance for current employees and pensioners of the SABS who are members of Bestmed or Discovery Medical Scheme and are entitled to receive a contribution subsidy from SABS. All employees employed by the SABS before 1 September 1998, who belonged to Bestmed or Discovery for at least 10 years and retired after the age of 60, are entitled to a post-retirement medical subsidy. There are no plan assets for this liability.

An amount of 75% of the Investment Solutions investment disclosed as part of available-for-sale investment portfolio (note 14), which amounts to R96,7 million (2012: R86,2 million), has been notionally allocated to the funding of this liability.

Valuations of these obligations are carried out annually by independent, qualified actuaries. The most recent valuation was done as at 31 March 2013.

Key assumptions used (expressed as weighted averages):

	2013	2012
Discount rate per annum	**7,80%**	8,50%
Salary inflation	**8,00%**	7,80%
Healthcare cost inflation	**6,00%**	5,80%
Net discount rate	**1,70%**	2,55%
Pre-retirement mortality	**SA85-90L for males and females**	SA85-90L for males and females
Post-retirement mortality	**PA (90)-1 for males and females plus 1% future mortality improvements from 2010**	PA (90)-1 for males and females plus 1% future mortality improvements from 2010
Expected retirement age - males and females	**60/65 years***	60/65 years*
Spouse and principal member age difference	**Male three years older than female**	Male three years older than female

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If an eligible employee is younger than age 56, employed before 1 September 1998 and not on a medical aid at the valuation date, it is assumed that the employee will join the medical aid before retirement and will receive the post-retirement healthcare benefit. These employees were included in the liability. At the reporting date, the Group had 449 pensioners and 183 actives while SABS had 404 pensioners and 48 actives entitled to the benefit.

* The assumed retirement age is 65 for all employees employed before 1 September 2000 and 60 for all employees employed after 1 September 2000. No allowance was made for early retirement.

The total outstanding liability amounts to R86,7 million per the valuation performed during March 2013 (2012: R79,2 million).

	GROUP		SABS	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Present value of funded obligations	**86 719**	79 202	**60 405**	58 692
Unrecognised actuarial losses	**(7 893)**	(2 445)	**(9 098)**	(7 902)
Total liability	**78 826**	76 757	**51 307**	50 790
The amount recognised in the income statement is determined as follows:				
Current service cost	**938**	875	**263**	335
Interest cost	**6 538**	6 621	**4 786**	5 020
Actuarial (losses)/gains recognised	**(138)**	(1 246)	**203**	43
Curtailments/settlements	**-**	(1 641)	**-**	(235)
	7 338	4 609	**5 252**	5 163
Present value of the obligation				
Opening balance	**79 202**	74 771	**58 692**	56 190
Current service cost	**938**	875	**263**	335
Interest cost	**6 538**	6 621	**4 786**	5 020
Curtailments/settlements	**-**	(1 641)	**-**	(235)
Actuarial gains	**5 310**	3 786	**1 399**	2 138
Benefits paid	**(5 269)**	(5 210)	**(4 735)**	(4 756)
Closing balance	**86 719**	79 202	**60 405**	58 692

Sensitivity analysis – post-employment healthcare benefit obligation.
Below are the effects on the central basis liability results when healthcare cost inflation is increased or decreased by 1% on:

		GROUP		SABS	
		Liability	Change in liability	Liability	Change in liability
Changes to medical inflation					
	+1%	97 624	12,6%	66 412	9,9%
	Central	86 719	-	60 405	-
	-1%	77 631	(10,5%)	55 233	(8,6%)
Changes to service cost					
	+1%	1 142	21,7%	319	21,3%
	Central	938	-	263	-
	-1%	777	(17,2%)	219	(16,7%)
Changes to interest cost					
	+1%	7 340	12,3%	5 262	9,9%
	Central	6 538	-	4 786	-
	-1%	5 865	(10,3%)	4 375	(8,6%)

Five year summary of post-employment healthcare benefit obligations are as follows:

	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000
Present value of obligation	86 719	79 202	74 771	72 782	73 465
Actuarial gains/(losses) *	5 310	3 786	(853)	(3 213)	2 275

* Net gains experienced on plan liabilities were R3,2 million (2012: R2,4 million).

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 10 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 or losses and past service costs are recognised immediately. There are no plan assets for this liability. At the reporting date, the Group and SABS had 488 and 155 employees entitled to the benefit respectively.

Key assumptions used (expressed as weighted averages):

	2013	2012
Discount rate per annum	**6,60%**	8,50%
Salary inflation	**8,00%**	7,80%
Net discount rate	**(1,30%)**	0,65%

The total outstanding liability amounts to R26,2 million per the valuation performed during March 2013 (2012: R24,5 million).

	GROUP		SABS	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Present value of funded obligations	**26 182**	24 486	**7 800**	7 331
Net liability in statement of financial position	**26 182**	24 486	**7 800**	7 331
The amount recognised in the income statement is determined as follows:				
Current service cost	**2 188**	2 236	**657**	793
Interest cost	**2 094**	2 121	**633**	737
Actuarial gains/(losses) recognised	**402**	17	**132**	(1 117)
Losses on curtailments and settlements	**-**	(2 104)	**-**	(764)
	4 684	2 270	**1 422**	(351)
Present value of the obligation				
Opening balance	**24 486**	24 985	**7 331**	8 666
Current service cost	**2 188**	2 236	**657**	793
Interest cost	**2 094**	2 121	**633**	737
Curtailment/settlement	**-**	(2 104)	**-**	(764)
Actuarial gains/(losses)	**402**	17	**132**	(1 117)
Benefits paid	**(2 988)**	(2 769)	**(953)**	(984)
Closing balance	**26 182**	24 486	**7 800**	7 331

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Sensitivity analysis – long service leave award obligation

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

		GROUP		SABS	
		Liability R'000	Change in liability %	Liability R'000	Change in liability %
Changes to salary inflation					
	+1%	27 986	6,9%	8 309	6,5%
	Central	26 182	-	7 800	-
	-1%	24 542	(6,3%)	7 336	(5,9%)
Changes to salary inflation on service cost					
	+1%	2 354	7,6%	705	7,3%
	Central	2 188	-	657	-
	-1%	2 037	(6,9%)	613	(6,7%)
Changes to salary inflation on interest cost					
	+1%	2 231	6,5%	672	6,2%
	Central	2 094	-	633	-
	-1%	1 970	(5,9%)	598	(5,5%)

Five year summary of long service leave awards are as follows:

	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000
Present value of obligation	26 182	24 486	24 985	19 612	20 941
Actuarial gains/(losses)*	402	17	3 176	(3 053)	(1 432)

* Net losses experienced on plan liabilities were R2,1 million (2012: R0,6 million).

23. DEFERRED INCOME

	GROUP		SABS	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Opening balance – plant and equipment	**247 541**	165 352	**237 347**	158 385
Recognised in other income (refer to note 3)	**(6 846)**	(5 688)	**(4 067)**	(2 775)
Grants received to be recognised in future accounting periods	**65 499**	87 877	**42 106**	81 737
Closing balance	**306 194**	247 541	**275 386**	237 347
Less: deferred grant income to be recognised in the following year:				
Plant and equipment	**(7 595)**	(8 315)	**(5 649)**	(5 434)
	298 599	239 226	**269 737**	231 913
Non-current portion	**298 599**	239 226	**269 737**	231 913
Current portion	**7 595**	8 315	**5 649**	5 434
	306 194	247 541	**275 386**	237 347

The funds are treated as deferred income over the useful life of the assets. All assets brought into use are kept in working condition and maintained regularly.

The useful life of the relevant assets are:

- Bio fuel – five years
- Acoustics – five years
- Netfa encapsulated sphere – five years
- GCS rabit automation – five years
- Laboratories – 30 years

24. TRADE AND OTHER PAYABLES

	GROUP		SABS	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Trade payables	**130 483**	107 258	**46 006**	35 536
Other payables	**11 277**	5 190	**4 354**	5 015
Salary deductions	**11 277**	5 015	**4 354**	5 015
Straightlining of operating leases	**-**	175	**-**	-
	141 760	112 448	**50 360**	40 551

The carrying amount of trade and other payables approximates their fair value. Trade payables are normally settled on average 45 days from invoice date and bear no interest.

