

SABS



**ANNUAL
REPORT**
2024/25

GIVING YOU THE QUALITY EDGE



GENERAL INFORMATION

SOUTH AFRICAN BUREAU OF STANDARDS

(Incorporated via an Act of Parliament and domiciled in the Republic of South Africa)

AND SABS COMMERCIAL SOC LIMITED (WHOLLY OWNED SUBSIDIARY)

Registration Number:

2000/013581/30

PHYSICAL ADDRESS

1 Dr Lategan Road
Groenkloof
Pretoria, 0001

POSTAL ADDRESS

Private Bag X191
Pretoria, 0001

CONTACT DETAILS

Telephone: +27 12 428 7911 or +27 86 127 7227
Email: info@sabs.co.za
Website: www.sabs.co.za

COMPANY SECRETARY

Mr Dawood Dada

Telephone: +27 12 428 6536
Email: Dawood.Dada@sabs.co.za

BANKER

ABSA
15 Troye Street
Johannesburg, 2001

AUDITORS

Auditor-General of South Africa
4 Davenry Street
Lynnwood Bridge Office Park
Lynnwood Manor
Pretoria, 0081

FEEDBACK

The SABS is committed to effecting further improvements to this report and would appreciate any constructive feedback.

Comments can be directed to the Head of Strategy, Stakeholder Relations and Media, Ms Itumeleng Mphahlele, at Itumeleng.Mphahlele@sabs.co.za, or submitted at 1 Dr Lategan Road, Groenkloof, Pretoria, 0001.

Graphic Design by Design Divas | www.designdivas.co.za

TABLE OF CONTENTS:

PART A: INTRODUCTION



1. About this Report	05
2. Minister's Foreword.....	07
3. Chairperson of the Board Statement.....	08
4. Auditor General's Report.....	12
5. Statement of Responsibility and Confirmation of Accuracy of the Annual Report.....	18

PART B: WHO WE ARE



6. Introduction.....	21
7. Company Overview	21
8. Legislative Mandate	22
9. Strategic Role in the Economy.....	22
10. Our History	23
11. Our Funding Model	24
12. Where We Operate	24
13. Our Service Offering	25
14. Operational Structure	26
15. Accounting Authority	27
16. Executive Committee	32
17. Our Stakeholders and Partnerships.....	33

PART C: HOW WE CREATE VALUE



18. Chief Executive Officer's Statement	37
19. Our Value Creation Model	39
20. Our Strategy	44

PART D: OUR OPERATING ENVIRONMENT



21. External Environment.....	47
22. Risk & Material Issues	49
23. Managing our Risks and Opportunities.....	50
24. Combined Assurance - Five Lines of Defence Framework	51

PART E: OUR OPERATING CONTEXT



25. Standards Division	53
26. Certification Division	55
27. Laboratory Services Division	57
28. Customer Partnering	59
29. Predetermined Objectives	60
• Performance Against Approved Strategic Objectives	
• Develop, Promote, and Increase the Use of Standards	
• Provide Integrated Conformity Assessment Services Solutions	
• Achieve and Maintain Financial Sustainability	
• Continuous Improvement in Internal Systems and Process	
• Creating and Maintaining a High-performance Culture	
30. Financial Performance	62
31. Six-year Performance Overview	68

PART F: OUR HUMAN CAPITAL



• Building Our Talent	71
• Learning and Development	71
• Creating a High-Performance Culture	71
• Staff Remuneration	72
• Transition Towards a High-Performance Culture	72
• Transformation.....	72
• Number of Employees	72
• Employee Relations	73
• Employee Wellness	73
• Occupational Safety	73

PART H: FINANCIAL INFORMATION



1. Directors' Report.....	94
2. Company Secretary Certification.....	97
3. Directors' Responsibilities and Approval.....	98
Annual financial statements	
4. Statement of Financial Position.....	100
5. Statement of Profit and Loss.....	101
6. Statement of Changes in Equity.....	102
7. Statement of Cash Flow.....	103
8. Accounting Policies.....	104
9. Notes to the Annual Financial Statements.....	119

PART G: GOVERNANCE



32. Governance Report	75
33. Governance Framework	76
34. Governance Structure	76
35. Role of the Board of Directors	77
36. Composition of the Accounting Authority	77
37. Audit and Risk Committee Report	81
38. Compliance with Legislation	85
39. Internal Audit	86
40. Fraud and Corruption	86
41. Minimising Conflict of Interest	87
42. Code of Conduct	87
43. Health, Safety, and Environmental Issues	88
44. Social Responsibility	90
45. B-BBEE Compliance Performance Information	91

REFERENCE INFORMATION



Abbreviations and Acronyms.....	162
---------------------------------	-----

PART A



INTRODUCTION

ABOUT THIS REPORT



The South African Bureau of Standards (SABS) Annual Report for the 2024/25 financial year provides a holistic overview of the organisation's strategic performance, governance, operational activities, risks, opportunities, and financial results for the period 1 April 2024 to 31 March 2025.

The report demonstrates how the organisation creates value over the short, medium, and long term in pursuit of its legislative mandate and strategic objectives.

The report is aligned with relevant legislative, regulatory, financial reporting and governance requirements, including:

- the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999);
- the Standards Act, 2008 (Act No. 8 of 2008);
- the Companies Act, 2008 (Act No. 71 of 2008);
- International Financial Reporting Standards (IFRS); and
- the King IV Report on Corporate Governance for South Africa.

The report reflects the organisation's commitment to transparency, accountability, ethical leadership, and integrated thinking. It outlines how the SABS utilises its strategic resources and relationships to deliver standardisation, conformity assessment, and quality assurance services that contribute to industrial development, economic competitiveness, consumer protection, and sustainable development.

The report is informed by matters considered material to the organisation's ability to create and sustain value. These material matters were identified through a structured assessment process incorporating strategic priorities, stakeholder expectations, operational performance, risks, opportunities, and the broader economic and regulatory environment.

The Board acknowledges its responsibility for ensuring

the integrity of the Annual Report and, in its opinion, the report fairly presents the organisation's performance, material impacts, and prospects.

SCOPE

This report covers the activities, performance, and outcomes of the SABS and its wholly owned subsidiary for the financial year ended 31 March 2025.

The report includes:

- governance structures;
- strategic and operational performance;
- financial performance;
- stakeholder engagements;
- human capital;
- sustainability considerations; and
- risk and assurance processes across all operational areas of the organisation.

The report reflects matters that significantly influence the organisation's ability to create value and fulfil its mandate. In determining report content, consideration was given to the interests and expectations of key stakeholders, including government, regulators, industry, customers, employees, technical committees, organised structures, and strategic partners.

DISCLOSURES AND ASSURANCE

The Board, supported by the Audit and Risk Committee, exercises oversight responsibility over the integrity of reporting, governance processes, risk management, internal controls, and assurance activities.

The organisation applies a combined assurance approach to optimise assurance coverage across strategic, operational, financial, compliance, and reporting processes. Assurance is obtained from management, specialist assurance functions, internal audit, external audit, accreditation bodies, and governance structures.

Management is responsible for maintaining effective systems of internal control and risk management to support the achievement of strategic objectives and ensure the reliability of financial and performance indicators.

The Internal Audit function provides independent assurance regarding the adequacy and effectiveness of governance, risk management, and internal control processes. The Auditor-General of South Africa independently audits the Annual Financial Statements and selected performance information.

All information contained in this report has been sourced from approved organisational records, governance structures, and operational reporting systems.

GOVERNING PRINCIPLES AND STANDARDS

This report has been prepared with reference to the following frameworks, legislation, standards, and governance principles:

- Public Finance Management Act, 1999;
- Standards Act, 2008;
- Companies Act, 2008;
- International Financial Reporting Standards (IFRS);
- King IV Report on Corporate Governance for South Africa;
- International Integrated Reporting Framework (<IR>);
- Applicable National Treasury guidelines; and
- Relevant internal governance policies and reporting frameworks.

FORWARD-LOOKING INFORMATION

This report contains forward-looking statements relating to the organisation's anticipated operational performance,

strategic priorities, financial sustainability, market conditions, and future initiatives.

These statements are based on management's current expectations, assumptions, forecasts, and available information at the reporting date. Actual outcomes may differ materially due to changes in the economic environment, regulatory developments, operational conditions, technological advancements, and other external factors beyond the organisation's control.

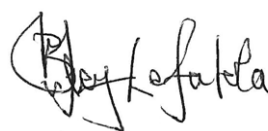
Forward-looking information contained in this report has not been audited and should therefore be interpreted with caution.

BOARD APPROVAL

The SABS Board acknowledges its responsibility for ensuring the integrity, completeness, and reliability of this Annual Report.

The Board is satisfied that the report fairly presents the strategic, operational, financial, and governance performance of the organisation for the year under review and adequately addresses the material matters that may reasonably influence the organisation's ability to create value over time.

The Board approved the Annual Report for publication on 31 August 2026.



Mr Blake Mosley-Lefatola
Chief Executive Officer
South African Bureau of Standards
31 August 2026



Professor Bismark Tyobeka
Chairperson of the Board
31 August 2026

MINISTER'S FOREWORD



I am pleased to table the Integrated Annual Report of the South African Bureau of Standards (SABS) for the 2024/25 financial year. This Report sets out SABS's performance, governance, human capital and financial information for the year ended 31 March 2025, and reflects the continued progress being made by the organisation in strengthening its foundations for the future.

During the year under review, SABS continued to deliver on its legislative mandate of developing, promoting and maintaining South African National Standards, and providing conformity assessment services that support the competitiveness of South African industry, protect consumers, and promote health and safety. SABS published 284 standards during the year, comprising 123 homegrown national standards and 161 adoptions of international standards, with 82% of standards published supporting **the dtic's** industrial priority sectors. This continued contribution underscores SABS's role as an enabler of government's industrialisation and localisation agenda.

The year was not without its challenges. The organisation experienced a cybersecurity disruption which required significant recovery investment, contributing to a net loss for the year. I have noted management's response to this incident and the steps being taken to strengthen SABS's information systems and business continuity arrangements, and I expect the Board and Executive to continue prioritising this work in the year ahead.

I am encouraged that, notwithstanding these pressures, SABS continued to grow its asset base and its permanent workforce, which increased to 719 employees compared to 672 in 2024. The SABS also continued to invest in young people through its Graduate Development Programme, which placed 56 graduates in the institution during the year, together with bursaries awarded to a further 10 external students. The substantial completion of the organisation's structure migration and placement process, through which



258 positions were filled and a further 317 candidates placed through the Corporate Pool, marks an important milestone in stabilising SABS's operating model following a period of organisational transition.

Focusing around **the dtic** Group's shared outcomes allows the diverse entities within our portfolio – including regulators, financiers and technical infrastructure institutions such as SABS – to pool capacity and collaborate in delivering for the people of South Africa. I look to SABS to continue strengthening its financial sustainability, service delivery, and role in supporting industrialisation, trade facilitation and quality infrastructure in the year ahead.

I thank the Board, led by Professor Bismark Tyobeka, the Acting Chief Executive Officer, Mr Blake Mosley-Lefatola, and the management and staff of SABS, for their continued commitment during a demanding year.

Mr Parks Tau, MP

Minister of Trade, Industry and Competition
31 August 2026



CHAIRPERSON OF THE BOARD STATEMENT



It is my privilege to present the South African Bureau of Standards (SABS) Annual Report for the year under review. This reporting period has been characterised by significant organisational challenges, but also by resilience, renewed leadership, strengthened governance oversight and important progress towards stabilising the organisation and positioning it for sustainable growth.

The SABS continues to occupy a critical position within South Africa's quality infrastructure. As the country's national standardisation institution, its mandate extends beyond the development and maintenance of South

African National Standards. Through its standardisation and conformity assessment activities, the SABS supports industrial development, trade, consumer protection, innovation, competitiveness and the broader economic objectives of Government.

The Board remains firmly committed to ensuring that the SABS delivers this mandate effectively, sustainably and with the level of governance and accountability expected of a national public institution.

GOVERNANCE AND ORGANISATIONAL STABILITY

During the year under review, the Board continued to strengthen its oversight of the organisation, with particular attention being given to financial sustainability, operational performance, infrastructure, risk management, governance, regulatory compliance and the effectiveness of the organisation's internal control environment.

The Board recognises that sustainable organisational recovery requires more than addressing individual challenges as they arise. It requires strong leadership, clear accountability, effective systems of internal control, appropriate consequence management and sustained attention to the underlying causes of operational and governance weaknesses.

Accordingly, the Board and its Committees have maintained close oversight of the organisation's key strategic and operational risks and have worked with Management to ensure that appropriate corrective and improvement measures are implemented.

AUDIT OUTCOMES

The Board is particularly pleased with the unqualified audit outcomes achieved by both SABS and SABS Commercial.

These outcomes are especially significant considering the delayed finalisation of the audits and the substantial

operational, financial, systems and other challenges experienced by the organisation during the reporting period. The successful conclusion of the audits represents an important milestone for the SABS Group and demonstrates what can be achieved through sustained effort, cooperation and focused governance oversight.

The Board acknowledges and appreciates the considerable work undertaken by Management, the Finance team, the Audit and Risk Committee, Internal Audit and the respective external assurance providers in bringing the audits to conclusion.

The achievement of unqualified audit opinions should, however, not detract from the audit findings and internal control weaknesses identified during the audit process. The Board remains focused on ensuring that these matters are appropriately addressed and that lessons arising from the audit are incorporated into the organisation's financial management, governance, risk management and control environment.

The Board therefore regards the unqualified audit outcomes not as an end in themselves, but as an important foundation from which to pursue stronger financial governance, improved internal controls, greater accountability and ultimately clean and sustainable audit outcomes.

The significance historically attached by the SABS to an unqualified audit outcome is also reflected in the previous Integrated Annual Report, where the achievement of an unqualified opinion was associated with the organisation's strategic focus on financial sustainability.

FINANCIAL SUSTAINABILITY

Financial sustainability remains a key area of Board focus. The operating environment continues to require disciplined financial management, improved revenue generation and collection, prudent expenditure management and more effective utilisation of the organisation's assets and infrastructure.

The Board continues to oversee measures aimed at strengthening the financial position of the organisation while ensuring that the SABS retains sufficient capacity to execute its statutory mandate.

Particular attention will continue to be given to revenue growth, working capital management, debtors and collections, capital expenditure, infrastructure investment and ensuring that available resources are directed towards

activities that support the long-term sustainability of the organisation.

OPERATIONAL PERFORMANCE AND INFRASTRUCTURE

The Board recognises that the ability of the SABS to fulfil its mandate is directly linked to the reliability and capability of its laboratories, technical infrastructure, systems and people.

During the period, the Board intensified its oversight of the condition and performance of key operational facilities. This included direct engagement with operational areas and consideration of the challenges associated with ageing infrastructure, equipment reliability, maintenance backlogs and the need for targeted capital investment.

The Board has emphasised that infrastructure investment must be supported by clear business cases, appropriate prioritisation, preventative maintenance programmes and measurable operational and financial benefits.

These interventions are intended not only to address existing infrastructure constraints but also to ensure that SABS technical capabilities remain relevant and competitive in a rapidly changing national and international conformity assessment environment.

REGULATORY COMPLIANCE AND QUALITY

The regulatory and quality challenges experienced during the period have reinforced the importance of maintaining robust quality management systems throughout the organisation.

The Board has consequently strengthened its oversight of regulatory compliance and has required Management to ensure that corrective actions are properly implemented, monitored and independently assured where appropriate.

The Board remains committed to ensuring that the SABS maintains the confidence of regulators, customers, industry, Government and other stakeholders in the integrity and reliability of its testing, certification and other conformity assessment services.

DIGITAL TRANSFORMATION AND MODERNISATION

The modernisation of the SABS remains central to its future sustainability.

The Board continues to support the implementation of the organisation's digital transformation strategy, including the modernisation of business systems, improved utilisation of data, strengthening of cybersecurity and greater automation of processes.

The lessons arising from recent systems and operational disruptions have reinforced the importance of organisational resilience, business continuity and appropriate technology governance.

Digital transformation must therefore be understood not merely as an information technology programme, but as a fundamental component of the SABS strategy to improve customer experience, operational efficiency, governance and organisational resilience.

PEOPLE, LEADERSHIP AND ORGANISATIONAL CULTURE

The Board recognises that the successful transformation of the SABS ultimately depends on its people.

The organisation requires appropriately skilled, accountable and motivated employees supported by effective leadership and a culture founded on integrity, professionalism, performance and service.

The Board will therefore continue to support initiatives aimed at strengthening leadership capability, succession planning, scarce technical skills, employee development and the creation of a high-performance organisational culture.

At the same time, accountability must remain an integral part of organisational renewal. The Board expects Management to ensure that responsibilities are clearly assigned, performance is appropriately monitored and instances of non-compliance or failure are addressed consistently and fairly.

STRATEGIC OUTLOOK

Looking ahead, the Board believes that the SABS has an important opportunity to consolidate the progress made and accelerate the organisation's transition from stabilisation towards sustainable growth and operational excellence.

The Board's priorities will continue to include strengthening financial sustainability; modernising

laboratories and technical infrastructure; improving customer responsiveness; strengthening regulatory and quality compliance; implementing digital transformation; enhancing governance, risk management and internal controls; and developing the technical and leadership capabilities required for the future.

The SABS must also continue to strengthen its contribution to South Africa's industrialisation agenda and its participation in regional and international standardisation structures.

As international trade becomes increasingly dependent on standards, technical regulations and conformity assessment, the SABS has an important role to play in enabling South African businesses to compete effectively in domestic, regional and global markets, including through opportunities arising from the African Continental Free Trade Area.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I wish to express our appreciation to the Minister of Trade, Industry and Competition, the Department of Trade, Industry and Competition and our other Government stakeholders for their continued guidance and support.

I also acknowledge the contribution of my fellow Board members and the members of the Board Committees for the considerable time, expertise and commitment devoted to the affairs of the organisation during what has been a demanding period.

The Board extends its appreciation to the Chief Executive Officer, the Executive Committee, Management and all SABS employees for their commitment and perseverance in navigating the challenges experienced during the period.

Particular recognition is due to those involved in the completion of the delayed audits. The unqualified audit outcomes for both SABS and SABS Commercial, achieved despite the difficult circumstances surrounding the audit process, are an important collective accomplishment and provide a positive platform for the work that lies ahead.

We also thank the Auditor-General of South Africa, the external auditors of SABS Commercial, Internal Audit and the other assurance providers for their professional engagement throughout the audit and assurance processes.

Finally, I wish to thank the SABS's customers, industry partners, regulators, standards development stakeholders and national and international partners for their continued confidence in and support of the organisation.

The Board remains conscious that considerable work still lies ahead. However, the progress achieved during this period, including the successful conclusion of the audits, strengthened governance oversight and renewed organisational focus, provides a solid basis from which to continue rebuilding and strengthening the SABS.

Our objective remains clear: to ensure that the SABS is a financially sustainable, operationally excellent, well-governed and trusted national institution capable of delivering its mandate and contributing meaningfully to South Africa's economic and industrial development.



Professor Bismark Tyobeka
Chairperson of the board
31 August 2026

Report of the **auditor-general**

to Parliament on the South African Bureau of Standards

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

1. I have audited the consolidated and separate financial statements of the South African Bureau of Standards (SABS) set out on pages 92 to 161, which comprise the consolidated and separate statements of financial position as at 31 March 2025 consolidated and separate statements of financial performance, consolidated and separate statements of changes in equity and the consolidated and separate cash flow statements for the year then ended, as well as notes to the consolidated and separate financial statements, including material accounting policy information.
2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of SABS as at 31 March 2025 and its consolidated and separate financial performance and consolidated and separate cash flows for the year in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for Opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the consolidated and separate financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International Code of ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the separate and consolidated financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the IFRS and the requirements of the 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.
7. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Auditor-General for the audit of the consolidated and separate financial statements

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

is included in the annexure to this auditor's report. This description, which is located on page 16, forms part of my auditor's report.

REPORT ON THE ANNUAL PERFORMANCE REPORT

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

11. I selected the following material performance indicators related to the core function develop, promote and maintain South African National Standards (SANS) presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- Publish three hundred and sixty (360) standards
- Publish 80% of the standards aligned to the re-imagined priority sectors
- Develop one (1) new certification scheme
- Conduct four (4) outreach projects
- Conduct twenty (20) case studies on customer value

12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

13. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included

- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements

- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents

- the reported performance information is presented in the annual performance report in the prescribed manner

- there is adequate supporting evidence for the achievements reported.

14. I performed the procedures to report material findings only, and not to express an assurance opinion or conclusion.

15. I did not identify any material findings on the reported performance information for the selected indicators.

Other Matters

16. I draw attention to the matter below.

Achievement of Planned Targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over or underachievement.

18. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 60 to 61.

Develop, promote and increase the use of standards and conformity assessment services that address market needs

Targets achieved: 80%

Budget spent: The budget is not linked directly to the performance indicators but rather per strategic objective

Key service delivery indicator not achieved	Planned target	Reported achievement
Publish 360 standards	360	284

REPORT ON COMPLIANCE WITH LEGISLATION

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

21. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

22. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual Financial Statements

23. Financial statements were not submitted for auditing within the prescribed period after the end of financial year, as required by section 55(1)(c)(i) of the PFMA.

24. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA.

25. Material misstatements on trade payables, trade and other receivables, value-added tax receivable, property plant and equipment, other operating expenditure, commitments, related parties and cash flow statement identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure Management

26. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 37 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure disclosed in the financial statements was caused by non-compliance with supply chain management.

Consequence management

27. Disciplinary steps were not taken against the officials who had incurred and/or permitted irregular expenditure, as required by section 51(1)(e)(iii) of the PFMA.

OTHER INFORMATION IN THE ANNUAL REPORT

28. The accounting authority is responsible for the other information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and those selected indicators presented in the annual performance report that have been specifically reported on in this auditor's report.

29. My opinion on the consolidated and separate financial statements, and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

30. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected indicators presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

31. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as

appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

32. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
33. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
34. Management did not implement adequate review processes to ensure preparation of accurate and complete financial statements.
35. Management did not adequately review and monitor compliance with applicable legislation.
36. There was a slow response by management, and the accounting authority in addressing deficiencies in the information and communication technology environment that resulted in the weaknesses that exposed the entity to the cyber-security attack
37. There was inadequate review and monitoring of the audit action plan resulting in repeat audit findings.

MATERIAL IRREGULARITIES

38. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

Material irregularities identified during the audit

39. The material irregularities identified are as follows:

Ransomware attack resulting in substantial harm to a public sector institution

40. On 20 November 2024, the entity experienced a ransomware attack that resulted in the complete encryption of its information systems and the loss of critical data. The attack exploited vulnerabilities in the entity's virtual private network, enabling unauthorised access to internal systems and leading to the encryption of the entire network. This incident severely disrupted the entity's operations and its ability to deliver on its mandate. This incident resulted in non-compliance with section 51(1)(c) as the accounting authority did not ensure that there were adequate measures in place to safeguard

the entity's assets. Previously reported shortcomings in the safeguarding and maintenance of the entity's information technology (IT) assets were acknowledged by management, but these were not timely rectified.

41. The accounting authority was notified of the material irregularity on 20 October 2025 and invited to make a written submission on the actions taken and that would be taken to address the matter. On 17 November 2025, the accounting authority responded to the material irregularity and outlined the corrective actions taken and planned to address the cyber-attack and its impact on the IT environment. These actions included measures to stabilise and secure the affected environment, modernise the IT infrastructure, strengthen governance and oversight mechanisms, and enhance organisational capabilities and capacity to improve cyber resilience and prevent similar incidents in future. I concluded that appropriate actions are being taken to address the material irregularity.
42. I will follow up on the implementation of the planned actions during my next audit.

OTHER REPORTS

43. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.
44. An investigation is being conducted by the State Security Agency into the cause of the ransomware attack that was experienced by the auditee on 20 November 2024 resulting in the entity not being able to operate (systems encrypted) and also unable to submit its annual financial statements and annual report for the year ended 31 March 2025, as at 31 May 2025 as required by section 55 (1) (c) of the PFMA.
45. An investigation is being conducted by the Department of Trade Industry and Competition into allegations of improper conduct and governance instability at the public entity.

Auditor-General

Pretoria
19 August 2026



Annexure to the Auditor's Report

The annexure includes the following:

- the Auditor-General's responsibility for the audit.
- the selected legislative requirements for compliance testing.

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

Professional Judgement and Professional Scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

Consolidated and separate financial statements

In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements.

I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern

- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with Those Charged with Governance

I communicate with the Accounting Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Accounting Authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

COMPLIANCE WITH LEGISLATION - SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Sections 50(3)(a); 50(3)(b); 51(1)(a)(iii); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 52(b); 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); 55(1)(c)(i); 56; 57(b); 66(3)(b)
Treasury Regulations, 2005	Regulations 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; 29.2.2; 29.3.1; 31.1.2(c); 31.2.5; 31.2.7; 33.1.1; 33.1.3
Construction Industry Development Board Regulations, 2004	Regulations 17; 25(7A)
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.2
Preferential Procurement Policy Framework Act 5 of 2000	Sections 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulations 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004	Sections 34(1)

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

ANNUAL REPORT AND ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025

Introduction

The Accounting Authority acknowledges its responsibility for ensuring the integrity, completeness, accuracy, and fair presentation of the Annual Report and Annual Financial Statements of the South African Bureau of Standards (SABS) for the financial year ended 31 March 2025.

The Annual Report and Annual Financial Statements have been prepared in accordance with:

- the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999);
- the Standards Act, 2008 (Act No. 8 of 2008);
- International Financial Reporting Standards (IFRS);
- applicable National Treasury reporting guidelines; and
- relevant governance and reporting frameworks.

The Accounting Authority confirms that, to the best of its knowledge, and based on the information provided by management and assurance providers:

Annual Financial Statements

The Annual Financial Statements fairly present the financial position, financial performance, and cash flow of the organisation for the year under review. The statements have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Authority is responsible for maintaining adequate accounting records, effective systems of financial management, and internal controls designed to provide reasonable assurance regarding the reliability of financial reporting and the safeguarding of organisational assets.

Performance Information

The performance information in this Annual Report fairly reflects the organisation's performance against the predetermined objectives, indicators, and targets set out in

the approved Corporate Plan and Annual Performance Plan for the reporting period.

The performance information has been prepared in accordance with the National Treasury Framework for Managing Programme Performance Information. It is supported by appropriate systems, processes, policies, and internal controls designed to ensure the validity, accuracy, and completeness of reported information.

Governance, Risk Management and Internal Control

The Accounting Authority has exercised oversight over the system of governance, risk management, and internal controls. It is satisfied that these systems provide reasonable assurance regarding the achievement of strategic objectives, operational effectiveness, compliance with applicable legislation, and the integrity of reporting processes.

The organisation applies a combined assurance approach that incorporates management oversight, specialist assurance functions, internal audit activities, external audit, and governance committee oversight.

Human Capital Information

The human capital information disclosed in this report fairly reflects the workforce profile, employment practices, transformation initiatives, and employee-related information of the organisation for the period under review.

Integrated Reporting and Material Matters

The Accounting Authority confirms that this Annual Report presents a balanced, integrated, and transparent assessment of the organisation's strategy, performance, governance, risks, opportunities, and prospects.

The report addresses material matters that may reasonably influence the organisation's ability to create and sustain value over the short, medium, and long term.

Preparation of the Annual Financial Statements

The Annual Financial Statements were prepared under the supervision of:

Ms Kholofelo Masoga
Chief Financial Officer

Mr Dawood Dada
Company Secretary

Mr Blake Mosley-Lefatola
Chief Executive Officer
South African Bureau of Standards
31 August 2026





PART B

WHO WE ARE

INTRODUCTION



This section has been strategically refined to strengthen institutional positioning, improve alignment with integrated reporting, enhance governance language, and elevate the overall executive tone of the Annual Report.

The refined narrative positions the SABS not only as a national standards body but also as a strategic economic enabler, a national quality infrastructure institution, and an industrialisation partner.

COMPANY OVERVIEW



The South African Bureau of Standards (SABS) is the national standardisation institution of the Republic of South Africa and operates under the Standards Act, 2008 (Act No. 8 of 2008).

The organisation is mandated to develop, promote, and maintain South African National Standards (SANS); promote quality in connection with commodities, products, and services; and provide conformity assessment services that support industrial development, trade facilitation, consumer protection, regulatory effectiveness, and economic competitiveness.

The SABS operates as a Schedule 3B public entity in terms of the Public Finance Management Act (PFMA), under the executive authority of the Department of Trade, Industry and Competition (**the dtic**).

As South Africa’s peak national standards body, the SABS plays a strategic role within the country’s quality infrastructure ecosystem by supporting:

Industrialisation	Localisation	Export competitiveness	Innovation	Sustainability	Regulatory compliance	Consumer & environmental protection

The organisation contributes to national development priorities by providing standardisation, testing, certification, inspection, training, and verification services across multiple economic sectors.



LEGISLATIVE MANDATE

The mandate of the SABS is derived from the Standards Act, 2008 and includes the responsibility to:

- develop, maintain and promote South African National Standards;
- provide conformity assessment services;
- promote standardisation in the Republic;
- support regulatory and public interest objectives;
- facilitate market access and trade; and
- advance the quality and competitiveness of South African products and services.

The organisation further supports national policy objectives linked to industrialisation, economic transformation,

regional integration, sustainable development, infrastructure development, and public protection.

The SABS also represents South Africa in regional and international standardisation structures, including the:

- International Organization for Standardization (ISO);
- International Electrotechnical Commission (IEC);
- African Organisation for Standardisation (ARSO);
- Southern African Development Community Cooperation in Standardisation (SADCSTAN); and
- African Electrotechnical Standardisation Commission (AFSEC);
- BRICS Standardisation cooperation platform.

STRATEGIC ROLE IN THE ECONOMY

The SABS forms part of South Africa's national quality infrastructure system and contributes to economic growth, industrial competitiveness, trade facilitation, and public confidence through the development and application of standards and conformity assessment solutions.

The organisation supports both public and private sector stakeholders by:

- enabling market access;
- supporting localisation and industrial development;
- improving product quality and safety;
- strengthening regulatory effectiveness;
- supporting innovation and emerging industries; and
- facilitating participation in regional and international trade.

Through its standards development and conformity assessment activities, the SABS contributes towards:

- the National Development Plan (NDP);
- the African Continental Free Trade Area (AfCFTA);
- industrial policy objectives;
- infrastructure development;
- environmental sustainability; and
- the United Nations Sustainable Development Goals (UN SDGs).

OUR HISTORY AND LEGACY



The SABS was established in 1945 through an Act of Parliament and has evolved into one of Africa's leading national standardisation institutions.

Over the past eight decades, the organisation has played a significant role in supporting South Africa's industrial development, quality assurance systems, consumer protection frameworks, and technical infrastructure ecosystem.

The SABS is a founding member of the International Organization for Standardization (ISO) and continues to actively participate in regional and international standardisation initiatives to advance harmonisation, trade, innovation, and sustainable development.

The organisation's evolution reflects its continued commitment to excellence, technical competence, innovation, and national development.



OUR FUNDING MODEL

The organisation is funded through annual grants from the National Treasury and internally generated revenue.

The SABS operates under a hybrid funding model comprising:

- government grant funding allocated through the Department of Trade, Industry and Competition (**the dtic**); and
- internally generated commercial revenue derived from standards sales, testing, certification, inspection, training, verification, and related services.

This model enables the organisation to balance its public interest mandate with commercial sustainability objectives while supporting strategic national priorities.

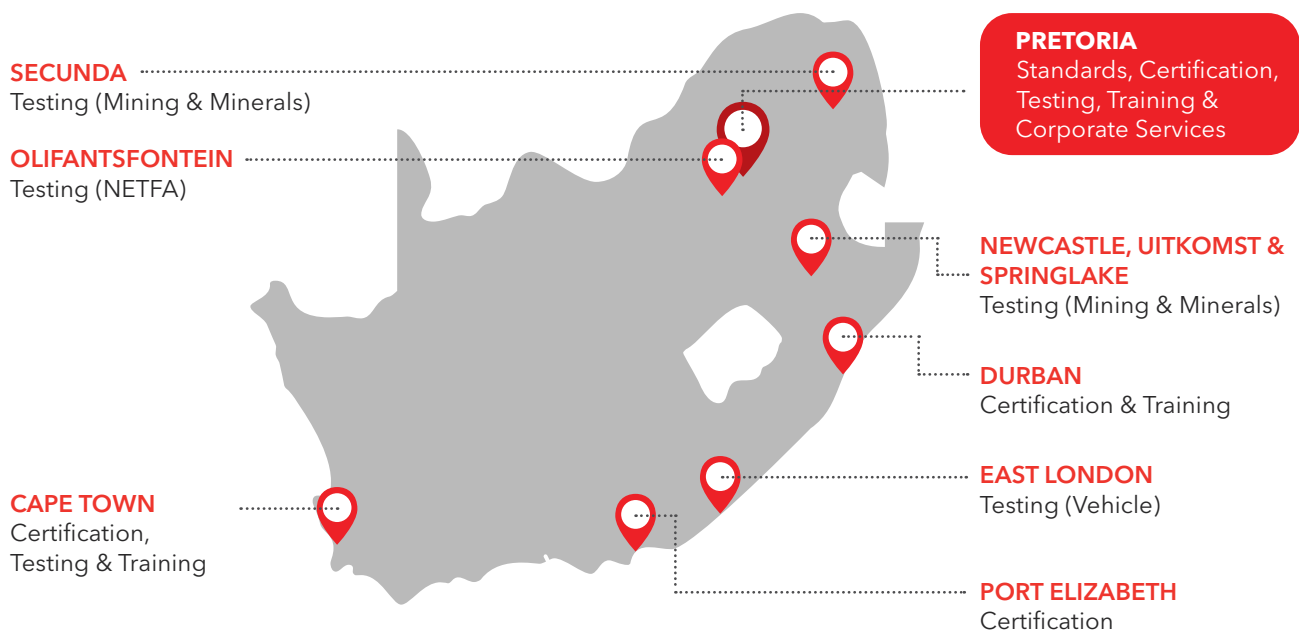
The organisation continues to implement measures to strengthen financial sustainability, improve operational efficiency, diversify revenue streams, and enhance customer value.

WHERE WE OPERATE

The SABS maintains a national operational footprint across multiple provinces in South Africa through laboratories, testing facilities, inspection capabilities, and client engagement platforms.

The organisation's infrastructure and regional presence enable the delivery of integrated standardisation and conformity assessment services across various strategic sectors, including:

- Mining and minerals;
- Manufacturing;
- Energy;
- Chemicals;
- Food and health;
- Automotive
- Electrotechnical; and
- Environmental management.



