

Financial Highlights

Project revenue	44.2%	▲	Total cost	38.1%	▲
Service revenue	29.5%	▼	Central cost (% of total cost)	5.5%	▼
Other revenue	52.9%	▲	Net surplus for the year	R0.4m	▲
Total revenue	38.3%	▲	Total number of employees	308	▲

Overview: Growth levels experienced since 2004 continued in 2007 with total revenue up by 38.3% to R151.2m in 2007 (2006: R109.3m), while the total staffing complement increased by 43% from 215 at the end of 2006 to 308 by the end of 2007.

Project revenue: Increased project revenue resulted mainly from increased PEPFAR funding for the treatment of HIV / AIDS and the addition of a number of new projects, funded through IAVI, Tibotec and Rifaquin. In addition, new funding from PEPFAR was received for the roll out of HIV treatment within small and medium enterprises. As a result, project revenue increased by 44.2% to R140m in 2007 (2006: R97.1m).

Service revenue: Revenue from services decreased by 29.5% to R6.3m in 2007 (2006: R9m).

Other revenue: Other revenue increased by 52.9% to R4.8m in 2007 (2006: R3.2m). This increase resulted mainly from donations of R3m and R2m received from the Anglo American Chairman's Fund and AngloGold Ashanti Fund respectively. These donations were used to strengthen scientific and administrative capacity as well as to maintain of key infrastructure in support vaccine trials at the KOSH trial site. Unspent portions of these donations were carried forward to 2008.

Expenditure: In line with growth in projects, service and other projects, total expenditure increased by 38.1% to R150.8m (2006: R109.3m)

Central administrative costs: Central and IT support costs as well as costs in respect of compliance and general governance increased by 19.8% to R10.9m (2006: R9.1m). This increase directly resulted from the strengthening of

central administrative capacity. This increase in capacity was funded from additional head office recoveries and specifically assigned portions of the donations.

Head office recoveries: Recoveries from project and service revenue in respect of central administration and compliance and governance activities averaged 5.5% (2006: 5.9%) This was made up of 5.2% recovered from projects (2006: 5.4%) and 15% from services (2006: 15%).

Net surplus for the year: As a result of increased recoveries against central administration and tighter cost control, Aurum generated a surplus of R0.4m (2006: R0.1m)

Key challenges for 2008/9: Several key challenges face Aurum in 2008.

New/emerging challenges:

- » Managing increasing working capital and cash flow requirements, while overall reserves remain low.
- » Tighter control over programme delivery, quality and administration.

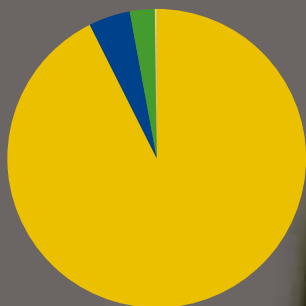
As in prior years:

- » Further strengthening of administrative capacity.
- » Roll out of a formalized grants management system.
- » Strengthening of internal financial and data management systems,
- » Finding alternative sources of funding for capacity development and sustainability.
- » Finding alternative sources of funding for the setting up of infrastructure and new facilities required by expansion projects.
- » Focus on micro-level costing and ever stricter standards of governance.

ABRIDGED INCOME STATEMENT		
For the year ended 31 December		
	2007	2006
	R'000	R'000
Revenue	151,171	109,302
Project revenue	140,005	97,154
Service revenue	6,309	8,952
Training revenue	488	588
Donations	4,140	1,000
Other revenue	229	1,588
Expenditure	150,806	109,194
Net surplus/(deficit)	365	108

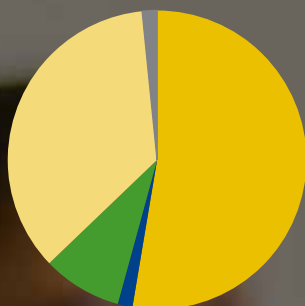
SUMMARY BALANCE SHEET		
As at 31 December		
	2007	2006
	R'000	R'000
Non-current assets	1,340	1,721
Plant and equipment	1,340	1,721
Current assets	34,717	31,873
Inventory	-	18
Project funds		
receivable	29,063	13,891
Trade and other		
receivables	5,654	6,451
Cash on hand	-	11,513
Total assets	36,057	33,594
Members funds		
and reserves	3,374	3,008
Accounts payable	32,683	30,586
Trade and other		
Accounts receivable	20,046	18,809
Deferred project		
Funds	12,522	11,777
Bank overdraft	115	-
Total funds and		
liabilities	36,057	33,594

Revenue 2007



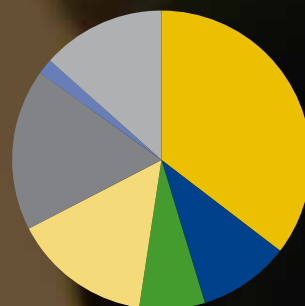
- 92.6% Project revenue
- 4.5% Service revenue
- 2.7% Donations
- 0.2% Other

Project revenue 2007



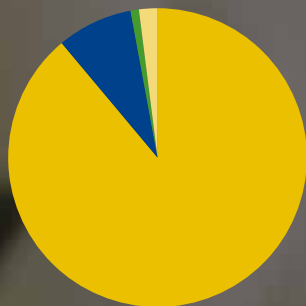
- 52.7% HIV/TB care
- 1.6% Economics
- 8.6% Vaccines
- 35.6% TB
- 1.6% Other

Expenditure 2007



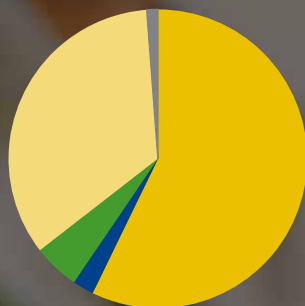
- 35.4% Labour
- 9.9% Infrastructure, equipment and data management
- 7.1% Laboratory cost
- 15.0% Consumables
- 17.5% Services
- 1.7% Community involvement programmes
- 13.4% Administrative expenses

Revenue 2006



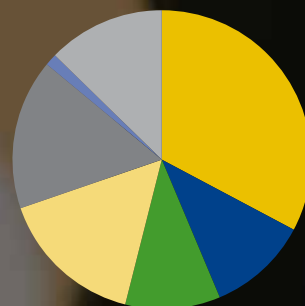
- 88.9% Project revenue
- 8.2% Service revenue
- 0.9% Donations
- 2.0% Other

Project revenue 2006



- 57.2% HIV/TB care
- 2.3% Economics
- 5.0% Vaccines
- 34.3% TB
- 1.2% Other

Expenditure 2006



- 32.8% Labour
- 10.9% Infrastructure, equipment and data management
- 10.3% Laboratory cost
- 15.8% Consumables
- 16.3% Services
- 1.3% Community involvement programmes
- 12.7% Administrative expenses