25. VAT LIABILITY

	GROUP 2013	GROUP 2012	SABS 2013	SABS 2012
March 2013 VAT to be paid over to SARS	**3 298**	8 963	**886**	3 251

26. NOTES TO CASH FLOW STATEMENTS

26.1 Reconciliation of profit/(loss) before taxation and interest to cash generated from operations

	GROUP 2013	GROUP 2012	SABS 2013	SABS 2012
Profit/(loss) before interest and taxation from continuing operations	**6 622**	16 936	**(14 071)**	3 018
Loss before taxation from discontinued operations	**(121)**	(1 493)	**-**	-
Profit/(loss) before interest and taxation	**6 501**	15 443	**(14 071)**	3 018
Adjustments for :	**(30 992)**	(59 351)	**(7 842)**	(63 890)
Depreciation on property, plant and equipment	**31 431**	26 002	**8 505**	8 866
Depreciation on investment properties	**431**	430	**6 931**	4 339
Plant and equipment related government grants amortised	**(6 846)**	(5 688)	**(4 067)**	(2 775)
Amortisation of intangible assets	**3 597**	7 532	**3 353**	7 307
Loss/(profit) on disposal of property, plant and equipment	**685**	(48)	**57**	(69)
Realised gain on available-for-sale investment	**-**	(6 920)	**-**	(6 920)
Discontinued operations	**(1 023)**	1 489	**-**	-
Provision for employment benefit obligations	**12 022**	6 879	**6 674**	4 812
Employment benefits paid from provision	**(8 257)**	(7 979)	**(5 688)**	(5 740)
Non-current asset held for sale	**1 144**	-	**-**	-
Increase in impairment of loan in subsidiary	**-**	-	**18 431**	7 943
Increase/(decrease) in impairment of trade receivables	**1 042**	560	**(6)**	(45)
Expense transferred out of work-in-progress	**207**	55	**-**	55
Impairment of investment	**74**	74	**74**	74
Core funding for infrastructure project	**(42 106)**	(81 737)	**(42 106)**	(81 737)
Funding for government specific projects	**(23 393)**	-	**-**	-
Operating cash flows before working capital changes	**(24 491)**	(43 908)	**(21 913)**	(60 872)
Changes in working capital	**51 964**	93 956	**45 342**	71 833
Decrease in inventory	**36**	396	**36**	396
(Increase)/decrease in trade and other receivables	**(37 218)**	(6 189)	**(4 244)**	5 170
Increase in asset related government grants	**65 499**	87 654	**42 106**	81 514
Increase/(decrease) in trade and other payables	**29 312**	14 409	**9 809**	(15 281)
(Decrease)/increase in VAT liability	**(5 665)**	(2 314)	**(2 365)**	34
Cash generated from operations	**27 473**	50 048	**23 429**	10 961

26.2 Proceeds on disposal of property, plant and equipment

	GROUP		SABS	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Carrying value of disposals	**1 055**	27	**57**	6
Net (loss)/profit on disposal	**(685)**	48	**(57)**	69
	370	75	**-**	75

27. COMMITMENTS

	GROUP		SABS	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Capital commitments				
Commitments for the acquisition of property, plant and equipment:				
Contracted	**33 749**	14 847	**11 561**	7 598
Capital projects approved in respect of which orders will be placed	**185 408**	163 302	**131 756**	128 130
Capital commitments are funded through internally generated funds and grants received specifically and exclusively for that purpose				
Operating lease commitments – the group as lessee				
The future minimum payments payable under non-cancellable operating leases are as follows:				
Buildings	**3 919**	3 996	**-**	-
Up to one year	**1 118**	1 151	**-**	-
One to five years	**2 801**	2 845	**-**	-

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 6.75% (2012: 8%).

	GROUP 2013 R'000	GROUP 2012 R'000	SABS 2013 R'000	SABS 2012 R'000
Other equipment	**2 608**	2 839	**2 150**	1 117
Up to one year	**1 004**	971	**992**	250
One to five years	**1 604**	1 868	**1 158**	867
Total	**6 527**	6 835	**2 150**	1 117

28. FINANCIAL RISK MANAGEMENT

28.1 Foreign currency risk management

Foreign currency exposures arise from the sale and purchase of standards from overseas clients and purchase of capital equipment, consumables and airfare costs. The Group may 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 2013 (2012: none).

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	
	2013 Foreign amount R'000	2012 Foreign amount R'000
Foreign currency		
Great Britain – pounds	**10**	-
United States – dollar	**13**	-
Institutions of the European Union – euro	**94**	-
Switzerland – franc	**26**	-

Foreign currency sensitivity

The impact of the Group's exposure to foreign currency is not material.

28.2 Interest rate risk management

The Group is exposed to interest rate risk as it places funds in the money market at floating interest rates. Interest rate risk is managed through effective cash management. The net interest income at 31 March 2013 was R24,6 million (2012: R17,1 million).

The exposure of financial assets to interest rate risk is as follows:

	2013			2012		
	Interest bearing financial assets	Non interest bearing financial assets		Interest bearing financial assets	Non interest bearing financial assets	
GROUP	Floating rate R'000	Other R'000	Total R'000	Floating rate R'000	Other R'000	Total R'000
Cash and cash equivalents	**274 338**	**-**	**274 338**	262 311	-	262 311
Trade and other receivables	**-**	**96 460**	**96 460**	-	60 285	60 285
Available-for-sale investments current portion	**58 288**	**-**	**58 288**	55 128	-	55 128
Financial asset exposure to interest rate risk	**332 626**	**96 460**	**429 086**	317 439	60 285	377 724
SABS						
Cash and cash equivalents	**274 256**	**-**	**274 256**	262 216	-	262 216
Trade and other receivables	**-**	**9 887**	**9 887**	-	5 637	5 637
Available-for-sale investments current portion	**58 288**	**-**	**58 288**	55 128	-	55 128
Financial asset exposure to interest rate risk	**332 544**	**9 887**	**342 431**	317 344	5 637	322 981

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The exposure of the financial liabilities to interest rate risk is as follows:

	2013			2012		
	Interest bearing financial assets	Non interest bearing financial assets		Interest bearing financial assets	Non interest bearing financial assets	
	Floating rate	Other	Total	Floating rate	Other	Total
GROUP	R'000	R'000	R'000	R'000	R'000	R'000
Trade and other payables	-	**141 760**	**141 760**	-	112 448	112 448
SABS						
Trade and other payables	-	**50 360**	**50 360**	-	40 551	40 551

28.3 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:

	Within 1 month R'000	1 - 3 months R'000	3 - 12 months R'000	1 - 5 years R'000	Total R'000
GROUP					
2013					
Financial assets					
Loans and receivables					
Trade and other receivables	96 460	-	-	-	96 460
Cash and cash equivalents	274 338	-	-	-	274 338
Available-for-sale investments					
Other financial assets	-	-	58 288	277 784	336 072
Financial liabilities					
Trade and other payables	66 483	75 277	-	-	141 760
2012					
Financial assets					
Loans and receivables					
Trade and other receivables	60 285	-	-	-	60 285
Cash and cash equivalents	262 311	-	-	-	262 311
Available-for-sale investments					
Other financial assets	-	-	55 128	229 180	284 308
Financial liabilities					
Financial liabilities amortised at cost					
Trade and other payables	58 270	60 649	-	-	118 919

	Within 1 month R'000	1 - 3 months R'000	3 - 12 months R'000	1 - 5 years R'000	Total R'000
SABS					
2013					
Financial assets					
Loans and receivables					
Trade and other receivables	9 887	-	-	-	9 887
Cash and cash equivalents	274 256	-	-	-	274 256
Available-for-sale investments					
Other financial assets	-	-	58 288	277 784	336 072
Financial liabilities					
Financial liabilities amortised at cost					
Trade and other payables	9 302	41 058	-	-	50 360
2012					
Financial assets					
Loans and receivables					
Trade and other receivables	5 637	-	-	-	5 637
Cash and cash equivalents	262 216	-	-	-	262 216
Available-for-sale investments					
Other financial assets	-	-	55 128	229 180	284 308
Financial liabilities					
Financial liabilities amortised at cost					
Trade and other payables	20 242	21 068	-	-	41 310

28.4 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. Credit quality of a customer is assessed based on a credit assessment report and individual credit limits are based upon the financial history of the customer as provided in these reports and any previous financial data held by the company. Customers with any relevant adverse financial history are not afforded a credit facility and need to pay on a cash only basis.