OUR SERVICE OFFERING

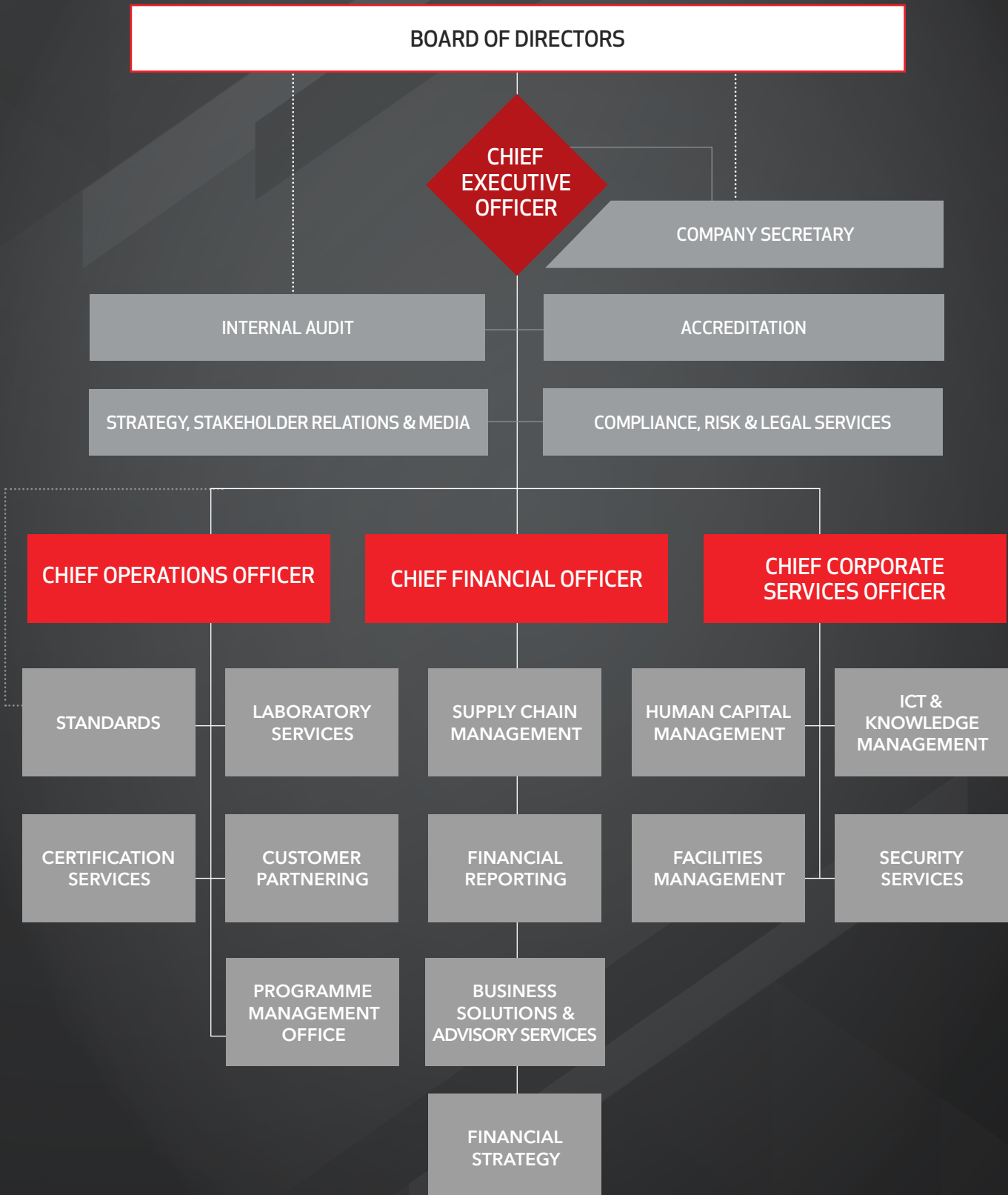


The SABS provides integrated standardisation and conformity assessment services across the standards value chain.

Its service offering includes:

- Standards Development;
- Testing and Laboratory Services;
- Certification and Inspection;
- Verification Services;
- Training and Capacity Building; and
- International and Regional Collaboration.

These services support quality assurance, regulatory compliance, industrial competitiveness, sustainability, and consumer confidence across multiple sectors of the economy.



Name	Designation	Date Appointed	Date Resigned/ Term Ended	Age	Gender	Race	Qualifications	Areas of Experience	Other Committee (Within SABS)
Prof Bismark Tyobeka	Chairperson	18 June 2025	N/A	51	M	A	PhD in Nuclear Engineering, Penn State University, 2007 MSc in Management, Colorado Technical University, 2005 MSc in Nuclear Engineering, Penn State University, 2004 MSc in Applied Radiation Science and Technology, North-West University, 2000	Nuclear sciences and nuclear engineering, with extensive experience in nuclear safety regulation, reactor physics, radiation science, and international nuclear governance	N/A
Mr Garfield Bergstedt	Non-Executive Director	18 June 2025	N/A	56	M	C	BSc in Industrial Microbiology and Genetics, Stellenbosch University, 2006 Senior Management Development Programme (NQF Level 7), Stellenbosch Business School, 2014	Safety; Health; Environmental; Enterprise Risk; Quality and Food Safety Practitioner; Manufacturing Designer; Packaging and Product Designer; Change Management Practitioner; Programme and Projects Manager; Customer Service Relations and Technical Support Researcher	Technical Committee Finance & Investment Committee Audit & Risk Committee Human Capital, Social & Ethics Committee Manufacturing Designer;

Name	Designation	Date Appointed	Date Resigned/ Term Ended	Age	Gender	Race	Qualifications	Areas of Experience	Other Committee (Within SABS)
Mr Mavela Dlamini	Non-Executive Director	18 June 2025	N/A	73	M	A	MSc in Civil Engineering, University of Leeds, 1986 BSc (Hons) in Civil Engineering, University of Leeds, 1981 BSc in Mathematics and Physics, University of Botswana and Swaziland, 1977	Transportation; Municipal Utilities and Administration; Project Management and Governance	Technical Committee Finance & Investment Committee
Dr Reabetswe Kgoroeadira	Non-Executive Director	18 June 2025	N/A	46	F	A	PhD in Economics, Cranfield University, 2014 MBA, University of Kent, 2009 Postgraduate Diploma in Strategy and Corporate Governance, University of South Africa, 2006		Technical Committee Finance & Investment Committee
Ms Kgotatso Mohulatsi	Non-Executive Director	18 June 2025	N/A	37	F	A	MDP in B-BBEE (with distinction), University of South Africa, 2020 BA (Hons) in Business Studies, University of Greenwich, 2010	Corporate Governance; Strategic Planning and Oversight; Risk Management; Financial Acumen; Stakeholder Management; Change Management	Finance & Investment Committee Audit & Risk Committee Human Capital, Social & Ethics Committee
Ms Deidre Penfold	Non-Executive Director	18 June 2025	N/A	63	F	W	BCom (Honours) in Economics	Research and Innovation; Stakeholder Engagement; SHEQ; and Strategic Planning & Performance	Technical Committee Audit & Risk Committee Human Capital, Social & Ethics

Name	Designation	Date Appointed	Date Resigned/ Term Ended	Age	Gender	Race	Qualifications	Areas of Experience	Other Committee (Within SABS)
Mr Griffith Zabala	Non-Executive Director	18 June 2025	N/A	73	M	A	Master's Degree in Human Resources BA in Social Work Diploma in Social Development Certificate in the Promotion of SMMEs in Developing Countries Diagnosing and Managing Organisational Culture	Turnaround Strategy; Strategy Formulation; Organisational Leadership; Performance Planning & Management; Monitoring & Evaluation; Research & Development; Entrepreneurship Development	Audit & Risk Committee Human Capital, Social & Ethics
Dr Anneline Chetty	Non-Executive Director	01 October 2025	N/A	55	F	B	PhD in Geography & Environmental Science Master's degree in Town & Regional Planning BA in Social Work DTI / TIPS Programme on Rethinking Development Economics		Technical Committee Audit & Risk Committee
RESIGNATIONS: ACCOUNTING AUTHORITY									
Dr Ronald Josias	Acting Chairperson (effective 08 August 2024)	01 Dec 2022	05 May 2025	57	M	C	PhD in Public Administration MPhil in International Business MBA Management National Higher Diploma in Mechanical Engineering	Strategy & Development Research; Business Development; Regional Integration & World Trade	N/A

Name	Designation	Date Appointed	Date Resigned/ Term Ended	Age	Gender	Race	Qualifications	Areas of Experience	Other Committee (Within SABs)
Dr Rudzani Nemutudi	Non-Executive Director	01 Dec 2022	12 June 2025	54	M	A	PhD in Physics MSc in Physics BSc (Honours) Certificate in Management Development	Strategic Planning; Technical Infrastructure Development; Performance Monitoring; International Relations; Research Development and Institutional Sustainability	Finance, Strategy & Investment Committee Human Capital, Social & Ethics Committee
Dr Nandipha Madiba	Non-Executive Director	01 Dec 2022	12 June 2025	60	F	A	Doctor of Business Administration (DBA) PhD in Business Leadership and Management MBA	Corporate Governance; Combined Assurance; Financial Reporting; Financial Management, Strategy & Human Capital	Audit & Risk Committee Human Capital, Social & Ethics Committee
Dr Tebogo Makube	Non-Executive Director	08 Aug 2024	30 June 2026	52	M	A	B. Admin (Hons) LLB MPhil in Economic Policy MSc in Energy Economics LLM in Public Procurement Law PhD in Energy Studies Advocate of the High Court of South Africa	Public Procurement Policy & Law; Policy and Strategy Development; Fiscal & Industrial Policies; Regulatory Economics	Audit & Risk Committee Finance, Strategy & Investment Committee
Dr Mukondeleli Grace Kanakana-Katumba	Non-Executive Director	01 Dec 2022	30 April 2025	47	F	A	DPhil in Engineering Management MBA BTech	Turnaround Strategy; Strategy Formulation; Organisational Leadership; Performance Planning & Management; Monitoring & Evaluation; Research & Development; Entrepreneurship Development	Finance, Strategy & Investment Committee

Name	Designation	Date Appointed	Date Resigned/ Term Ended	Age	Gender	Race	Qualifications	Areas of Experience	Other Committee (Within SABS)
Dr Sandile Malinga	Chairperson	01 Dec 2022	17 July 2024	56	M	A	PhD in Physics MBA MSc BSC (Honours) BSC in Physics and Mathematics	Financial Management, Corporate Governance & Leadership	N/A
ACCOUNTING AUTHORITY: EXECUTIVE DIRECTOR									
Mr Lungelo Ntobongwana	Chief Executive Officer (Acting)	21 January 2024	31 July 2024	48	M	A	MBA MCom BTech in Project Management Diploma in Analytical Chemistry & EDP		N/A
Mr Lizo Makele	Chief Executive Officer (Acting)	01 August 2024	08 July 2025	56	M	A	MBA BTech in Human Resource Management National Diploma in Human Resource Management & MDP	Strategic Planning; Stakeholder Engagement; Project Management; Organisational Development; Performance Management; Human Capital Development	N/A
Mr Blake Mosley Lefatola	Chief Executive Officer (Acting)	09 July 2025	N/A	64	M	A	Bachelor of Arts in African Political Studies and Industrial Sociology Bachelor of Arts (Honours) in Industrial Sociology		N/A

EXECUTIVE COMMITTEE



BLAKE MOSLEY-LEFATOLA (64)
Chief Executive Officer (CEO)

Date appointed as CEO:
01 July 2026

Date appointed to the SABS as acting CEO:
09 July 2025

Qualification:
Bachelor of Arts in African Political Studies and Industrial Sociology, Bachelor of Arts (Honours) in Industrial Sociology



KHOLOFELO MASOGA (47)
Chief Financial Officer (CFO)

Date appointed as CFO:
03 July 2023

Date appointed to the SABS:
03 July 2023

Qualification:
CA(SA), Cert. Dir (IODSA), MBA, EDP & IBLMP



THABO SEPURU (51)
Acting Chief Operations Officer (ACOO)

Date appointed as COO:
26 July 2025

Date appointed to the SABS:
01 May 2003

Qualification:
BSc in Chemistry and Physics, Bachelor of Science (BSc) (Honours) in Engineering and Technology Management, MSc in Applied Radiation Science and Technology, EDP



PATRICIA TOMOTOMO (53)
Acting Chief Corporate Services Officer (ACCSO)

Date appointed as ACCSO:
26 July 2025

Date appointed to SABS:
01 March 2025

Qualification:
Master's in Public Administration, EDP, ALDP, Ethics Officer (EO 1300)

OUR STAKEHOLDERS AND PARTNERSHIPS



17.1. STAKEHOLDER-CENTRIC APPROACH

The South African Bureau of Standards (SABS) recognises stakeholder relationships as a strategic enabler for sustainable value creation, institutional credibility, and the successful execution of its legislative mandate.

As a national standardisation institution operating within a dynamic regulatory, industrial, and socio-economic environment, the SABS actively engages with a broad range of stakeholders to:

- Support inclusive standardisation;
- Strengthen quality infrastructure;
- Improve service delivery;
- Enhance regulatory alignment;
- Facilitate trade and market access; and
- Advance industrialisation and economic development objectives.

The organisation adopts an inclusive and collaborative approach to stakeholder engagement, guided by transparency, accountability, responsiveness, and mutual value creation.

Stakeholder engagements are undertaken through structured governance mechanisms, partnerships, technical committees, industry forums, strategic engagements, outreach initiatives, and international collaboration platforms.

17.2. STAKEHOLDER GOVERNANCE

Stakeholder engagement within the SABS is governed by approved stakeholder management frameworks, engagement plans, governance structures, and reporting mechanisms that align with the principles of King IV.

The organisation applies a coordinated stakeholder engagement model aimed at:

- Strengthening stakeholder confidence;
- Improving institutional responsiveness;
- Enhancing strategic partnerships;
- Promoting stakeholder inclusivity; and
- Supporting informed decision-making.

Stakeholder matters are monitored and escalated through relevant governance structures, including Executive Management, Board Committees, and the Accounting Authority.

The SABS continuously evaluates stakeholder expectations, emerging trends, reputational risks, and partnership opportunities to ensure alignment with strategic priorities and national development objectives.

17.3. STRATEGIC STAKEHOLDER CATEGORIES

The SABS engages with a diverse range of stakeholders across the public and private sectors, both nationally and internationally.

Key stakeholder groupings include:

- Government and regulators;
- Industry and business;
- Customers and clients;
- Employees;
- Technical committees and experts;
- Standards development partners;
- Regional and international standardisation bodies;
- Communities and civil society; and
- Academia and research institutions.

The organisation's stakeholder engagement approach seeks to balance stakeholder expectations with operational sustainability, public interest obligations, and strategic priorities.

TECHNICAL COMMITTEES AND EXPERTS

How We Engage

- Technical committee meetings
- Standards development workshops
- Consensus-building sessions
- International technical participation
- Sector-specific consultations
- Digital collaboration platforms

NEEDS AND EXPECTATIONS

- Transparent standards development processes
- Effective technical coordination
- Timely publication processes

- Access to international developments
- Administrative and technical support

HOW WE CREATE VALUE

- Facilitating inclusive participation in standards development
- Advancing technical harmonisation and innovation
- Supporting industry competitiveness and regulatory alignment
- Enabling knowledge sharing and technical collaboration

17.4. PARTNERSHIPS AND COLLABORATION

Strategic partnerships and collaborative initiatives are integral to the SABS' approach to advancing standardisation, quality assurance, innovation, and industrial development.

The organisation collaborates with:

- Government departments;
- Regulators;
- State-owned entities;
- Industry associations;
- Academic institutions;
- Research bodies;
- Development institutions; and
- International standards organisations.

These partnerships support:

- Technical harmonisation;
- Capacity building;
- Standards adoption;
- Localisation;
- Regulatory effectiveness;
- Market access; and
- Economic development.

The SABS continues to strengthen partnerships that contribute towards sustainability, industrial competitiveness, public protection, and inclusive economic growth.

17.5. INTERNATIONAL AND REGIONAL COLLABORATION

The SABS actively participates in regional and international standardisation and conformity assessment structures to advance South Africa's strategic interests, strengthen technical cooperation, and support international trade.

The organisation participates in various international and regional structures, including:

- International Organization for Standardization (ISO);
- International Electrotechnical Commission (IEC);
- African Organisation for Standardisation (ARSO);

- Southern African Development Community Cooperation in Standardisation (SADCSTAN);
- African Electrotechnical Standardisation Commission (AFSEC); and
- BRICS standardisation cooperation platforms.

These engagements support:

- Regional integration;
- Standards harmonisation;
- Trade facilitation;
- Knowledge exchange;
- Technical leadership;
- International influence; and
- Alignment with global best practices.

The SABS further leverages these platforms to strengthen South Africa's participation in emerging areas such as:

- Digital transformation;
- Sustainability;
- Energy efficiency;
- Artificial intelligence;
- Climate resilience; and
- Smart industrial systems.

17.6. STAKEHOLDER VALUE CREATION

The SABS creates value for stakeholders through:

- Credible and relevant national standards;
- Conformity assessment solutions;
- Technical support and capacity building;
- Consumer and environmental protection;
- Regulatory support;
- Improved market access;
- Industrial competitiveness; and
- Support for innovation and sustainable development.

The organisation remains committed to building trusted stakeholder relationships that contribute towards long-term sustainability, economic transformation, and national development outcomes.



PART C

HOW WE
CREATE VALUE

CHIEF EXECUTIVE OFFICER'S STATEMENT



18

The 2024/25 financial year was one of extraordinary challenge for the South African Bureau of Standards (SABS). Against the backdrop of a constrained economic environment, sustained cost pressures and increasing demands on public institutions to deliver greater value, the organisation was further tested by a significant cybersecurity incident that disrupted operations and required a comprehensive programme of recovery and renewal.



The cyber incident affected critical components of the SABS technology environment, resulting in widespread operational disruption. During the same period, the SABS's cement accreditation scope was temporarily suspended and, owing to the impact of the cyber incident, was only fully reinstated after the close of the 2024/25 financial year. Accreditation underpins the credibility of our conformity assessment services and remains fundamental to maintaining stakeholder confidence. Consequently, safeguarding and strengthening our accreditation capabilities remains a strategic priority.

Notwithstanding these challenges, the SABS remained unwavering in fulfilling its legislative mandate. Throughout the year, the organisation continued to develop and maintain national standards, promote quality and provide conformity assessment services that enable industrial competitiveness, facilitate trade and contribute to protecting the health, safety and wellbeing of South Africans. The resilience demonstrated by our people throughout this period reflects the strength of the institution and its enduring commitment to serving the country.

GENERAL FINANCIAL REVIEW

The SABS Group generated total income of R796.5 million during the year, representing growth of 2.7% compared with R775.6 million in the previous financial year. Growth

in standards sales and training revenue partially offset softer performance within the certification and laboratory businesses, reflecting both the resilience of our diversified service offering and the confidence that customers continue to place in the SABS despite the operational challenges experienced during the year.

The Group recorded a net loss of R13.3 million, compared with a profit of R69.4 million in 2023/24. This financial outcome must be considered within the broader context of the cybersecurity incident and the exceptional expenditure required to restore critical systems, maintain business continuity and strengthen the organisation's cyber resilience. These investments are reflected in higher repairs and maintenance expenditure of R16.2 million (2024: R10.6 million), contract services of R67.6 million and increased other operating expenditure of R190.9 million (2024: R167.9 million). While these costs adversely affected short-term financial performance, they represent necessary investments in restoring operational capability and strengthening the organisation's long-term resilience.

Revenue performance varied across business lines. Certification revenue increased to R285.6 million (2024: R272.8 million), revenue from the sale of standards grew to R38.9 million (2024: R34.1 million), while training revenue increased to R13.9 million (2024: R8.3 million). Laboratory Services revenue declined to R123.4 million (2024: R144.4 million), reflecting the unavoidable impact of operational disruption on testing capacity, sample throughput and turnaround times during the recovery period.

PERFORMANCE OVERVIEW

Despite the unprecedented operational challenges experienced during the year, the SABS continued to deliver meaningful outcomes across its strategic priorities.

- The Standards Division published 284 standards during the year, comprising 123 nationally developed standards and 161 adoptions of international standards. Separately, 23 standards were identified for development in support of **the dtic's** reimagined industrial priority sectors, of which 82% had been published by year-end.
- The Certification Division successfully completed the transition to the FSSC Version 6 certification scheme, strengthened certification record management across most sectors and reduced certificate cancellations and expiries through improved oversight and monitoring. Enhancing auditor utilisation, improving approval turnaround times and increasing operational visibility through digital systems will remain important priorities during the 2025/26 financial year.
- Significant progress was made in implementing the organisational review. During the year, 258 positions were filled through a competitive recruitment process, a further 317 employees were successfully placed through the Corporate Pool and 47 graduates were absorbed into permanent organisational roles, strengthening organisational capability while supporting workforce stability.
- Investing in people remains fundamental to the long-term sustainability of the organisation. During the year, the SABS invested R9.4 million in employee development, supporting 549 employees through learning and development interventions and awarding 26 internal bursaries. In addition, the Graduate Development Programme placed 56 young professionals and 10 external bursaries were awarded

to financially disadvantaged students, contributing to the development of South Africa's future technical and scientific capability.

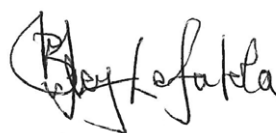
OUTLOOK

While the year under review presented significant challenges, it also reinforced the resilience of the SABS and highlighted the importance of building an institution that is operationally agile, financially sustainable and digitally secure.

During 2025/26, management's priorities will focus on restoring sustainable financial performance through disciplined revenue growth, prudent cost management and continued operational optimisation. Equal emphasis will be placed on strengthening cybersecurity, modernising technology platforms and embedding robust business continuity capabilities to ensure that the organisation is better positioned to withstand future disruptions.

At the same time, the SABS will continue to deepen its participation in regional and international standardisation bodies, ensuring that South Africa remains an influential participant in shaping global standards while reinforcing the organisation's position as the country's trusted national standards institution.

As I assume the leadership of the SABS during this defining period, I do so with a deep appreciation of both the responsibility entrusted to me and the dedication demonstrated by our employees. I extend my sincere appreciation to the Board, under the leadership of Professor Bismark Tyobeka, for its strategic guidance and steadfast support. I also wish to acknowledge every member of management and staff for their resilience, professionalism and unwavering commitment during a demanding year.



Mr Blake Mosley-Lefatola
Chief Executive Officer
31 August 2026

OUR VALUE CREATION MODEL



The South African Bureau of Standards (SABS) creates value through the development and promotion of standards, the provision of conformity assessment services, and the advancement of quality assurance systems that support economic growth, industrial competitiveness, consumer protection, sustainability, and trade facilitation.

As South Africa's national standardisation institution, the SABS operates within a complex ecosystem of stakeholders, resources, partnerships, and regulatory frameworks. Through the effective management of these resources and relationships, the organisation creates value for government, industry, consumers, employees, communities, and international partners.

Our value creation model demonstrates how the organisation transforms strategic resources and stakeholder relationships into meaningful outputs, outcomes, and long-term impacts that contribute towards national development objectives.

The model is underpinned by:

- Our legislative mandate;
- Our strategy;
- Stakeholder partnerships;
- Good governance;
- Risk management;
- Innovation; and
- Financial sustainability.

THE CONTEXT FOR OUR VALUE CREATION

The SABS operates within an environment shaped by economic, technological, regulatory, environmental, and social factors.

These factors influence:

- Stakeholder expectations;
- Demand for standards and conformity assessment services;

- Industrial development priorities;
- Technological innovation;
- Trade requirements; and
- Organisational sustainability.

To remain relevant and responsive, the organisation continuously evaluates emerging risks, opportunities, market trends, and stakeholder needs.

KEY RISKS INFLUENCING VALUE CREATION

- Financial Sustainability
- Relevance and Adaptability
- Quality and Accuracy
- Stakeholder Confidence
- Operational Efficiency
- Cybersecurity Threats
- Human Capital Sustainability

KEY OPPORTUNITIES INFLUENCING VALUE CREATION

- Digital Transformation
- Innovation in Standards Development
- International Collaboration
- Enhanced Stakeholder Partnerships
- Market Expansion
- Emerging Technologies
- Policy and Regulatory Support
- Research and Innovation

These opportunities support the organisation's efforts to remain relevant, financially sustainable, and responsive to changing stakeholder needs.

TURNING CAPITALS INTO VALUES

At the heart of the South African Bureau of Standards' value-creation model is a commitment to advancing industrialisation, economic competitiveness, consumer protection, sustainability, and the quality of life for all South Africans.

The SABS creates value by leveraging a combination of strategic resources, capabilities, infrastructure, knowledge, and stakeholder relationships, collectively referred to as the six capitals. These capitals provide the foundation on which the organisation delivers its legislative mandate through standardisation, conformity assessment, quality assurance, and stakeholder engagement.

Through the effective management of these capitals, the SABS transforms inputs into outputs, outcomes, and long-term impacts that support national development priorities, facilitate trade, strengthen industrial growth, promote innovation, and enhance public confidence in products and services.

The organisation continuously evaluates the trade-offs and interdependencies between the capitals to maximise positive value creation while ensuring long-term sustainability and organisational resilience.

OUR VALUE CREATION PROCESS

The SABS creates value through an integrated process that converts strategic resources and stakeholder relationships into measurable outcomes and impacts.

Our value creation process is enabled by:

- Good Governance and Ethical Leadership;
- Stakeholder Partnerships and Collaboration;
- Risk Management and Assurance;
- Innovation and Continuous Improvement; and
- Financial Sustainability.

These enablers support the delivery of our core activities, including:

- Standards Development;
- Testing and Laboratory Services;
- Certification and Inspection;
- Verification Services;
- Training and Capacity Building; and
- International and Regional Collaboration.

INPUTS

FINANCIAL CAPITAL



Our strong asset base and the grant received from the government allow us access to capital and equity growth. These funds are used to run the business and to finance both the expansion and replacement of plant and equipment.

- **Equity:** R975.3-million (FY2023-24: R995.9-million)
- **Grant:** R259.376-million (FY2023-24: R248.8-million)
- **Assets:** R1.788-billion (FY2023-24: R1.734-billion)

HUMAN CAPITAL



Employees play a critical role in attaining the SABS' vision, delivering on our strategy, serving our clients and fulfilling our mandate.

- 719 permanent employees (FY2023-24: 672)
- 60 graduate trainees recruited (FY2023-24: 60)
- R9.4-million spent on training and development (FY2023-24: R4.9-million)

SOCIAL & RELATIONSHIP CAPITAL



Our relationships with key stakeholders include clients, partners, regulators, technical committees, SOEs and government.

- 5 CSI projects completed (FY2023-24: 0)
- Engaged with top 50 clients (FY2023-24: 50)
- Participated in 37 (FY2023-24: 35) Technical Harmonisation committees of the African Organisation for Standardisation (ARSO)

INTELLECTUAL CAPITAL



Our brand, reputation, knowledge, and experience.

- More than 85 years of standards development, conformity assessment and promoting quality products

NATURAL CAPITAL



Our natural resources.

- Investment in energy-efficiency technologies
- Standardisation services in support of the energy sector
- Publication of standards to support the agricultural sector

MANUFACTURING CAPITAL



Our business structure, regional footprint, processes, and information & communication technology (ICT) systems enable us to render our services nationally.

- Implemented a new operating model
- Capex spends (Infrastructure Upgrade R48.7-million) (FY2024: R27.9-million)

RISKS ASSOCIATED WITH INPUTS



**Cybersecurity
Threats**



**Relevance and
Adaptability**



**Operational
Efficiency**



**Quality and
Accuracy**



OUTPUTS



STANDARDS DEVELOPMENT

- 284 standards published
- 360 days to publish a standard
- 6 standards published in the Agricultural and Mining Sectors
- 10 standards published within the scope of energy efficiency (new, revised standards)



CERTIFICATION

- Introduced one new certification scheme
- Completed 100% of Local Content Verification (LCV) projects that were submitted by government entities



LABORATORY SERVICES DIVISION

- Introduced 15 new test methods
- Maintained all relevant accreditations



CUSTOMER PARTNERING

- Participated in 27 key marketing and promotional initiatives
- Engagements with top 50 clients
- Conducted 20 case studies with customers
- Completed 4 Outreach Initiatives Programmes

OUTCOMES



FINANCIAL CAPITAL

- Assets: R1.788-billion (FY2023-24: R1.734-billion)
- Group Net Loss: R13.3-million (FY2023-24: Net Profit R69.4-million)



HUMAN CAPITAL

- R476.6-million paid in salaries, wages, and benefits (FY2023-24: R417.5-million)
- 93.10% black employees (FY2023-24: 92.30%)
- 49.7% female employees (FY2023-24: 48.90%)
- 60 graduates absorbed in permanent positions (FY2023-24: 47)



SOCIAL & RELATIONSHIP CAPITAL

- R1.90-million vouchers issued to qualifying Small, Medium, and Micro Enterprises (SMME's) (FY2023-24: R2.00-million)
- R72.19-million procurement spend in support of SMMEs (FY2023-24: R75.60-million)
- Level 6 B-BBEE contributor (FY2023-24: Level 6 B-BBEE contributor)



INTELLECTUAL CAPITAL

- R2 million worth of bursaries awarded to tertiary institutions with which we have MoUs
- An additional 7 bursaries awarded to external black learners under CSI
- 549 various training interventions



NATURAL CAPITAL

- Electricity consumption (MWh): 14 779 (FY2023-24: 15 521)
- Water consumption (kilolitres): 153 747 (FY2023-24: 159 493)
- Fuel consumption (litres): 14,527 (FY2023-24: 10,966 litres)



MANUFACTURING CAPITAL

- Broad footprint through a presence in 5 provinces
- Information and communication technology (ICT) infrastructure

STRATEGIC CONTEXT

The South African Bureau of Standards (SABS) operates in an increasingly dynamic environment characterised by technological advancement, changing regulatory requirements, evolving stakeholder expectations, global trade developments, and increasing demand for quality, safety, sustainability, and innovation.

As South Africa's national standardisation institution, the SABS plays a critical role in strengthening the country's quality infrastructure, supporting industrialisation, facilitating trade, protecting consumers, and advancing sustainable development.

To remain relevant, competitive, and financially sustainable, the organisation continues to transform its operating model, strengthen technical capabilities, enhance customer value, deepen stakeholder partnerships, and expand its regional and international influence.

The SABS strategy is designed to ensure that the organisation continues to deliver on its legislative mandate while creating sustainable value for stakeholders and contributing towards national development priorities.

STRATEGIC AMBITION

The strategic ambition of the SABS is to be South Africa's trusted standardisation and quality assurance partner, recognised nationally, regionally, and internationally for excellence in standards development, conformity assessment, innovation, and the creation of stakeholder value.

Through its activities, the organisation seeks to:

- Support industrial competitiveness and economic growth.
- Facilitate trade and market access.
- Strengthen South Africa's quality infrastructure.
- Promote innovation and technological advancement.
- Advance sustainability and environmental stewardship.
- Achieve long-term financial sustainability.
- Enhance stakeholder confidence and public trust.

STRATEGIC OBJECTIVES

1. Develop, promote and maintain South African National Standards.
2. Deliver integrated conformity assessment solutions.
3. Achieve and maintain financial sustainability.
4. Drive organisational excellence.
5. Build a high-performance culture.

STRATEGIC PILLARS

1. Standards leadership.
2. Customer and market growth.
3. Operational excellence.
4. Digital transformation.
5. People and culture.
6. Strategic partnerships and international influence.

This includes active participation and leadership within ISO, IEC, ARSO, SADCSTAN, AFSEC, BRICS cooperation structures, WTO/TBT platforms, and bilateral and multilateral partnerships.

STRATEGIC ENABLERS

- Extensive promotion of standards.
- Accreditation.
- Skilled and engaged employees.
- Technology.
- Infrastructure.
- Strategic partnerships.
- Relationship with Government.
- Research and innovation.

MEASURING SUCCESS

- Standards published and adopted.
- Customer satisfaction.
- Revenue growth.
- Operating margin.
- Employee engagement.
- Transformation outcomes.
- Stakeholder confidence.
- International participation and influence.
- Improvement in turnaround times.
- Innovation and service development.

STRATEGIC OUTCOMES

ECONOMIC OUTCOMES

- Increased industrial competitiveness.
- Enhanced market access and trade facilitation.
- Support for localisation and industrialisation.

SOCIAL OUTCOMES

- Consumer protection.
- Public health and safety.
- Skills development and capacity building.

ENVIRONMENTAL OUTCOMES

- Sustainable production and consumption.
- Improved environmental stewardship.
- Climate resilience and resource efficiency.

INSTITUTIONAL OUTCOMES

- Financial sustainability.
- Stakeholder confidence and trust.
- Strong governance and organisational resilience.
- Enhanced international influence.

LOOKING AHEAD

The SABS remains committed to strengthening its position as South Africa's trusted standardisation and quality assurance institution. Through strategic execution, innovation, collaboration, and continuous improvement, the organisation will continue to create value for stakeholders while contributing towards economic growth, industrial development, sustainability, and improved quality of life for all South Africans.

PART D

OUR OPERATING
ENVIRONMENT

EXTERNAL ENVIRONMENT

21

OVERVIEW

The SABS operates in a dynamic, evolving environment shaped by economic, technological, regulatory, social, environmental, and geopolitical factors.

These external influences affect stakeholder expectations, industrial development priorities, market demand, trade requirements, and the organisation's ability to deliver on its legislative mandate.

As South Africa's national standardisation institution, the SABS continuously monitors emerging trends, risks, opportunities, and stakeholder needs to ensure that its standards development and conformity assessment activities remain relevant, responsive, and aligned with national and international priorities.

The organisation's strategic response is informed by its commitment to industrial competitiveness, innovation, sustainability, consumer protection, and long-term financial sustainability.



ECONOMIC

South Africa continued to face a challenging economic environment during the reporting period, characterised by subdued economic growth, infrastructure constraints, fiscal pressures, elevated unemployment levels, and ongoing global economic uncertainty.

These conditions influenced business confidence, investment activity, industrial production, and demand for conformity assessment services across several sectors.

At the same time, the government's focus on industrialisation, localisation, infrastructure development, and export competitiveness continued to create opportunities for standards development and quality assurance services.

The SABS remains well-positioned to support these national priorities through standards, testing, certification, inspection, and verification services that enhance competitiveness and market access.



TECHNOLOGICAL

Rapid technological advancement continues to reshape industries, value chains, and consumer expectations.

Emerging technologies such as Artificial Intelligence (AI), Digital Platforms, Smart Manufacturing, Cybersecurity Solutions, Renewable Energy Technologies, Internet of Things (IoT), and Advanced Data Analytics are creating new opportunities and challenges for standardisation and conformity assessment.

The SABS continues to strengthen its participation in regional and international technical structures to ensure that South African industries remain aligned with global developments and emerging standards.



REGULATORY AND POLICY ENVIRONMENT

The regulatory environment continues to evolve in response to changing economic, technological, environmental, and societal needs.

Government policies aimed at industrial development, localisation, infrastructure investment, environmental sustainability, digital transformation, and regional integration continue to influence the standards and conformity assessment landscape.

The SABS works closely with government departments, regulators, industry stakeholders, and international partners to ensure that standards and quality assurance systems effectively support public policy objectives and regulatory effectiveness.



INTERNATIONAL AND TRADE ENVIRONMENT

Globalisation, regional integration, and evolving trade requirements continue to influence the demand for standards harmonisation, conformity assessment, and technical cooperation.

The implementation of the African Continental Free Trade Area (AfCFTA), regional integration initiatives, and increasing participation in global value chains continue to create opportunities for enhanced alignment of standards and market access.

Through active participation in international and regional standardisation structures, the SABS contributes towards trade facilitation, standards harmonisation, technical cooperation, regulatory alignment, and international competitiveness.

The organisation's participation in ISO, IEC, ARSO, SADCSTAN, AFSEC, BRICS, and WTO/TBT platforms supports South Africa's strategic interests and strengthens the country's influence in global standardisation.



SOCIAL ENVIRONMENT

Stakeholders increasingly expect organisations to demonstrate transparency, accountability, inclusivity, and responsiveness.

There is growing demand for safe products and services, consumer protection, sustainable production practices, skills development, transformation, and inclusive participation in economic activities.

The SABS contributes towards these objectives through standards development, quality assurance services, stakeholder engagement initiatives, and public awareness programmes.



ENVIRONMENTAL AND SUSTAINABILITY ENVIRONMENT

Environmental sustainability continues to be a key consideration for governments, industries, investors, and consumers.

Climate change, resource constraints, environmental degradation, and the global transition towards sustainable

development are increasing the demand for sustainability-related standards and conformity assessment solutions.

The SABS supports sustainability objectives through standards development, certification programmes, testing services, and participation in international sustainability initiatives.

The organisation continues to promote standards that support energy efficiency, environmental management, climate resilience, sustainable infrastructure, and responsible production and consumption.



STAKEHOLDER ENVIRONMENT

The stakeholder landscape continues to evolve as expectations regarding service quality, responsiveness, collaboration, innovation, and transparency increase.

The SABS engages with a diverse stakeholder ecosystem comprising government, regulators, industry, customers, technical committees, academia, communities, development partners, and international organisations.

These relationships remain critical to the organisation's ability to create value, support economic development, and deliver relevant standards and conformity assessment services.

STRATEGIC IMPLICATIONS FOR THE SABS

The evolving operating environment presents both opportunities and risks for the organisation.

Key opportunities include:

- Digital transformation
- Emerging technologies
- International collaboration
- Market expansion
- Sustainability-related services
- Increased demand for quality infrastructure solutions

Key risks include:

- Economic uncertainty
- Fiscal constraints
- Technological disruption
- Cybersecurity threats
- Skills shortages
- Increasing stakeholder expectations

The SABS remains committed to strengthening organisational resilience, enhancing service delivery, driving innovation, and maintaining its position as South Africa's trusted standardisation and quality assurance institution.

RISK & MATERIAL ISSUES



Enterprise risk management is an integral part of the SABS' efforts toward opportunity maximisation. The Accounting Authority actively manages risk to pursue organisational goals and objectives.

The Accounting Authority also recognises that the realisation of its mandate depends on the ability of the leadership team to effect innovative and bold steps to transform the institution into a highly professional services institution, as well as mitigate the risk of compromising the SABS' legislative mandate and delivery of quality service to all stakeholders, including those which are considered national public good services for which there is not a significant commercial return on investment.

MATERIAL RISKS

During the year under review, the SABS' strategic risk was assessed, and the identified risks were incorporated into the Combined Assurance Plan. The strategic risk register is monitored and reported to the Board through the Audit and Risk Committee every quarter.

The following risk is significant to the SABS and its operating environment:

STRATEGIC RISK EXPOSURE

Low Risks	Medium Risks	High Risks
1. Standards Development, Governance & Promotion	2. Fraud and corruption	3. Profitability performance (efficiencies)
	4. Loss of stakeholder confidence and customer dissatisfaction	5. Inadequate modernisation and integration of ICT Security
	6. Loss of Accreditation	7. Inadequate management of talent and performance
	8. Security, Health & Safety	9. Infrastructure Constraints
	10. Compliance and litigation	

In line with the SABS risk management framework, the above risks, along with their mitigation actions, are monitored, and where necessary, the emerging risks are identified. The Audit and Risk Committee provides oversight of the management of these risks in line with the charter. Furthermore, talent management, ethics, and stakeholder management risks are managed and reported to the Human Capital, Social & Ethics Committee.

MANAGING OUR RISKS AND OPPORTUNITIES

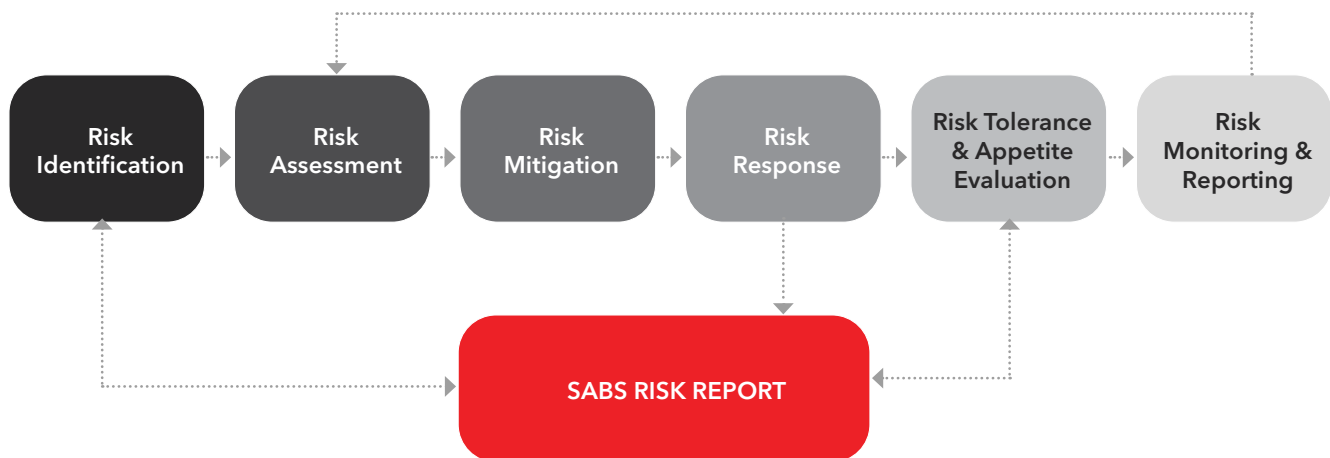
The SABS adheres to the risk policies and processes aligned with the King IV Code of Corporate Governance. The Audit and Risk Committee is responsible for risk management oversight. The organisation has adopted an Enterprise-wide Risk Management (ERM) approach to managing risks that impact its strategic and operational objectives.

The Compliance, Risk and Legal Services is responsible for the ERM portfolio and is tasked with implementing effective and efficient systems of risk, ethics, and compliance management for the SABS, in line with the Public Finance Management Act (PFMA) and relevant prescripts.

The risk management portfolio includes:

- Financial Risk Management
- Strategic Risk Management
- Operational Risk Management
- Project Risk Management
- Anti-corruption, Fraud Prevention and Awareness
- Business Continuity Management
- Compliance Management
- Ethics Management

The SABS' Risk Management Framework



COMBINED ASSURANCE FIVE LINES OF DEFENCE FRAMEWORK



The SABS has adopted a “five lines of defence” model to manage risk. The model defines the roles and responsibilities for managing risk and emphasises the fundamental concept that risk ownership and management

are everyone’s responsibility, from the Accounting Authority level through the business. The model is summarised below as follows:

Line of Defence	Role	Responsibility
First	Management and Business	Owns and processes risk management policies and procedures
Second	Specialist Functions	Provides specialist support to management in risk management. Includes areas such as risk and compliance, accreditation, as well as Health, Safety and Environment (HSE) units
Third	Internal Assurance providers	Supplies independent assurance on the effectiveness of risk management by internal auditors
Fourth	External Assurance Providers	Gives independent assurance on the effectiveness of risk management by SABS’ external auditors and accreditation bodies such as the South African National Accreditation System (SANAS) and RvA
Fifth	Accounting Authority	Oversees the activities of SABS and accounts to the shareholders for strategy and performance

PART E

OUR OPERATING CONTEXT: PERFORMANCE AND OUTLOOK



STANDARDS DIVISION

BUSINESS OVERVIEW

BUSINESS OBJECTIVE

- Development, promotion, and maintenance of South African National Standards (SANS) and other publications is the primary function of the Standards division of the SABS.
- National Standards provide solutions, knowledge and information that support national industrial objectives, and socio-economic and environmental priorities, contributing to sustainable growth, thereby improving the lives of South African citizens.
- National Standards further catalyse economic activity by providing technical tools to support local industries' access to domestic, regional, and global markets. National, regional, and international collaboration with diverse stakeholder representation provides the foundation for developing state-of-the-art technical solutions that support the United Nations Sustainable Development Goals, the National Development Plan, and the Re-imagined Industrial Strategy.
- The key objectives of the National Standards Body (NSB) include the development and maintenance of relevant National Standards that address market needs, support, and enable socio-economic and environmental objectives, industrial policy, and innovative and competitive industries.

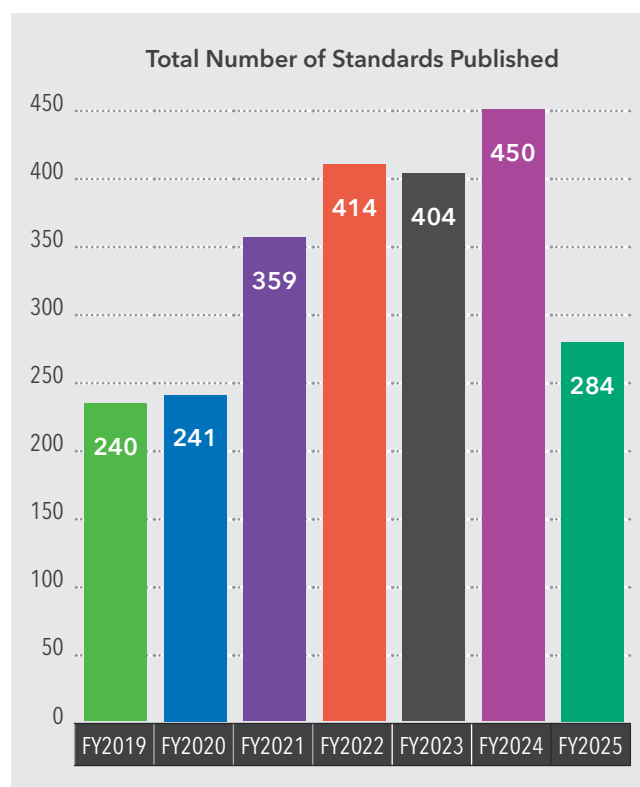
PRODUCTS AND SERVICES

- Develop, promote, and maintain South African National Standards (SANS), South African Technical Standards (SATS), South African Technical Reports (SATR) and other relevant publications.
- Represent South Africa and strategically participate and influence international and regional standards organisations such as ISO, IEC, ARSO, SADCSTAN, AFSEC and BRICS.
- Marketing and distribution of standards and relevant publications through various channels and platforms.

PERFORMANCE OVERVIEW

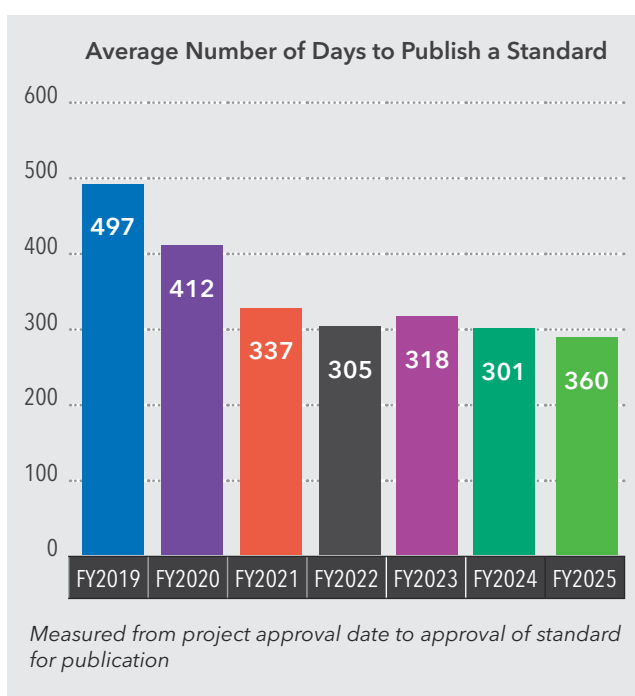
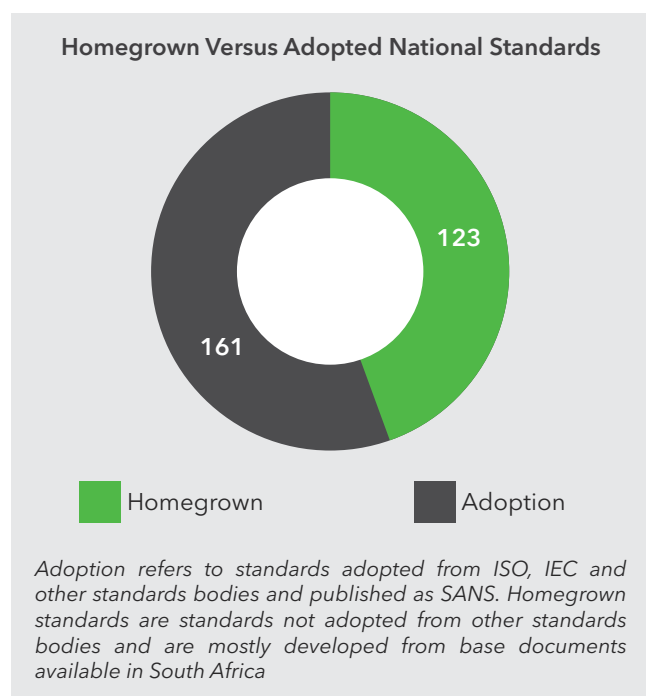
PERFORMANCE HIGHLIGHTS

- Published 284 standards, of which 123 are homegrown, and 161 are national adoptions of ISO, IEC, and other International Standards
- Participated in the 37 Technical Harmonisation Committees of ARSO
- Published 10 Standards related to the energy Sector



PERFORMANCE LOWLIGHTS

- 82% of Standards aligned to **the dtic** reimagined industrial priority sectors
- 360-day turnaround time to publish a standard



BY THE NUMBERS

		FY2025	FY2024
Staff	Number	61	59
Total standards publications	Number	8134	7821
Technical committees' meetings held	Number	154	167
Participants in technical committees	Number	5456	2304
Technical committee satisfaction index	%	-	81%
Standards published	Number	284	404
• Homegrown	Number	123	145
• Adoptions	Number	161	259
Days to publication (turnaround times)	Days	360	301
Standards in various stages of development (at year-end)	Number	942	850
Sale of standards - External	Value/R	38.9-million	34.1-million
WTO/TBT			
• Total subscriptions	Number	235	212

THE YEAR AHEAD

People

- Develop systems/framework for the assessment of the competency of standards professionals

Process

- Review of standards workflows
- Contribute to the roadmap and 60% implementation of the business review project plan

Product

- Explore opportunities for the creation of new sector-specific standards collections

Technology

- Introduction of XML as a publishing tool

CERTIFICATION SERVICES DIVISION



CERTIFICATION DIVISION

BUSINESS OVERVIEW

BUSINESS OBJECTIVE

Certification is the provision of assessment services, by an independent body of written assurance (or a certificate), that the product, service, or system in question meets specific standard requirements of a scheme. Certification can be a useful tool for adding quality and credibility by demonstrating that a product or service meets companies' expectations. For some industries, certification is a legal or contractual requirement. The SABS Certification, a division of the SABS, provides independent third-party certification services, assuring that products, systems, and services comply with pre-defined standards and customer specifications.

Although the certification scheme is voluntary by nature, compliance with the SABS Mark is made compulsory for several products by regulators for various reasons, viz., public interest, protection of human, animal, or plant health, environmental safety, prevention of unfair trade practices, and national security. For such products, regulators, including government departments, require the mandatory use of the SABS Mark of Approval under a Licence arrangement.

Operating in an environment dominated by large multinational certification bodies, the Certification division will continue to focus its efforts on enhancing customer value, underpinned by several strategic initiatives. Core to this strategy is aligning the division with **the dtic's** industrialisation agenda and unlocking opportunities for operational excellence through process optimisation and digital transformation of the business, which will continue into the new fiscal year.

Procurement of locally manufactured products is one of the key demand-side industrial policy levers identified by the government to support industrial development in South Africa. The objective is for local manufacturers, including black-owned companies and black industrialists, to benefit from a substantial share of public sector procurement.

The SABS has built the requisite capacity to conduct local content verification (LCV) to support the country's developmental agenda; this applies to both the public and private sectors. The division provides its services across all 39 European Accreditation Codes (EA Codes), while the SABS Mark Scheme is present in 33 countries.

PRODUCTS AND SERVICES

- Certification, including quality management system and product certification (Mark Scheme)
- Local content verification in terms of the implementation guidelines of the recently published Mining Charter, as well as fulfilling the verification requirements of designated products and sectors for local procurement in line with the amended regulations to the Preferential Procurement Policy Framework Act (PPPFA)
- Consignment inspections

FY2025 Certification Revenue, R'M



PERFORMANCE OVERVIEW

PERFORMANCE HIGHLIGHTS

- 4 sectors with 0 expiry on Management Systems
- Expiries in general are going down due to improved monitoring
- Records Status has improved in most of the Sectors
- Cancellations have gone down for the month of April
- 100% Successful transition of FSSC V6

PERFORMANCE LOWLIGHTS

- Auditor utilisation needed to be optimized to advance multiskilling through expansion of competencies
- Delays in the automation of the certification end to end processes through a digital platform
- First time approval rate of audit packs for decision making below the target of 80% threshold
- Delays in Cement Conformity evaluations for 2024 period due to backlog

THE YEAR AHEAD

People

- Identify gaps and expand Auditor Competency by 10%

New Schemes

- New Certification Information Management Systems
- Provide input to the IP Framework in relation to SABS Mark abuse

Technology

- The organisation has begun the process of documenting the as is process for the certification division with the purpose of automating its end to end of activities

LABORATORY SERVICES DIVISION



LABORATORY SERVICES

BUSINESS OVERVIEW

The SABS' laboratory (or testing) activities provide an extensive array of testing, inspection, and evaluation capabilities across a diverse range of technologies. The SABS testing capability is the most extensive and comprehensive service of its kind in Southern Africa.

Priority is given to the accreditation of test laboratories. The most widely implemented accreditation is SANAS accreditation to SANS/ISO/IEC 17025 (General requirements for the competence of testing and calibration laboratories). Some of the laboratories are accredited to SANS/ISO 17043 for proficiency testing activities. Other laboratories are also recognised for their compliance with good laboratory practice (OECD GLP).

In many cases, specific activities are approved by testing and/or inspection authorities, including the Department of Health, the South African Pharmaceutical and Health Authority, and the National Nuclear Regulator. Operations are split across five business clusters: electrotechnical, automotive, civil and mechanical, mining and minerals, food and health, and chemicals and materials.

PRODUCTS AND SERVICES

- Sampling, Testing and Analysis
- Environmental Monitoring
- Proficiency Testing
- Reference Materials

PERFORMANCE OVERVIEW

HIGHLIGHTS

- Accreditation was maintained through the year and Secunda was recommended for continued accreditation after the SANAS surveillance assessment with 3 new technical signatories approved.
- 14 new methods were developed against a target of 2, including one EV component test method
- 33 technical committee/conference participations versus a target of 20 (up from 9 the prior year), and 5 success stories profiled against a target of 4.
- Systems loss forced manual sample registration, quoting and invoicing; created reporting gaps from October 2024 onward and drove backlogs, yet testing and report issuance continued.

LOWLIGHTS

- Cyberattack impacted availability of information including financial data.
- Single-person dependency across a large share of labs (one-person labs) pose risks.

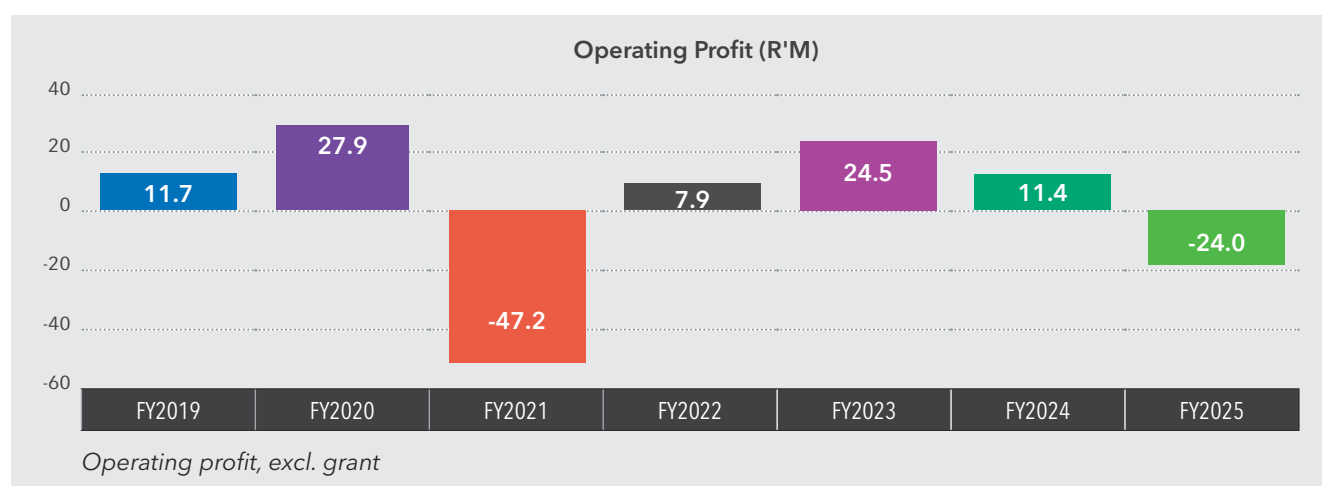
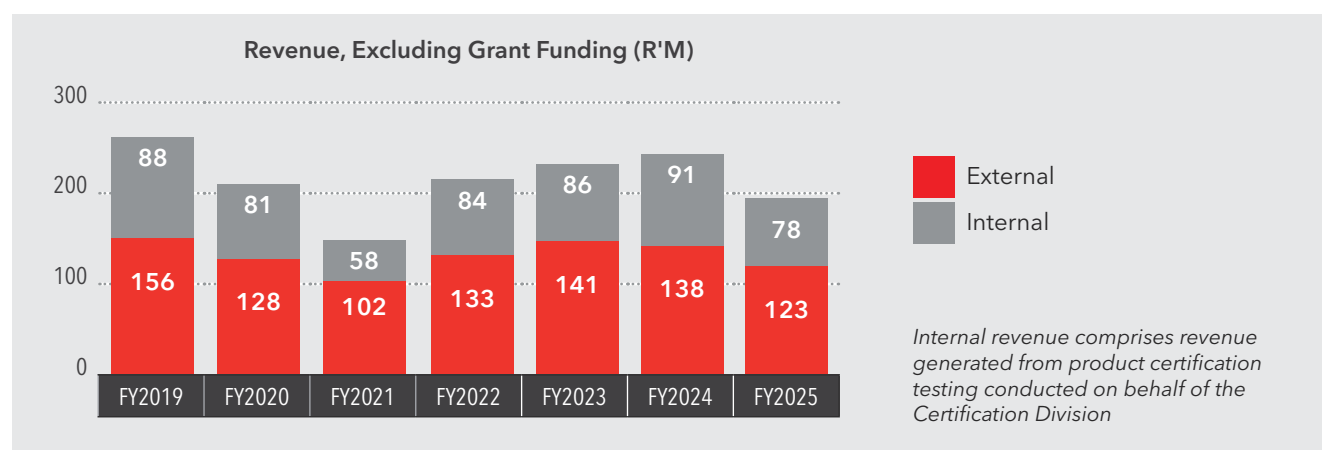


Figure 6: Performance Results - Laboratory Services

BY THE NUMBERS

		FY2025	FY2024
Revenue - External	R million	123.4	144.4
Operating Profit (excluding grant)	R million	-24	-16.4
Test Laboratories	Number	28	28
Staff	Number	249	249

THE YEAR AHEAD

People

- Identify training needs for newly appointed personnel and 40% implementation
- Develop a framework to address one-person laboratory risks and 40% implementation

Process

- Contribute to the process roadmap and 80% implementation of the business review project plan
- Document process mapping
- Complete LIMS BRS (Business Requirements Specification)
- Business continuity post cyber attack

Product

- Conduct a feasibility study on the insourcing of testing of cosmetics and cannabis
- Finalisation of the feasibility study for Testing of Electric Vehicles and 40% implementation

Technology

- Contribute to the technology roadmap and business requirements for the Laboratory system
- Implementation of infrastructure plan

CUSTOMER PARTNERING DIVISION



CUSTOMER PARTNERING DIVISION

BUSINESS OVERVIEW

BUSINESS OBJECTIVE

Customer Partnering comprises the Marketing and Communications (Marcoms), Sales and Business Development and Customer Engagement and Business Innovation departments. It seeks to raise awareness of SABS products and solutions, improve the customer experience and enhance the Bureau's financial sustainability through customer retention and acquisition. The effective execution of customer retention and acquisition plans underpins the SABS turnaround strategy.

PERFORMANCE OVERVIEW

HIGHLIGHTS

- Integrated Marketing Plan aligned to Sales worked in the past year. The synergy allowed for directed focus of efforts.
- Engagements with the different units have been increasing, creating synergies between the teams, especially LSD and Certification

LOWLIGHTS

- Some of the platforms in terms of marketing did not yield the results that were expected
- Customer complaints and queries have been increasing, exacerbated by issues related to the cyber attack.
- Did not meet the revenue target.

BY THE NUMBERS

		FY2025	FY2024
Total Value of Quotes Accepted	R million	101	69

THE YEAR AHEAD

People

- Identify training needs for sales leads, sales officers, and key accounts officers and achieve 60% implementation

Process

- Contribute to the process roadmap and complete 80% implementation of the business review project plan

Product

- Develop a go-to-market (GTM) strategy for newly-developed products, solutions and services and achieve 40% implementation

Technology

- Contribute to the technology roadmap and business requirements for ERP [CRM component]

PERFORMANCE AGAINST APPROVED STRATEGIC OBJECTIVES

The table below provides a high-level summary of performance against the approved 2024/25 SABS Corporate Plan for the period under review. 10 out of 18 targets have been achieved which equates to 56% of targets attained for the 2024/25 financial year.

DEVELOP, PROMOTE, AND INCREASE THE USE OF STANDARDS

Outcome indicator	Target (FY2024/25)	Target (Q4)	Actual (Q4)
Published Standards	Publish three hundred and sixty (360) standards	Publish three hundred and sixty (360) standards	Published two hundred and eighty-four (284) standards
	Publish 80% of the standards aligned to the re-imagined priority sectors	Publish 80% of the standards aligned to the re-imagined priority sectors	Published 82% of the standards aligned to the re-imagined priority sectors

PROVIDE INTEGRATED CONFORMITY ASSESSMENT SERVICES SOLUTIONS

Outcome indicator	Target (FY2024/25)	Target (Q4)	Actual (Q4)
New products/schemes	Develop one (1) new Certification Scheme	Develop one (1) new Certification Scheme	Developed 1 Certification Scheme
Outreach projects to promote SABS products and services	Conduct four (4) outreach projects	Conduct four (4) outreach projects	Conducted four (4) outreach projects
Case studies on customer value	Conduct twenty (20) case studies on customer value	Conduct twenty (20) case studies on customer value	Conducted twenty (20) case studies on customer value
Productivity and Utilisation	Roll out Planning and Scheduling tool to 10 laboratories	Roll out Planning and Scheduling tool to 10 laboratories	Rolled out Planning and Scheduling tool to 0 laboratories
Accreditation Status	Maintain all Accreditations for Laboratory and Certification products and services	Maintain all Accreditations for Laboratory and Certification products and services	Partial suspension in Certification products. SANAS has accepted all responses provided by the SABS

ACHIEVE AND MAINTAIN FINANCIAL SUSTAINABILITY

Outcome indicator	Target (FY2024/25)	Target (Q4)	Actual (Q4)
Operating margin of the SABS Group	Achieve 5% operating margin of the SABS Group	Achieve 5% operating margin of the SABS Group	Attained -4.8% operating margin of the SABS Group
Net cash from operations/ cash receipts ratio of the SABS Group	Attain 5% net cash from operations as a percentage of cash receipts of the SABS Group	Attain 5% net cash from operations as a percentage of cash receipts of the SABS Group	Attained -6.9% net cash from operations as a percentage of cash receipts of the SABS Group
Growth in Revenue of the SABS Group	Achieve 5% Year-on-Year growth in revenue of the SABS Group	Achieve 5% Year-on-Year growth in revenue of the SABS Group	Achieved 0.5% Year-on-Year growth in revenue of the SABS Group

CONTINUOUS IMPROVEMENT IN INTERNAL SYSTEMS AND PROCESSES

Outcome indicator	Target (FY2024/25)	Target (Q4)	Actual (Q4)
Process Optimisation	Map 80% of key business process	Map 80% of key business process	Mapped 0% of key business process
Physical and Laboratory Infrastructure upgrade	Implement 40% of approved Infrastructure Plan	Implement 40% of approved Infrastructure Plan	Implemented 50% of approved Infrastructure Plan
Digital Transformation	Implement 30% of the ICT Digital Transformation plan	Implement 30% of the ICT Digital Transformation plan	Implemented 28% of the ICT Digital Transformation plan

CREATING AND MAINTAINING A HIGH-PERFORMANCE CULTURE

Outcome indicator	Target (FY2024/25)	Target (Q4)	Actual (Q4)
Talent Management	Approval of the Talent Management Framework	Approval of the Talent Management Framework	Talent Management Framework approved
	Approval by EXCO of the Succession Plan for key positions	Approval by EXCO of the Succession Plan for key positions	EXCO approved Succession Plan for key positions
Recruited sixty (60) Interns - for the Graduate Development programme and implemented 90% of the structured learning programmes	Implement 80% of staff training budget	Implement 80% of staff training budget	Implemented 80% of staff training budget
	Recruit sixty (60) Interns – for the Graduate Development programme and implement 30% of the structured	Implement 30% of the structured learning programme	Recruited sixty (60) Interns – for the Graduate Development programme and implemented 90% of the structured learning programme

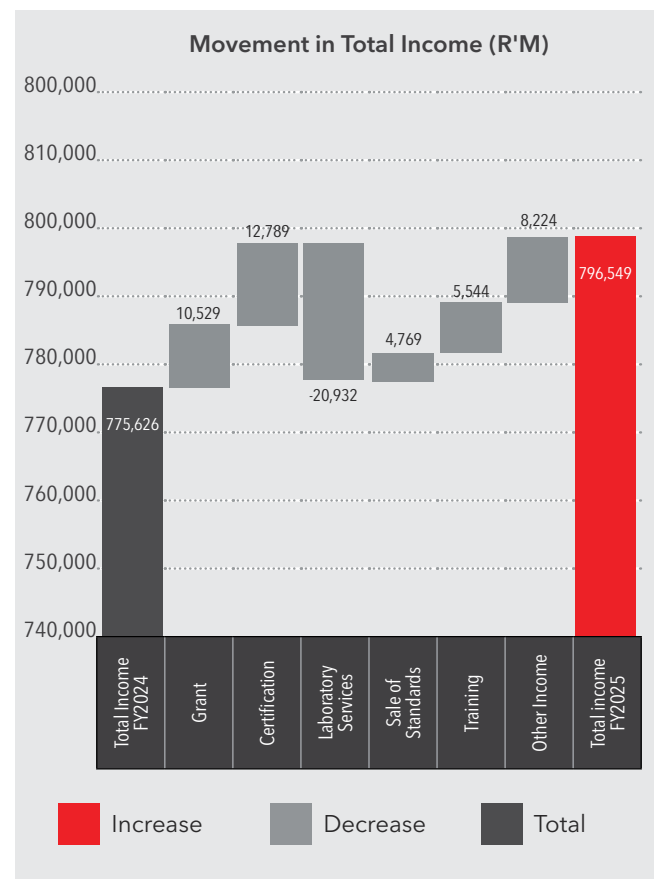
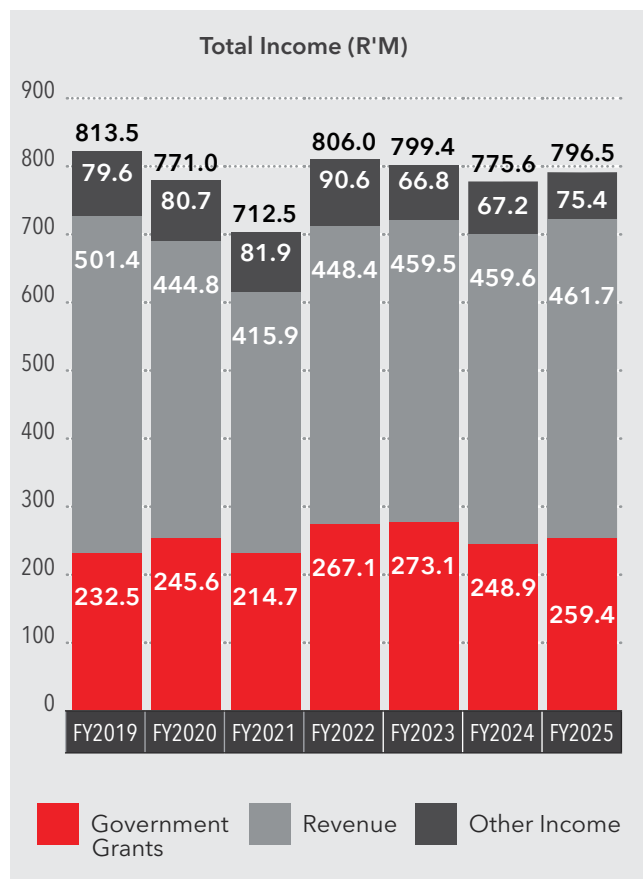
GROUP FINANCE OVERVIEW

Total Income

Total income for the year increased by 2.7% to R796.5-million (2024: R775.6-million). The SABS received a government grant from **the dtic** of R259.4-million (excluding VAT) for operational requirements for the year.

Revenue from conformity assessment services, comprising certification and laboratory services, decreased by

R8.1-million to R409.0-million (2024: R417.1-million). Revenue from standard sales and training increased by R10.3-million to R52.7-million (2024: R42.4-million). Other income increased due to recognised deferred income, fair value adjustments on investments recognised in profit, sundry income and rental income from investment property.

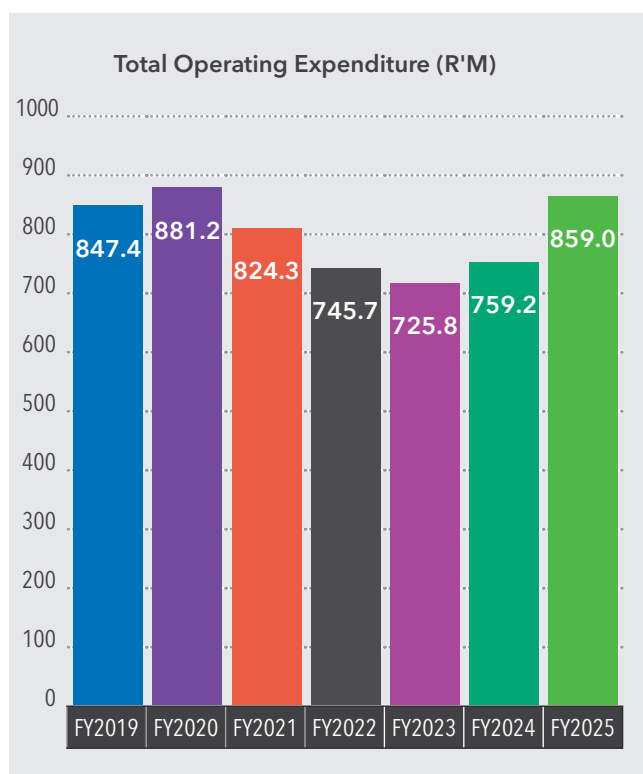


Operating Expenditure

The SABS continued to contain its administration and operational expenditure. Total expenditure (including depreciation and amortisation) increased by 13.2% to

R859.0-million (2024: R759.2-million). The 13.2% increase is aligned with inflation and cyberattack recovery costs.

Employee benefit expenditure comprises 55% (2024: 55%) of the SABS total administration and operational expenditure and amounted to R476.6-million (2024: R417.5-million).