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.

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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 2013, the Group did not consider there to be any significant concentration of credit risk which had not been insured or adequately provided for.

The maximum exposure to credit risk is as follows:

	GROUP		SABS	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Cash and cash equivalents	**274 338**	262 311	**274 256**	262 216
Trade and other receivables	**96 460**	60 285	**9 887**	5 637
	370 798	322 596	**284 143**	267 853

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

	GROUP		SABS	
	2013 %	2012 %	2013 %	2012 %
South Africa	**91,0**	92,0	**100**	100
Other	**9,0**	8,0	**-**	-
Total	**100**	100	**100**	100

28.5 Equity price risk

SABS buying shares are invested per the approved investment policy of the Group. The approved investment managers report to the Investment Committee of the Board on a quarterly basis on the performance of the stakes. The Group's Investment Committee approved the choice of investment managers who are given a specific mandate.

28.6 Fair value of financial instruments

The comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financials is set out below:

	Carrying amount		Estimated fair value	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
GROUP				
Financial assets				
Trade and other receivables	**96 460**	60 285	**96 460**	60 285
Available-for-sale investments	**336 072**	284 308	**336 072**	284 308
Cash and short-term deposits	**274 338**	262 311	**274 338**	262 311
	706 870	606 904	**706 870**	606 904
Financial liabilities				
Trade and other payables	**141 760**	112 448	**141 760**	112 448

	Carrying amount		Estimated fair value	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
SABS				
Financial assets				
Trade and other receivables	**9 887**	5 637	**9 887**	5 637
Available-for-sale investments	**336 072**	284 308	**336 072**	284 308
Cash and short-term deposits	**274 256**	262 216	**274 256**	262 216
	620 215	552 161	**620 215**	552 161
Financial liabilities				
Trade and other payables	**50 360**	40 551	**50 360**	40 551

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 2013, the carrying amounts of cash and short-term deposits, trade receivables, investments, trade payables 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 organised 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
Interest-bearing debt is measured at amortised cost using the effective interest rate method. The carrying amounts of interest-bearing debt approximate their fair values.

Available-for-sale financial assets
For financial assets which are traded on an active market, such as listed investments, fair value is determined by reference to market value. For non-traded financial liabilities, fair value is calculated using discounted cash flows, considered to be reasonable and consistent with those that would be used by a market participant, unless carrying value is considered to approximate fair value.

Fair value hierarchy
The Group used the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs that have a significant effect on the recorded fair value and are not based on observable market data

As at 31 March 2013, the Group held the following financial instruments measured at fair value:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
GROUP				
2013				
Available-for-sale financial assets – equities and bonds	336 072	-	-	336 072
2012				
Available-for-sale financial assets – equities and bonds	284 308	-	-	284 308

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	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
SABS				
2013				
Available-for-sale financial assets – equities and bonds	336 072	-	-	336 072
2012				
Available-for-sale financial assets – equities and bonds	284 308	-	-	284 308

There were no transfers between level 1 and level 2 in the year ended 31 March 2013 (2012: None).

28.7 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising shareholder value.

	GROUP		SABS	
	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Trade and other payables	**(141 760)**	(112 448)	**(50 360)**	(40 551)
Cash and cash equivalents	**274 338**	262 311	**274 256**	262 216
	132 578	149 863	**223 896**	221 665
Equity	**526 357**	479 478	**484 227**	458 016

The Group's cash reserves are sufficient to cover all debt.

29. RELATED PARTY DISCLOSURE

National Government and state controlled entities

The Group is controlled by the South African Bureau of Standards (incorporated in South Africa under section 2 of the Standards Act, 1945 which was superseded by the Standards Act, 1993 [Act 29 of 1993] and subsequently superseded by the Standards Act, 2008 [Act 8 of 2008]) which reports to the Department of Trade and Industry.

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 SOC Ltd	South Africa	Subsidiary
GCS Namibia (Pty) Ltd	Namibia	Subsidiary

The SABS is presumed to be related to all other government entities within the national sphere by virtue of its classification as a national public entity. However, only transactions carried out within the ambit of **the dti**, and transactions not carried out on normal terms, are disclosed.

The following transactions were carried out with related parties:

29.1 Purchases from related parties

	2013				2012			
	GROUP		SABS		GROUP		SABS	
	Purchases R'000	Balance outstanding R'000	Purchases R'000	Balance outstanding R'000	Purchases R'000	Balance outstanding R'000	Purchases R'000	Balance outstanding R'000
National Regulator for Compulsory Specifications	242	-	190	-	191	1	169	-
National Metrology Institute of South Africa	-	-	-	-	11	-	-	-
	242	-	190	-	202	1	169	-

29.2 Sales to related parties

	2013				2012			
	GROUP		SABS		GROUP		SABS	
	Sales R'000	Impairment of debt R'000	Bad debt written off R'000	Balance outstanding R'000	Sales R'000	Impairment of debt R'000	Bad debt written off R'000	Balance outstanding R'000
GROUP								
National Regulator for Compulsory Specifications	12 733	-	-	1 672	13 025	-	-	1 071
South African National Accreditations System	54	-	-	(2)	71	-	-	53
Department of Trade and Industry	-	-	-	-	7	-	-	-
	12 787	-	-	1 670	13 103	-	-	1 124
SABS								
SABS Commercial SOC Ltd	80 445	-	-	-	97 182	-	-	-
National Regulator for Compulsory Specifications	9 526	-	-	1 732	9 106	-	-	202
South African National Accreditations system	54	-	-	(2)	71	-	-	53
	90 025	-	-	1 730	106 359	-	-	255

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29.3 Loans receivable from related parties – SABS

	SABS 2013 R'000	SABS 2012 R'000
SABS Commercial SOC Ltd	-	3 412
GCS Namibia (Pty) Ltd	62	-
Net loan receivable from group companies	62	3 412

29.4 Other group transactions – income

	SABS 2013 R'000	SABS 2012 R'000
Royalties receivable	9 362	7 862
Rental of assets	-	321

29.5 Key management personnel compensation

The following emoluments were paid to the Board members:

BOARD 2013

GROUP	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
Executive						
B Mehlomakulu (CEO)	-	1 868	553	196	-	2 617
Non-executive						
C B Sibisi	158	-	-	-	-	158
T Demana	-	-	-	-	-	- [1]
W Poulton	75	-	-	-	-	75
B Mosako	115	-	-	-	-	115
M J Ellman	107	-	-	-	-	107
W K Masvikwa	110	-	-	-	-	110
M E Mkwanazi	4	-	-	-	-	4 [2]
J R Oliphant	4	-	-	-	-	4 [3]
	573	1 868	553	196	-	3 190

1. Treasury guideline – employees of national, provincial and local government or agencies and entities of government serving on boards of public entities are not entitled to additional remuneration.
2. Resigned 19 July 2012
3. Payment submitted 5 October 2011

SABS	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
Executive						
B Mehlomakulu (CEO)	-	1 868	553	196	-	2 617
Non-executive						
C B Sibisi	128	-	-	-	-	128
T Demana	-	-	-	-	-	- [1]
W Poulton	58	-	-	-	-	58
B Mosako	93	-	-	-	-	93
M J Ellman	91	-	-	-	-	91
W K Masvikwa	88	-	-	-	-	88
M E Mkwanazi	4	-	-	-	-	4 [2]
J R Oliphant	4	-	-	-	-	4 [3]
	466	1 868	553	196	-	3 083

1. Treasury guideline – employees of national, provincial and local government or agencies and entities of government serving on boards of public entities are not entitled to additional remuneration.
2. Resigned 19 July 2012
3. Payment submitted 5 October 2011

2012 GROUP	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
Executive						
B Mehlomakulu (CEO)	-	1 731	560	183	-	2 474
Non-executive						
C B Sibisi	102	-	-	-	-	102
T Demana	-	-	-	-	-	- [1]
W Poulton	79	-	-	-	-	79
B Mosako	95	-	-	-	-	95
M J Ellman	90	-	-	-	-	90
W K Masvikwa	83	-	-	-	-	83
M E Mkwanazi	68	-	-	-	-	68
J R Oliphant	1	-	-	-	-	1
	518	1 731	560	183	-	2 992

1. Treasury guideline – employees of national, provincial and local government or agencies and entities of government serving on boards of public entities are not entitled to additional remuneration.

2012 SABS	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
Executive						
B Mehlomakulu (CEO)	-	1 731	560	183	-	2 474
Non-executive						
C B Sibisi	80	-	-	-	-	80
T Demana	-	-	-	-	-	- [1]
W Poulton	57	-	-	-	-	57
B Mosako	79	-	-	-	-	79
M J Ellman	71	-	-	-	-	71
W K Masvikwa	61	-	-	-	-	61
M E Mkwanazi	50	-	-	-	-	50
J R Oliphant	1	-	-	-	-	1
	399	1 731	560	183	-	2 873

1. Treasury guideline – employees of national, provincial and local government or agencies and entities of government serving on boards of public entities are not entitled to additional remuneration.

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The following emoluments were paid to executives who report directly to the chief executive officer and other key management personnel:

SABS	Salary R'000	Bonus/ performance payments R'000	Retirement and medical fund R'000	Other R'000	Total R'000
2013					
Executive management					
E E Lefteris (CFO)	1 446	195	218	-	1 859
M Mathibe (Human Capital Development)	1 297	266	136	-	1 699
Dr S Bissoon (Standards)	1 210	237	230	53	1 730
W de Witt (Company Secretary)	804	146	125	-	1 075
B Mona (Senior Audit Manager)	865	146	91	18	1 120
	5 622	990	800	71	7 483
Subsidiary					
L S Ratlabala	1 584	309	-	-	1 893
F Makamo	245	-	-	27	272 [1]
H Williams	534	-	45	60	639 [2]
	7 985	1 299	845	158	10 287

1. Acting Executive: certification from 16 January 2013
2. Acting Executive: testing and inspection from 9 October 2012

SABS	Salary R'000	Bonus/ performance payments R'000	Retirement and medical fund R'000	Other R'000	Total R'000
2012					
Executive management					
T A Cooper (CFO)	608	268	60	7	943 [1]
E E Lefteris (Acting CFO)	901	-	134	-	1 035 [2]
B Amisi (Acting Standards)	233	142	40	20	435 [3]
G R Visser (Operational Excellence)	239	-	60	234	533 [4]
M Mathibe (Human Capital Development)	1 203	217	127	-	1 547
Dr S Bissoon (Standards)	764	-	146	-	910 [5]
Dr L Heyns (Operational Excellence)	929	-	-	-	929 [6]
W de Witt (Company Secretary)	678	130	119	-	927 [7]
B Mona (Senior Audit Manager)	809	125	86	-	1 020
	6 364	882	772	261	8 279
Subsidiary					
L S Ratlabala	1 514	106	-	-	1 620 [8]
	7 878	988	772	261	9 899

1. Resigned 16 August 2011
2. Contract started 25 July 2011
3. Acting ended 31 July 2011
4. Resigned 30 June 2011
5. Appointed 1 August 2011
6. Appointed 1 May 2011 and contract ended 31 January 2012
7. Appointed 1 May 2011
8. Contract ended 31 March 2011 and appointed 1 April 2011

29.6 Government grants

	GROUP 2013 R'000	GROUP 2012 R'000	SABS 2013 R'000	SABS 2012 R'000
Received from Department of Trade and Industry				
Government grants	**163 096**	159 207	**163 096**	139 755
Funding for infrastructure project	**42 106**	81 737	**42 106**	81 737
Funding for vehicle testing facility	**-**	6 140	**-**	-
	205 202	247 084	**205 202**	221 492
Received from Department of Communications				
- Funding for set top boxes project	**23 393**	-	**-**	-
	228 595	247 084	**205 202**	221 492

Infrastructure project funds have been earmarked specifically and exclusively for that purpose

30. CONTINGENT LIABILITIES

	GROUP 2013 R'000	GROUP 2012 R'000	SABS 2013 R'000	SABS 2012 R'000
Third parties in respect of services rendered [1]	**9 419**	3 618	**7 448**	588
Employees	**-**	50	**-**	-
	9 419	3 668	**7 448**	588

1 Litigations are partly due to alleged negligence in testing products and the remainder due to disputed interpretation of contract terms. The amount disclosed is the amount SABS estimates that would pay if the litigations were to end in favour of the other parties.

31. FRUITLESS AND WASTEFUL EXPENDITURE

The SABS is committed to using its funds in a responsible manner. Corrective action is taken where situations lead to fruitless and wasteful expenditure. During the year, the SABS incurred the following fruitless and wasteful expenditure:

Funds from customers were deposited into an employee's bank account through the issuing of fraudulent invoices to customers. The matter has been reported to the police and the employee in question has been dismissed. Action will be taken to recover the money. The SABS is considering the various avenues available, such as recovery from insurance or the pension fund benefits of the employee. A centralised billing section has been established under the control of finance in order to limit any future exposure. The total amount in question is R457 971 of which R260 847 relates to the current financial year. Interest on outstanding VAT payments amounting to R729 500 was accrued during the year under review for the Group as a result of the overstatement of input VAT on municipal accounts. The SABS has made a voluntary disclosure to the Receiver of Revenue and paid over the shortfall. Going forward, separate accounts will be used to account for the various municipal charges to ensure that VAT is accounted for correctly.

The Group incurred administration surcharge on one of its lease agreements amounting to R26 600 during the year under review. The stipulations in the lease agreement relating to payment terms was punitive and the terms have been changed. The amounts are not recoverable.

An expense of R11 211 has been incurred, relating to interest charged on delayed payments to municipal and telecommunication companies. The amount is not recoverable.

32. RESTATEMENT OF PRIOR YEAR RESULTS AND FINANCIAL POSITION

32.1 Reallocation of investment property and rental charges

The Group is renting office space to its subsidiary – SABS Commercial Soc. Ltd. All the buildings have been reclassified as investment properties and the rental income disclosed under other income. The impact of the reclassification is a decrease of R184,8 million on property, plant and equipment reclassified to investment properties, and a R29,3 million decrease on revenue reclassified to other income.

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32.2 Reclassification of intangible assets

The Group reclassified its software to intangible assets.

32.3 Reclassification of VAT liability

The VAT liability which was previously included in trade and other payables, was reclassified and shown under VAT liability in the statement of financial position.

32.4 Overstatement of input VAT on municipal charges

The input VAT on municipal charges for the last five years has been recalculated and corrected against the VAT and municipal expense account. The prior year's results and the opening retained earnings have been restated to account for this. The opening retained earnings decreased by R1,7 million and the profit for 2012 decreased by R0,8 million.