Net Investment Income

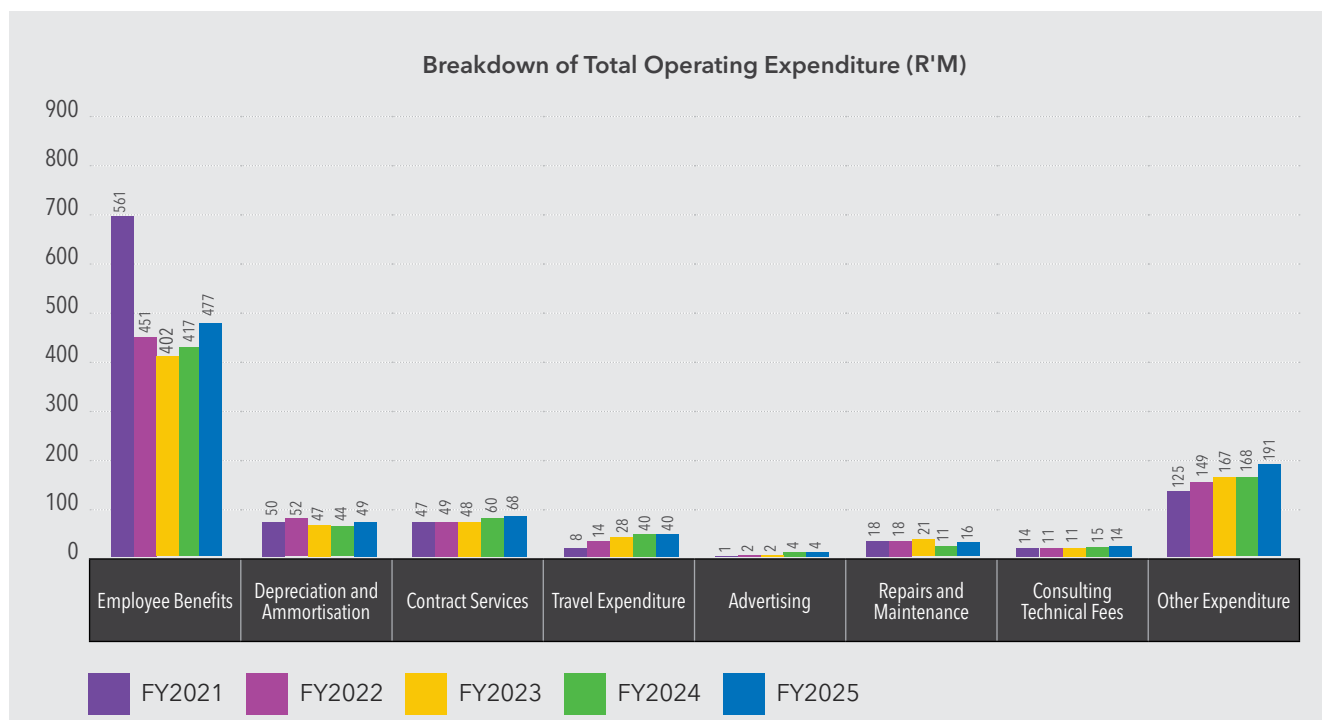
The SABS earns interest on bank accounts, money market investments, short-term deposits, and available-for-sale investments. In the year under review, the SABS earned a finance income of R55.2-million (2024: R60.8-million).

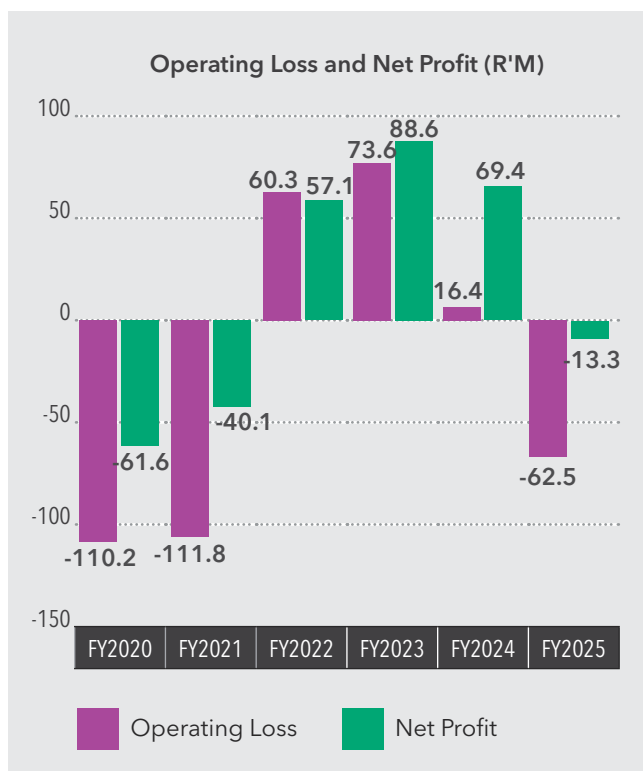
Finance costs were realised from lease liabilities, banking facilities, and late payments, amounting to R3.6-million (2024: R1.9-million).

Operating Loss and Net Profit

The SABS' profit/loss from operating activities has decreased to a loss of R62.5-million, compared to an operating profit of R16.4-million in the previous financial year.

Including the net interest received of R51.6-million (2024: R58.9-million), the SABS recorded a net loss of R13.3-million for the year (2024: R69.4-million net profit).





FINANCIAL POSITION

Total assets increased by 3.1% to R1.8 billion (2024: R1.7 billion). Non-current assets increased by 2.0% to R0.99-billion from R0.97-billion in FY2024.

Movement in Property, Plant, Equipment and Intangible Assets

The year's new capital expenditure, including intangible assets, was R48.7-million (2024: R27.0-million). Investments in new laboratory and ICT equipment were in line with the SABs' infrastructure rehabilitation plans.

Depreciation and amortisation totalled R33.0-million (2024: R32.4-million).

Investments at Fair Value Through Profit and Loss

During the year, financial assets increased by R18.6-million to R163.6-million, mainly due to fair value adjustments.

Working Capital

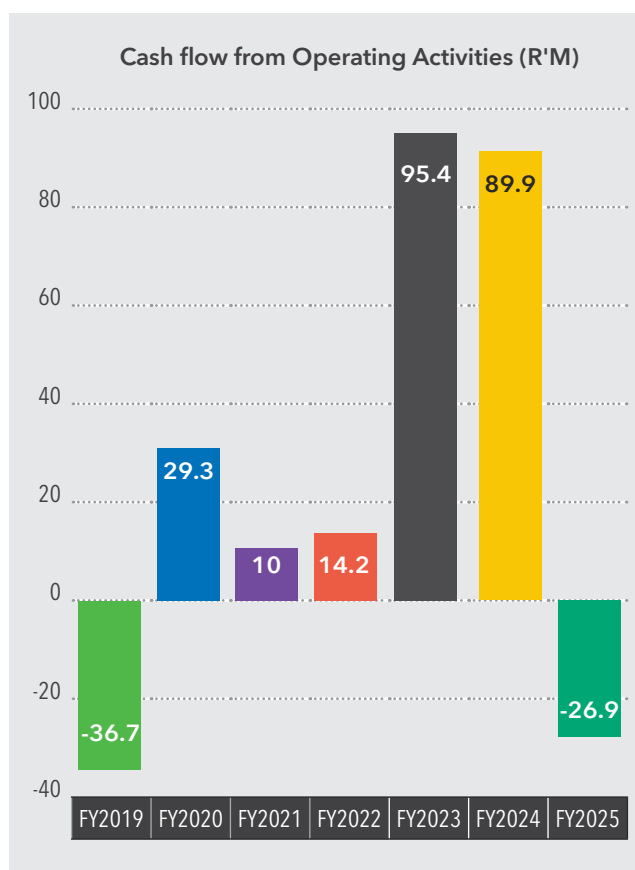
Current assets increased from R766.9-million in the prior year to R802.2-million, mainly due to higher trade and other receivables.

Current liabilities increased by 27.2% to R307.3-million, mainly due to higher trade and other payables.

Overall, the current ratio has declined from the prior year to 2.6 (2024:3.2).

Cash and Cash Equivalents

Cash flow generated from operations totalled -R63.0-million (2024: R54.7-million). At year-end, the SABs' cash and cash equivalents totalled R529.9-million (2024: R577.7-million).



The SABs provide post-employment medical aid contribution subsidies to qualifying retirees. Employees who meet set criteria (detailed in note 20 of the annual financial statements) are also entitled to this benefit when they retire. Actuaries have valued the plan's liability at year-end. The post-employment healthcare benefit obligation was valued at R67.7-million (2023: R59.7-million).

The funds earmarked to defray the post-employment liability are preserved through investments measured at fair value through profit or loss, currently valued at R163.6-million (2024: R145.0-million).

Borrowings

The SABs have no outstanding borrowings, except for finance leases for operating assets.

Post-balance Sheet Events

No material events occurred after the reporting date and up to the date of this report.

IRREGULAR, FRUITLESS, AND WASTEFUL EXPENDITURE (GROUP)

In line with the National Treasury's new PFMA Compliance and Reporting Framework, effective 3 January 2023, the SABS adopted a revised approach to presenting non-compliance, fruitless and wasteful (UIFWE) expenditure. This framework supersedes previous guidance. The SABS remains committed to responsible financial management and takes corrective action whenever situations lead to UIFWE expenditure.

Reconciliation of fruitless and wasteful expenditure:

Description	FY2025 (R'000)	FY2024 (R'000)
Opening Balance	11 506	10 570
Add: Fruitless and Wasteful Expenditure confirmed	6	936
Less: Fruitless and Wasteful Expenditure written off	-899	-
Less: Fruitless and Wasteful Expenditure recoverable	-	-
Closing Balance	10 613	11 506

Reconciling notes to the annual financial statement disclosure

Description	FY2025 (R'000)	FY2024 (R'000)
Irregular Expenditure that was under assessment in 2023/2024	-	-
Irregular Expenditure that relates to 2023/2024 and identified in 2024/2025	-	-
Fruitless and wasteful expenditure reported in prior year, reversed in current year	-	-312
Fruitless and wasteful expenditure for the current year	6	1 248
Total	6	936

Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	FY2025 (R'000)	FY2024 (R'000)
Fruitless and Wasteful Expenditure under assessment	3 145	-
Fruitless and Wasteful Expenditure under determination	-	-
Fruitless and Wasteful Expenditure under investigation	-	-
Total	3 145	-

Details of current and previous year fruitless and wasteful expenditure recovered

Description	FY2025 (R'000)	FY2024 (R'000)
Fruitless and Wasteful Expenditure recovered	-	-
Total	-	-

Details of current and previous year fruitless and wasteful expenditure written off

Description	FY2025 (R'000)	FY2024 (R'000)
Fruitless and Wasteful Expenditure written-off	-899	0
Total	-899	-

Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Description	FY2025 (R'000)	FY2024 (R'000)
Consequence management in progress	-	-
Consequence management completed	6	936
Total	6	936

Reconciliation of irregular expenditure

Description	FY2025 (R'000)	FY2024 (R'000)
Opening Balance	34 561	39 981
Add: Irregular Expenditure confirmed	52 243	3 804
Less: Irregular Expenditure condoned	10	9 225
Less: Irregular Expenditure not condoned and removed	-	-
Less: Irregular Expenditure recoverable	-	-
Less: Irregular Expenditure not recovered and written off	-	-
Closing Balance	86 794	34 560

Reconciling notes to the annual financial statement disclosure

Description	FY2025 (R'000)	FY2024 (R'000)
Irregular Expenditure that was under assessment in 2022/2023	-	-
Irregular Expenditure that was under assessment in 2023/2024	-	-
Irregular Expenditure that relates to 2023/2024 and identified in 2024/2025	52 243	3 804
Total	52 243	3 804

Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	FY2025 (R'000)	FY2024 (R'000)
Irregular Expenditure under assessment	600	-
Irregular Expenditure under determination	3 145	-
Irregular Expenditure under investigation	-	-
Total	3 745	-

Details of current and previous year irregular expenditure condoned

Description	FY2025 (R'000)	FY2024 (R'000)
Irregular Expenditure condoned for 2021-22	-	3 576
Irregular Expenditure condoned for 2022-23	-	1 938
Irregular Expenditure condoned for 2023-24	-	3 711
Irregular Expenditure condoned for 2024-25	10	-
Total	10	9 225

Details of current and previous year irregular expenditure removed - (not condoned)

Description	FY2025 (R'000)	FY2024 (R'000)
Irregular Expenditure NOT condoned and removed	-	-
Total	-	-

Details of current and previous year irregular expenditure recovered

Description	FY2025 (R'000)	FY2024 (R'000)
Irregular Expenditure recovered	-	-
Total	-	-

Details of current and previous year irregular expenditure written off (irrecoverable)

Description	FY2025 (R'000)	FY2024 (R'000)
Irregular Expenditure written-off	-	-
Total	-	-

No inter-institutional transactions that have led to irregular expenditure.

Details of current and previous year disciplinary steps taken as a result of irregular expenditure

Description	FY2025 (R'000)	FY2024 (R'000)
In progress	48 389	308
Completed	3 655	3 711
Total	52 044	4 019

SIX-YEAR PERFORMANCE OVERVIEW

STATEMENT OF PROFIT OR LOSS

	FY2025	FY2024	FY2023	FY2022	FY2021	FY2020
	R'm	R'm	R'm	R'm	R'm	R'm
Revenue	461.7	459.6	459.5	448.4	415.9	444.8
Parliamentary grant recognised as income	259.4	248.8	273.1	267.1	214.7	245.6
Expenditure	(859.0)	(759.2)	(725.8)	(743.5)	(824.3)	(881.2)
Operating (loss)/profit	(62.5)	16.4	73.6	60.3	(111.8)	(110.2)
Net investment income	51.6	58.9	33.3	17.6	27.6	48.6
Profit/(loss) for the year	(13.3)	69.4	88.6	57.1	(40.1)	(61.6)

STATEMENT OF FINANCIAL POSITION

	FY2025	FY2024	FY2023	FY2022	FY2021	FY2020
	R'm	R'm	R'm	R'm	R'm	R'm
Property, plant, and equipment	725.1	720.6	726.2	720.1	710.1	684.0
Investment properties	5.8	6.1	6.5	6.8	7.2	7.5
Intangibles	8.0	12.7	12.9	15.4	14.2	13.4
Investments at fair value	163.6	145.0	137.5	132.7	120.3	100.5
Right-of-use assets	25.8	40.2	8.3	15.9	23.0	15.7
Deferred taxation	57.5	42.3	33.6	31.0	40.6	-
Non-current assets/disposal group held for sale	981.4	-	-	-	-	-
Current assets excluding cash	272.3	189.2	195.9	166.1	177.1	154.4
Net cash and cash equivalents	529.9	577.7	480.8	406.2	457.6	531.9
Total assets	1 783.6	1 733.7	1 601.8	1 494.2	1,550.1	1,507.4

	FY2025	FY2024	FY2023	FY2022	FY2021	FY2020
	R'm	R'm	R'm	R'm	R'm	R'm
Capital and reserves	975.3	995.9	925.1	838.9	782.7	815.7
Other non-current liabilities	505.5	496.1	455.4	454.4	483.7	463.9
Current liabilities	307.3	241.7	221.2	200.9	283.7	222.5
Total equity and liabilities	1 783.6	1 733.7	1 601.8	1 494.2	1,550.1	1,507.4

CASH FLOWS

	FY2025	FY2024	FY2023	FY2022	FY2021	FY2020
	R'm	R'm	R'm	R'm	R'm	R'm
Net cash flow from operating activities	(26.9)	89.9	95.4	14.2	10.0	29.3
Net cash flow from investing activities	(2.2)	17.4	(14.7)	(50.4)	(73.9)	251.9

	FY2025	FY2024	FY2023	FY2022	FY2021	FY2020
	R'm	R'm	R'm	R'm	R'm	R'm
Net cash flow from financing activities	(18.7)	(10.4)	(6.1)	(15.2)	(10.4)	8.4
Cash & cash equivalents at the beginning of the year	577.7	480.8	406.2	457.6	531.9	259.2
Cash and cash equivalents at the end of the year	529.9	577.7	480.8	406.2	457.6	531.9
RATIO ANALYSIS						
PROFITABILITY AND ASSET MANAGEMENT						
Asset turnover	0.3	0.3	0.3	0.3	0.3	0.3
Return on assets (excluding cash and cash equivalent)	-5.0%	1.4%	6.6%	5.5%	(10.2%)	(11.3 %)
Return on equity	-6.4%	1.6%	8.0%	7.2%	(14.3%)	(13.4 %)
Current ratio	2.6	3.2	3.1	2.8	2.2	3.1
Operating margin %	-13.5%	3.6%	16.0%	13.4%	(26.9%)	(24.8 %)
Revenue % to total income	64.0%	64.9%	62.7%	62.7%	66.0%	64.4%
PERFORMANCE						
Number of employees at year-end	719	675	672	738	824	856
Commercial revenue per employee	642	681	684	608	505	520
Cost per employee	1 195	1 125	1 080	1 010	1 000	1 029
Operating profit per employee	(-86.9)	24.2	109.5	81.7	(135.7)	(128.7)
Remuneration as a % of total expenditure	-55.5%	55.0%	55.3%	60.5%	68.1%	62.7%

Ratio definitions

Asset turnover: Revenue divided by assets less current liabilities

Return on assets: Operating profit as a percentage of assets excluding cash resources

Current ratio: Current assets to current liabilities

Operating margin %: Operating profit as a percentage of revenue

Revenue % to total income: Revenue divided as a percentage of total income



PART F

OUR
HUMAN CAPITAL

It is a strategic imperative for the organisation to recognise the role and value of employees in successfully delivering on its institutional mandate. The Human Capital strategy guides the execution of the business's operating model and is anchored on the following elements:

- Talent acquisition, including recruitment, on-boarding and graduate placement.
- Learning and development, including competency assessments as well as leadership and skills development.
- Performance management, including contracting, tracking, evaluation, and enhancement.
- Compensation and benefits, including terms and conditions, collective agreements, incentives, and salary structures.

OUR PURPOSE IN BUILDING TALENT TO DRIVE PERFORMANCE EXCELLENCE:

To enable value creation in our new operating model, we are aligning efforts and working harder at enhancing talent, optimising performance, and coaching to unleash the full potential of our employees:

Our Employee Value Proposition:

- We develop employees and free their potential.
- Retain critical competencies.
- Create an environment that enables excellent performance.
- Attract competent, skilled, and dedicated professionals.

Our Value-Add Human Capital Offering:

- We enhance capacity to enable the organisation to deliver on its strategic objectives.
- We optimise the workforce plan to deliver on the operating model; and to lessen duplications across functions in line with standards and best practices.

LEARNING AND DEVELOPMENT

During the 2024/2025 financial year, the organisation invested R9.4 million in Talent Development initiatives to strengthen workforce capability and support national skills development priorities.

Training and Development interventions focused on enhancing employee competencies, supporting professional development and ensuring alignment with organisational requirements. A total of 549 employees

participated in a range of learning and development interventions, including technical, compliance, soft-skills, leadership development programmes, and professional-skills courses. To further support employee development, 26 bursaries were awarded to employees pursuing formal qualifications. In addition, the organisation funded professional membership subscriptions to support employees in maintaining professional standards and continuing professional development.

Investment in talent development also extended to youth development initiatives. The organisation implemented the Graduate Development Programme, providing meaningful workplace exposure and skills development for 60 young professionals entering the labour market.

Furthermore, external bursaries were provided to 10 financially disadvantaged students, enabling access to higher education in a field relevant to the organisation's mandate and contributing to the development of future skills within the sector.

Through these initiatives and investment in learning and development, the organisation reinforced its commitment to building a skilled, capable, and future-ready workforce while contributing to national skills development.

CREATING AN ENABLING ENVIRONMENT TO MOVE THE ORGANISATION TO A HIGH-PERFORMANCE CULTURE

In the period under review, the organisation stabilised and undertook several initiatives to embed the organisational operating model.

Further to the structure migration and placement process:

- 258 positions within the new organisational structure were filled through a process of employee expressions of interest and panel interviews.

- 317 candidates not selected through the competitive process were managed through the Corporate Pool. Using strict matching criteria, to ensure that they were placed in roles closely aligned with their qualifications.
- After filling all employee positions, 47 graduates were successfully placed in the remaining vacancies, utilising the same rigorous matching criteria.
- Through this process, 59 vacancies were identified as critical and are currently being filled through the standard open recruitment process.

The SABS Board approved a salary harmonisation process. This process aims to ensure that the remuneration of placed employees aligns with their current positions. The Board established the principles for this harmonisation, and the organisation is currently implementing them in accordance with these guidelines.

STAFF REMUNERATION

Our remuneration philosophy aims to strengthen our ability to attract and retain talent, enabling execution of our turnaround plan and strategy. Furthermore, to stimulate high performance and ensure equitable pay.

Our priority is to develop a fit-for-purpose Reward and Remuneration Framework:

- The new pay scales were approved for implementation, following extensive market research and this was the basis from which the harmonisation principles were implemented.
- Before the implementation of the harmonisation principles, an Executive Panel was established to oversee the process. Additionally, all proposed new Cost-to-Company (CTC) structures underwent a pre-implementation audit by Internal Audit.

Our permanent employees' benefits:

- Financial Performance Incentives
- Medical Aid
- Retirement Fund
- Tuition Fees
- Incapacity benefits
- Employee Assistance Programme
- Travel allowances (where applicable)

FACILITATING THE TRANSITION TOWARDS A HIGH-PERFORMANCE CULTURE

To solidify the new operating model and foster a smooth transition to the "SABS way" of working, the organisation embarked on a cultural transformation journey. This initiative aims to define how we interact with customers and optimise efficiencies to cultivate a high-performance culture. To understand the current organisational culture and identify an ideal state that aligns with the new SABS Strategy, Operating Model, and Structure, a culture survey and focus group sessions were conducted. The findings from these initiatives have been documented to guide the definition of the upcoming culture journey in the next financial year.

The culture change journey will focus on two key pillars: actively embodying the new values and dismantling silos. This will position SABS for continued success. The initiative will include a structured rollout with monthly and quarterly milestones and activities designed to embed these pillars. The journey will culminate in a celebration of successfully living the new values, solidifying the desired cultural shift.

TRANSFORMATION

Diversity and Inclusion is a framework integral to the organisation's transformation initiatives:

1.4 % vs 2.0%	People with disability
49.7 %	Female representation
93.1 %	African, Coloured and Indian
23.0 %	Youth (35 years and under)

We are continuing to execute our diversity plans to strengthen African, Coloured and Indian (ACI) representation in our workforce, increase women representation in the workplace, and make progress with the inclusion of people with disabilities.

NUMBER OF EMPLOYEES

FY2025	719	6.5%
FY2024	672	-0.4%
FY2023	675	-9.3%
FY2022	738	-11.7%
FY2021	824	

719	100	Corporate Services (Human Capital, ICT & Knowledge Management, Facilities and Security Services)
	63	Finance (Reporting, Strategy, Supply Chain Management and Business Solutions & Advisory Services)
	523	Operations (Certification, Laboratory Services, Standards, Programme Management Office and Customer Partnering)
	33	Office of the CEO (Internal Audit, Risk & Compliance, Accreditation, Strategy, Stakeholder & Media Relations)

A strategic review of organisational structures and workforce needs led to a reduction in headcount. This prioritisation ensured roles aligned with business requirements.

However, the restructuring process affected the leadership pipeline, particularly at mid- to senior levels, due to voluntary exits despite a low overall attrition rate.

This highlights the importance of fostering internal talent development to build a robust leadership pipeline.

EMPLOYEE RELATIONS

The SABS is dedicated to upholding sound labour principles and fostering a work environment free of prejudice. The Human Capital Division plays a vital role in ensuring compliance with prevailing labour laws and achieving this commitment.

During this reporting period, the ER unit made significant strides in enhancing workplace harmony and proactively addressing employees' concerns.

Over the past year, the unit:

- Managed a total of 23 cases, including grievances, incapacity and disciplinary cases.
- Socialised employees on the new disciplinary code.
- Conducted awareness sessions on the new anti-harassment policy for employees at all levels.

Through these interventions, we continue to ensure that we protect the rights of all employees while also working towards minimising the rise in misconduct cases.

EMPLOYEE WELLNESS

We focus on employee wellness by providing appropriate support.

The uptake of the employee wellness programme is positive and employees and their families receive support in a wide range of well-being issues.

From April 2024 to March 2025, a total of 339 new cases were opened. This represents a 47.21% year-to-date utilisation rate for the current reporting period. The unit actively promoted employee well-being by adhering to the Department of Health's observances calendar with monthly awareness programmes and events. As we transition into the new financial year, we will be embedding both our wellness programme metrics and event participation data into our core performance reviews, enabling us to measure outcomes more holistically and refine our approach.

OCCUPATIONAL SAFETY

To ensure consistent and comparable safety data across regions, the organisation remains committed to employee education on safety reporting protocols.

No major incidents were reported across the areas of occupational and process safety environment. Lost Time Injury Frequency Rate (LTIFR) is at 0.17 which is within the risk tolerance level of 0.5. The SABS has maintained a low LTIFR for more than 3 years, below the tolerance level.

Occupational Safety has two primary objectives, namely:

- prevention of injuries on duty; and
- the design, implementation, and administration of a safety management system that assures compliance with the applicable legal (OHS Act 85 of 1993).

The Health, Safety, and Environment (HSE) business unit tracks and monitors the organisation's safety performance against established monthly targets. Divisional Heads of Departments are accountable for safety performance in their respective operations.



PART G

GOVERNANCE

Good corporate governance is essential to the success of the SABS. Its role is to build an environment of trust, transparency, accountability, and business integrity while simultaneously protecting and advancing the interests of the country and its citizens affected by the SABS' operations.

EXECUTIVE AUTHORITY AND PARLIAMENTARY OVERSIGHT

The South African Government wholly owns the SABS, and it is regulated in terms of the Standards Act, the PFMA and its accompanying Treasury Regulations. The SABS is classified as a Schedule 3B public entity under the PFMA.

As the Executive Authority of the entity, the Minister of the Department of Trade, Industry and Competition (**the dtic**) holds the Accounting Authority responsible for oversight of the organisation; and the Executive Team for managing the SABS and delivering on its mandate.

In line with section 52 of the PFMA, the SABS is required to submit its Corporate Plan in October and January each year, and the Shareholders' Compact in March each year to **the dtic**. The Shareholder's Compact, an agreement between the SABS Board and the Shareholder, sets out

key performance measures and targets for assessing organisational performance. The Corporate Plan is also submitted to the National Treasury in February of each year. The SABS' Accounting Authority reports on performance and related matters to the Shareholder through quarterly and annual reports.

The Executive Authority ensures that annual performance plans and the corporate plan align with the mandate and the government's priorities. The Executive Authority also provides direction on developing and implementing strategic priorities and policies.

The Standing Committee on Public Accounts reviews the annual financial statements and the Auditor-General's audit reports.

GOVERNANCE FRAMEWORK

The SABS governance framework promotes ethical leadership, accountability, transparency and effective decision-making in support of the organisation's mandate and long-term sustainability. It is underpinned by the Standards Act, PFMA, Companies Act, Treasury Regulations, Shareholders' Compact, Board Charter, Committee Charters, Delegation of Authority Framework and other key governance instruments that collectively define governance responsibilities, accountability arrangements and oversight mechanisms.

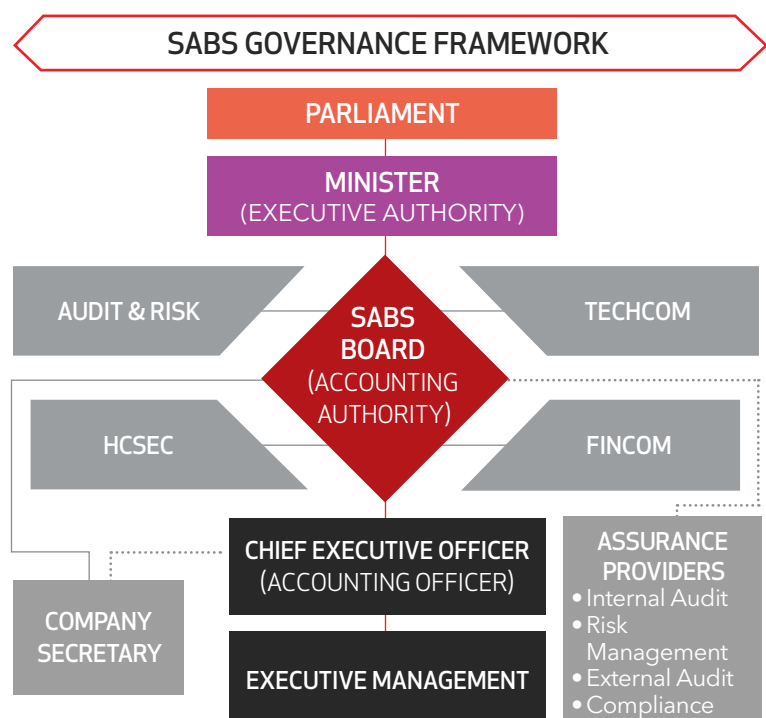
The Board comprises individuals with diverse skills, experience and expertise relevant to the SABS mandate and is responsible for providing strategic direction and governance oversight. Through its committees and governance structures, the Board promotes accountability, transparency and responsible decision-making in line with legislative requirements and governance best practice.

The governance framework establishes clear lines of accountability between the Minister as Executive Authority, the Board, Board Committees, Management and Assurance Providers. The Minister exercises shareholder oversight; the Board provides strategic direction and governance oversight; Board Committees support the Board in discharging its responsibilities; management is responsible for operational execution; and assurance providers provide independent assurance on the effectiveness of governance, risk management and internal controls.

A governance framework diagram is included in this report to illustrate the relationships and reporting lines between the Minister, Board, Board Committees, Management and Assurance Providers. Together, these structures support integrated governance, effective oversight, coordinated assurance and informed decision-making throughout the organisation.

GOVERNANCE STRUCTURE

The SABS governance framework establishes clear accountability and reporting lines between the Minister as Executive Authority, the Board, Board Committees and Management. The Minister exercises shareholder oversight and holds the Board accountable for the organisation's performance and governance. The Board is responsible for providing strategic direction, governance oversight and ensuring compliance with legislative and regulatory requirements. At the same time, Management is responsible for the day-to-day operations of the organisation and for implementing Board-approved strategies and policies. Board Committees support the Board by providing focused oversight and detailed consideration of matters within their respective mandates, enabling the Board to make informed decisions and effectively discharge its governance responsibilities. This governance structure promotes accountability, transparency, effective oversight and sound decision-making throughout the organisation.



ROLE OF THE BOARD OF DIRECTORS



The Board is responsible for providing strategic direction, governance oversight and ethical leadership to the organisation. It sets the tone for good governance and accountability, approves the policies, strategies and plans necessary to achieve the SABS mandate, and monitors management's implementation thereof. In fulfilling its responsibilities, the Board provides objective, informed and independent judgement on matters of strategic importance, ensuring that decisions are aligned with the long-term sustainability and success of the organisation.

The Board promotes a culture of integrity, accountability, transparency and ethical conduct through the regular

review of governance policies, practices and standards. Its responsibilities are guided by the Board Charter, which defines the Board's authority, roles and responsibilities and supports the application of sound corporate governance principles. Key responsibilities include approving strategy, overseeing organisational performance, ensuring effective risk management and internal controls, maintaining the integrity of governance and policy processes, and overseeing Board composition, succession, induction and evaluation. Through these responsibilities, the Board seeks to ensure effective governance, responsible stewardship and sustainable value creation for all stakeholders.

COMPOSITION OF THE ACCOUNTING AUTHORITY



COMPOSITION OF THE BOARD

In constituting the Board, the Executive Authority seeks to ensure an appropriate balance of skills, knowledge, experience, independence and diversity to enable effective governance and informed decision-making. Consideration is given to diversity in gender, race, age, tenure and professional background to promote a broad range of perspectives and constructive debate. This diversity of thought and experience enhances the Board's ability to provide strategic guidance, exercise objective oversight, and support the achievement of the organisation's mandate.

The Standards Act prescribes that the SABS Board shall comprise a minimum of seven and a maximum of nine members appointed by the Executive Authority. In accordance with the Act, all Board members, except for the Chief Executive Officer, serve as non-executive directors. During the reporting period, the Board comprised one executive director and seven non-executive directors, of whom four were female and four were male. The Board's composition reflects a diverse mix of professional expertise,

industry experience and demographic representation, supporting effective governance, continuity and succession planning. The roles of Chairperson and Chief Executive Officer remain separate, ensuring a clear division of responsibilities between governance oversight and executive management.

Terms in Office: Non-executive Board Members

Members	Number of Years
Dr Sandile Malinga	19 months
Dr Rudzani Nemutudi	19 months
Ms Deidre Penfold	19 months
Dr Nandipha Madiba	19 months
Dr Ron Josias	19 months
Dr Mukondeleli Grace Kanakana-Katumba	19 months

Demographics - Directors



Board Meetings and Attendance

The Board held fourteen (14) meetings during the period under review, seven (7) of which were scheduled. The additional eight (8) special Board meetings considered the following items: Draft Annual Financial Statements, Annual Report, Audited Annual Financial Statements 2023/24, salary increases and gratuitous bonuses, establishment of Advisory & Consultative Forums, Engagement with government oversight committee, structured interests' free loans for SABS employees and investigation matters.

Name	Designation	Number of Meetings attended (including the Board Strategy & Risk workshop)	Other Committees (within the SABS)
Dr Sandile Malinga*	Chairperson	4/14	
Dr Ronald Josias **	Acting Chairperson	13/14	Audit & Risk Committee Finance, Strategy & Investment Committee
Dr Rudzani Nemutudi	Non- Executive Director	12/14	Finance, Strategy & Investment Committee Human Capital, Social & Ethics Committee
Dr Nandipha Madiba	Non- Executive Director	14/14	Audit & Risk Committee Human Capital, Social & Ethics Committee
Dr Tebogo Makube	Non- Executive Director	4/14	Audit & Risk Committee Finance, Strategy & Investment Committee
Ms Deidre Penfold	Non - Executive Director	13/14	Audit & Risk Committee Human Capital, Social & Ethics Committee
Dr Mukondeleli Grace Kanakana-Katumba	Non- Executive Director	12/14	Finance, Strategy & Investment Committee

*Member resigned with effect from 17 July 2024

**Member appointed the Acting Board Chairperson
with effect from 08 August 2024

Member Independence and Conflicts of Interest

Directors are required to disclose any actual, potential or perceived conflicts of interest and the nature of their interests at each Board and committee meeting. The organisation has established and implemented a Conflict-of-Interest Policy, which provides a structured framework for the identification, disclosure, management and monitoring of conflicts of interest, thereby reinforcing ethical conduct, accountability and sound governance practices.

Board Committees

In terms of section 13 of the Standards Act, 2008 (Act No. 8 of 2008), the Board may establish committees to assist it in the effective discharge of its duties and responsibilities. It may determine the composition, powers and functions of such committees. While specific responsibilities may be delegated to committees, the Board retains overall accountability for the governance, performance and affairs of SABS. Board Committees operate under approved terms of reference and provide focused oversight, advice and recommendations to the Board on matters within their respective mandates, thereby enhancing governance effectiveness, oversight and informed decision-making.

Audit and Risk Committee (ARC)

The Audit and Risk Committee (ARC) is a statutory committee of the Board and its subsidiary SABS Commercial (SOC) Ltd responsible for providing independent oversight of the organisation's financial reporting, risk management, internal control environment, governance processes and assurance activities. The Committee assists the Board in discharging its responsibilities in accordance with the Public Finance Management Act (PFMA), the Companies Act, King IV and other applicable governance and regulatory requirements.

In terms of section 77(b) of the PFMA, the Audit and Risk Committee must meet at least twice annually. During the financial year ended 31 March 2025, the Committee exceeded this requirement, meeting six (6) times to fulfil its oversight responsibilities.

The Committee's key responsibilities include:

- Oversight of internal and external audit activities and the effectiveness of assurance processes;
- Oversight of enterprise risk management and the adequacy of internal controls; Monitoring the effectiveness of the combined assurance framework;
- Oversight of information and communication technology (ICT), digital transformation initiatives and ICT governance;
- Review of financial reporting and the integrity of financial information; Monitoring compliance with applicable

legislation, regulations, policies and governance standards.

- Through these responsibilities, the Committee supports the Board in promoting sound governance, accountability, transparency and the effective management of risk across the organisation.

Human Capital, Social & Ethics Committee (HCSEC)

The Human Capital Social and Ethics Committee (the Committee) is the Committee of the South African Bureau of Standards SOC LTD. It is constituted as a Committee of the Board of SABS in terms of section 13(1) of the Standards Act, No. 8 of 2008. It shall also serve as a Committee of SABS Commercial SOC LTD in terms of Regulation 43(2)(a) of the Regulations to the Companies Act, No. 71 of 2008.

The Committee has both statutory and non-statutory mandates, which include, among others, to:

- Ensure labour and employment matters specifically in relation to the organisation's standing on the International Labour Organisation's protocol on decent work and working conditions
- Monitor safety, health, and environment, specifically in relation to the impact of activities on social and economic development
- Monitor the Employment Equity Act and the Broad-Based Black Economic Empowerment Act
- Recommend the Ethics Management Framework and Ethics Strategy
- Provided guidance and advice on all sustainability matters
- Monitor customer and stakeholder relationships
- Implementation of the current King Report and Code on Corporate Governance
- Oversee and monitor the norms dealing with conflict of interest, remunerative work, gifts, and sponsorships for staff members of the SABS
- Ensure good corporate citizenship

Number of Meetings Held	Number of Members	Name of Members	Number of Meetings Attended
9	3	Dr Nandipha Madiba	9//9
		Ms Deidre Penfold	8/9
		Dr Rudzani Nemutudi	9//9

Finance, Investment and Strategy Committee (FINCOM)

The Finance and Investment Committee (the Committee) is the Committee of the SABS Group. It is constituted as a Committee of the Board of the South African Bureau of Standards (the Board) and shall also serve as a Committee of SABS Commercial SOC LTD.

Key Responsibilities of the Finance and Investment Committee:

- Recommends investment objectives, strategies, policies and asset allocation decisions to the Board.
- Oversees the appointment, performance and, where necessary, termination of asset managers.
- Monitors implementation of the Investment Policy Statement and reviews investment performance on an ongoing basis.
- Reviews and recommends major capital investments, infrastructure projects, acquisitions, disposals, joint ventures and other strategic transactions.
- Monitors the financial performance, financial strategy and financial risks of SABS and SABS Commercial.
- Reviews quarterly management accounts, including debtor and creditor positions, and receives reports on the exercise of delegated financial authority.
- Provides oversight of key strategic projects and significant capital expenditure initiatives.
- Monitors stakeholder engagements relevant to financial sustainability and investment performance.
- Reports to and makes recommendations to the Board on all matters within its mandate.

Number of Meetings Held	Number of Members	Name of Members	Number of Meetings Attended
4	3	Dr Ron Josias *	2/4
		Dr Rudzani Nemutudi	4/4
		Dr Grace Mukondeleli** Kanakana-Katumba	3/4
		Dr Tebogo Makube ***	2/4

**Member ceased to be a member of the Committee and was appointed the Acting Board Chairperson with effect from 08 August 2024.*

***Acting Chairperson of the Committee with effect from 22 October 2024.*

****Member appointed as Committee member with effect from 26 August 2024*

Board and Committee Evaluation

No board or sub-committee evaluations were conducted for the FY2024/25 period.

Board Remuneration

The non-executive members' fees, for the period FY2024/25, have been set at National Treasury-approved rates.

Non-executive directors do not receive performance-based remuneration or retainers. The fees paid to non-executive directors during the reporting period appear on page 150 of the Group Annual Financial Statements.

Chief Executive Officer

Management of the day-to-day operations of SABS is the responsibility of the Chief Executive Officer (CEO), who is accountable to the Board for implementing the organisation's strategy, policies, and approved plans. The CEO is supported by the Executive Management Committee, which is responsible for operational leadership, resource management, performance delivery, risk management and compliance across the organisation. Together, the CEO and Executive Management ensure the effective execution of Board-approved objectives, the achievement of organisational targets, and the efficient and sustainable operation of SABS in fulfilment of its statutory mandate.

Company Secretary

The Company Secretary plays a key role in guiding the Board members in the execution of their duties and keeping the Board aware of relevant changes in legislation and corporate governance best practices. The Company Secretary is also the secretary to the Board committees, and Board members have unrestricted access to the Company Secretary's services.

AUDIT AND RISK COMMITTEE REPORT



The Audit and Risk Committee (ARC) presents its report for the financial year ended 31 March 2025, as required by section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended) (PFMA), read with Treasury Regulation 27.1.10.

The Committee engaged with the Accounting Authority, SABS senior management, Internal Audit and the external auditors on matters relating to financial reporting, governance, internal control, risk, compliance and assurance.

AUDIT AND RISK COMMITTEE RESPONSIBILITIES

The ARC complied with its responsibilities arising from section 51(1)(a)(ii) of the PFMA, read with Treasury Regulation 27.1.8, and operated in accordance with its approved Terms of Reference and the Internal Audit Charter.

The Committee exercised oversight over financial reporting and the Annual Financial Statements; internal controls; internal and external audit; risk management and combined assurance; compliance; organisational performance information; fraud and corruption prevention; ICT governance; the Finance function; going concern and financial sustainability; and implementation of corrective actions arising from assurance activities.

AUDIT AND RISK COMMITTEE MEETINGS AND ATTENDANCE

Section 77(b) of the PFMA requires an audit committee to meet at least twice annually. During the financial year ended 31 March 2025, the ARC met on eight occasions, including special meetings.

Name	Qualification	Date appointed	No. of meetings attended
Ms Deidre Penfold	• BCom (Honours) (Economics)	29 February 2024	8/8
Dr Nandipha Madiba	• PhD (Business Leadership and Management) • DBA • MBA • BCompt (Honours) • CD (SA)	01 December 2022	8/8
Dr Ronald Josias *	• PhD (Public Administration) • MPhil (International Business) • MBA • NHD (Mechanical Engineering)	29 February 2024	5/8
Dr Tebogo Makube**	• B. Admin (Hons) • LLB • MPhil Economic Policy • MSc Energy Economics • LLM: Public Procurement Law • PhD Energy Studies • Advocate of the High Court of South Africa	26 August 2024	2/8

* Ceased to be a Committee member with effect from 8 August 2024 and was appointed Acting Board Chairperson.

** Appointed as a Committee member with effect from 26 August 2024.

OVERSIGHT AND FINALISATION OF THE 2024/25 AUDIT

Finalisation of the 2024/25 external audit and Annual Financial Statements extended beyond the ordinary reporting timetable against the background of significant

operational and information-management challenges, including the November 2024 cybersecurity incident, which affected the availability and retrieval of information. Following changes to the composition of the ARC after year-end, the reconstituted Committee assumed responsibility for overseeing and finalising the outstanding

audit. It engaged with Management, Finance, Internal Audit and the external auditors on the separate and consolidated Annual Financial Statements, significant audit findings and adjustments, internal control and compliance deficiencies, significant accounting judgements, asset matters, taxation uncertainties, contingent liabilities, cybersecurity disclosures, performance information and going concern. The Committee welcomed the unqualified audit outcome for SABS and the unmodified/unqualified audit outcome for SABS Commercial SOC Ltd, while emphasising that Management remains responsible for addressing the internal control and compliance weaknesses identified through the audit.

ARC MEMBERS WHO OVERSAW FINALISATION OF THE AUDIT

The following members of the current ARC exercised oversight over the concluding stages and finalisation of the delayed 2024/25 audit:

ARC Member	Capacity	Qualifications
Ms Deidre Penfold	Chairperson	BCom (Honours) (Economics)
Mr Garfield Bergstedt	Member	B.Sc and SMDP
Ms Kgotatso Mohulatsi	Member	BA Hons Business Studies; MDP: B-BBEE (Distinction); Registered Economic Empowerment Professional; Registered Associate Economic Developer
Mr Griffith Zabala	Member	Diploma in Social Development (Distinction); BA Social Work; Certificate in SMMEs; Master of Management (Human Resources); Certification in Labour Relations; Certificate in Organisational Culture

These members considered the external audit outcomes, significant findings, Management’s responses, Annual Financial Statements and going-concern assessment before the financial statements were recommended to the Board. This disclosure distinguishes the ARC serving during the 2024/25 financial year from the current ARC that subsequently oversaw finalisation of the delayed audit.

INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT

The ARC reviewed Internal Audit and external audit reports on the internal control environment and noted areas requiring continued improvement, particularly leadership oversight, record keeping, financial controls, financial statement preparation, supply chain management compliance, consequence management, performance information and timely implementation of audit action plans. The Committee will continue to monitor corrective measures and the resolution of underlying root causes.

The ARC exercised oversight over Internal Audit and continued to monitor its independence, capacity and effectiveness. The Committee also emphasised an effective combined assurance framework integrating Management, Risk Management, Compliance, Internal Audit and external assurance providers.

The ARC reviewed significant strategic, financial, operational, compliance and governance risks and monitored fraud and corruption prevention mechanisms, including the externally operated whistleblowing hotline. Appropriate consequence management remains necessary where wrongdoing or non-compliance is established.

FINANCE FUNCTION AND ICT GOVERNANCE

The ARC considered the performance and capacity of the Finance function and acknowledged the significant effort required to address audit requests and outstanding financial reporting matters. Continued oversight will focus on strengthening financial reporting controls, reconciliations, record keeping, audit readiness and financial sustainability. The Committee also exercised oversight over ICT governance. The November 2024 cybersecurity incident highlighted the importance of resilient information systems, cybersecurity controls, business continuity and information integrity. The ARC will continue monitoring initiatives to strengthen ICT governance and cybersecurity resilience.

ANNUAL FINANCIAL STATEMENTS AND GOING CONCERN

The ARC reviewed the Annual Financial Statements, including significant financial reporting judgements and disclosures, accounting policies, audit adjustments, asset valuations and impairments, derecognition and write-offs, provisions and contingent liabilities, taxation uncertainties, cybersecurity disclosures, alignment of financial and performance information, and the going-concern assessment.

The Committee specifically considered the financial sustainability and going-concern assessment of SABS,

including liquidity, cash-flow forecasts, available resources, shareholder support, operational challenges, the cybersecurity incident and Management's turnaround initiatives.

Having considered the information presented by Management and the external auditors, the ARC was satisfied that the going-concern basis of preparation was appropriate, subject to the financial sustainability risks and disclosures contained in the Annual Financial Statements. The Committee nevertheless emphasised that financial sustainability requires sustained attention from Management, the Board and the Executive Authority.

EXTERNAL AUDIT OUTCOMES

SABS

The Auditor-General of South Africa (AGSA) is the independent external auditor of the SABS separate and consolidated Annual Financial Statements. The ARC considered the significant audit findings, financial statement adjustments, compliance matters, internal control deficiencies and Management's responses and welcomed the unqualified audit opinion.

Management remains responsible for addressing the underlying internal control and compliance weaknesses, with implementation of the audit action plan remaining subject to ARC oversight.

SABS Commercial SOC Ltd

The ARC considered the audited Annual Financial Statements and external audit outcome of SABS Commercial SOC Ltd and engaged with SNG Grant Thornton on significant audit and financial reporting matters.

The Committee welcomed the unmodified/unqualified audit opinion and will monitor the implementation of remedial actions arising from audit findings through the appropriate governance structures.

RECOMMENDATION OF THE ANNUAL FINANCIAL STATEMENTS

Following completion of the outstanding amendments and quality review, the ARC considered the final SABS separate and consolidated Annual Financial Statements for the year ended 31 March 2025.

Having considered the financial statements, external audit outcome, significant audit findings, Management's responses, going-concern assessment and other material financial reporting matters, the Committee recommended

the SABS separate and consolidated Annual Financial Statements to the Board for approval.

FINANCIAL SUSTAINABILITY AND CONCLUSION

The ARC continues to draw attention to the financial position and sustainability of SABS. While acknowledging the business plans and turnaround initiatives being implemented, sustained attention is required in relation to liquidity, revenue generation, infrastructure investment, operational resilience, internal controls, consequence management and implementation of audit remedial actions.

The Committee acknowledges the significant work undertaken by Management, Finance, Internal Audit, AGSA, SNG Grant Thornton and other SABS officials in bringing the delayed 2024/25 audit and annual reporting process to conclusion.

The ARC welcomes the respective unqualified/unmodified audit outcomes while recognising that internal control, compliance and financial sustainability require continued attention. The Committee will continue monitoring audit action plans, internal controls, financial sustainability, risk management and ICT resilience and recommended the SABS separate and consolidated Annual Financial Statements for the year ended 31 March 2025 to the Board for approval.

On behalf of the Audit and Risk Committee:



Ms Deidre Penfold

Chairperson of the Audit and Risk Committee
South African Bureau of Standards



COMPLIANCE WITH LEGISLATION



The SABS derives its mandate from the Standards Act, No. 8 of 2008. As a Schedule 3B public entity, together with its subsidiary, SABS Commercial SOC Ltd, SABS is enjoined to comply with the provisions of the Public Finance Management Act, No. 1 of 1999. The SABS has implemented a compliance management policy. Compliance self-assessments have been conducted during the year under review, and compliance reports, including compliance mitigations, have been implemented and reported to the Board. In line with the combined assurance plan, the compliance risks, together with non-compliance incidents identified by external assessors (i.e., External Auditors, Regulators, and Accreditation Bodies), are monitored, and the implementation of the action plans is included in the compliance reports.

All business units within the SABS ensure compliance with the respective regulatory frameworks.

INTERNAL AUDIT SERVICES

The Internal Audit Services (IAS) department is an independent and objective assurance provider. It delivers on its mandate through a risk-based approach, offering reasonable assurance on the effectiveness of internal controls, risk management, compliance management, and governance.

All audit activities conform to international standards for the professional practice of internal auditing as provided by the Institute of Internal Auditors (IIA). The IAS department operates in accordance with its charter, which the Audit and Risk Committee approved. The internal audit services are sufficiently skilled and supported by those charged with governance (TCWG) to deliver on their mandate. To remain an objective and independent assurance provider, the head of IAS reports to the Acting Chief Executive Officer and functionally to the Audit and Risk Committee.

INTERNAL AUDIT PROGRAMME

The effectiveness of internal audit activity is assessed through internal and external evaluations. These programmes identify opportunities for improvement that are implemented and monitored by the head of IAS.

The internal auditors in the IAS department maintain their membership with the IIA of South Africa, which is affiliated with the international body.

The risk-based internal audit plan focused on the following focal points, which are fundamental to the SABS as required by Treasury Regulation 27.2:

- The information technology system environment
- The reliability and integrity of financial and operational performance information
- The effectiveness of SABS operations and performance
- The safeguarding of SABS assets in compliance with relevant laws and regulations

Effective stakeholder management by the IAS ensured efficiency across all internal audit activities. Identified assurance gaps and duplications by SABS providers were addressed through integrated assurance (combined assurance) actions by the IAS and external auditors.

For more about the combined assurance model, refer to page 51.

The Audit and Risk Committee provides oversight over the fraud and corruption prevention controls and mechanisms within the SABS' operating environment.

To this end:

- Risk incidents are logged in an operational risk register and monitored.

- The SABS has a toll-free whistleblowing hotline operated by an external service provider. Employees are encouraged to report any suspected corrupt, fraudulent, criminal, or unethical practices. All incidents of fraud or corruption reported through the toll-free whistleblowing hotline during the year were investigated.

MINIMISING CONFLICT OF INTEREST



Conflict of Interest of Employees in the Performance of Services of the SABS

When joining the organisation, all employees commit to avoiding conflicts of interest by signing the conditions of employment. All employees are required to submit a declaration of interest form annually to enable the company, through line management, to assess any conflicts of interest.

Additionally, the organisation's services are delivered through processes that allow complaints from external and internal stakeholders, as well as appeals to a higher authority within the organisation.

The following key services have reinforced the SABS's protocols to minimise employees' conflicts of interest:

- Internal audit services
- Zero tolerance for fraud and corruption
- Encouraging whistleblowing with the implementation of a no-charge Fraud Line available on 0800 00 7112. In addition, email and website options are also available to report fraud and corruption

CODE OF CONDUCT



The SABS Code of Conduct sets out the values, rules, standards, and principles that outline what the organisation expects of its employees. The primary focus of the Code is to help employees understand the expectations for communicating internally and externally and for acting as representatives of the organisation.

The Code of Conduct also alerts existing and potential suppliers and customers to the SABS' values, enabling them to comply with the organisation's business practices. Included in the SABS Code of Conduct are the organisation's values, acceptable and unacceptable behaviour, day-to-day business practices, and the manner in which employees are mandated to interact with external parties.

Third parties are also expected to abide by the Code when dealing with SABS employees or visiting any SABS office or site.

The primary purpose of the code is to promote exemplary conduct by employees with a particular focus on: adherence to the Constitution and other laws, relationship with the public, ethical conduct, and the performance of official duties. To reinforce adherence to the code, the department provides continuous training and initiates awareness-raising activities through induction and capacity building sessions. Contravening the code is an act of misconduct and disciplinary steps in terms of the disciplinary code of procedures.

APPROACH TO HEALTH AND SAFETY

The SABS's approach to safety is built on a strong foundation of visible leadership and competency and is supported by clear policies and procedures.

SUPPORTING THE WELL-BEING OF EMPLOYEES

Employee health, wellness, and fitness for work are fundamental contributors to an employee's ability to effectively execute designated responsibilities and implement innovative, value-adding initiatives for the business. Employee benefit arrangements include tailored healthcare insurance plans for employees and their direct dependents, where this is practicable and appropriate. On-site clinics, employee assistance programmes and wellness support programmes are also available.

PROVIDING A SAFE WORKING ENVIRONMENT

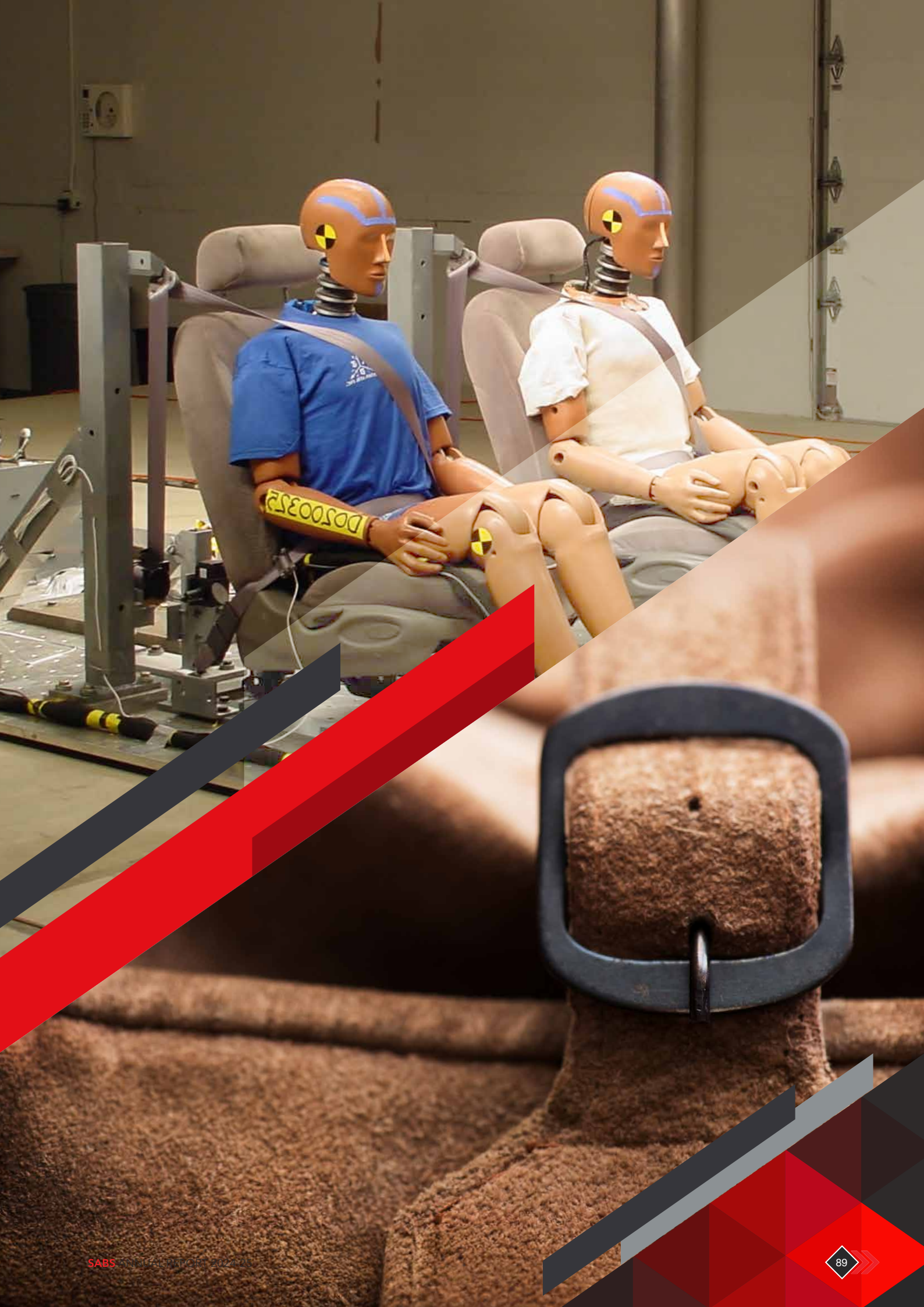
A safe work environment is a vital component of employee productivity, well-being, and performance. Therefore, to ensure a safe and healthy environment for employees and all stakeholders, the SABS focuses on compliance with the Occupational Health and Safety Act, 85 of 1993, and its regulations, as well as the Compensation for Occupational Injuries and Diseases (COID) Act, 130 of 1993.

A dedicated Health, Safety and Environmental (HSE) Management unit guides the SABS on all health and safety matters, legislation, and regulatory updates.

MEASURING HEALTH AND SAFETY EFFORTS

- The lost time injury frequency rate (LTIFR) of 0.17 was achieved
- The minor injury frequency rate (MIFR) of 0.83 was achieved
- **No fatalities** were recorded in 2024/25 FY





RESPONSIBLE CORPORATE CITIZENSHIP

Responsible corporate citizenship is more than a compliance requirement; it is fundamental to the SABS' objectives. The SABS recognises that there are inseparable linkages between its sustainable growth, its relationships with key stakeholders and its broader contribution to society.

CONDUCTING BUSINESS IN A RESPONSIBLE MANNER

The SABS' Code of Ethics encapsulates the organisation's inherent approach to conducting business ethically, with integrity and commercial wisdom, striving to enhance the economic and social well-being of its employees, customers, and business partners.

ENGAGING STAKEHOLDERS

The SABS is committed to adopting a stakeholder-inclusive governance approach and sustaining strong relationships with its stakeholders through transparency and effective communication. The approach to stakeholder engagement is set out on page 31 of this report.

CORPORATE GOVERNANCE

The SABS operates on an established foundation of strong corporate governance. More can be read about this in the Corporate Governance Report set out on pages 5 to 6 of this report.

ETHICS MANAGEMENT, ANTI-BRIBERY, AND CORRUPTION

The SABS is committed to zero tolerance for any fraudulent and unethical behaviour. Its fraud policy, fraud prevention plan and Code of Ethics are effectively implemented. For the reporting period, the anti-corruption and fraud prevention policy was reviewed, and the following initiatives were established:

- Ethics Management Framework
- A minimum Anti-Corruption Capability Assessment
- Fraud and Corruption Risk Assessments
- The Anti-Corruption and Fraud Prevention Plan

To promote a culture of whistleblowing, an independent external service provider independently manages the SABS whistleblowing hotline. Internal Audit Services then manage logged calls, and whistleblowers' anonymity is guaranteed.

All reasonable suspicions of fraud, corruption, maladministration, and unethical behaviour are verified and investigated, and appropriate action is taken, including but not limited to:

- Consequence management procedures
- Referrals to relevant agencies
- Institution of criminal proceedings
- Civil litigation
- Recovery of losses

The acceptance of gifts and benefits is covered in the SABS' fraud prevention plan, which sets out levels for employees, including Board members, who are prohibited from accepting or giving gifts or hospitality of nominal value, or from participating in events sponsored by current or prospective customers or suppliers

B-BBEE COMPLIANCE

PERFORMANCE INFORMATION



The SABS achieved B-BBEE level 6 contributor status in its most recent assessment (previously Level 8). AmexBEE, an independent economic empowerment rating agency, performed the group's B-BBEE certification. Management is implementing an improvement plan to achieve a better level.

Has the SABS applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following?		
Criteria	Response	Description
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	N/A	
Developing and implementing a preferential procurement policy?	Yes	The SABS has developed and implemented a Group Preferential Procurement Policy (CP 405). The policy details the development of designated categories of suppliers which are implemented through open bidding processes and the application of the preference points in awarding bids
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for entering partnerships with the private sector?	N/A	
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad-Based Black Economic Empowerment?	N/A	

PART H

FINANCIAL INFORMATION

TABLE OF CONTENTS:



ANNUAL FINANCIAL STATEMENTS

1. DIRECTORS' REPORT.....	92
2. COMPANY SECRETARY'S CERTIFICATION.....	93
3. DIRECTORS' RESPONSIBILITIES AND APPROVAL.....	94
4. STATEMENT OF FINANCIAL POSITION.....	98
5. STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME.....	99
6. STATEMENT OF CHANGES IN EQUITY.....	100
7. STATEMENT OF CASH FLOWS.....	101
8. ACCOUNTING POLICIES.....	102
9. NOTES TO THE ANNUAL FINANCIAL STATEMENTS.....	117

Prepared under supervision of:

Kholofelo Masoga CA(SA), CFO

Published:

31 August 2026

The Annual Financial Statements set out on page 100 to 161, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 August 2026, and were signed on its behalf by:

Mr Blake Mosley-Lefatola
Chief Executive Officer

The Directors present their report forming part of the Annual Financial Statements of SABS Commercial SOC Ltd ("SABS Commercial" or "the Company") for the financial year ended 31 March 2025.

1. NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

SABS Commercial is a state-owned company and forms part of the South African Bureau of Standards (SABS) Group.

The principal activities of the Company during the year comprised the provision of commercial conformity-assessment and related services, including laboratory testing, certification and other services aligned to the broader mandate and capabilities of the SABS Group.

There were no fundamental changes in the nature of the Company's principal activities during the financial year.

2. FINANCIAL RESULTS

The Company's financial results and financial position for the year ended 31 March 2025 are set out in the accompanying Annual Financial Statements.

The year under review was characterised by a challenging operating environment, including pressure on revenue, increasing operating expenditure, negative operating cash flows and elevated trade receivables.

The Directors particularly noted the increase in long-outstanding debtor balances and the consequential impact on the expected credit loss provision. The Company continues to focus on improving debt collection, strengthening credit management and improving working-capital performance.

Despite these pressures, the Company remained solvent at year-end, with total assets exceeding total liabilities and a positive cash position.

3. OPERATIONAL ENVIRONMENT

The Company's operating performance continued to be affected by ageing laboratory and technical infrastructure, which constrained the ability of certain business areas to optimise service delivery and revenue generation.

The Directors recognise that sustainable improvement in the Company's financial performance is closely linked to investment in critical laboratory infrastructure and equipment.

Accordingly, laboratory recapitalisation and other significant capital investments will be supported by appropriate business cases demonstrating anticipated demand, sustainable revenue generation, commercial viability and an appropriate return on investment.

The Company will continue to focus on customer retention, new customer acquisition, improved business-development capability, enhanced operational efficiency and improved utilisation of its technical infrastructure.

4. CYBERSECURITY INCIDENT

The SABS Group experienced a significant cybersecurity incident during November 2024. The incident adversely affected access to certain systems and information and disrupted aspects of the Group's operations and financial reporting processes.

The incident contributed to delays in the preparation and completion of the Annual Financial Statements and the external audit process.

Management continued during the reporting and subsequent period to implement measures aimed at restoring systems, strengthening the information technology control environment and addressing identified cybersecurity vulnerabilities.

5 . ANNUAL FINANCIAL STATEMENTS AND EXTERNAL AUDIT

The Annual Financial Statements for the year ended 31 March 2025 were subjected to external audit by SNG Grant Thornton.

The external auditor expressed an unqualified/unmodified audit opinion with findings.

The audit identified matters requiring improvement, including the late submission of the Annual Financial

Statements, material adjustments identified during the audit, weaknesses in financial reporting and review controls, and deficiencies in information technology general controls and cybersecurity.

Irregular expenditure of approximately R126,000 was identified. No fruitless and wasteful expenditure was identified, and the audit procedures did not identify actual fraud affecting the audit.

The Directors welcome the unqualified audit outcome while acknowledging that the underlying control weaknesses require focused corrective action.

Management is required to implement and monitor appropriate remedial measures to strengthen the control environment and minimise repeat findings in subsequent audit cycles.

6. GOING CONCERN

The Directors considered Management's going-concern assessment, including the Company's financial position, cash resources, liquidity, forecast cash flows, operational requirements, expected trading conditions and the support available within the SABS Group.

At 31 March 2025, the Company remained solvent, with total assets exceeding total liabilities by approximately R238.7 million, together with a positive cash balance and financial ratios supporting continued operations.

The Directors nevertheless recognise longer-term sustainability risks, including:

- reliance on capital and shareholder support for significant infrastructure investment;
- ageing laboratory infrastructure;
- the need to achieve sustainable revenue growth;
- customer retention and new customer acquisition;
- strengthening of business-development capabilities;
- long-outstanding trade receivables and debtor collection; and
- the need to strengthen the Company's working-capital position.

Having considered these factors, the Directors are satisfied that the Company has adequate resources to continue operating for the foreseeable future and that the going-concern basis of accounting remains appropriate.

7. TRADE RECEIVABLES AND EXPECTED CREDIT LOSSES

The Directors noted the significant increase in long-outstanding trade receivables during the financial year.

The debtor collection period increased substantially, placing pressure on working capital and contributing to the increase in the expected credit loss provision.

Management has been directed to strengthen collection initiatives, regularly assess the recoverability of long-outstanding balances and report on the ageing profile and expected credit loss position.

The expected credit loss provision represents an accounting assessment of potential impairment and does not, in itself, constitute the write-off of the underlying debts. Management will continue pursuing recoverable amounts.

8. INFORMATION AND COMMUNICATION TECHNOLOGY

The external audit identified weaknesses relating to information technology general controls and cybersecurity.

The Directors regard remediation of the ICT control environment as an important governance and operational priority.

Management is implementing corrective measures and is required to ensure that the Company's ICT environment appropriately supports operational continuity, information integrity, cybersecurity and the Company's strategic objectives.

9. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Irregular expenditure identified during the year amounted to approximately R126,000, as disclosed in the Annual Financial Statements.

The Directors have noted the underlying control deficiencies and Management is required to implement appropriate corrective measures to prevent recurrence.

No fruitless and wasteful expenditure was identified during the external audit.

10. SHAREHOLDING

The Company's shareholding remained unchanged during the financial year.

SABS Commercial SOC Ltd is wholly owned by the South African Bureau of Standards (SABS).

11. DIVIDENDS

No dividend was declared or paid during the financial year ended 31 March 2025.

12. DIRECTORS AND GOVERNANCE

The affairs of the Company were overseen by its Board of Directors in accordance with the applicable legislative and governance framework, the Company's Memorandum of Incorporation and applicable SABS Group governance arrangements.

Details of the Directors who served during the financial year, including appointments and cessations where applicable, are disclosed elsewhere in the Annual Financial Statements and/or Annual Report.

13. COMPANY SECRETARY

The Company Secretary is responsible for supporting the Board in fulfilling its governance responsibilities and performing the functions prescribed by the Companies Act and the Company's governance framework.

The Company Secretary's certification in terms of section 88(2)(e) of the Companies Act, 71 of 2008, is presented separately as part of these Annual Financial Statements.

14. EVENTS AFTER THE REPORTING PERIOD

The Directors have considered events occurring between the reporting date and the date of approval of these Annual Financial Statements.

The completion of the delayed 2024/25 external audit and approval of the Annual Financial Statements occurred subsequent to the reporting date.

The Annual Financial Statements for the year ended 31 March 2025 were approved by the Board on 17 August 2026.

Except for matters disclosed in these Annual Financial Statements, the Directors are not aware of any other material events after the reporting date requiring adjustment to or additional disclosure in the Annual Financial Statements.

15. ANNUAL RETURNS AND STATUTORY COMPLIANCE

The Directors noted that completion of the Company's 2024/25 statutory filing processes was affected by the delayed finalisation of the Annual Financial Statements and external audit.

Following completion and approval of the Annual Financial Statements on 17 August 2026, the outstanding annual return and associated statutory filings will be lodged with the Companies and Intellectual Property Commission (CIPC) forthwith.

The position regarding statutory returns and notices is further addressed in the Company Secretary's Certification accompanying these Annual Financial Statements.

16. APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements for the year ended 31 March 2025 were considered and approved by the Board of SABS Commercial SOC Ltd on 17 August 2026 and are signed on behalf of the Board by the duly authorised Director.

The Directors' Report forms part of the Annual Financial Statements of SABS Commercial SOC Ltd for the year ended 31 March 2025.



Authorised Director
For and on behalf of the Board
SABS Commercial SOC Ltd
Date: 31 August 2026

COMPANY SECRETARY CERTIFICATION



In terms of section 88(2)(e) of the Companies Act, 71 of 2008, I certify that, to the best of my knowledge and belief, SABS Commercial SOC Ltd (Registration No. 2000/013581/30) has lodged with the Companies and Intellectual Property Commission (CIPC) the returns and notices required in terms of the Companies Act, save for the annual return relating to the 2024/25 reporting period. The audit and Annual Financial Statements for the financial year ended 31 March 2025, which were delayed due to the circumstances disclosed in the Annual Report, were finalised and approved on 17 August 2026. The outstanding annual return will accordingly be lodged with CIPC forthwith following completion of the necessary statutory filing processes.

To the best of my knowledge and belief, all returns and notices lodged with CIPC appear to be true, correct and up to date, subject to the outstanding annual return referred to above.

Dawood Dada
Company Secretary
SABS Commercial SOC Ltd

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Directors are responsible for the preparation and fair presentation of the Annual Financial Statements of SABS Commercial SOC Ltd (the Company) in accordance with International Financial Reporting Standards (IFRS), the requirements of the Companies Act, 71 of 2008, the Public Finance Management Act, 1 of 1999 (PFMA), where applicable, and the Company's Memorandum of Incorporation.

The Directors are also responsible for such internal controls as they determine are necessary to enable the preparation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management and internal control.

INTERNAL FINANCIAL CONTROLS

The Directors acknowledge their responsibility for the Company's system of internal financial control, which is designed to provide reasonable, but not absolute, assurance regarding the integrity and reliability of the Annual Financial Statements and to safeguard, verify and maintain accountability for the Company's assets.

The Directors have considered the findings arising from the external audit, including weaknesses identified in financial reporting and review controls, information technology general controls and cybersecurity. Management is required to implement appropriate corrective measures through the audit action plan and to monitor these measures to reduce the risk of recurrence.

Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of the Company's key financial controls during the year has resulted in a material loss to the Company that has not been appropriately accounted for or disclosed in the Annual Financial Statements.

GOING CONCERN

The Directors have assessed the Company's ability to continue as a going concern and have considered, amongst other matters, the Company's financial position, available cash resources, liquidity, forecast cash flows,

operating environment, revenue prospects, working-capital requirements, ageing trade receivables, capital requirements and the support available within the SABS Group.

The Directors recognise the longer-term financial and operational sustainability risks facing the Company, including the need for investment in ageing laboratory infrastructure, sustainable revenue growth, improved debt collection, customer retention and acquisition, and strengthened business-development capability.