32.5 Impact of restatements on previously disclosed results and financial position

The effect of the above on the financial statements is as follows:

	GROUP	SABS
	2012 R'000	2012 R'000
Accumulated profit at the beginning of the year		
Balance as previously reported	376 560	370 618
Adjustments to opening accumulated profit		
Understatement of municipal charges due to overstatement of input VAT	(1 699)	(1 699)
Adjusted accumulated profit at the beginning of the year	374 861	368 919
Accumulated profit at the end of the year		
Balance as previously reported	412 981	391 516
Adjustments to opening accumulated profit	(1 699)	(1 699)
Understatement of municipal changes due to overstatement of input VAT	(793)	(793)
Closing balance restated	410 489	389 024

	GROUP			SABS		
	Previously reported R'000	Adjustment R'000	Restated results R'000	Previously reported R'000	Adjust-ment R'000	Restated results R'000
Income statements for 2012						
Revenue	401 482	-	401 482	109 305	(29 283)	80 022
Other income	33 297	-	33 297	69 883	29 283	99 166
Government grants	159 207	-	159 207	139 755	-	139 755
	593 986	-	593 986	318 943	-	318 943
Employee benefit expenditure	(335 949)	-	(335 949)	(130 209)	-	(130 209)
Depreciation	(26 227)	225	(26 002)	(12 775)	3 909	(8 866)
Contract services	(32 040)	-	(32 040)	(25 172)	-	(25 172)
Travel expenditure	(27 419)	-	(27 419)	(4 673)	-	(4 673)
Advertising expenditure	(17 355)	-	(17 355)	(12 555)	-	(12 555)
Repairs and maintenance expenditure	(10 744)	-	(10 744)	(6 843)	-	(6 843)
Consulting and technical fees	(17 981)	-	(17 981)	(8 951)	-	(8 951)
Other expenditure	(108 542)	(1 018)	(109 560)	(113 954)	(4 702)	(118 656)
Operating profit	17 729	(793)	16 936	3 811	(793)	3 018
Finance revenue	17 731	-	17 731	17 730	-	17 730
Finance cost	(651)	-	(651)	(643)	-	(643)
Net profit for the year before taxation	34 809	(793)	34 016	20 898	(793)	20 105
Taxation	1 616	-	1 616	-	-	-
Net profit for the year	36 425	(793)	35 632	20 898	(793)	20 105
Statements of financial position for 2012						
ASSETS						
Non-current assets	570 824	-	570 824	469 765	-	469 765
Property, plant and equipment	305 908	(754)	305 154	227 580	(184 821)	42 759
Investment properties	10 466	-	10 466	10 466	184 821	195 287
Intangible assets	2 538	754	3 292	2 538	-	2 538
Investment in subsidiaries	-	-	-	1	-	1
Available-for-sale investments	229 180	-	229 180	229 180	-	229 180
Deferred taxation	22 732	-	22 732	-	-	-
Current assets	378 852	-	378 852	327 521	-	327 521
Inventory	1 128	-	1 128	1 128	-	1 128
Trade and other receivables	60 285	-	60 285	5 637	-	5 637
Loans to group companies	-	-	-	3 412	-	3 412
Available-for-sale investments	55 128	-	55 128	55 128	-	55 128
Cash and cash equivalents	262 311	-	262 311	262 216	-	262 216
Assets of disposal group classified as held for sale	66	-	66	-	-	-
Total assets	949 742	-	949 742	797 286	-	797 286

FOR THE YEAR ENDED 31 MARCH 2013

	GROUP			SABS		
	Previously reported R'000	Adjustment R'000	Restated results R'000	Previously reported R'000	Adjust-ment R'000	Restated results R'000
EQUITY AND LIABILITIES						
Equity and reserves	481 970	(2 492)	479 478	460 508	(2 492)	458 016
General reserve	54 282	-	54 282	54 282	-	54 282
Other components of equity	14 710	-	14 710	14 710	-	14 710
Accumulated profit	412 981	(2 492)	410 489	391 516	(2 492)	389 024
Reserves of disposal group classified as held for sale	(3)	-	(3)	-	-	-
Non-current liabilities	333 093	-	333 093	284 110	-	284 110
Employment benefit obligations	93 867	-	93 867	52 197	-	52 197
Deferred income	239 226	-	239 226	231 913	-	231 913
Current liabilities	134 610	2 492	137 102	52 668	2 492	55 160
Deferred income	8 315	-	8 315	5 434	-	5 434
Trade and other payables	118 919	(6 471)	112 448	41 310	(759)	40 551
Employment benefit obligations	7 376	-	7 376	5 924	-	5 924
VAT liability	-	8 963	8 963	-	3 251	3 251
Liabilities of disposal group classified as held for sale	69	-	69	-	-	-
Total equity and liabilities	949 742	-	949 742	797 286	-	797 286

INTRODUCTION

OVERVIEW OF HR MATTERS AT THE PUBLIC ENTITY

Human Capital seeks to deliver a suite of services to the organisation that would drive and support business growth and impel the achievement of strategic objectives in the medium to long term. Whilst it is critical to have a people-focused approach, the Human Capital division is driven by key business priorities and requirements. It is on this premise that there is a level of flexibility built in to accommodate changing business priorities that may need to be steered from a Human Capital perspective.

This approach has created a foundation upon which Human Capital can continue to improve the internal processes, whilst giving direction on managing and sustaining organisation performance, development and talent strategies.

SET HR PRIORITIES FOR THE YEAR UNDER REVIEW AND THE IMPACT OF THESE PRIORITIES

The period under review saw the SABS continue to implement programmes that not only improve capacity and skills to meet current and future demand for standardisation services, but also look to improving the wellbeing of its employees.

DIVERSITY MANAGEMENT

A disability audit was conducted during the 2012/13 financial year in all SABS sites. The purpose of the audit was to evaluate all SABS-owned and leased buildings to identify existing gaps and challenges that relate to accessibility and reasonable accommodation of persons living with disabilities, as well as the recommendation of short and long term solutions towards improvement in this regard.

CHANGE MANAGEMENT PROGRAMME

Phase 1 of the Change Management programme was completed in the last quarter of 2011/12. The purpose of the process was to build organisation-wide change management capability. Phase 2 of the Change Management programme focused on discussion sessions, championed by the CEO, with the purpose of engaging employees in identifying and resolving operational day-to-day issues in the organisation. These sessions were profitable in terms of evaluating the impact of the major changes taking place organisation-wide and how these impact on employee morale and productivity.

EMPLOYEE TRAINING

In a continuous effort to achieve its strategic objectives, the SABS encourages and supports employee development. Our Human Capital strategy focuses on various leadership developmental interventions such as leadership development; technical skills and core skills interventions to create a high-performing and continuously learning organisation. Current programmes being implemented include the Da Vinci and Harvard Leadership Development programmes:

DA VINCI PROGRAMME

The programme was launched in June 2011. The programme consists of core modules and affords the organisation the opportunity to tailor-make 50% of the qualification according to SABS needs. Three levels were identified and a number of employees were enrolled in each of the programmes, namely Certificate, Masters and PhD. The first group from the Certificate level graduated in November 2012, two students graduated cum laude and two other students obtained top achiever awards.

Masters and PhD programme students are currently working on their SABS-relevant research papers with on-going support from mentors and coaches.

HARVARD LEADERSHIP DEVELOPMENT PROGRAMME

The Harvard Leadership Development Programme was launched in January 2013 and is currently underway. Harvard Business Institute offers on-line leadership development training to employees. The offering is aligned to the SABS leadership development framework and model. The first intake of 20 employees is scheduled to graduate in July 2013. The second intake will be enrolled in the second half of the 2013 calendar year and will be sourced from the talent pool.

EMPLOYMENT EQUITY

Progress made on the Employment Equity (EE) Plan reflects that overall targets for Black People and Women have been exceeded, whilst efforts are being made to close the gap on the representation of Persons with Disabilities; the target for Persons with Disabilities was missed by 1%.

The table below shows SABS Employment Equity numerical targets achieved 2012/2013.

Key Performance Indicator	Numerical Target 2012/13	Actual as at March 2013
Improved representation of designated group: Black	74%	75%
Improved representation of designated group: Women	44%	45%
Improved representation of designated group: Persons with disabilities	3%	2%

WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE.

A 3-year human resources plan was developed in 2012. The plan is being revised to take into consideration management's efforts to reduce employee costs.

EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

Performance management is a strategic management tool and is holistic in nature as it pervades every activity of the organisation. A balanced scorecard performance management system was implemented in 2010 and the requisite training was part of the implementation process. Due to challenges experienced with the system, refresher training has been taking place for the past two years on a need basis. Team performance was introduced in the past year on the executive level and this will be cascaded to executives' direct reports in the next financial year.

HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel costs by programme

Programme	Total expenditure for the entity (R)	Personnel expenditure (R)	Personnel expenditure as a % of total expenditure	Number of employees	Average cost per employee (R)
Test and Conformity Assessments	468 338 284	241 887 497	52%	759	318 692
National Standards Development	350 771 000	14 556 000	41%	330	441 079
Total	**819 109 284**	**387 443 497**	**47%**	**1 089**	**355 779**

The following tables: Personnel costs by salary band; Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme; and Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands are not relevant to the SABS as its payroll is not based on the requirements of these tables.

Employment and vacancies by programme, 31 March 2013

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Test and Conformity Assessments	948	737	22.26%	0
National Standards Development	426	352	17.37%	0
Total	**1 374**	**1 089**	**20.74%**	**0**

1374 includes permanent employees; temporary employees; students; and graduate trainees and vacant positions. Includes one executive who has been serving notice.

Employment and vacancies by salary bands, 31 March 2013

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Top management **P1++**	N/A			
Senior management **P1-P3**	7	5	28.57%	0
Professionally qualified and experienced specialists and mid-management **P4-P6**	101	75	25.74%	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents **P7-P12**	1 023	804	21.41%	0
Semi-skilled and discretionary decision making **P13-P15**	186	148	20.43%	0
Unskilled and defined decision making **P16+**	N/A			
Other (Contracts & Students)	57	57	0%	0

Employment and vacancies by critical occupation, 31 March 2013

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Senior management **P1-P3**	0	0	0%	0
Professionally qualified and experienced specialists and mid-management **P4-P6**	27	21	22.22%	0
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents **P7-P12**	316	260	17.27%	0
Semi-skilled and discretionary decision making **P13-P15**	97	69	28.87%	0
Total	**440**	**350**	**20.45%**	**0**

Critical positions were approved by EXCO in February 2013; however the talent management project to identify the critical positions was initiated in 2011.

The information in each case reflects the situation as at 31 March 2013. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

JOB EVALUATION

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in their organisation. In terms of the Regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled.

The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Job Evaluation, 1 April 2012 to 31 March 2013

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Semi-skilled and discretionary decision making **(P13-P15)**	148	1	1%	0	0%	0	0%
Skilled technicaland academically qualified workers, junior management, supervisors, foremen and superintendents **(P7-P12)**	804	35	4%	10	29%	0	0%
Professionally qualified and experienced specialists and mid-management **(P4-P6)**	75	15	20%	1	7%	0	0%
Senior management **(P1-P3)**	5	0	0%	0	0%	0	0%
Top management **(P1++)**	0	0	0%	0	0%	0	0%
Total	**1 032**	**51**	**5%**	**11**	**22%**	**0**	**0**

1032 excludes the 57 temporary positions – the company did not re-evaluate temporary positions.

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2012 to 31 March 2013

Beneficiaries	African	Asian	Coloured	White	Total
Female				1	1
Male				1	1
Total					2
Employees with a disability					**0**

Out of 11 upgraded positions – only two employees' salaries were adjusted.

The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Employees whose salary level exceed the grade determined by job evaluation, 1 April 2012 to 31 March 2013 (in terms of PSR 1.V.C.3)

Occupation	Number of posts	Job evaluation level	Remuneration level	Reason for deviation
Professionally qualified and experienced specialists and mid-management **P4-P6**	7	4	R 1 129 360	Historical issues /scarce & critical skills
	9	5	R 905 868	Historical issues /scarce & critical skills
	6	6	R 726 604	Historical issues /scarce & critical skills
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents **P7-P12**	27	7	R 582 814	Historical issues /scarce & critical skills
	14	8	R 467 480	Historical issues /scarce & critical skills
	18	9	R 374 969	Historical issues /scarce & critical skills
	49	10	R 300 765	Historical issues /scarce & critical skills
	11	11	R 254 309	Historical issues /scarce & critical skills
	5	12	R 215 029	Historical issues /scarce & critical skills
Semi-skilled and discretionary decision making **P13-P15**	7	13	R 181 815	Historical issues /scarce & critical skills
	4	14	R 153 732	Historical issues /scarce & critical skills
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2012/13				157
Percentage of total employment				14%

% calculated with 1089 which includes temporary employees

Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2012 to 31 March 2013 (in terms of PSR 1.V.C.3)

Beneficiaries	African	Asian	Coloured	White	Total
Female	23	3	3	29	58
Male	44	7	11	37	99
Total	**67**	**10**	**14**	**66**	**157**

Employees with a disability	**3**

Total Number of Employees whose salaries exceeded the grades determined by job evaluation in 2012/13	None

EMPLOYMENT CHANGES

Annual turnover rates by salary band for the period 1 April 2012 to 31 March 2013

Salary Band	Number of employees per band as on 1 April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Top management **P1++**	0	0	0	0
Senior management **P1-P3**	6	0	1	16.67%
Professionally qualified and experienced specialists and mid-management **P4-P6**	64	15	17	26.56%
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents **P7-P12**	785	103	109	13.89%
Semi-skilled and discretionary decision making **P13-P15**	160	28	39	24.38%
Unskilled and defined decision making **P16+**	0	0	0	0
Other (Contracts & Students)	26	29	17	65.38%
Total	**1 041**	**175**	**183**	**17.58%**

The table above is calculated based on total employee complement as at beginning of the financial year.

Annual turnover rates by critical occupation for the period 1 April 2012 to 31 March 2013

Occupation:	Number of employees per occupation as on 1 April 2012	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Technical and Operational Employees (Engagers)	301	49	58	19.27%
Total	**301**	**49**	**58**	**19.27%**

Critical positions were approved by EXCO in February 2013; however the talent management project to identify critical positions was initiated in 2011.

Reasons why staff are leaving the department

Termination Type	Number	% of total
Death	2	1.09%
Resignation	91	49.73%
Expiry of contract	54	29.51%
Dismissal – operational changes	0	0
Dismissal – misconduct	8	4.37%
Dismissal – inefficiency	0	0
Discharged due to ill-health	4	2.18%
Retirement	24	13.11%
Transfers to other Public Service Departments		
Other		
Total	**183**	**100%**
Total number of employees who left as a % of the total employment		**17.6%**

Promotions by critical occupation

Occupation	Employees as at 1 April 2012	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Technical and Operational Employees (Engagers)	301	5	1.66%	5	1.66%
Total	**301**	**5**	**1.66%**	**5**	**1.66%**

Critical positions were approved by EXCO in February 2013; however the talent management project to identify critical positions was initiated in 2011.

Promotions by salary band

Salary Band	Employees 1 April 2012	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Top management **P1++**	0	0	0%	0	0%
Senior management **P1-P3**	6	0	0%	0	0%
Professionally qualified and experienced specialists and mid-management **P4-P6**	64	3	4.69%	3	4.69%
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents **P7-P12**	785	20	2.55%	11	1.40%
Semi-skilled and discretionary decision making **P13-P15**	160	7	4.38%	1	0.63%
Unskilled and defined decision making **P16+**	0	0	0%	0	0%
Other (Contracts & Students)	26	0	0%	0	0%
Total	1 041	30	2.88%	15	1.44%

The table above is calculated based on total employee complement as at beginning of the financial year.

EMPLOYMENT EQUITY

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2013

Occupational categories (SASCO)	Male				Female				Total
	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	22	7	9	26	31	5	3	17	120
Professionals	27	5	9	31	32	1	2	15	122
Technicians and associate professionals	165	10	15	63	162	12	12	44	483
Clerks	28	1	1	8	61	5	4	35	143
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	4	1	0	0	0	0	0	0	5
Plant and machine operators and assemblers	97	0	1	2	25	1	1	1	128
Elementary occupations	28	0	0	0	2	1	0	0	31
Temporary Employees	9	0	0	26	10	2	1	9	57
Total	**380**	**24**	**35**	**156**	**323**	**27**	**23**	**121**	**1 089**
Employees with disabilities	5	0	1	4	4	0	0	9	23

A: African | C: Coloured | I: Indian | W: White
Included in the table above are temporary employees and employees with disabilities. This category was not included in the HR Tables of FY2012.

Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2013

Occupational Bands	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	0	0	0	0	0	0	0	0	0
Senior management	1	0	1	0	2	0	0	1	5
Professionally qualified and experienced specialists and mid-management	14	3	6	15	23	3	2	9	75
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	237	20	28	114	264	21	19	101	804
Semi-skilled and discretionary decision making	119	1	0	1	24	1	1	1	148
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Contract workers	9	0	0	26	10	2	1	9	57
Total	**380**	**24**	**35**	**156**	**323**	**27**	**23**	**121**	**1 089**

A: African | C: Coloured | I: Indian | W: White
Included in the table above are contract workers. This category was not included in the HR Tables of FY2012. Senior management refers to executives. This includes one executive who has been serving notice.

Recruitment for the period 1 April 2012 to 31 March 2013

Occupational Bands	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management **P1++**	0	0	0	0	0	0	0	0	0
Senior management **P1-P3**	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management **P4-P6**	2	1	0	2	7	2	0	1	15
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents **P7-P12**	46	0	4	9	37	3	2	2	103
Semi-skilled and discretionary decision making **P13-P15**	20	1	0	0	6	0	0	1	28
Unskilled and defined decision making **P16+**	0	0	0	0	0	0	0	0	0
Other (Temporary Employees & Students)	6	1	0	4	17	1	0	0	29
Total	**74**	**3**	**4**	**15**	**67**	**6**	**2**	**4**	**175**

Employees with disabilities	0	0	0	2	1	0	0	1	4

A: African | C: Coloured | I: Indian | W: White

Promotions for the period 1 April 2012 to 31 March 2013

Occupational Bands	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	1	2	0	0	0	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	7	0	0	0	12	0	0	1	20
Semi-skilled and discretionary decision making	3	0	0	0	3	0	1	0	7
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	**11**	**2**	**0**	**0**	**15**	**0**	**1**	**1**	**30**

Employees with disabilities	0	0	0	0	1	0	0	0	0

A: African | C: Coloured | I: Indian | W: White

Terminations for the period 1 April 2012 to 31 March 2013

Occupational Bands	Male				Female				Total
	A	C	I	W	A	C	I	W	
Top management	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	1	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	4	0	0	2	5	2	1	3	17
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	43	0	2	27	40	1	1	12	126
Semi-skilled and discretionary decision making	27	1	0	3	8	0	0	0	39
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	**74**	**1**	**2**	**33**	**53**	**3**	**2**	**15**	**183**

Employees with disabilities	0	0	0	0	0	0	0	0	0

A: African | C: Coloured | I: Indian | W: White

Disciplinary action for the period 1 April 2012 to 31 March 2013

	Male				Female				Total
	A	C	I	W	A	C	I	W	
Disciplinary action	9	0	1	5	2	1	0	1	19

A: African | C: Coloured | I: Indian | W: White

Skills development for the period 1 April 2012 to 31 March 2013

Occupational categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Legislators, senior officials and managers	10	1	3	6	21	1	2	11	55
Professionals	10	2	4	9	21	2	1	7	56
Technicians and associate professionals	110	10	10	28	103	10	10	21	302
Clerks	11	0	1	3	40	1	2	12	70
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	3	0	0	0	0	0	0	0	3
Plant and machine operators and assemblers	19	0	0	0	6	0	0	0	25
Elementary occupations	10	0	0	0	0	0	0	0	10
Total	**173**	**13**	**18**	**46**	**191**	**14**	**15**	**51**	**521**

Employees with disabilities								2	

PERFORMANCE REWARDS

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability, salary bands and critical occupation.

Performance Rewards by race, gender, and disability, 1 April 2012 to 31 March 2013

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R)	Average cost per employee
African	482	652	74%	11 034 633.55	22 893.43
Female	212	283	75%	4 825 675.50	22 762.62
Male	270	369	73%	6 208 958.05	22 996.14
Coloured	34	44	77%	1 067 469.59	31 396.16
Female	15	21	71%	412 256.55	27 483.77
Male	19	23	83%	655 213.04	34 484.90
Indian	46	60	77%	1 744 181.46	37 916.99
Female	16	23	70%	326 372.80	20 398.30
Male	30	37	81%	1 417 808.66	47 260.29
White	221	253	87%	9 379 059.76	42 439.18
Female	107	115	93%	4 055 128.45	37 898.40
Male	114	138	83%	5 323 931.31	46 701.15
Employees with a disability	19	22	86%	664 752.48	34 986.97
Total	**1 031**	**802**	**78%**	**23 890 096.84**	**29 788.15**

Bonuses for the year ended March 2013 will only be paid in August 2013.

Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2012 to 31 March 2013

	Beneficiary Profile			Cost		
Salary Bands	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Professionally qualified and experienced specialists and mid-management **P4-P6**	43	64	67%	4 847 641	112 736	1.25%
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents **P7-P12**	636	772	82%	16 435 077	25 841	4.24%
Semi-skilled and discretionary decision making **P13-P15**	117	138	85%	873 116	7 463	0.23%
Unskilled and defined decision making **P16+**	0	0	0%	0	0	0%
Short term Contracts & Students	0	51	0%	0	0	0%
Total	**796**	**1 025**	**78%**	**22 155 834**	**27 834**	**5.72%**

Performance Rewards by critical occupations, 1 April 2012 to 31 March 2013

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R)	Average cost per employee
Auditor	2	8	25%	39 795.00	19 897.50
Customer Relations Agent	10	14	71%	128 329.96	12 833.00
General Manager	4	7	57%	564 582.36	141 145.59
Group Manager	0	1	0%	–	–
Lab Manager	2	4	50%	156 574.48	78 287.24
Lab Supervisor	1	2	50%	16 685.33	16 685.33
Lab Technician	2	3	67%	20 706.89	10 353.45
Lead Auditor	19	31	61%	473 492.52	24 920.66
Manager	31	44	70%	2 240 750.40	72 282.27
Operator	39	69	57%	267 221.08	6 851.82
Personal Assistant	10	12	83%	183 041.74	18 304.17
Principal Auditor	7	9	78%	174 115.35	24 873.62
Principal Test Officer	10	12	83%	253 165.18	25 316.52
Quality Assurance Officer	1	1	100%	17 203.13	17 203.13
Sen. Test Officer	16	20	80%	329 394.19	20 587.14
Senior Billing Clerk	3	3	100%	44 177.54	14 725.85
Senior Lab Analyst	2	2	100%	15 978.73	7 989.37
Senior Maintenance Technician	1	1	100%	28 423.87	28 423.87
Senior Manager	3	8	38%	275 006.77	91 668.92
Senior Operator	2	2	100%	19 223.06	9 611.53
Senior Standards Writer	3	5	60%	59 465.85	19 821.95
Specialist	5	5	100%	456 389.56	91 277.91
Specialist Standards Writer	1	2	50%	61 775.89	61 775.89
Specialist: Enabler	1	1	100%	76 453.46	76 453.46
Standards Writer	15	23	65%	247 662.61	16 510.84
Supervisor: Enabler	2	2	100%	34 862.00	17 431.00
Technical Liaison Officer	1	1	100%	19 551.38	19 551.38
Technician: Enabler	5	5	100%	71 064.88	14 212.98
Test Officer	36	52	69%	523 567.01	14 543.53
Trade Policy Expert	0	1	0%	–	–
Grand Total	**234**	**350**	**67%**	**6 798 660.22**	**29 054.10**

Critical positions were approved by EXCO in February 2013, however the talent management project to identify critical positions was initiated in 2011.

Performance related rewards (cash bonus), by salary band, for Senior Management Service

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within band			
Band A **(P1)**	1	1	100%	552 587.99	552 587.99	0.14%
Band B **(P2)**	2	2	100%	504 375.00	252 187.50	0.13%
Band C **(P3)**	3	3	100%	677 300.16	225 766.72	0.17%
Total	**6**	**6**	**100%**	**1 734 263.15**	**289 043.86**	**0.45%**

P3 band included one non-executive appointed at executive level.