Having considered the going-concern assessment and the information available at the date of approval of these Annual Financial Statements, the Directors are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. The Annual Financial Statements have therefore been prepared on the going-concern basis.

EXTERNAL AUDIT

The Annual Financial Statements for the year ended 31 March 2025 were subjected to external audit by SNG Grant Thornton.

The external auditor expressed an unqualified/unmodified audit opinion with findings. The Directors welcome the audit outcome while acknowledging the control and compliance matters identified during the audit and the need for Management to implement appropriate corrective action.

CYBERSECURITY INCIDENT AND DELAY IN FINALISATION

The Directors acknowledge that the cybersecurity incident experienced by the SABS Group during November 2024 significantly disrupted access to systems and information and adversely affected the financial reporting and audit processes.

Consequently, the preparation, audit and finalisation of the Annual Financial Statements for the year ended 31 March 2025 were delayed. The Directors have considered the impact of the incident and the related disclosures contained in the Annual Financial Statements.

Directors' Responsibility for the Annual Financial Statements
The Directors have reviewed the Company's Annual Financial Statements for the year ended 31 March 2025 and, based on the information and explanations provided by Management, consider them to fairly present, in all material respects, the financial position of SABS Commercial SOC Ltd as at 31 March 2025 and its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework.

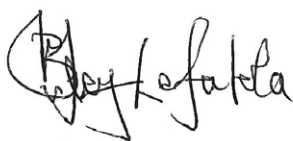
The Directors are not aware of any matter or circumstance arising subsequent to the end of the financial year that requires adjustment to the Annual Financial Statements other than matters appropriately disclosed therein.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements of SABS Commercial SOC Ltd for the year ended 31 March 2025, together with the Directors' Report and accompanying reports, were considered and approved by the Board of Directors on 17 August 2026 and are signed on its behalf by the duly authorised Directors.



Prof. Bismark Tyobeka
Chairperson / Director
Date: 17 August 2026



Mr Blake Mosley-Lefatola
Director / Chief Executive Officer
Date: 17 August 2026

STATEMENT OF FINANCIAL POSITION

As at 31 March 2025



Figures in R '000

Figures in R '000		Group		SABS	
	Note(s)	2025	2024	2025	2024
ASSETS					
Non-Current Assets					
Property, plant and equipment	2	725,134	720,597	489,557	487,520
Right-of-use assets	18	25,822	40,174	23,362	35,031
Investment property	3	5,759	6,127	124,069	128,311
Intangible assets	4	7,997	12,673	7,212	11,520
Investment in subsidiary	5	-	-	96,424	100,000
Deferred tax assets	13	57,532	42,283	-	-
Investment at fair value through profit or loss	9	163,558	144,958	163,558	144,958
Total non-current assets		985,802	966,812	904,182	907,340
Current Assets					
Inventories	6	3,976	2,865	3,976	2,865
Trade and other receivables	7	228,997	155,186	70,614	84,890
Current tax asset	8	-	3,240	-	-
Vat receivable	10	39,372	27,897	15,884	10,272
Cash and cash equivalents	12	529,860	577,698	383,712	346,721
Total current assets		802,205	766,886	474,186	444,748
Total assets		1,788,007	1,733,698	1,378,368	1,352,088
EQUITY AND LIABILITIES					
Equity					
Accumulated Profit		890,930	904,230	760,248	767,703
General reserve	14	54,282	54,282	54,282	54,282
Other components of equity	15	30,043	37,388	14,047	21,696
Total equity		985,255	995,900	828,577	843,681
LIABILITIES					
Non-Current Liabilities					
Lease liabilities	18	7,927	25,497	8,235	22,259
Deferred income	19	426,445	406,524	350,165	347,238
Employee benefit obligations	20	71,130	64,118	40,507	35,828
Total non-current liabilities		505,502	496,139	398,907	405,325
Current Liabilities					
Provisions	16	1,567	1,567	1,567	1,567
Trade and other payables	17	255,382	197,460	114,079	71,866
Current tax liabilities	8	1,618	-	-	-
Lease liabilities	18	19,224	15,410	16,816	13,292
Loan from group company	11	-	-	417	430
Deferred income	19	18,926	18,312	10,985	10,155
Employee benefit obligations	20	10,533	8,910	7,020	5,772
Total current liabilities		307,250	241,659	150,884	103,082
Total liabilities		812,752	737,798	549,791	508,407
Total Equity and Liabilities		1,7838,007	1,733,698	1,378,368	1,352,088

STATEMENT OF PROFIT AND LOSS

and Other Comprehensive Income for the year ended 31 March 2025



Figures in R '000

	Note(s)	Group		SABS	
		2025	2024	2025	2024
Revenue	21	461,735	459,565	52,771	42,857
Government grants	29.7	259,376	248,847	259,376	248,847
Other income	22	75,438	67,214	111,155	86,665
		796,549	775,626	423,302	378,369
Employee benefits expense	23	(476,616)	(417,533)	(202,926)	(177,065)
Depreciation and amortisation		(49,384)	(44,383)	(29,660)	(22,923)
Travel expenditure		(40,208)	(40,306)	(7,568)	(6,798)
Advertising expenditure		(3,913)	(4,040)	(2,178)	(1,871)
Contract services		(67,552)	(59,987)	(62,723)	(54,559)
Consulting and technical fees		(14,217)	(14,528)	(4,834)	(6,372)
Repairs and maintenance		(16,212)	(10,580)	(13,670)	(5,715)
Other operating expenditure	24	(190,943)	(167,902)	(138,190)	(112,150)
Profit from operating activities		(62,496)	16,367	(38,447)	(9,084)
Finance income	25	55,168	60,830	34,067	44,468
Finance costs	26	(3,584)	(1,915)	(3,075)	(1,289)
Profit before tax		(10,912)	75,282	(7,455)	34,095
Taxation	27	(2,388)	(5,893)	-	-
Profit (Loss) for the period		(13,300)	69,389	(7,455)	34,095
Other comprehensive income net of tax					
Components of other comprehensive income that will not be reclassified to profit or loss					
Gains on other component of equity	15	(7,232)	2,065	(7,649)	(181)
Income tax relating to post-employment healthcare benefits	15	(113)	(606)	-	-
Total other comprehensive income that will not be reclassified to profit or loss		(7,345)	1,459	(7,649)	(181)
Total other comprehensive income net of tax		(7,345)	1,459	(7,649)	(181)
Total comprehensive income		(20,645)	70,848	(15,104)	33,914

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2025

6

	Other components of equity	General reserve	Accumulated profit	Total
Group	R `000	R `000	R `000	R `000
Balance at 1 April 2023 as previously reported	35,930	54,282	834,843	925,055
Changes in equity				
Profit for the year	-	-	69,387	69,387
Other comprehensive income	1,459	-	-	1,459
Total comprehensive income for the year	1,459	-	69,387	70,846
Balance at 31 March 2024	37,388	54,282	904,230	995,901
Balance at 1 April 2024	37,388	54,282	904,230	995,900
Changes in equity				
Profit for the year	-	-	(13,300)	(13,300)
Other comprehensive income	(7,345)	-	-	(7,345)
Total comprehensive income for the year	(7,345)	-	(13,300)	(25,645)
Balance at 31 March 2025	30,043	54,282	890,930	975,255
SABS	R `000	R `000	R `000	R `000
Balance at 1 April 2023	21,878	54,282	733,608	809,769
Changes in equity				
Profit for the year	-	-	34,095	34,095
Other comprehensive income	(181)	-	-	(181)
Total comprehensive income	(181)	-	34,095	33,914
Balance at 31 March 2024	21,696	54,282	767,703	843,684
Balance at 1 April 2024	21,696	54,282	767,703	843,683
Changes in equity				
Profit for the year	-	-	(7,455)	(7,455)
Other comprehensive income	(7,649)	-	-	(7,649)
Total comprehensive income	(7,649)	-	(7,455)	(15,104)
Balance at 31 March 2025	14,047	54,282	760,248	828,577

STATEMENT OF CASH FLOW

as at 31 March 2025



Figures in R '000

Figures in R '000		Group		SABS	
	Note(s)	2025	2024	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		385,143	500,249	106,496	57,461
Cash grant received from government		268,985	248,847	268,985	248,847
Cash paid to suppliers		(258,785)	(275,726)	(181,899)	(174,514)
Cash paid to employees		(458,351)	(418,672)	(195,684)	(177,405)
Cash generated from operations	34	(63,008)	54,698	(2,102)	(45,611)
Interest income	25	52,556	60,830	32,316	44,468
Finance costs	26	(3,584)	(1,915)	(3,075)	(1,289)
Tax paid	35	(12,892)	(23,695)	-	-
Net cash from operating activities		(26,928)	89,918	27,139	(2,432)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(41,331)	(20,745)	(22,379)	(15,502)
Purchase of intangible assets	4	-	(950)	-	(950)
Loans to group companies repaid		-	-		1,676
Grant funding	19	39,131	39,130	39,131	39,130
Other intercomapany receivables(Grant)		-	-	27,780	(27,780)
Grant funding to subsidiary	19	-	-	(18,767)	(15,700)
Net cash from investing activities		(2,200)	17,435	25,765	(19,126)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment on lease liabilities		(18,710)	(10,412)	(15,913)	(8,178)
Net cash from financing activities		(18,710)	(10,412)	(15,913)	(8,178)
Total cash movement for the period		(47,838)	96,941	36,991	(29,736)
Cash at the beginning of the period		577,698	480,757	346,721	376,457
Total cash at end of the period	12	529,860	577,698	383,712	346,721

ACCOUNTING POLICIES

for the year ended 31 March 2025



1. MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate Annual Financial Statements are set out below.

1.1 BASIS OF PREPARATION

The consolidated and separate Annual Financial Statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these Annual Financial Statements, PFMA and the Companies Act of South Africa.

The Annual Financial Statements have been prepared on the historic cost basis, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in South African Rand (ZAR), which is the Group and company's functional currency, and all values are rounded to the nearest thousand (R'000), except when otherwise stated.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These accounting policies are consistent with the previous years.

1.2 CONSOLIDATION

Basis of consolidation

The Group's financial statements consolidate those of the parent company and all of its subsidiaries at 31 March each year. All subsidiaries have a reporting date of 31 March.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The results of subsidiaries are included in the consolidated Annual Financial Statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the Annual Financial Statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Investments in subsidiaries in the separate financial statements

In SABs's separate Annual Financial Statements, investments in subsidiaries are carried at cost less any accumulated impairment. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down to its recoverable amount and the difference is transferred to profit and loss. Investments in subsidiaries is tested for impairment on an annual basis. The Group records the below market element of the intercompany loan under investment in subsidiaries which is then assessed for impairment annually where applicable. In the event of settlement of intercompany loan, the below market element is derecognised from investment in subsidiaries.

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of Annual Financial Statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Impairment of financial assets (excluding trade receivables)

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Useful lives of property, plant and equipment

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 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.

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- **Identifying performance obligation:** The Group provides Certification services that start off with a pre-assessment audit, prior to the customer receiving the rights to access the certification mark scheme. The pre-assessment audit and mark scheme use both a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer. The Group determined that both the pre-assessment audit and use of the mark scheme are capable of being distinct. The fact that the Group sometimes performs the pre-assessment audit and does not subsequently grant use of the mark scheme indicates that the two can be provided on a stand-alone basis. This indicates that the customer can benefit from both services on their own. The Group also determined that the promises to transfer the pre-assessment audit and mark scheme usage are distinct within the context of the contract.
- **Determining the method to estimate variable consideration and assessing the constraint:** Certain contracts for Laboratory Services do not have a value that can be determined upfront and some of the

certification contracts have penalties for cancellations which give rise to variable consideration. In determining the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. If this cannot be determined, the Group does not recognise any revenue until it knows the amount that will be recognised.

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. Further details about post-retirement benefits are provided in note 20.

ECL allowance of trade receivables

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

Trade receivables are considered month to month with an expected life of one month. Settlement rate analysis was performed to assess the expected invoice settlement rate and it demonstrated that the expected life of trade receivables is one month and there is no significant financing component to the monthly invoices.

The provision rates are based on days past due on a collective basis for all trade and other receivables in totality. The provision matrix is initially based on the Group's historical observed default rates. Based on the nature of the of business and historical evidence the default point is set at 150 days past due. The historical default rates on ageing has been selected as the most appropriate methodology to develop the probabilities of default with a settlement rate analysis a twelve month performance window is used for the calculation of the probability of default to give time to trade receivables to reach settlement.

Upon transitioning to IFRS 9, the company collated sufficient data for the on-going business operations. IFRS 9 introduced stringent data requirements which was not previously compiled and collated for purposes of creating

a Loss Given Default model in accordance with IFRS 9. Based on the available data at transition, management has been able to quantify and model an appropriate Loss Given Default Model which approximates the historical loss rate for the company. Management is recalibrating the Loss Given Default Model on an annual basis.

Income taxes

Computation of the Group's income tax expense and liability provisions for potential tax liabilities and recognition of deferred tax assets are in terms of the South African tax legislation and group accounting policies.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer to note 13.

Determining the lease term and extension options

The Group determines the lease term as the non-cancellable period of a lease, together with periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option. The Group has lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to extend. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects whether it is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included. Upon reassessment, the lease liability is remeasured using a revised discount rate, with a corresponding adjustment to the right-of-use asset. No lease terms were reassessed during the current financial year.

In determining the lease term, the Group considers:

- The criticality of the underlying asset to operations
- Historical lease commitment patterns
- Economic incentives to extend or terminate
- Planned capital improvements or modifications

Incremental borrowing rate determination

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental

borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group would have to pay, which requires estimation when no observable rates are available. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

1.4 INVESTMENT PROPERTY

Investment property is property (land or a building—or part of a building—or both) held by the entity to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes; or
- sale in the ordinary course of business.

Investment property is initially measured at cost, with transaction costs and other directly attributable expenditure being included in the initial measurement.

Investment property is carried at cost less accumulated depreciation and less any accumulated impairment losses.

Depreciation is charged to the statement of profit and loss 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:

Item	Useful life
Property - buildings	3 - 50 years

Investment properties are derecognised either when 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 difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss in the period of derecognition. Transfers are made to (or from) investment property only when there is a change in use.

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits,

associated with the item will flow to the Group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost or deemed cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. All other repair and maintenance costs are included in profit or loss in the period in which they are incurred.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria are included as a replacement in the cost of the item of property plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property plant and equipment is subsequently stated at cost less accumulated depreciation and less any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Useful life
Buildings	Straight line	3 - 50 years
Motor vehicles	Straight line	3 - 35 years
Furniture & office equipment	Straight line	3 - 50 years
Laboratory equipment	Straight line	3 - 60 years
Artwork	Straight line	30 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Where significant parts (components) of an item of property, plant and equipment have different useful lives or depreciation methods to the item itself, these parts are accounted for as separate items of property, plant and equipment.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in the statement of profit or loss when the item is derecognised.

The Group capitalises all costs incurred in constructing assets to be available for use as intended to capital work in progress (WIP) and is not depreciated. Once the assets' construction has been completed and the assets are ready for use as intended by management, the Group transfers the WIP at cost to the various classes of property plant and equipment items to which they relate. The normal provisions of property plant and equipment items to which they have been transferred to will then apply.

The WIP account relates to acquired assets under construction awaiting transfer as all asset acquisitions are procured through the WIP account and capitalised from there. Capital work in progress is stated at cost net of accumulated impairment losses, if any.

1.6 INTANGIBLE ASSETS

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

The capital work in progress (WIP) account in intangibles (refer note 4) relates to acquired intangibles awaiting transfer as all intangible asset acquisitions are procured through the WIP account and transferred from there. Capital work in progress is stated at cost net of accumulated impairment losses, if any. The Group capitalises all costs incurred in developing the assets to be available for

use as intended. WIP is not amortised. Once the assets' development has been completed and the assets are ready for use as intended by management, the Group transfers the capital work in progress at cost to intangible asset items to which they relate. The normal provisions of intangible asset items to which they have been transferred to will then apply.

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives or capital work in progress are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets are reviewed at the end of every reporting period.

Amortisation is provided to write down the intangible assets, on a straight line basis to their residual values as follows:

Item	Useful life
Computer software, other	3 - 20 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

1.7 FINANCIAL INSTRUMENTS

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Note 33 Financial risk management presents the financial instruments held by the Group based on their specific classifications.

Loans receivable at amortised cost

Classification

Loans to group companies are classified as financial assets subsequently measured at amortised cost. Where the interest rate charged is not market related the Group determines the non-market portion of the loan and classified this to investment in subsidiaries.

They have been classified in this manner because the contractual terms of these loans give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

Application of the effective interest method

Interest income is calculated using the effective interest method and is included in profit or loss in interest income (note 25).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

Expected credit losses

The Group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans. There is a 12-month ECL allowance applied from initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the Group compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition. On initial recognition the Group measures the loss allowance at an amount equal to 12-month ECL.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due. Based on the assessment the Group has assessed the risk of default as being high.

Definition of default

For purposes of internal credit risk management the Group consider that a default event has occurred if there is internal or external information that indicates that the subsidiary is unlikely to pay its loan balance in full per contractual terms.

Irrespective of the above analysis the Group considers that default has occurred when a loan installment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Group writes off a loan when there is information indicating that the subsidiary is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the subsidiary has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the Group recovery procedures taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss. The Group assessed the financial position of the subsidiary and have impaired the loan in full.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met. The Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other expenditure in profit or loss as a movement in credit loss allowance.

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial risk management (note 33).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Trade and other receivables

Classification

Trade and other receivables excluding, when applicable, VAT and prepayments are classified as financial assets subsequently measured at amortised cost (note 7).

The classification takes into account their contractual terms which give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured at initial recognition at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses) (note 22 and 24).

Details of foreign currency risk exposure and the management thereof are provided in the financial risk management (note 33).

Expected credit loss allowance

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT receivable and prepayments. The amount of expected credit losses is updated at each reporting date.

Measurement and recognition of expected credit losses

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical probability of default and credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The provision matrix is initially based on the Group's historical observed default rates. The Company will calibrate the matrix to adjust the historical and probability of default and credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical probability of default and credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 7.

Write-off policy

The Group considers writing off a receivable as a bad debt when there is information that suggests reasons why a debt may be considered as irrecoverable. Such reasons may include:

- Definite economic loss events: Reliable and verifiable information has been received pertaining to a customer entering into business rescue proceedings, liquidation, being subject to a winding up order the sole member / sole proprietor becoming deceased or an official deregistration of a company.
- Cost to recover exceeds or is likely to exceed the value of the debt: This must be ascertained in terms of the identification of any pertinent credit risk, the likelihood of successful collections, advices from the Group collections attorneys and the time value of money (i.e., the cost of recovery increases and success

rate decreases the older the debt gets) and the legal strength of the Group position regarding any disputed debt.

- All reasonable / cost effective collections activities have been undertaken: i.e., all debt collection procedures have been followed and all cost effective legal collections avenues have been exhausted.
- No trace: The customer cannot be successfully traced in order to pursue them for payment.
- The three year period of prescription has been exceeded. As per the Prescription Act 68 of 1969.
- Any other pertinent reason: Not cited above that may lead to a debt being considered as irrecoverable.

Receivables written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 7) and the financial risk management (note 33).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Investments in equity instruments Classification

Classification

Investments in equity instruments are presented in note 9. They are classified at fair value through profit or loss.

Recognition and measurement

Investments in equity instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. The investments are measured at initial recognition, at fair value. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in other income (note 22).

Dividends received on equity investments are recognised in profit or loss after the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in other income (note 22).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Trade and other payables

Classification

Trade and other payables (note 17), excluding VAT and amounts received in advance are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions and are measured at initial recognition at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 33 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 22 or 24).

Details of foreign currency risk exposure and the management thereof are provided in the financial risk management (note 33).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. Cash and cash equivalents comprise of cash at bank and on hand and short-term and call deposits which are subject to insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Derecognition

Financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities

The Group derecognises financial liabilities when and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed is recognised in profit or loss.

1.8 TAXATION

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid, in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill or an asset or liability that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences: the carry forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss).

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in the statement of profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged in the same or a different period, directly in equity.

When there is uncertainty over income tax treatment, the group shall determine whether to disclose:

- Judgements made in determining the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying IAS 1 and
- information about the assumptions and estimates made in determining the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates applying IAS 1.

If the group concludes it is probable that a taxation authority will accept an uncertain tax treatment, the group shall determine whether to disclose the potential effect of the uncertainty as a tax related contingency applying IAS 12.

Value added tax

Revenues, expenses and assets are recognised net of the amount of vat, except:

- Where the VAT 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.

1.9 LEASES - IFRS 16

The Group assesses at contract inception whether a contract is, or contains, a lease. That is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i.) Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings - 3 to 50 years
- Motor vehicles and other equipment - 3 to 20 years

The right-of-use assets are also subject to impairment and are tested annually or when there is an indication of impairment (policy note 1.11).

ii.) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable variable lease payments that depend on an index or a rate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii.) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term (refer to note 18).

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset, are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms, and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

1.10 INVENTORIES

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.11 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each end of the reporting period or more frequently if there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use.

If the recoverable amount of an asset or CGU is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If such indication exists, the Group estimates the assets's or CGU's recoverable amount.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets or CGU carried at cost less accumulated depreciation or amortisation is recognised immediately in the statement of profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.12 RESERVES

The General reserve comprises profits that have been set aside to provide for replacement of assets or any other contingencies as deemed necessary by management. The reserve is comprised of 50% of one year's operations expenses and is disclosed under equity as it is part of the Group's net worth.

1.13 EMPLOYEE BENEFITS

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid, vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services, that increase their entitlement or in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

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. The defined benefit obligation is calculated annually by independent actuaries using the projected credit unit method. 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.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in profit and loss.

Long service leave obligation

The entitlement to leave benefits is based on employees who were employed before 1 March 2008 who will receive additional leave days based on their respective years of service with SABS. Specifically SABS employees with six to ten years' service are awarded an additional three days leave per annum for the rest of employment and SABS employees with ten completed years or more in service will receive another three days additional per annum leave for the rest of their employment (i.e., six days additional leave per annum). Employees will receive the long service award once they have reached the years of service. The obligation is valued annually by an independent qualified actuary. Any unrecognised actuarial gains and losses and past service costs are recognised immediately in profit and loss.

1.14 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when and only when it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is recognised as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

1.15 GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that:

- the Group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including nonmonetary grants at fair value are presented in the statement of financial position by setting up the grant as deferred income and recognised as income in equal amounts over the expected useful life of the related asset (refer to note 19 and note 22).

Grants related to income are presented as a credit in the profit or loss (separately).

1.16 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group is in the business of providing sales of standards as well as laboratory services, training and certification services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or service before transferring them to customers.

To determine whether to recognise revenue the Group follows a five-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as the performance obligation(s) are satisfied.

The Group enters into transactions for each product or service offering separately and the transaction price is determined based on each individual performance obligation.

The Company's transactions are per individual goods or service offerings, the company rarely enters into transactions involving a range of its products and services and where a contract requires for services to be provided by more than one division, the transaction is aggregated and not split.

Certain Group contracts have price uncertainty at the beginning of each billing period although services to be provided to the customer are determinable, the billable amount is only established post the delivery of the service. Transaction prices for services and sale of standards are mainly made up of the fixed rates and variable components such as annual escalation of fees, on the annual certification fees, penalty on cancellation of scheduled audits, reimbursements of re-certification costs, discounts on annual payments. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant

revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. Refer to note 21 for more detail.

The Group has adopted the practical expedient in applying IFRS 15, in the determination of the transaction price as there is no significant financing component as the payment terms are 30 days.

Contract Balances

Trade receivables - A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of trade receivables and other receivables for the accounting policy applicable to initial recognition and subsequent measurement.

Contract liabilities - A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

- **Subscriptions cash customers:** Contracts where the Group grants a customer a right to use complete collection, pre-selected or self-selected number of standards. Under the subscription agreement, in addition to the right of use of standards over the subscription period, the customer is entitled to quarterly updates for the duration of the subscription period.
- **Laboratory services (payment received for work not completed yet):** Where there is timing difference between receipt of the customer payment and completion of work which leads to an overlap between two financial years, this results in a contract liability equal to the amount recorded in payment amount for which performance obligation has not been satisfied.
- **Certification:** This applies to upfront payment where the permit period overlaps over two financial periods and upfront payment for pre-permit assessment where payment is received at year-end but performance obligation not yet fulfilled. This results in a contract liability equal to the amount recorded in payment amount for which performance obligation has not been satisfied.

- **Training:** This applies to payment received where training has not been conducted yet or training has been conducted but a certificate has not been issued yet i.e., in both cases performance obligation has not been fulfilled. This will result in a contract liability equal to the amount recorded in payment amount for which performance obligation has not been satisfied

1.17 TRANSLATION OF FOREIGN CURRENCIES

Functional and presentation currency

Items included in the annual financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated annual financial statements are presented in Rand which is the group functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded on initial recognition in Rands by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period, foreign currency monetary items are translated using the closing rate.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.18 DEFERRED INCOME

Deferred income arises when payments are received from customers or for grants before goods and services are rendered or before conditions of the grant are fulfilled. Deferred income is recognised initially as a liability upon receipt of payments. When goods and services are rendered or when conditions of the grant are fulfilled, the deferred income liability is reduced and grant income or revenue is recognised through profit or loss

1.19 OTHER EXPENDITURE

Operating expenses are presented by nature and are recognised in profit and loss upon utilisation of the service or as incurred. Significant expenses relating to operating activities of the Group and intended for earning income are presented in separate lines by their nature in the statement of profit and loss.

1.20 OTHER INCOME

Other income relates to income received other than from the normal business activities of the company. Significant, other income relating to other activities in the company are disclosed in a separate note in the annual financial statements.

1.21 OTHER COMPONENTS OF EQUITY

Other components of equity is the gains and losses associated to the post-employment healthcare benefit directly recognised in other comprehensive income. Refer to note 15 and note 20 for the information about the characteristics of its defined benefit plans and the nature of the benefits provided by the plan.

1.22 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of profit and loss in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of profit and loss. The entity records the details of all alleged fruitless and wasteful expenditure in the register; investigates the incidents; where appropriate raise a debt.

1.23 COMMITMENTS

Commitments disclosed in the financial statements represent amounts associated with binding agreements that the Group has entered into with other parties for the acquisition of property, plant and equipment, intangible assets and investment properties, that will be incurred in periods after the current reporting date.

Capital commitments are disclosed but not recognised as liabilities in the current reporting period.

1.24 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA, is expenditure other than unauthorised expenditure incurred in contravention of or that is not in accordance with the requirement of any applicable legislation, including:

- this Act; or
- the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- any provincial legislation providing for procurement procedures in that provincial government.

National Treasury in terms of sections 76(1) to 76(4) of the PFMA requires the following:

- Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements is recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the financial statements.
- Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.
- Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps will be taken to recover the amount from the person concerned. If recovery is not possible, the accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register will be updated accordingly.
- Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements will be updated with the amount condoned
- Irregular expenditure written off by the Board is submitted to National Treasury for condonation.
- Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the

irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps will be taken to recover the amount from the person concerned. If recovery is not possible, the accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register will be updated accordingly.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

1.25 PRIOR PERIOD ERRORS

Material errors discovered in prior years are corrected in the financial statements of the current period as required by applicable accounting standards. Corrections are made by restating the comparative amounts for the prior period(s) presented. Management evaluates the materiality of prior period errors based on quantitative and qualitative factors, including the impact on financial statement users' understanding of the current period's financial performance and financial position. Material prior period errors are disclosed separately in the financial statements along with the nature of the error, the impact on each financial statement line item, and the year(s) in which the error originated.

1.26 RELATED PARTY TRANSACTIONS

A related party is a person or entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or an entity that is subject to common control, or joint control.

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.

1.27 EVENTS AFTER THE REPORTING DATE

Recognised amounts in the Annual 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 if applicable. Refer to note 31.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS for the year ended 31 March 2025

9

2. PROPERTY, PLANT AND EQUIPMENT

2.1 BALANCES AT YEAR END AND MOVEMENTS FOR THE YEAR

GROUP	R`000	R`000	R`000	R`000	R`000	R`000	R`000
	Land	Buildings	Motor vehicles	Office equipment	Laboratory equipment	Artwork	Total
RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2025							
Balance at 1 April 2024							
At cost	350,700	365,916	1,431	104,377	388,366	1,009	1,211,799
Accumulated depreciation and/or impairment	(2,309)	(149,245)	(1,284)	(88,179)	(249,790)	(395)	(491,202)
Carrying amount	348,391	216,671	147	16,198	138,576	614	720,597
Movements for the year ended 31 March 2025							
Addition from acquisitions	-	1,882	-	17,140	29,598	-	48,620
Depreciation	-	(8,633)	(3)	(5,271)	(18,389)	(40)	(32,336)
Assets transferred to subsidiary	-	(1,910)	-	-	1,911	-	1
Disposals	-	-	-	(753)	(10,765)	-	(11,518)
Other movements*	-	140	-	(83)	(288)	-	(231)
Property, plant and equipment at the end of the year	348,391	208,150	144	27,231	140,643	574	725,134
Closing balance at 31 March 2025							
At cost	350,700	366,261	1,431	120,438	406,540	1,009	1,246,379
Accumulated depreciation and/or impairment	(2,309)	(158,111)	(1,287)	(93,207)	(265,897)	(435)	(521,246)
Carrying amount	348,391	208,150	144	27,231	140,643	574	725,134
RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2024							
Balance at 1 April 2023							
At cost	350,700	366,744	1,431	101,026	380,079	1,009	1,200,989
Accumulated depreciation and/or impairment	(2,309)	(143,013)	(1,277)	(90,325)	(237,514)	(355)	(474,793)
Carrying amount	348,391	223,731	154	10,701	142,565	654	726,196
Movements for the year ended 31 March 2024							
Additions from acquisition	-	1,994	-	9,219	15,690	-	26,903
Depreciation	-	(9,068)	(6)	(3,508)	(19,210)	(40)	(31,832)
Disposals	-	(51)	(1)	(35)	(44)	-	(131)
Transfers	-	65	-	(179)	(425)	-	(539)
Property, plant and equipment at the end of the year	348,391	216,671	147	16,198	138,576	614	720,597
Closing balance at 31 March 2024							
At cost	350,700	320,989	1,431	104,377	388,366	1,009	1,166,872
Accumulated depreciation and/or impairment	(2,309)	(104,318)	(1,284)	(88,179)	(249,790)	(395)	(446,275)
Carrying amount	348,391	216,671	147	16,198	138,576	614	720,597

Fully depreciated assets with an original cost of R37.2 million (2024: R38.9 million), are still in use.

SABS	R`000	R`000	R`000	R`000	R`000	R`000	R`000
	Land	Buildings	Motor vehicles	Office equipment	Laboratory equipment	Artwork	Total
RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2025							
Balance at 1 April 2024							
At cost	350,700	124,133	139	76,706	49,245	1,000	601,923
Accumulated depreciation and/or impairment	(2,309)	(36,388)	(135)	(63,731)	(11,449)	(390)	(114,402)
Carrying amount	348,391	87,745	4	12,975	37,796	610	487,520
Movements for the year ended 31 March 2025							
Additions	-	1,882	-	17,140	7,344	-	26,366
Depreciation	-	(4,038)	(2)	(4,144)	(2,633)	(40)	(10,857)
Disposals	-	-	-	(747)	(10,763)	-	(11,510)
Assets transferred to subsidiary	-	(2,125)	-	(572)	982	-	(1,715)
Other movements*	-	143	-	(105)	(286)	-	(248)
Property, plant and equipment at the end of the year	348,391	83,607	2	24,547	32,440	570	489,557
Closing balance at 31 March 2025							
At cost	350,700	123,820	139	92,483	47,451	1,000	615,593
Accumulated depreciation and/or impairment	(2,309)	(40,213)	(137)	(67,936)	(15,011)	(430)	(126,036)
Carrying amount	348,391	83,607	2	24,547	32,440	570	489,557
RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2024							
Balance at 1 April 2023							
At cost	350,700	124,992	139	73,675	45,998	1,000	596,504
Accumulated depreciation and/or impairment	(2,309)	(34,847)	(131)	(66,689)	(10,432)	(350)	(114,758)
Carrying amount	348,391	90,145	8	6,986	35,566	650	481,746
Movements for the year ended 31 March 2024							
Additions	-	1,994	-	9,189	5,027	-	16,210
Depreciation	-	(4,365)	(4)	(2,356)	(2,348)	(40)	(9,113)
Disposals	-	(50)	-	(15)	(1)	-	(66)
Assets transferred to subsidiary	-	55	-	(678)	(7)	-	(630)
Other movements*	-	(34)	-	(152)	(441)	-	(627)
Property, plant and equipment at the end of the year	348,391	87,745	4	12,974	37,796	610	487,521
Closing balance at 31 March 2024							
At cost	350,700	124,133	139	76,706	49,245	1,000	601,923
Accumulated depreciation and/or impairment	(2,309)	(36,388)	(135)	(63,731)	(11,449)	(390)	(114,402)
Carrying amount	348,391	87,745	4	12,975	37,796	610	487,521

Fully depreciated assets with an original cost of R21.8 million (2024: R21.0 million), are still in use.

^ Other movements on property, plant and equipment are as a result of an accumulation legacy differences between the fixed assets register and general ledger.

Registers with details of land and buildings are available for inspection by stakeholders at the registered office of the company and its respective subsidiaries.

There were no assets that were pledged as security.

2.1.1 Capital - work in progress

The work in progress detailed below has been fully disclosed in Note 2.1: Property, Plant, and Equipment. The opening balance of property, plant, and equipment includes the opening balance of work in progress for each asset class. Additions to work in progress are recorded as additions in Note 2.1: Property, Plant, and equipment. The closing balance of work in progress has also been included in the closing balance of Note 2.1: Property, Plant, and Equipment as part of the total cost. Transfers to completed assets disclosed in work in progress, are not disclosed under Note 2.1: Property, Plant, and Equipment because the corresponding transfer from work in progress results in a net zero effect.

	Opening balance	Additions	Transfers to completed assets	Write-off	Total
Group - Reconciliation of work in progress - 2025	R '000	R '000	R '000		R '000
Building Reconciliation	44,927	1,882	-	-	46,809
Laboratory equipment	32,914	29,598	(22,777)	(10,763)	28,972
Office equipment	1,364	17,140	(4,777)	(675)	13,052
	79,205	48,620	(27,554)	(11,438)	88,833
Group - Reconciliation of work in progress - 2024	R '000	R '000	R '000		R '000
Building Reconciliation	50,241	1,994	(7,308)	-	44,927
Laboratory equipment	26,882	15,690	(9,658)	-	32,914
Office equipment	23	9,219	(7,878)	-	1,364
	77,146	26,903	(24,844)	-	79,205

	Opening balance	Additions	Transfers to completed assets	Write-off	Total
SABS - Reconciliation of work in progress - 2025	R '000	R '000	R '000		R '000
Building Reconciliation	44,927	1,882	-	-	46,809
Laboratory equipment	21,490	7,344	(4,842)	(10,763)	13,229
Office equipment	1,364	17,140	(4,777)	(675)	13,052
	67,781	26,366	(9,619)	(11,438)	73,090
SABS - Reconciliation of work in progress - 2024	R '000	R '000	R '000		R '000
Building Reconciliation	50,241	1,994	(7,308)	-	44,927
Laboratory equipment	18,552	5,027	(2,089)	-	21,490
Office equipment	23	9,189	(7,848)	-	1,364
	68,816	16,210	(17,245)	-	67,781

3. INVESTMENT PROPERTY

Figures in R '000		Group		SABS	
Note(s)		2025	2024	2025	2024
BALANCES AT YEAR END AND MOVEMENTS FOR THE YEAR					
Reconciliation for the year					
Balance at the beginning of the year					
At cost		12,984	12,984	236,362	236,362
Accumulated depreciation and impairment		(6,857)	(6,506)	(108,051)	(103,826)
Carrying amount		6,127	6,478	128,311	132,536
MOVEMENTS FOR THE YEAR					
Depreciation		(351)	(351)	(4,225)	(4,225)
Impairment loss recognised in profit or loss		(16)	-	(16)	-
Transfer from (to) inventories and owner-occupied property		(1)	-	(1)	-
Investment property at the end of the year		5,759	6,127	124,069	128,311
Closing balance at the end of the year					
At cost		12,610	12,984	235,989	236,363
Accumulated depreciation		(6,851)	(6,857)	(111,920)	(108,052)
Carrying amount		5,759	6,127	124,069	128,311

Figures in R '000		Group		SABS	
Note(s)		2025	2024	2025	2024
Amounts recognised in profit or loss					
Intercompany rental received in respect of land and buildings		-	-	41,587	40,155
Rental income from investment property		16,226	13,824	16,226	13,824
Direct operating expenses relating to investment properties that did not generate rental income		544	1,097	544	1,097
Direct operating expenses relating to investment properties that generated rental income		20,494	17,163	20,494	17,163

4. INTANGIBLE ASSETS

4.1 RECONCILIATION OF CHANGES IN INTANGIBLE ASSETS

GROUP	R `000	R `000
	Computer software	Total
RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2025		
Balance at 1 April 2024		
At cost	78,389	78,389
Accumulated amortisation	(65,716)	(65,716)
Carrying amount	12,673	12,673
Movements for the year ended 31 March 2025		
Acquisitions through internal development	79	79
Amortisation	(984)	(984)
Disposals	(3,770)	(3,770)
Intangible assets at the end of the year	7,998	7,998
Closing balance at 31 March 2025		
At cost	63,410	63,410
Accumulated amortisation	(55,413)	(55,413)
Carrying amount	7,997	7,997
RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2024		
Balance at 1 April 2023		
At cost	77,890	77,890
Accumulated amortisation	(65,020)	(65,020)
Carrying amount	12,870	12,870
Movements for the year ended 31 March 2024		
Other acquisitions	949	949
Amortisation	(1,087)	(1,087)
Other movement	(60)	(60)
Intangible assets at the end of the year	12,673	12,673
Closing balance at 31 March 2024		
At cost	78,389	78,389
Accumulated amortisation	(65,716)	(65,716)
Carrying amount	12,673	12,673

Fully amortised assets with an original cost of R6 million (2024: R7.3 million), are still in use.

SABS	R '000	R '000
	Computer software	Total
RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2025		
Balance at 1 April 2024		
At cost	53,422	53,422
Accumulated amortisation	(41,902)	(41,902)
Carrying amount	11,520	11,520
Movements for the year ended 31 March 2025		
Acquisitions through internal development	79	79
Amortisation	(621)	(621)
Disposals	(3,765)	(3,765)
Intangible assets at the end of the year	7,213	7,213
Closing balance at 31 March 2025		
At cost	39,665	39,665
Accumulated amortisation	(32,453)	(32,453)
Carrying amount	7,212	7,212
RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2024		
Balance at 1 April 2023		
At cost	52,573	52,573
Accumulated amortisation	(41,726)	(41,726)
Carrying amount	10,847	10,847
Movements for the year ended 31 March 2024		
Other acquisitions	950	950
Amortisation	(557)	(557)
Transfers	301	301
Disposals	(1)	(1)
Other Movements ^	(20)	(20)
Intangible assets at the end of the year	11,520	11,520
Closing balance at 31 March 2024		
At cost	53,422	53,422
Accumulated amortisation	(41,902)	(41,902)
Carrying amount	11,520	11,520

^ Other movements on intangible asset are as a result of an accumulation legacy differences between the fixed assets register and general ledger.

Fully depreciated assets with an original cost of R0.9 million (2024: R2.0 million), are still in use.

4.2 CAPITAL - WORK IN PROGRESS

The work in progress detailed below has been fully disclosed in Note 4.1: Intangible assets. The opening balance of intangible assets includes the opening balance of work in progress. Additions to work in progress are recorded as additions in Note 4.1: Intangible assets. The closing balance of work in progress has also been included in the closing balance of Note 4.1 Intangible assets as part of the total cost. Transfers to completed assets disclosed in work in progress, are not disclosed under Note 4.1 Intangible assets because the corresponding transfer from work in progress results in a net zero effect.

Figures in R `000		Group		SABS	
Note(s)		2025	2024	2025	2024
Computer software					
Opening balance		9,245	9,245	9,245	9,245
Additions		-	950	-	950
Transfers to completed assets		-	(950)	-	(950)
WIP Written off		(3,130)	-	(3,130)	-
		6,115	9,245	6,115	9,245

5. INVESTMENT IN SUBSIDIARIES

The entity's principal subsidiary is:

Figures in R `000		SABS	
		Note(s)	
Name	Ownership	2025	2024
SABS Commercial SOC Ltd	100%	96,424	100,000

Management engaged an independent service provider to estimate the fair market value of SABS Commercial as at 31 March 2025. They appraised a fully marketable, controlling ownership interest in the business SABS Commercial in accordance with internationally accepted appraisal standards. The valuation of SABS Commercial Ltd as at 31 March 2025 was R96 423 681.

During the financial year ended 31 March 2025, the SABS recognised an impairment loss of 3 576 319 in investment in subsidiary in the profit and loss.

The results obtained from the following three methods under the Income Approach were used to provide an estimate for the valuation of SABS Commercial:

- Discounted Cash Flow method- Deterministic
- Discounted Cash Flow method- Probabilistic
- Capitalisation of earnings

The Probabilistic Discounted Cash Flow Method accounts for the uncertainties in future cash flows more accurately. Each risk is specifically accounted for in the risk distribution formula. A higher weighting was assigned to this calculation method.

The fair rate of return (FRR) comprises five elements:

- The risk-free pre-tax return available to the investor (RF).
- The normal tax rate of the investor (NTR).
- The systematic risk premium (SRP).
- The beta modifying the systematic risk premium (BTA).
- Small company premium (SR)
- The unsystematic risk premium (URP).

The formula used to arrive at the fair rate of return for discounting cash flow in a valuation is: $FRR = GLT \times (1 - NTR) + \text{Beta (SRP)} + \text{URP}$.

Description	DCF Deterministic	DCF Probabilistic	Capitalisation of earnings
Pre-tax risk-free rate	10.85%	10.85%	10.85%
Investors tax rate	27.00%	27.00%	27.00%
Systematic risk premium	8.35%	8.35%	8.35%
Beta	0.48	0.48	0.48
Small company premium	5.30%	5.30%	5.30%
Unsystematic risk	6.65%	4.65%	6.65%
Fair Rate of return- calculated	23.90%	21.90%	23.90%
Long Term Growth Rate	4.50%	4.50%	4.50%
Capitalisation Rate	19.40%	17.40%	19.40%

SABS Commercial SOC Ltd

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

Figures in R `000

	SABS	
	2025	2024
Revenue	410,288	418,889
Other income	15,228	22,207
Expenditure	(436,082)	(400,017)
Operating profit	(10,566)	41,079
(Finance costs)/interest received	17,614	8,697
Taxation	(2,388)	(5,893)
Profit for the year	4,660	43,883

6. INVENTORIES

Figures in R `000

	Group		SABS	
	2025	2024	2025	2024
Consumable stores	3,962	2,893	3,962	2,893
Obsolete stock written off	14	(28)	14	(28)
	3,976	2,865	3,976	2,865

No amounts other than obsolete stock written back of R14,000 (2024: R28,000 write-off, recognised as an expense) were recognised as income during the year.

7. TRADE AND OTHER RECEIVABLES

Figures in R `000	Group		SABS	
	2025	2024	2025	2024
Trade receivables	278,578	181,056	41,183	21,179
Trade receivables impairment	(59,008)	(42,351)	(4,733)	(1,825)
Trade receivables - net	219,570	138,705	36,450	19,354
Other receivables (Grant)	-	-	-	27,780
Deposits and payments in advance	5,070	9,873	4,805	9,683
Other group receivables	-	-	27,154	25,109
Employee costs in advance	1,769	3,363	454	977
Other receivables	2,588	3,245	1,751	1,987
Total trade and other receivables	228,997	155,186	70,614	84,890

Trade receivables are discounted at an effective rate of 2.7% (2024: 5.3%). 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.

Other receivables (Grant) comprises grant funding paid over to SABS Commercial, which was assessed not to meet the condition of the grant and was refunded to the SABS.

The ECL allowance on trade receivables has been determined by reference to the IFRS 9 expected credit loss model and the current economic environment. No ECL allowance has been determined for other receivables as there is no history of default. The Company applied the simplified approach and the results of the model were utilised as the base case with adjustments thereafter that affected the base ECL as discussed below.

The group identified debt that has an extremely high probability of becoming bad debt write offs in the next financial year. It was considered prudent to include all such amounts at a 100% ECL. These includes:

- Prescribed invoices that have exceeded the three year period of prescription
- Adverse history of debts - customers that have been placed into provisional liquidation, final liquidation, final de-registration or business rescue
- Foreign withholding tax - Instances where foreign governments withhold a certain percentage of payments as part of their fiscal policy
- Debt that is likely to be prescribed as at 31 March 2025.

The Group identified that all invoices included on the year end credit note accrual that should not be included in the ECL calculation. These are not included as they will be credited and as such there is no possibility of them eventually being written off as a bad debt in the next financial year.

Within the context of ECL model the above was implemented by overriding the PD, LGD and DF all to 0%.

A PD scalar of 1.23 was applied to account for the macroeconomic sensitivity. 20 percentage points were added representing the difference of median default rate based on historic data to maximum default rate.

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 Company's trade receivables.

ECL allowance of trade receivables:

Figures in R '000

	Group	SABS
Balance at 1 April 2023	(36,264)	(865)
Amount written off	12,195	331
Allowance for expected credit losses	(18,282)	(1,291)
As at 31 March 2024	(42,351)	(1,825)
Amount written off	-	-
Allowance for expected credit losses	(16,657)	(2,908)
As at 31 March 2025	(59,008)	(4,733)

Age analysis of trade and other receivables

As at 31 March 2025, the age analysis of trade and other receivables is as follows:

	Total	Not past due Current	Past due			
			> 30 days	> 60 days	>90 days	> 120 days
Group						
2025						
Carrying value (R'000)	278,578	110,390	16,572	1,014	(4,607)	155,209
	100%	40%	6%	0%	-2%	56%
Impairment (R'000)	59,008	9,359	1,642	337	-	47,670
	100%	16%	3%	1%	0%	81%
2024						
Carrying value (R'000)	181,057	28,958	33,489	9,463	4,469	104,678
	100%	16%	18%	5%	2%	58%
Impairment (R'000)	42,351	2,739	2,306	1,047	443	35,816
	100%	6%	5%	2%	1%	85%
SABS						
2025						
Carrying value (R'000)	41,183	11,855	4,336	396	(4,350)	28,946
	100%	29%	11%	1%	-11%	70%
Impairment (R'000)	4,733	1,377	279	29	-	3,048
	100%	29%	6%	1%	0%	64%
2024						
Carrying value (R'000)	21,179	8,425	6,723	646	772	4,613
	100%	40%	32%	3%	4%	22%
Impairment (R'000)	1,825	404	304	41	63	1,013
	100%	22%	17%	2%	3%	56%

8. CURRENT TAX ASSETS AND LIABILITIES

Figures in R `000

CURRENT TAX ASSETS AND LIABILITIES COMPRISE THE FOLLOWING BALANCES:

Current tax assets	-	3,240
Total current tax asset per the statements of financial position	-	3,240
Net current tax liability from all items being set off	(1,617)	-
Current tax liabilities	(1)	-
Total current tax liability per the statements of financial position	(1,618)	-

Group		SABS	
2025	2024	2025	2024
-	3,240	-	-
-	3,240	-	-
(1,617)	-	-	-
(1)	-	-	-
(1,618)	-	-	-

The current tax asset/ (liability) relates to income tax refundable or payable to SARS

Income tax liability includes R13.3 million which was determined with consideration that the final determination of the grant alignment to the Eleventh schedule by SABS.

9. INVESTMENT AT FAIR VALUE THROUGH PROFIT AND LOSS

Figures in R `000

INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS INCORPORATES THE FOLLOWING BALANCES:

Opening balance	144,958	137,531
Fair value gain/(loss)- financial assets measured at FVTPL	18,600	7,427
Closing balance	163,558	144,958

Group		SABS	
2025	2024	2025	2024
144,958	137,531	144,958	137,531
18,600	7,427	18,600	7,427
163,558	144,958	163,558	144,958

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.

10. VAT RECEIVABLE

Figures in R `000

VAT Receivable from SARS

Group		SABS	
2025	2024	2025	2024
39,372	27,897	15,884	10,272
39,372	27,897	15,884	10,272

11. LOANS TO GROUP ENTITY

Figures in R `000

LOANS TO SABS COMMERCIAL SOC LTD

Balance at 1 April
Repayment of loan by SABS Commercial SOC Ltd
Interest income
Loan balance
ECL allowance

Balance at 31 March

SABS	
2025	2024
(430)	1,254
-	(1,855)
-	177
(430)	(424)
(13)	(6)
(443)	(430)

The ECL is a product of the probability of default (PD) and the loss given default (LGD). LGD of 45% proposed for SA corporates by South African Reserve Bank and supported by Credit Agencies was used as a basis of the maximum loss that an entity would experience during a loss event. This is also in line with Global Credit data. Given that the counterparty in the intercompany loan being assessed is a South African government backed public entity – SABS Commercial, there is insufficient data available to accurately assess and calculate a loss rate or PD from historical performance. Instead, the PD estimate is based on Moody's credit risk ratings. The PD is estimated from the credit risk rating provided by Moody's which is mapped to a PD. The group has measured the loss allowance at an amount equal to 12 month ECL.

Reconciliation of the ECL allowance of loan receivable

Balance at 1 April 2024

Allowance for expected credit losses

As at 31 March 2024

Reversal of expected credit losses

As at 31 March 2025

SABS
430
-
430
(13)
417

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in current assets:

Figures in R `000

Cash

Cash on hand
Balances with banks
Other cash and cash equivalents

Group		SABS	
2025	2024	2025	2024
9	30	4	30
436,661	454,935	290,518	223,958
93,190	122,733	93,190	122,733
529,860	577,698	383,712	346,721

The Group has cash management facilities, resulting in all bank balances being swept daily into the accounts held by SABS and SABS Commercial. Short-term deposits are made for varying periods between one day and six months, depending on the immediate operational cash requirements of the Group, and earn interest based on 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 obtain 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 8.25% at 31 March 2025 (2024: 8.25%).

13. DEFERRED TAX

Figures in R `000

TEMPORARY DIFFERENCES

Property, plant and equipment
Intangible assets
Right of use assets
Lease liabilities

Other deductible temporary differences

Employee related provisions
Doubtful debt allowance
Income received in advance and other payables
Recognised in comprehensive income - PRMA
Actuarial Valuations
Discounting of debtors

Deferred tax asset/(liability)

DEFERRED TAX MOVEMENT

The movement for the period in the Group's deferred tax positions was as follows:

Opening balance
Temporary differences on property, plant and equipment
Temporary differences on intangible assets
Temporary differences on right of use assets
Temporary differences on lease liabilities
Temporary differences on employee related provisions
Temporary differences on income received in advance and other payables
Temporary differences in comprehensive income
Temporary difference on expected credit loss allowance
Temporary differences on discounting debtors

Closing balance

DEFERRED TAX ASSET

Balance at the beginning of the period
Current year charge
- per the statement of comprehensive income
- deferred tax assets/(liability)

Closing balance

Reflected in the statement of financial position as follows:

Deferred tax assets

Deferred tax assets

Group		SABS	
2025	2024	2025	2024
(9,359)	(8,739)	-	-
(37)	(77)	-	-
(790)	(8,007)	-	-
5,649	12,092	-	-
18,859	17,133	-	-
8,793	6,565	-	-
39,451	28,237	-	-
(4,964)	(4,851)	-	-
(71)	(70)	-	-
57,532	42,283	-	-
42,283	33,620	-	-
(620)	(681)	-	-
40	177	-	-
7,218	8,538	-	-
(6,443)	(10,901)	-	-
1,726	(53)	-	-
11,214	11,389	-	-
(113)	(606)	-	-
2,227	821	-	-
-	(21)	-	-
57,532	42,283	-	-
42,283	33,620	-	-
(113)	(606)	-	-
15,362	9,269	-	-
57,532	42,283	-	-
57,532	42,283	-	-
57,532	42,283	-	-

Deferred tax asset includes R11.4 million which was determined with consideration that the final determination of the grant alignment to the Eleventh schedule by SABS.

14. GENERAL RESERVE

Figures in R `000

	Group		SABS	
	2025	2024	2025	2024
Balance	54,282	54,282	54,282	54,282

Ministerial approval has been granted to build up a general reserve to a maximum of 50% of one year's to provide for aspects such as replacement of assets and other contingencies. No funds have been transferred operational expenses, to the reserve during the period under review as it was not required.

15. OTHER COMPONENTS OF EQUITY

Figures in R `000

	Group		SABS	
	2025	2024	2025	2024
Employee benefits				
Opening balance	37,388	35,929	21,696	21,877
Movements during the period				
Remeasurement of defined liability	(7,232)	2,065	(7,649)	(181)
Tax expense	(113)	(606)	-	-
Closing balance	30,043	37,388	14,047	21,696

16. PROVISIONS

Figures in R `000

	Group		SABS	
	2025	2024	2025	2024
Other salary related provisions	1,567	1,567	1,567	1,567

Other salary related provisions relate to backpay of salaries as a result of a CCMA case. The amount reflects the difference between the amount awarded by the CCMA and the amount determined to be reasonable by legal experts. The SABS (The Company) has lodged a review application. The finalisation of the review application is dependent on the hearing date to be allocated by the labour court, after which payment will be made should the review not succeed.

Other salary related provisions

	Group		SABS	
	2025	2024	2025	2024
Opening balance	1,567	1,567	1,567	1,567
Provisions	-	-	-	-
Closing balance	1,567	1,567	1,567	1,567

17. TRADE AND OTHER PAYABLES

Figures in R `000	Group		SABS	
	2025	2024	2025	2024
Trade payables	150,670	102,059	59,553	35,150
Contract liabilities	17,640	22,835	8,445	8,773
Short-term employee obligations	39,908	33,274	17,220	14,321
Amounts received in advance	47,164	39,292	23,239	13,622
Other payables (Grant)	-	-	5,622	-
Total trade and other payables	255,382	197,460	114,079	71,866

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.

The amount disclosed as contract liabilities at the end of 2024 has been recognised as revenue in the current reporting period.

Included in group's Amounts received in advance is the cumulative local content grant balance of R36.4 million (2024:R28.5 million) received from **the dtic**. Included in SABS's Amounts received in advance is the cumulative local content grant balance of R12.4 million (2024:R2.8 million) received from **the dtic**.

18. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

18.1 LEASE LIABILITIES

The carrying amount of the lease liabilities is as follows:

Figures in R `000	Group		SABS	
	2025	2024	2025	2024
Liabilities	40,907	9,075	35,551	7,736
Interest	3,596	1,598	3,090	1,241
Payment	(18,710)	(11,836)	(16,087)	(9,249)
Additions	2,497	43,084	2,497	36,700
Remeasurement of lease liability	(1,139)	(1,014)	-	(877)
	27,151	40,907	25,051	35,551
Non-current liabilities	7,927	25,497	8,235	22,259
Current liabilities	19,224	15,410	16,816	13,292
	27,151	40,907	25,051	35,551

Exposure to liquidity risk

Refer to note 33 Financial risk management for the details of liquidity risk exposure and management. The maturity analysis of lease liabilities are disclosed in note 33.

18.2 AMOUNTS RECOGNISED IN THE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in R '000

	Group		SABS	
	2025	2024	2025	2024
Buildings	1,073	1,172	-	-
Motor vehicles	2,305	1,900	1,158	988
IT equipment	626	683	626	683
Computer Software	12,174	7,367	12,174	7,358
	16,178	11,122	13,958	9,029

18.3 RIGHT-OF-USE ASSETS

The Group enters to lease arrangements and no significant judgement is required to conclude on the substance of the arrangement. The Group leases several vehicles. The average lease term is 3 years. The Group leases several buildings. The average lease term is 54 months. The group has one license lease and one lease of machinery. The average lease term is 3 years. Details pertaining to leasing arrangements, where the Group is a lessee are presented below:

NET CARRYING AMOUNTS OF RIGHT-OF-USE ASSETS

The carrying amounts of right-of-use assets are included in the following line items:

Figures in R '000

	Group		SABS	
	2025	2024	2025	2024
Buildings	1,055	2,593	-	-
Motor vehicles	2,600	5,112	1,195	2,561
IT equipment	-	626	-	626
Computer software	22,167	31,843	22,167	31,844
	25,822	40,174	23,362	35,031
The additions to the right of use assets are as follows:				
Remeasurements				
Buildings	(465)	(137)	-	-
Computer software	-	-	-	-
	(465)	(137)	-	-
Additions				
Buildings	-	2,944	-	-
Motor vehicles	-	6,989	-	3,549
Computer software	2,497	33,151	2,497	33,151
	2,497	43,084	2,497	36,700
Depreciation recognised on right-of-use assets				
<i>Depreciation recognised on each class of right-of-use assets is presented below.</i>				
Buildings	1,073	1,172	-	-
Motor vehicles	2,305	1,900	1,158	988
IT equipment	626	683	626	683
Computer software	12,174	7,367	12,174	7,358
	16,178	11,122	13,958	9,029

Other disclosures

Group		SABS	
2025	2024	2025	2024
3,596	1,598	-	-
-	1,573	-	-
2,724	2,815	-	-
6,320	-	-	-
5,986	5,986	-	-

During 2024 the AxSYS Go device license agreement expired:

- The lease was not renewed however the Group continues to use the asset, as a result it became a month -to-month agreement with no fixed term. The Group has elected to apply the short-term lease recognition exemption under IFRS 16 for this lease.

During the year ended 31 March 2025, the Group recognized a short term lease expense of R96 000 related to this asset.

19. DEFERRED INCOME

Group		SABS	
2025	2024	2025	2024
424,836	403,824	357,393	344,117
39,131	39,130	39,131	39,130
(18,570)	(18,089)	(10,985)	(10,155)
(26)	(29)	-	-
-	-	(24,389)	(15,699)
445,371	424,836	361,150	357,393
92,859	88,834	79,364	80,213
75,781	77,841	60,038	66,417
276,731	258,161	221,748	210,763
445,371	424,836	361,150	357,393
426,445	406,524	350,165	347,238
18,926	18,312	10,985	10,155
445,371	424,836	361,150	357,393

SABS ANNUAL REPORT 2024-25

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 - 5 years
- Netfa encapsulated sphere - 5 years
- Laboratories - 50 years
- Set top boxes project - 3 to 10 years
- National Electrical Test Facility (Netfa) short circuit laboratory - 3 to 10 years
- Thermal test chamber - 10 years
- Computer equipment - 3 years

20. EMPLOYMENT BENEFIT OBLIGATIONS

20.1 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 No. 24 of 1956, as amended. Refer to note 23 for amounts recognised as an expense for defined contribution plans.

Post-employment healthcare benefits obligation

This obligation arises as SABS provides post-retirement medical assistance for current employees and pensioners of 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 belong to Bestmed or Discovery for at least ten years and retire after the age of 60 are entitled to a post-retirement medical subsidy. There are no plan assets for this liability.

The funding of the liability is being managed through the Group's investments (refer to note 9). Valuations of these obligations are carried out annually by independent qualified actuaries. The most recent valuation was done as at 31 March 2025.

If an eligible employee is younger than age 55, 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 337 (2024: 354) pensioners and 36 (2024: 37) active employees, whilst the SABS had 246 (2024: 260) pensioners and 8 (2024: 9) active employees entitled to the benefit.

The total outstanding liability amounts to R67.7 million as at March 2025 (2024: R59.7 million). The most recent valuation was performed as at 31 March 2025.

Figures in R `000	Group		SABS	
	2025	2024	2025	2024
Post-employment healthcare benefit				
Opening balance	59,738	61,793	37,029	38,616
Provisions made	7,023	6,340	4,239	3,855
Benefits paid	(6,248)	(6,330)	(5,542)	(5,623)
Remeasurements (Other component of equity)	7,232	(2,065)	7,649	181
Total liability	67,745	59,738	43,375	37,029

The amount recognised in the other comprehensive income is determined as follows:

Figures in R `000	Group		SABS	
	2025	2024	2025	2024
Actuarial gain/(loss) - change in financial assumptions	7,232	(2,065)	7,649	181
	7,232	(2,065)	7,649	181

The amount recognised in the statement of profit and loss for the year ended 31 March 2025 is determined as follows:

Figures in R `000	Group		SABS	
	2025	2024	2025	2024
Current service cost	156	175	37	44
Interest cost	6,867	6,165	4,202	3,811
	7,023	6,340	4,239	3,855
Present value of the obligation				
Opening balance	59,738	61,793	37,029	38,616
Current service cost	156	175	37	44
Interest cost	6,867	6,165	4,202	3,811
Benefits paid	(6,248)	(6,330)	(5,542)	(5,623)
Actuarial (gain)/loss - change in financial assumptions	7,232	(2,065)	7,649	181
Closing balance	67,745	59,738	43,375	37,029

20.2 LONG SERVICE LEAVE AWARD OBLIGATION

The Group provides employees employed before 1 March 2008 with three additional leave days after five years of service and another three days after ten years of service. Employees annual leave entitlement is increased with these days. The Group's net obligation in this regard 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 175 (2024: 180) and 53 (2024: 56) employees entitled to the benefit respectively

The total outstanding liability amounts to R13.9 million as at March 2025 (2024: R13.3 million). The most recent valuation was performed as at 31 March 2025.

Figures in R `000	Group		SABS	
	2025	2024	2025	2024
Opening balance	13,290	13,670	4,572	4,603
Provisions made	3,015	1,874	417	770
Benefits vesting	(2,386)	(2,254)	(836)	(801)
Net liability in statement of financial position	13,919	13,290	4,153	4,572
Present value of funded obligations	13,919	13,290	4,153	4,572

The amount recognised in the statement of profit and loss for the year ended 31 March 2025 is determined as follows:

Figures in R '000	Group		SABS	
	2025	2024	2025	2024
Current service cost	665	714	229	243
Interest cost	1,294	1,164	444	391
Actuarial loss - change in financial assumptions	1,056	(4)	(256)	136
	3,015	1,874	417	770
Present value of the obligation				
Opening balance	13,290	13,670	4,572	4,603
Current service cost	665	714	229	243
Interest cost	1,294	1,164	444	391
Actuarial (gain)/loss - change in financial assumptions	1,056	(2,254)	(256)	(801)
Benefits vesting	(2,386)	-	(836)	-
Closing balance	13,919	13,290	4,153	4,572
DEFINED BENEFIT OBLIGATION - CURRENT AND NON-CURRENT PORTION				
Non-current				
Post-employment healthcare benefit	59,641	53,018	37,165	32,034
Long service leave	11,490	11,100	3,342	3,794
	71,130	64,118	40,507	35,828
Current				
Post-employment healthcare benefit	8,104	6,720	6,210	4,995
Long service leave	2,429	2,190	810	777
	10,533	8,910	7,020	5,772

20.3 SIGNIFICANT ASSUMPTIONS

The significant assumptions used in determining post-employment healthcare benefit and long service leave obligations are discussed below:

Post employment healthcare benefit obligation

- **Discount rate assumption** - The Group have set the discount rate by taking the average yields from the zero coupon SA Government bond curve with a duration of between 10 and 15 years. The recommended discount rate as at 31 March 2025 is 10.44%. The source is the Johannesburg Stock Exchange through Inet BFA data service. The duration for the previous valuation was between 10 and 15 years and resulted in a discount rate of 12.13%.
- **Future inflation assumption** - The general inflation assumption is used to estimate the base rate for determining the rate at which the future healthcare subsidies will increase. The Group have estimated the market's pricing of inflation by comparing the yields on nominal bonds to the yields on real bonds on the yield curve for bonds with a duration of between 10 and 15 years. The implied inflation assumption is therefore 5.32% per annum for future inflation. The source is the Johannesburg Stock Exchange through Inet BFA data service. The inflation assumption used for the previous valuation 6.94%.
- **Valuation method** - The accrued service liability is calculated by valuing all future leave and payments expected to be made in respect of benefits accrued up to the valuation date. Allowance has been made in these calculations for salary increase where applicable and for investment returns up to the date that the benefit is received.

Long service leave award obligation

- **Discount rate** - The discount rate required by IAS 19 should be set with reference to the market yield on high quality corporate bonds. However, where there is no deep market in corporate bonds, which is the case in South Africa, IAS 19 requires the discount rate to be based on yields of government bonds. IAS 19 places emphasis on matching the discount rate to the duration of the liabilities. The discount rate has been determined by using the best-fit discount rate as at 31 March 2025, based on the yields from the zero-coupon government bond curve. The best fit has been determined considering the cashflow-weighted duration of the liabilities, which is approximately 5 years. The recommended discount rate is 9.13%. The source is the Johannesburg Stock Exchange through Inet BFA data service. The duration for the previous valuation was 6 years and resulted in a discount rate of 10.36%.
- **Future salary inflation assumption** - The Group assumed that future salary inflation will exceed general inflation by 5.52% per annum. The implied salary inflation assumption is therefore 4.7% per annum.
- **Valuation Method** - The accrued service liability is calculated by valuing all future leave and payments expected to be made in respect of benefits accrued up to the valuation date. Allowance has been made in these calculations for salary increase where applicable and for investment returns up to the date that the benefit is received.

Figures in R `000

	GROUP	
	2025	2024
Discount rate per annum		
Post employment healthcare benefit obligation	10.44%	12.13%
Long service leave award obligation	9.13%	10.36%
Salary inflation		
Long service leave award obligation	5.52%	6.65%
General inflation		
Post employment healthcare benefit obligation	5.32%	6.65%
Long service leave award obligation	4.52%	5.65%
Post-retirement mortality		
Post employment healthcare benefit obligation - Mortality during employment	SA 85-90 (Light) rated down 1 year for males and females PA(90) -1 with a 1% mortality improvement p.a from 2010 SA 85-90 (Light) rated down 1 year for males and females 60/65 years	
Post employment healthcare benefit obligation - Mortality during employment		
Expected retirement age - Males and females		
Post employment healthcare benefit obligation		

*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.

20.4 SENSITIVITY ANALYSIS - POST-EMPLOYMENT HEALTHCARE BENEFIT OBLIGATION

Quantitative sensitivity analysis for significant assumptions on the obligations as at as shown below:

Below the effects on the obligation as at 31 March 2025 (central basis liability) results when assumptions are increased or decreased on:

Figures in R '000

Post employment mortality Age rating

+1 year

Central

-1 year

Discount rate

+1%

Central

-1%

Salary inflation

+1%

Central

-1%

Group		SABS	
Liability	Change in liability	Liability	Change in liability
R'000	%	R'000	%
71,867	6.1%	46,335	6.8%
67,745	-	43,375	-
63,725	-5.9%	40,513	-6.6%
63,604	-6.1%	41,120	-5.2%
67,745	-	43,375	-
72,435	6.9%	45,888	5.8%
72,460	7.0%	45,882	5.8%
67,745	-	43,375	-
63,527	-6.2%	41,094	-5.3%

Future sensitivity on service and interest cost (March 2025)

Figures in R '000

Discount rate

+1 %

Central

-1 %

Post employment mortality

+1 year

Central

-1 year

Salary inflation

+1 %

Central

-1 %

Group		SABS	
Service Cost	Interest Cost	Service Cost	Interest Cost
137	6,840	38	4,363
156	6,675	43	4,217
179	6,479	48	4,050
161	7,106	44	4,526
156	6,675	43	4,217
150	6,255	41	3,918
180	7,169	49	4,479
156	6,675	43	4,217
136	6,234	38	3,979

20.5 SENSITIVITY ANALYSIS - LONG SERVICE LEAVE AWARD OBLIGATION

Below the effects on the obligation on 31 March 2025 (central basis liability) results when the assumptions are increased and decreased by:

Figures in R`000	Group		SABS	
	Liability	Change in liability	Liability	Change in liability
	R'000	%	R'000	%
Discount rate				
+1%	13,405	-4%	4,021	-3%
Central	13,919		4,152	
-1%	14,472	4%	4,293	3%
Salary inflation				
+1%	14,488	4%	4,297	3%
Central	13,919		4,152	
-1%	13,382	-4%	4,015	-3%
Withdrawal rate				
+20%	13,647	-2%	4,104	-1%
Central	13,919		4,152	
-20%	14,202	2%	4,202	1%

Future sensitivity on service and interest cost

Figures in R`000	Group		SABS	
	Service Cost	Interest Cost	Service Cost	Interest Cost
Discount rate				
+1 %	658	1,256	168	369
Central	684	1,180	173	345
-1 %	712	1,097	179	319
Salary inflation				
+1 %	713	1,233	179	358
Central	684	1,180	173	345
-1 %	657	1,130	167	332
Withdrawal rate				
+20%	670	1,155	171	340
Central	684	1,180	173	345
-20%	699	1,207	175	350

20.6 FIVE YEAR SUMMARY

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

Figures in R `000	2025	2024	2023	2022	2021
Post-employment healthcare obligation benefit					
Present value of obligation	67,745	59,738	61,793	65,457	67,003
Actuarial gains/(losses)	7,232	(2,065)	3,628	1,371	(8,326)
Long service leave award					
Present value of obligation	13,919	13,290	13,670	13,669	15,805
Actuarial (losses)/gains	1,056	(4)	(433)	(1,547)	(5,448)

21. REVENUE

21.1 REVENUE FROM CONTRACTS WITH CUSTOMERS

Figures in R `000	Group		SABS	
	2025	2024	2025	2024
Sale of Standards	38,855	34,086	38,855	34,086
Laboratory Services	123,439	144,371	-	-
Intercompany sales	-	-	26	436
Certification	285,552	-	-	-
Training	13,889	272,763	13,890	-
Training	461,735	8,345	52,771	8,335
	459,565	459,565	42,857	42,857

21.2 DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The company disaggregates revenue from customers as follows:

Figures in R `000	Group		SABS	
	2025	2024	2025	2024
SALE OF GOODS				
Sale of Standards	13,671	14,003	13,671	14,003
Intercompany sales	-	-	26	436
	13,671	14,003	13,697	14,439
Rendering of services				
Laboratory Services	123,439	144,371	-	-
Certification	285,552	272,763	-	-
Training	13,889	8,345	13,890	8,335
	422,880	425,479	13,890	8,335
Other revenue				
Standards - subscription fees	25,184	20,083	25,184	20,083
	25,184	20,083	25,184	20,083
Total revenue from contracts with customers	461,735	459,565	52,771	42,857

TIMING OF REVENUE RECOGNITION

- Sale of goods
- Laboratory Services
- Certification (Pre assessment audits)
- Training
- Intercompany sales

Certification
Standards - Subscription fees

Total revenue from contracts with customers

Group		SABS	
2025	2024	2025	2024
13,671	14,003	13,671	14,003
123,439	144,371	-	-
25,133	21,025	-	-
13,889	8,345	13,890	8,335
-	-	26	436
176,132	187,744	27,587	22,774
260,419	251,738	-	-
25,184	20,083	25,184	20,083
285,603	271,821	25,184	20,083
461,735	459,565	52,771	42,857

The transaction price which has been allocated to performance obligations that are unsatisfied or partially unsatisfied at the reporting date are presented below. Due to the nature of the work performed in the Laboratory Services division it will be onerous to reliably estimate the expected completion dates of unsatisfied performance obligations at reporting date, depending on the nature of the tests performed completion could range from two weeks to three years. All unsatisfied performance obligations related to Certification division are expected to be completed within one year from reporting date.