FOREIGN WORKERS

The tables below summarise the employment of foreign nationals in the department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

Foreign Workers, 1 April 2012 to 31 March 2013, by salary band

Salary Band	1 April 2012		31 March 2013		Change	
	Number	% of total	Number	% of total	Number	% change
Senior Management **P1–P3**	0		0	0	0	0
Professionally qualified and experienced specialist and mid Management **P4 –P6**	4	17.39%	5	27.78%	1	20.00%
Skilled technical and academically qualified workers, junior management, supervisors foreman and superintendents **P7 – P12**	18	78.26%	13	72.22%	-5	38.46%
Semi-skilled and discretionary decision making **P13– P15**	0	0	0	0	0	0
Other (Contracts & Students)	1	4.35%	0	0	-1	100%
Total	**23**	**100%**	**18**	**100%**	**-5**	**27.78%**

LEAVE UTILISATION FOR THE PERIOD 1 APRIL 2012 TO 31 MARCH 2013

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Sick leave, 1 April 2012 to 31 March 2013

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total mployee using sick leave	Average days per employee	Estimated Cost (R'000)
Top management **P1++**						
Senior management **P1-P3**	13	15.4%	3	0.4%	4.3	64 957
Professionally qualified and experienced specialists and mid-management **P4-P6**	317	4.7%	49	6.7%	6.5	1 040 583
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents **P7-P12**	3 630.75	7.2%	571	78.4%	6.4	3 976 463
Semi-skilled and discretionary decision making **P13-P15**	510	3.0%	89	12.4%	5.7	221 887
Unskilled and defined decision making **P16 +**	0	0%	0	0%	0	0
Contract workers	57.5	10.4%	16	2.2%	3.6	41 742
Total	**4 528.25**	**6.6%**	**728**	**100%**	**6.2**	**5 345 632**

The wage agreement concluded with trade unions in the Public Service Co-ordinating Bargaining Council (PSCBC) in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Annual Leave, 1 April 2012 to 31 March 2013

Salary Bands	Total days taken	Average per employee
Top management **P1++**	0	0
Senior management **P1-P3**	92	15.3
Professionally qualified and experienced specialists and mid-management **P4-P6**	1 409	17.8
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents **P7-P12**	16 680.83	19.8
Semi-skilled and discretionary decision making **P13-P15**	2 401.25	15
Unskilled and defined decision making **P16+**	0	0
Contracts and Students	193.5	6
Total	**20 776.58**	**18.6**

Capped leave, 1 April 2012 to 31 March 2013

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 March 2013
Top management **P1++**	0	0	0
Senior management **P1-P3**	10	10.00	0.80
Professionally qualified and experienced specialists and mid-management **P4-P6**	100	6.67	3.71
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents **P7-P12**	1 374.86	5.88	3.60
Semi-skilled and discretionary decision making **P13-P15**	231.08	5.14	2.12
Unskilled and defined decision making **P16 +**	0	0	0
Total	**1 715.94**	**5.82**	**3.30**

Leave pay-outs for the period 1 April 2012 to 31 March 2013

The following table summarises payments made to employees as a result of leave that was not taken.

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Capped leave pay-outs 2012/13	1 732 268	237	7 309
Leave pay-out on termination of service for 2011/12	3 715 452	200	18 577
Total	**5 447 720**	**437**	**12 467**

HIV AND AIDS & HEALTH PROMOTION PROGRAMMES

Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Two Occupational Health Nurses in the Clinic	HIV Education preventative measures to be taken and the Needle prick guide with prophylactic treatment

Details of Health Promotion and HIV and AIDS Programmes

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position		X	
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose	X		R60 000.00
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme	X		EAP Program by ICAS Service Provider
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent		X	
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed		X	
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures		X	
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved	X		1st Dec World Aids day event: HIV Tested: **229** Known Status: **11** New Infections: **7**
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators	X		

LABOUR RELATIONS

The following collective agreements were entered into with trade unions within the department.

Collective agreements, 1 April 2012 to 31 March 2013

Subject Matter	Date
N/A	N/A

INJURY ON DUTY

The following tables provide basic information on injury on duty.

Injury on duty, 1 April 2012 to 31 March 2013

Nature of injury on duty	Number	% of total
Required basic medical attention only	24	73%
Temporary Total Disablement	9	27%
Permanent Disablement	0	0%
Fatal	0	0%
Total	**33**	**100%**

MISCONDUCT

Misconduct and disciplinary hearings finalised, 1 April 2012 to 31 March 2013

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0%
Verbal warning	0	0%
Written warning	2	11%
Final written warning	8	42%
Suspended without pay	0	0%
Fine	0	0%
Demotion	0	0%
Dismissal	8	42%
Not guilty	1	5%
Case withdrawn	0	0%
Total	**19**	**100%**

Disciplinary hearings – 2010/11	None

Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Bringing the company's name into disrepute	3	16%
Negligence	3	16%
Theft and Fraud	6	31%
Other	7	37%
Total	**19**	**100%**

Grievances lodged for the period 1 April 2012 to 31 March 2013

	Number	% of Total
Number of grievances resolved	7	87.5%
Number of grievances not resolved	1	12.5%
Total number of grievances lodged	**8**	**100%**

Disputes lodged with Councils for the period 1 April 2012 to 31 March 2013

	Number	% of Total
Number of disputes upheld	6	75%
Number of disputes dismissed	2	25%
Total number of disputes lodged	**8**	**100%**

Strike actions for the period 1 April 2012 to 31 March 2013

Total number of person working days lost	2 513
Total cost (R) of working days lost	R2 012 257
Amount (R) recovered as a result of no work no pay	R 1 358 083

Precautionary suspensions for the period 1 April 2012 to 31 March 2013

Number of people suspended	9
Number of people whose suspension exceeded 30 days	3
Average number of days suspended	45
Cost (R) of suspensions	1 114 750

SKILLS DEVELOPMENT

This section highlights the efforts of the department with regard to skills development.

Training needs identified 1 April 2012 to 31 March 2013

Occupational Categories	Gender	Number of employees as at 1 April 2012	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	51	0	31	0	31
	Male	61	0	33	0	33
Professionals	Female	48	0	24	0	24
	Male	74	0	33	0	33
Technicians and associate professionals	Female	231	0	144	0	144
	Male	256	0	161	0	161
Clerks	Female	108	0	45	4	49
	Male	41	0	11	3	14
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	5	0	6	0	6
Plant and machine operators and assemblers	Female	27	0	13	0	13
	Male	107	0	39	0	39
Elementary occupations	Female	3	0	2	0	2
	Male	29	0	13	0	13
Sub Total	Female	468	0	259	4	263
	Male	573	0	296	3	299
Total		**1 041**	**0**	**555**	**7**	**562**

Occupational Categories	Gender	Number of employees as at 1 April 2012	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	51	0	35	0	35
	Male	61	0	20	0	20
Professionals	Female	48	0	31	0	31
	Male	74	0	25	0	25
Technicians and associate professionals	Female	231	0	144	0	144
	Male	256	0	158	0	158
Clerks	Female	108	0	55	0	55
	Male	41	0	15	0	15
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	5	0	3	0	0
Plant and machine operators and assemblers	Female	27	0	6	0	0
	Male	107	0	19	0	19
Elementary occupations	Female	3	0	0	0	0
	Male	29	0	10	0	10
Sub Total	Female	468	0	271	0	271
	Male	573	0	250	0	250
Total		**1 041**	**0**	**521**	**0**	**521**

GENERAL INFORMATION

REGISTERED NAME
South African Bureau of Standards

PHYSICAL ADDRESS
1 Dr Lategan Road
Groenkloof
Pretoria
0001

POSTAL ADDRESS
Private Bag X191
Pretoria
0001

TELEPHONE NUMBER/S
+27 12 428 7911

FAX NUMBER
+27 12 344 1568

EMAIL ADDRESS
info@sabs.co.za

WEBSITE ADDRESS
www.sabs.co.za

EXTERNAL AUDITORS
Auditor-General

BANKERS
ABSA Bank

COMPANY/ BOARD SECRETARY
Ms W De Witt

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