Transaction price allocated to (to be recognised in future periods):

Laboratory services
Certification
Contract liabilities (Note 17)*

Group		SABS	
2025	2024	2025	2024
2,488	31,220	-	-
11,680	14,589	-	-
17,640	22,835	-	-
31,808	68,644	-	-

*In the prior year, contract liabilities which represents upfront payments received from customers for which performance obligations had not yet been satisfied, were not included in the disclosure of Transaction price allocated to unsatisfied or partially unsatisfied performance obligations in the prior year. The comparative disclosure above has been updated to include this amount. This update relates to disclosure only; it does not affect amounts recognised in the statement of financial position, profit or loss or equity for any period presented.

21.4 GROUP PERFORMANCE OBLIGATIONS

Training - The company recognises revenue when its performance obligations are met. This occurs at a point in time when the course is complete. Training services are invoiced once the training has been provided thus when the Company has satisfied its performance obligations. Payment of the transaction price is due 30 days from date of invoice.

Pre Assessment Audit (Certification) - The company recognises revenue from the pre-assessment audit once the audit has been completed, thus at a point in time. Work performed under the pre-assessment audit is invoiced upon completion of the audit. For credit customers payment is 30 days from date of invoice.

The Right of Use of Mark Scheme (Certification) - The company recognises revenue from the right of use of the mark scheme on a straight line basis over the term of the contract (period of three years). As the amount of work required to be performed under these contracts do not vary significantly from month-to-month, the straight-line method provides a faithful depiction of the transfer of goods or services. There are compliance audits performed over the contract period for both system and product mark schemes. Billing related to the right of use under the mark scheme varies from monthly to quarterly to annually. For credit customers payment is 30 days from date of invoice.

Laboratory Services - The company provides laboratory services to customers. The laboratory services comprise of Product and Witness testing. The revenue for laboratory services is recognised at a point in time upon completion of the performance obligation. Laboratory services are invoiced upfront and payable in 30 days except for cash customers where payment is due on date of invoice.

21.5 FAIR VALUE OF NON-CASH CONSIDERATIONS

The company entered into strategic partnership in previous financial years with one of its customers whereby the customer leased to the company a technical equipment for use to conduct tests at a fee to all customers including the customer who is party to the partnership.

Control of the leased equipment which was delivered and installed at the company's premises will remain with the company for the duration of the lease period. Lease payments of 10% of revenue generated from the customer could not be recognised as the right of use asset and corresponding lease liability could not be determined at commencement.

No lease expense for the financial years 31 March 2025 and 31 March 2024 recognised in profit and loss. In accordance with IFRS 15, no revenue was recognised from laboratory services for the financial years ended 31 March 2025 and 31 March 2024, as no performance obligations relating to such services were satisfied during these periods.

22. OTHER INCOME

Other income comprises:

Figures in R `000	Group		SABS	
	2025	2024	2025	2024
Sundry income	13,524	20,309	11,647	12,397
Royalties received	-	-	-	1,504
Foreign exchange gains	3,100	1,870	2,751	1,202
Intercompany rental received in respect of land and buildings	-	-	41,587	40,155
Rental income on investment property	16,226	13,824	16,226	13,824
Income recovery from dosimeters	5,418	5,695	-	-
Corporate services recovery	-	-	9,359	-
Fair Value adjustments on investment through profit and loss	18,600	7,427	18,600	7,427
Deferred income iro government grants	18,570	18,089	10,985	10,155
Total other income	75,438	67,214	111,155	86,665

23. EMPLOYEE BENEFIT EXPENSE

Employee benefits expense comprises:

Figures in R `000	Group		SABS	
	2025	2024	2025	2024
Salaries and wages	375,469	336,069	162,399	144,580
Medical aid and other employment benefits	64,366	52,563	24,620	18,890
Pension contributions	26,744	22,942	12,085	9,770
Post-employment healthcare benefits (note 20)	7,023	6,340	4,239	3,855
Long service leave benefits (note 20)	3,015	(380)	(417)	(31)
	476,616	417,533	202,926	177,065

24. OTHER OPERATING EXPENDITURE

Other operating expenditure comprise:

Figures in R `000	Group		SABS	
	2025	2024	2025	2024
Allowance/(Reversal) of allowance for expected credit losses	16,657	6,088	2,908	960
Assessment rates and municipal charges	71,967	67,761	70,607	66,910
Assets Write off	14,776	-	14,776	-
Auditors remuneration	5,646	6,189	4,297	4,904
Bad debts	749	12,195	44	331
Calibration cost	4,254	2,192	-	-
Computer expenses	10,110	7,030	10,109	7,029
Consumables	(31)	2,826	(31)	2,826
ECL allowance/(reversal of allowance) on loan to subsidiary	-	-	(13)	-
Exchange losses	2,422	2,053	1,700	713
Fines and penalties	-	885	-	429
General expenses	19,283	17,078	3,260	3,703
Insurance	4,367	3,986	4,367	3,986
Legal expense	3,328	3,070	3,328	2,520
Loss/(gain) on disposal of property, plant and equipment	719	130	708	67
Membership fees	8,157	6,114	8,157	6,114
Outsourced laboratory services	17,114	17,006	2,230	932
Postage	3,323	2,609	148	68
Printing and stationery	538	1,493	538	1,493
Recruitment cost	1,301	4,682	1,301	4,682
Reversal of impairment of investment in subsidiary	-	-	3,576	-
Royalties - Deductible	(1,686)	422	(1,751)	390
Short term leases and low value items	419	545	419	545
Telephone and fax	420	(679)	420	(679)
Training	7,110	4,227	7,092	4,227
Total other operating expenditure	190,943	167,902	138,190	112,150

25. FINANCE INCOME

Finance income comprises:

Figures in R '000

	Group		SABS	
	2025	2024	2025	2024
Bank balance	34,067	44,290	34,067	38,825
Interest received from subsidiaries	-	-	-	5,643
Interest received	21,101	16,540	-	-
Total finance income	55,168	60,830	34,067	44,468

26. FINANCE COST

Finance costs included in profit or loss:

Figures in R '000

	Group		SABS	
	2025	2024	2025	2024
Operating lease liabilities	3,596	1,753	3,090	1,241
Interest on banking facilities and late payments	(12)	162	(15)	48
Total finance costs	3,584	1,915	3,075	1,289

27. INCOME TAX EXPENSE

Figures in R '000

	Group		SABS	
	2025	2024	2025	2024
Major components of the tax expense				
Accounting profit	7,048	49,776	-	-
Accounting profit before income tax	7,048	49,776	-	-
Taxation at 27% (2024: 27%)	1,903	13,440	-	-
Current				
Amounts not credited to the income statement	39,451	28,237	-	-
Movement in provision	(18,423)	(16,619)	-	-
Tax deductible amounts not claimed in profit and loss	(21,039)	(22,387)	-	-
Non-deductible expenditure	13,491	12,492	-	-
Adjustment in respect of current income tax of previous year	2,367	-	-	-
Normal Taxation	17,750	15,162	-	-
Deferred				
Originating and reversing temporary differences	(15,362)	(9,269)	-	-
Deferred taxation	(15,362)	(9,269)	-	-
Taxation	2,389	5,893	-	-
Deferred tax expense recognised directly in other comprehensive income	113	606	-	-

SABS has been exempted from income tax in terms of the provisions of section 10(1)cA(I) of the Income Tax Act. The Group figures disclosed represents the SABS Commercial SOC Ltd taxation.

28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities

Figures in R `000	Group		SABS	
	2025	2024	2025	2024
Third parties	2,081	6,517	2,081	6,517

The contingent liabilities are partly due to alleged negligence in testing products, which is largely covered by insurance, as well as CCMA employee disputes. The cases are still pending.

Contingent assets

The SABS has instituted legal proceeding against a lessee in which the entity obtained a court order for outstanding rental. The court order will be executed with the service of eviction summons. This has given rise to a contingent asset estimated at R0.3-million.

29. RELATED PARTIES

National Government and state-controlled entities

The group is controlled by SABS (incorporated in South Africa under section 2 of the Standards Act, 1945 which was superseded by the Standards Act, 1993 (Act No. 29 of 1993) and subsequently superseded by the Standards Act, No. 8 of 2008. The SABS reports to **the dtic**.

Principal related parties

Related party	Country of incorporation	Nature of relationship
SABS Commercial SOC Ltd	South Africa	Subsidiary

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 dtic** and transactions not carried out on normal terms are disclosed.

29.1 LOANS RECEIVABLE FROM RELATED PARTIES - SABS

Figures in R `000	SABS	
	2025	2024
SABS Commercial SOC Ltd	(417)	(430)
ECL allowance	-	-
Net loan (payable) receivable from group companies	-	-

29.2 OTHER GROUP TRANSACTIONS - INCOME

Figures in R `000	SABS	
	2025	2024
Royalties received	-	1,539

29.3 PURCHASES FROM RELATED PARTIES

The following transactions were carried out with related parties within the ambit of **the dtic** (Executive Authority) and is included in trade and other payable balances. Refer to note 17:

Figures in R '000

National Metrology Institute of South Africa
South African National Accreditations System
SABS Commercial SOC Ltd - Intercompany
Industrial Development Corporation

2025			
Group		SABS	
Purchases	Balances Outstanding	Purchases	Balances Outstanding
22	18	-	-
292	3	-	3
-	-	1,297	27,736
-	28	-	-
2,314	49	1,297	27,739

Figures in R '000

National Regulator for Compulsory Specifications
National Metrology Institute of South Africa
South African National Accreditations System
SABS Commercial SOC Ltd - Laboratory services
Industrial Development Corporation
National Consumer Commission

2024			
Group		SABS	
Purchases	Balances Outstanding	Purchases	Balances Outstanding
8	4	-	-
136	55	-	-
2,185	(9)	-	-
-	-	1,744	2,118
-	28	-	-
-	-	-	772
2,329	78	1,744	2,890

29.4 SALES AND OTHER TO RELATED PARTIES

Figures in R '000

Group	2025				2024			
	Sales and other	ECL Allowance	Bad debts written off	Balances Outstanding	Sales and other	ECL Allowance	Bad debts written off	Balances Outstanding
National Regulator for Compulsory Specifications	14,875	509	-	5,082	20,193	160	-	2,581
National Metrology Institute of South Africa	1,058	12	-	118	56	12	-	288
South African National Accreditations System	154	-	-	-	546	26	-	628
National Consumer Commission	8,731	107	-	1,141	7,790	-	-	1,967
National Lottery Commission	589	-	-	-	1,667	74	-	1,858
National Gambling Board	-	-	-	-	-	0.4	-	3
	25,406	628	-	6,341	30,252	272	-	7,325

Figures in R `000

	2025				2024			
	Sales and other	ECL Allowance	Bad debts written off	Balances Outstanding	Sales and other	ECL Allowance	Bad debts written off	Balances Outstanding
SABS								
SABS Commercial SOC Ltd - outstanding balance	-	-	-	45,356	-	-	-	-
SABS Commercial SOC Ltd - Sales	26	-	-	-	-	-	-	-
SABS Commercial SOC Ltd - Business advisory	-	-	-	-	436	-	-	-
SABS Commercial SOC Ltd - Outstanding balance	-	-	-	-	-	135	-	31,206
SABS Commercial SOC Ltd - Rentals: Land and Buildings	41,587	-	-	-	40,155	-	-	-
SABS Commercial SOC Ltd - Corporate Charges	9,359	-	-	-	-	-	-	-
SABS Commercial SOC Ltd - Overheads recoveries	1,507	-	-	-	1,176	-	-	-
SABS Commercial SOC Ltd - Royalties	-	-	-	-	1,539	-	-	-
National Regulator for Compulsory Specifications	11,974	-	-	2,377	10,813	4	-	91
National Metrology Institute of South Africa	893	-	-	270	28	8	-	235
National Lotteries Commission	589	-	-	-	1,667	74	-	1,858
South African National Accreditations System	154	-	-	-	546	26	-	628
National Gambling Board	-	-	-	-	-	0.4	-	3
National Consumer Commission	8,731	-	-	1,141	7,790	-	-	1,967
	74,820	-	-	49,144	64,150	247	-	35,988

29.5 DIRECTORS EMOLUMENTS

Figures in R `000

	Note	Committee fees	Salary	Bonus / payments	Retirement and medical fund	Other	Total
Group - 2025							
Non-executive directors - paid by SABS							
MS Deidre Penfold		168	-	-	-	-	168
Dr Nandipha Madiba		198	-	-	-	-	198
Dr Ron Josias		135	-	-	-	-	135
		501	-	-	-	-	501
Executive directors - paid by SABS							
L Makele (Acting CEO)	^	-	1,866	25	186	198	2,275
L Ntobongwana (Acting CEO)	^^	-	895	-	58	95	1,048
		-	2,761	25	244	293	3,323

^ Appointed acting CEO until 1 August 2024

^^ Appointed acting CEO on 20 January 2024 - 31 July 2024

Figures in R `000	Note	Committee fees	Salary / director's fees	Bonus / payments	Retirement and medical fund	Other	Total
SABS - 2025							
Non-executive directors - paid by SABS							
MS Deidre Penfold	*%	168	-	-	-	-	168
Dr Nandipha Madiba	*%	198	-	-	-	-	198
Dr Ronald Josias	*%	135	-	-	-	-	135
		501	-	-	-	-	501
Executive directors - paid by SABS							
L Makele (Acting CEO)	^	-	1,866	25	186	198	2,275
		-	1,866	25	186	198	2,275
Executive directors - paid by SABS Commercial							
L Ntobongwana (Acting CEO)	^^	-	895	-	58	95	1,048
		-	895	-	58	95	1,048

^ Appointed acting CEO on 01 August 2024

^^ Appointed acting CEO on 20 January 2024 - 31 July 2024

* Committee meetings - fees included in the group results

% Appointed 01 December 2022

Figures in R `000	Note	Committee fees	Salary / director's fees	Bonus / payments	Retirement and medical fund	Other	Total
Group - 2024							
Non-executive directors-paid by SABS							
Mr Tumisang Tshehlo		2	-	-	-	-	2
Ms Deidre Penfold	*	118	-	-	-	-	118
Dr. Nandipha Madiba	*	191	-	-	-	-	191
Dr Ron Josias	*	96	-	-	-	-	96
Rene Van Wyk	*#	(5)	-	-	-	-	(5)
		402	-	-	-	-	402
Executive directors - paid by SABS							
Dr Sadvir Bissoon (Acting CEO)	^	-	1,850	15	288	189	2,342
L Ntobongwana (Acting CEO)	^^	-	350	-	28	33	411
		-	2,200	15	316	222	2,753

^ Appointed acting CEO on 19 January 2023 to 19 January 2024

^^ Appointed acting CEO on 20 January 2024

Term ended 17 February 2023

* Committee meetings - fees included in the group results

Figures in R `000	Note	Committee fees	Salary / director's fees	Bonus / payments	Retirement and medical fund	Other	Total
SABS - 2024							
Non-executive directors - paid by SABS							
Mr Tumisang Tshehlo	**	2	-	-	-	-	2
MS Deidre Penfold	*%	118	-	-	-	-	118
Dr. Nandipha Madiba	*%	191	-	-	-	-	191
Dr Ron Josias	*%	96	-	-	-	-	96
Rene Van Wyk	*	(5)	-	-	-	-	(5)
		402	-	-	-	-	402

Figures in R `000	Note	Committee fees	Salary / director's fees	Bonus / payments	Retirement and medical fund	Other	Total
SABS - 2024							
Executive director - paid by SABS							
Dr Sadhvir Bissoon (Acting CEO)	^	-	1,850	15	288	189	2,342
L Ntobongwana (Acting CEO)	^^	-	350	-	28	33	411
		-	2,200	15	316	222	2,753

^ Appointed acting CEO until 19 January 2024

^^ Appointed acting CEO on 20 January 2024

* Committee meetings - fees included in the group results

** Appointed on 1 December 2022 and resigned 17 April 2023

% Appointed 01 December 2022

Key management personnel compensation

The following emoluments were paid to executives who report directly to the CEO and other key management personnel

Figures in R `000	Note	Salary	Bonus/ performance payments	Retirement and medical fund	Other	Total
Group & SABS - 2025						
Executive Management						
Dr N Batyashe (Acting CCSO)	^	536	25	67	58	686
V Mabuli (Acting CCSO)	^^	466	-	99	56	621
L Makele (CCSO)		809	-	83	-	892
K Masoga (CFO)		2,553	25	167	-	2,745
Paid by SABS		4,364	50	416	114	4,944
L Ntobongwana (COO)		1,872	25	149	-	2,046
K Temba (Acting COO)	>	554	-	91	65	710
Paid by Subsidiary		2,426	25	240	65	2,756
Group		6,790	75	656	179	7,700

Group & SABS - 2024						
Executive						
K Masoga (CFO)		1,813	-	122	-	1,935
L Matras (Acting CFO)	#	363	-	33	37	433
T Maharaj (CFO)	@	250	-	28	-	278
HL Makele (CCSO)	**	2,256	15	225	-	2,496
Paid by SABS		4,682	15	408	37	5,142
L Ntobongwana (COO)		1,341	15	107	4	1,467
K Temba (Acting COO)		350	-	57	32	439
Paid by Subsidiary		1,691	15	164	36	1,906
Group		6,373	30	572	73	7,047

** Resignation 17 April 2023

@ Appointed acting CFO on 17 April 2023 - 30 June 2023

Appointed Effective 1 July 2023

29.6 TRANSFER OF ASSETS (TO)/FROM RELATED PARTIES

There was a transfer of assets to related parties of R0.6 million (2024: R0).

Figures in R `000

SABS - assets transferred from subsidiary

SABS	
2025	2024
1,715	630
1,715	630

29.7 GOVERNMENT GRANTS

In prior year, Local content verification grant and grant not yet utilised was not included as part of related party note, to enhance reporting prior period comparative were restated.

Figures in R `000

Grant pertaining to operations
Grant pertaining to local content
Grant pertaining to infrastructure

Group			
2025		2024 Restated	
Receipts from the dtic	Balances in payables or deferred income	Receipts from the dtic	Balances in payables or deferred income
259,376	-	248,847	-
10,000	(36,360)	10,000	(28,497)
39,131	(92,859)	39,130	(88,834)

Figures in R `000

Grant pertaining to operations
Grant pertaining to local content
Grant pertaining to infrastructure

SABS 2025			
Receipts from the dtic	(Transfers) to SABS Commercial	Balances in deferred income	Balances in receivables (payables)
259,376	-	-	-
10,000	-	-	(12,436)
39,131	(24,389)	(79,364)	(5,622)

Figures in R `000

Grant pertaining to operations
Grant pertaining to local content
Grant pertaining to infrastructure

SABS 2024 Restated			
Receipts from the dtic	(Transfers) to SABS Commercial	Balances in deferred income	Balances in receivables (payables)
248,847	-	-	-
10,000	(27,100)	-	(2,827)
39,130	(15,699)	(80,213)	27,780

30. CHANGE IN ACCOUNTING ESTIMATES

Property, plant and equipment

The group assessed the useful lives of certain assets, and the result of the assessment was an increase/(decrease) in the remaining useful lives of some of these assets. The effect of the change in estimate for the current period is a decrease in depreciation of R5.5 Million (SABS: R2.9 million) and an increase in future periods of R5.5 million (SABS: R2.9 million).

31. EVENTS AFTER THE REPORTING DATE

The Board is not aware of any material events that occurred after the reporting date and up to the date of this report, except for the following:

On 12 June 2025, the Honourable Minister of Trade, Industry and Competition (**the dtic**) dissolved the previous Board and appointed a new Board of Directors, which assumed office on 18 June 2025.

32. GOING CONCERN

As at 31 March 2025, the South African Bureau of Standards Group had accumulated profit of R890.9 million (2024: R904.2 million). Total assets exceeded total liabilities by R975.3 million (2024: R995.9 million). The going concern consideration regarding the SABS subsidiary, SABS Commercial SOC Ltd is included below:

At 31 March 2025, SABS Commercial SOC Ltd had accumulated profit of R127.2 million (2024: R122.5 million) and the company's total assets exceed its liabilities by R243.2 million (2024: R238.2 million). This company has made profits in the last three years which is indicative of measure put in place to turn around the operations.

The SABS Group continues to implement and evolve the turnaround strategy which has been endorsed by **the dtic**.

Management has implemented and continues to implement stringent cost cutting and aggressive revenue generation initiatives. Management believes that the Group will continue to remain a going concern due to various initiatives currently being implemented.

The financial statements for the Group have thus been prepared on the basis of accounting policies applicable to a going concern.

33. FINANCIAL RISK MANAGEMENT

33.1 FOREIGN CURRENCY RISK MANAGEMENT

Foreign currency exposures arise from revenue generating services from overseas clients and purchase of capital equipment, consumables and airfare costs. The Group does 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 2025 (2024: None)

Uncovered foreign exchange exposure.

At year end the Group was exposed to the following Rand translated foreign currency denominated assets and liabilities for which no forward cover had been taken out. The exchange rate used for the translation is as at reporting date.

Figures in R `000

Foreign amount:

	Group		SABS	
	2025	2024	2025	2024
United States Dollar	(17,339)	(31,695)	(26,943)	(31,983)
Great Britain Pounds	(273)	(950)	2	234
Euro	153	(928)	-	(155)
Swiss Franc	415	(575)	415	(547)
Australian Dollar	(104)	(110)	-	-
Canadian Dollar	(14)	(15)	-	-
Namibian Dollar	170	142	-	-
Danish krone	(1)	(2)	(1)	(2)
Botswana Pula	(84)	-	-	-

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

33.2 INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk as it places funds in the money market floating interest rates. Interest rate risk is managed through effective cash management. Finance income as at 31 March 2025 was R55.2 million (2024: R60.8 million). Finance cost as at 31 March 2025 was R3.6 million (2024: R 1.9 million). The exposure of financial assets and financial liabilities to interest rate risk is as follows:

Figures in R `000

	2025			2024		
	Interest bearing financial assets	Non-interest bearing financial assets	Total	Interest bearing financial assets	Non-interest bearing financial assets	Total
	Floating rate	Other		Floating rate	Other*	
Group						
Cash and cash equivalents	529,860	-	529,860	577,698	-	577,698
Trade receivables	-	219,570	219,570	-	138,705	138,705
	529,860	219,570	749,430	577,698	138,705	716,403
SABS						
Cash and cash equivalents	383,712	-	383,712	346,721	-	346,721
Trade receivables	-	36,450	36,450	-	19,354	19,354
	383,712	36,450	420,162	346,721	19,354	366,075

	2025			2024		
	Interest bearing financial liabilities	Non-interest bearing financial liabilities	Total	Interest bearing financial liabilities	Non-interest bearing financial liabilities	Total
	Floating rate	Other		Floating rate	Other*	
Group						
Trade payables	-	150,670	150,670	-	102,059	102,059
Financial liabilities exposure to interest rate risk	-	150,670	150,670	-	102,059	102,059
SABS						
Trade payables	-	59,553	59,553	-	35,150	35,150
Financial liabilities exposure to interest rate risk	-	59,553	59,553	-	35,150	35,150

The following table demonstrates the sensitivity to a reasonable possible change in interest rate.

	Group		SABS	
	Increase/decrease in basis points	Effect on profit (R'000)	Increase/decrease in basis points	Effect on profit (R'000)
2025				
Rand	+50	2,514	+50	1,793
Rand	-50	(2,514)	-50	(1,793)
2024				
Rand	+50	2,678	+50	1,554
Rand	-50	(2,678)	-50	(1,554)

33.3 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. Trade and other payables are settled within 12 months for both the Group and SABS. The maturity analysis relating to lease liability is based on undiscounted cash flows:

Figures in R `000	Financial liabilities				
	Within 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Total
Group					
GROUP - 2025					
Financial Liabilities					
Financial liabilities amortised at cost					
Lease liabilities	2,226	4,453	20,412	1,763	28,854
GROUP - 2024					
Financial Liabilities					
Financial liabilities amortised at cost					
Lease liabilities	510	12,458	15,209	13,863	42,040

Figures in R `000

	Financial liabilities				
	Within 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Total
SABS					
SABS - 2025					
Financial Liabilities					
Financial liabilities amortised at cost					
Lease liabilities	2,007	4,014	18,531	701	25,253
SABS - 2024					
Financial Liabilities					
Financial liabilities amortised at cost					
Lease liabilities	293	12,023	13,238	10,367	35,921

33.4 CREDIT RISK MANAGEMENT

Credit risk is managed on a group basis (refer to note 7).

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

Credit risk from balances with banks and financial institutions is managed by only dealing with well-established banks and financial institutions of high quality credit standing. These credit ratings are not worse than BB- as per FITCH or GCR. The current ratings of the various banks and financial institutions varies between AA and BB-. 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 receivables are shown net of ECL allowance. Management assessed that there is minimum to no risk related to other receivables as disclosed in note 7.

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.

The group applied IFRS 9 to calculate expected credit losses for all trade receivables as they are considered to be month to month with an expected life of one month. A settlement rate analysis was performed during model development to assess the expected invoice settlement rate and it was determined that 51% of the invoices settled in the first month, 85% and 97% by 6 and 12 months respectively. It was determined then that this is sufficient to demonstrate that the expected life of their trade is 1 month and there is no significant financing components to their monthly invoice (no effective interest rate applied). It is also deemed unnecessary to incorporate a forward looking overlay on the probabilities of default. 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:

Figures in R `000	Group		SABS	
	2025	2024	2025	2024
Cash and cash equivalents	529,860	577,698	383,712	346,721
Trade receivables	219,570	138,705	36,450	19,354
Loan to group companies	-	-	-	-
	749,430	716,403	420,162	366,075

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

	Group		SABS	
	2025 %	2024 %	2025 %	2024 %
South Africa	91	97	98	86
Other	9	3	2	14
Total	100	100	100	100

33.5 CAPITAL RISK 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.

Figures in R `000	Group		SABS	
	2025	2024	2025	2024
Trade payables	(150,670)	(102,049)	(59,553)	(35,150)
Lease liabilities	(28,854)	(42,040)	(25,253)	(35,921)
Cash and cash equivalents	529,860	577,698	383,712	346,721
	350,336	433,609	298,906	275,650
Equity	975,255	995,900	828,577	843,681

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

33.6 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of all financial instruments approximated fair value.

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.

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
- Observable market data

As at 31 March 2025, the Group held the following financial instruments measured at fair value:

Figures in R `000	Level 1	Total
Group		
2025		
FVTPL - Equities and bonds	163,558	163,558
2024		
FVTPL - Equities and bonds	144,958	144,958
SABS		
2025		
FVTPL - Equities and bonds	163,558	163,558
2024		
FVTPL - Equities and bonds	144,958	144,958

The cost of the asset is deemed fair value.

There were no transfers between level 1 and level 2 in the year ended 31 March 2025 (2024: 0).

34. CASHFLOWS FROM OPERATING ACTIVITIES

Figures in R `000	Group		SABS	
	2025	2024	2025	2024
Profit before tax	(10,912)	75,282	(7,455)	34,095
Adjustments for:				
Finance income	(55,168)	(60,830)	(34,067)	(44,468)
Finance costs	3,584	1,915	3,075	1,289
Plant and other equipment related government grants amortised	(18,570)	(18,089)	(10,985)	(10,155)
Depreciation on PPE	48,049	42,945	24,814	18,143
Depreciation on investment properties	351	351	4,225	4,225
Amortisation on intangible assets	984	1,087	621	557
Loss/(profit) on disposal of property, plant and equipment	15,495	130	15,484	99
Gains on foreign exchange	(3,100)	(1,870)	(2,751)	(1,202)
Losses on foreign exchange	2,422	2,053	1,700	713
Correction effected to foreign exchange-loss	-	(322)	-	-
FVTPL investment movement	(18,600)	(7,427)	(18,600)	(7,427)
Provision for employment benefit obligations	6,248	5,959	5,542	3,824
Employee benefits paid from provisions	7,652	(6,330)	3,820	(5,623)
Increase/(decrease) in ECL allowance of trade receivables	16,657	6,088	2,908	960
Benefits vesting from employee benefits	-	-	-	-
Remeasurement of right of use assets	-	-	-	-
Deferred income amortisation	(26)	(27)	-	-
Bad debts written off	792	12,092	44	332

Figures in R `000

Inventory write-off
Other non-cash movements
Reversal of ECL on Loans to Group Company
Impairment of Subsidiary
Unpaid capital expense
IFRS 16 non-cash movements
Transfer of assets to subsidiary

Group		SABS	
2025	2024	2025	2024
14	(28)	14	(28)
(223)	597	1,717	626
-	-	(13)	(6)
-	-	3,576	-
-	(6,160)	-	(708)
-	(323)	-	(335)
-	-	-	329
(4,351)	47,093	(6,331)	(4,760)
(1,097)	1,485	(1,097)	1,485
(81,222)	261	(11,762)	(38,408)
35,137	13,565	22,700	(5,221)
(11,475)	(7,706)	(5,612)	1,293
(58,657)	7,605	4,229	(40,851)
(63,008)	54,698	(2,102)	(45,611)

Changes in working capital:

35. INCOME TAX PAID

Figures in R `000

Amounts receivable / (payable) at the beginning of the year
Amounts (receivable) / payable at the end of the year
Taxation expense (credit)
Penalties
Less deferred tax included in taxation expense

Group		SABS	
2025	2024	2025	2024
3,240	(5,292)	-	-
1,618	(3,240)	-	-
(2,388)	(5,893)	-	-
-	-	-	-
(15,362)	(9,269)	-	-
(12,892)	(23,694)	-	-

36. COMMITMENTS

Capital commitments

Commitments for the acquisition of tangible and intangible assets:

Figures in R `000

Contracted

Group		SABS	
2025	2024	2025	2024
52,545	39,141	22,923	22,391

Capital commitments are funded through internally generated funds and grants received specifically and exclusively for that purpose.

37. IRREGULAR, FRUITLESS AND WASTEFUL DISCLOSURE AND NON-COMPLIANCE

National Treasury issued a PFMA Compliance and Reporting Framework for presenting the non-compliance, fruitless and wasteful expenditure and irregular expenditure that was effective on 03 January 2023. This framework resulted in the removal of the reconciliations of Irregular, fruitless and wasteful expenditure (IFWE) from the notes to the financial statements and disclosed them in the annual report.

The Group is committed to using its funds in a responsible manner. Corrective action is taken where situations lead to fruitless and wasteful expenditure.

Figures in R '000

	Group		SABS	
	2025	2024	2025	2024
Irregular expenditure	51,643	3,804	51,517	3,611
Fruitless and wasteful expenditure	6	1,248	6	772
	51,649	5,052	51,523	4,383

38. NEW STANDARDS AND INTERPRETATIONS

Standards and interpretations not yet effective

A number of new accounting standards are effective for annual reporting periods beginning after 1 January 2024 and earlier application is permitted. However, the Group has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements.

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Lack of Exchangeability – Amendments to IAS 21 and disclosure of that fact	1-Jan-25	Unlikely there will be a material impact
• Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	1-Jan-26	Unlikely there will be a material impact
• IFRS 19 Subsidiaries without Public Accountability: Disclosures	1-Jan-27	Unlikely there will be a material impact
• IFRS 18 Presentation and Disclosure in Financial Statements	1-Jan-27	Likely there will be a material impact

39. PRIOR PERIOD ERRORS

39.1 GROUP AND SABS

In prior year, the balance of unutilised infrastructure and local content grant received by SABS was not included as part of related party disclosure, to ensure completeness and fair presentation, prior period comparative were enhanced as per the table below:

	Group		SABS	
	Balances in payables	Balances in deferred income	Balances in payables	Balances in deferred income
Impact on the statement of financial position	-	-	-	-
Impact on the statement of profit and loss	-	-	-	-
Impact on the statement of cashflows	-	-	-	-
Impact on the note to related parties				
Grant pertaining to local content	(28,497)	-	(2,827)	-
Grant pertaining to infrastructure	-	(88,834)	-	(80,213)

39.2 SABS AND GROUP

During the 31 March 2024 financial year, the "internal Intercompany rental received in respect of land and buildings" and "rental income from investment property" were disclosed at incorrect balances under investment property note resulting in an understatement of the respective balances.

This impacts only Investment Property Note 3.

Impact of the correction

Line Item	Previously reported	Adjustment	Restated amount
Intercompany rental received in respect of land and buildings	39,439	716	40,155
Rental income on investment property	13,181	643	13,824

The above had no impact on the cash flows.



ABBREVIATIONS AND **ACRONYMS:**

AFCFTA

African Continental Free Trade Area

AFS

Available-for-sale

AFSEC

African Electro-technical Standardisation Committee

ARSO

African Regional Standards Organisation

B-BBEE

Broad-Based Black Economic Empowerment

CEO

Chief Executive Officer

CFO

Chief Financial Officer

CGU

Cash generating unit

DCF

Discounted cash flow

EE

Employment equity

EIR

Effective interest rate

EME

Exempt micro enterprises

ERM

Enterprise-wide risk management

GAAP

Generally Accepted Accounting Principles

GCS

Global Conformity Services

IAS

International Accounting Standard

IASB

International Standards on Auditing Board

ICT

Information communication technology

IEC

International Electro-technical Commission

IFRS

International Financial Reporting Standards

IIA

Institute of Internal Auditors

IPAP

Industrial Policy Action Plan

ISA

International Standards on Auditing

ISO

International Organisation for Standardization

IT

Information technology

KING IV

King Report on Governance for South Africa and the King Code of Governance Principles

KPI

Key performance indicator

LTIFR

Lost time injury incident frequency rate

LTI

Lost time injury

MI

Minor injury

MIIFR

Minor injury incident frequency rate

MWh

Megawatt hour

NDP

National Development Plan

NEHAWU

National Education, Health and Allied Workers' Union

NETFA

National Electrical Test Facility

NRCS

National Regulator for Compulsory Specifications

OCI

Other Comprehensive Income

PAA

Public Audit Act

PFMA

Public Finance Management Act

PPPFA

Preferential Procurement Policy Framework Act

QSE

Qualifying small enterprise

R&D

Research and development

RvA

Raad voor Accreditatie

SA

South Africa

SABS

South African Bureau of Standards

SADC

Southern Africa Development Community

SADCSTAN

Southern Africa Development Community
Co-operation on Standardisation

SANAS

South African National Accreditation System

SANS

South African National Standards

SATR

South African Technical Report

SATS

South African Technical Specifications

SMME

Small, medium and micro-enterprise

SOC

State-owned Company

SOE

State-owned Enterprise

SQAM

Standards, Quality, Accreditation and Metrology

the dtic

The Department of Trade, Industry and Competition

TI

Technical Infrastructure

VAT

Value Added Tax

VDA

German Association of the Automotive Industry

WIP

Work-in-progress

ZAR

South African Rand

NOTES

[illegible]



The logo for the South African Bureau of Standards (SABS) features the letters 'SABS' in a bold, black, sans-serif font. A thick red horizontal line is positioned directly beneath the letters. The background of the entire page is a collage of geometric shapes in shades of red, black, and grey, overlaid on a photograph of a woman in a lab coat.

SABS

SOUTH AFRICAN BUREAU OF STANDARDS

(Incorporated via an Act of Parliament and
domiciled in the Republic of South Africa)

1 Dr Lategan Road
Groenkloof, Pretoria, 0001

Private Bag X191
Pretoria, 0001

+27 12 428 7911 | +27 0 861 27 7227

info@sabs.co.za

www.sabs.co.za