Group Annual Financial Statements

for the year ended 30 June 2021

Contents

Statement of responsibility by the Board of Directors

The Board of Directors (Board) is responsible for overseeing the preparation, integrity and fair presentation of the state of affairs and business as represented in the annual financial statements of Adcock Ingram Holdings Limited (the Company) and its subsidiaries for the year ended 30 June 2021.

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

The annual financial statements are prepared in terms of International Financial Reporting Standards (IFRS) and include disclosures as required by the Companies Act, 71 of 2008 (Companies Act). The most appropriate accounting policies have been used and applied consistently and supported by reasonable and prudent estimates and judgements. The Board is satisfied that the information contained in the Annual Financial Statements fairly presents the results of the operations for the year ended 30 June 2021 and the financial position of the Group at that date.

The Board acknowledges that it is ultimately responsible for the system of internal financial control and regards a strong control environment important, including the documentation and regular review of it. This incorporates risk management and internal control procedures, which are designed to provide reasonable assurance that assets are safeguarded and that the risks facing the business are identified and appropriately managed insofar as it is within the control of the Board.

The Board are also responsible for the controls over, and the security of the Company's website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to shareholders and to the Companies and Intellectual Property Commission, assuring that reports disseminated electronically agrees with the signed off reports.

Management and employees also operate in terms of a code of conduct and ethics approved by the Board. The code requires compliance with all applicable laws and maintenance of the highest levels of integrity in the conduct of all aspects of the business.

The Board, in its assessment of the going concern status of the Company and Group, considered the following factors: the current financial position of the Group, the sustainability of each of the business units and their operating models, available financial resources at 30 June 2021, the budget and cash flow forecast to June 2022, the current regulatory environment and potential changes thereto, the economic outlook, as well as the continued impact of COVID-19 on its operations and the economic environment. The Group experienced minimal production facility and distribution disruptions due to employee infections in the current financial year, with contingency plans put in place, including increasing inventory levels, to enable the Company to continue supplying medicines. The Board is satisfied that the Company and Group will each be able to continue as a going concern in the foreseeable future and has therefore continued to adopt the going concern basis in preparing the annual financial statements.

The Group's external auditor, PricewaterhouseCoopers Incorporated audited the annual financial statements and its report is presented on page 11. Each of the directors confirm that, to the best of their knowledge, the Company and Group annual financial statements for the year ended 30 June 2021, which were prepared in accordance with IFRS, give a true and fair view of the financial position and performance of the Company and Group.

The annual financial statements of the Company and Group were prepared under the supervision of the Chief Financial Officer, Dorette Neethling CA(SA), approved by the Board of Directors on 24 August 2021 and signed on its behalf by:

N Madisa
Chairperson

Andrew G Hall
Chief Executive Officer

24 August 2021

Chief Executive Officer and Chief Financial Officer Responsibility Statement

The directors, whose names are stated below, hereby confirm that:

a) the annual financial statements set out on pages 17 to 117, fairly present in all material respects the financial position, financial performance and cash flows of Adcock Ingram Holdings Limited in terms of IFRS;

b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

c) internal financial controls have been put in place to ensure that material information relating to Adcock Ingram Holdings Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements of Adcock Ingram Holdings Limited; and

d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

We are pleased to confirm that no fraudulent activities involving directors were experienced in the Group during the past year.

Andrew Hall
Chief Executive Officer
24 August 2021

Dorette Neethling
Chief Financial Officer

Certificate by Company Secretary

I, the undersigned, Mahlatse Phalafala, in my capacity as Company Secretary, certify that the Company has lodged with the Companies and Intellectual Property Commission all such returns as are required to be lodged by a public company in terms of the Companies Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

M Phalafala
Company Secretary
24 August 2021

Audit Committee report

This report is presented by the Audit Committee (Committee), which was appointed by the Board of Directors (Board) and endorsed by shareholders in respect of the year ended 30 June 2021. The report is prepared in accordance with the requirements of the Companies Act and the recommendations of King IV, and describes how the Committee discharged its obligations in terms thereof, including the fulfilment of those duties assigned to the Committee by the Board during the reporting period.

Committee composition and meeting attendance

The Committee complies with section 94(4) of the Companies Act and King IV, which provides that all members should be independent non-executive directors, all of whom are suitably skilled and experienced. The Committee's composition, qualifications and meeting attendance during the year under review were as follows, with members of management, representatives from internal audit, the external auditor and the majority shareholder, invited to attend all meetings:

Committee members	Qualifications	Meeting attendance[1]
Chairperson		
D Ransby	CA(SA)	4/4
Members		
L Boyce[2]	CA(SA), MCom (Fin Mgt)	3/3
C Manning[3]	PhD (Developmental Studies)	1/1
M Haus	MBChB, MD, DCH, FCFP, FFPM	4/4
Invitees		
N Madisa *(Chairperson of the Board)*		1/1
K Wakeford *(non-executive director)*		3/4
AG Hall *(CEO)*		4/4
D Neethling *(CFO)*		3/4
R Essa *(Corporate Finance Director)*		3/4
S Pietropaolo *(Head of Internal Audit)*		4/4
L Berrington *(Chief Audit Executive: The Bidvest Group Limited)*		4/4
M Steyn *(CFO: The Bidvest Group Limited)*		4/4
K Ramnarian *(PwC – External Auditor)*		4/4
C West *(PwC – External Auditor)*		4/4
R Jacobs *(PwC – External Auditor)*		4/4

1 *The attendance reflects the number of scheduled meetings. No additional meetings were held during the financial year. One regular scheduled meeting was held after the year end, before publication of the report.*
2 *Resigned 12 March 2021.*
3 *Appointed 7 May 2021 to replace Ms Boyce.*

Role and function of the Committee

The roles and responsibilities of the Committee are governed by a formal charter which is reviewed annually and approved by the Board. A formal evaluation of the Committee is also carried out annually and the Board is satisfied that the Committee has fulfilled all its statutory duties, including those duties assigned to the Committee by the Board during the year under review, the relevant information in each case, detailed next.

Audit Committee report (Continued)

Execution of functions during the year

COVID-19

The Committee continues to closely monitor this pandemic and the effect on the financial position and operations of the Group, the economy and the general population. The Committee is aware of the reality of living with COVID-19 restrictions until vaccines are more widely available in South Africa, as well as the vital role Adcock Ingram plays in supporting South Africans through this pandemic, in ensuring continuity in producing and supplying medicines, particularly life-saving products such as intravenous fluids and ARVs, as well as other acute medicines and hygiene products that are used to minimise the impact of COVID-19.

Management currently has an appropriate response plan in place and the Committee will continue to monitor and assess the ongoing developments and respond accordingly.

Internal audit and the internal control environment

The Committee utilises the skills and expertise of Internal Audit to review the Group's internal control environment and thus has to monitor and review the effectiveness of Internal Audit and ensure that the function is free to work independently and objectively.

The Committee has reviewed and approved the internal audit charter and the annual internal audit plan, including compliance therewith, and concluded that the planning, processes and application of internal audit, including the quality of their reporting on internal audit outcomes and related matters was inclusive and comprehensive. The audit plan included several audits to test financial reporting internal controls as well as business monitoring activities to support the Group's control environment assessment and inform their planning activities.

Having regard to the reports and assessments presented by internal audit, and management's action in remedying control deficiencies, the Committee is satisfied that the internal financial and accounting controls are effective and that there were no material breakdowns in the Group's systems and internal controls.

The Committee is similarly satisfied that the Head of Internal Audit possesses the appropriate expertise and experience to meet the responsibilities of his position and that the internal audit department is effectual and adequately resourced with technically competent personnel.

External audit

At the Annual General Meeting (AGM) in 2020, shareholders approved the appointment of PricewaterhouseCoopers (PwC), as independent external auditor until the 2021 AGM, the Committee and the Board approving and endorsing their terms of engagement and their fee structure. The designated registered audit partner presently responsible for and who undertook the Group's audit is Mr Keeran Ramnarian. The Committee considered the information detailed in paragraph 22.15(h) of the JSE Listings Requirements and asked questions in relation to any issues of concern. The Committee was satisfied with the explanations provided by the external auditor. The Committee was also satisfied with the quality of the external audit process and the team assigned to the audit. No matters of concern were noted by the Committee regarding the performance of the external auditor.

The overall audit process includes a private open dialogue between the external auditor and the Committee. Matters typically discussed include the external auditor's assessment of their audit interactions with management, whether any limitations were placed by management on the scope and execution of the audit, including any special matters that need to be brought to the Committee's attention. The Committee can report that its working relationship with the PwC designated partner is professional and functional. The Committee convened with the PwC partner without management being present and was assured that there were no unresolved areas of disagreement with management, satisfaction was expressed with the skills and expertise in the finance team and confirmed that throughout the audit there was good support from the management teams.

The Committee determined the fees to be paid to the external auditor and agreed to the terms of their engagement and audit plan in consultation with executive management. The audit fee for the year ended 30 June 2021 has been disclosed in note 6.1 of the annual financial statements. The Committee is also responsible for determining the nature and extent of non-audit services that the external auditor may provide and, in such circumstances, the Committee approves or in limited circumstances pre-approves proposals for such non-audit services. There were no non-audit service fees incurred for the period under review.

The Committee assessed the quality and effectiveness of the external auditor by reviewing the audit plan, changes thereto, as well as the robustness with which they handled key accounting issues and audit judgements. The Committee received the detailed external audit report for the year ended 30 June 2021 and was satisfied with the conclusions that both the consolidated and separate annual financial statements were fairly presented in all material respects and no material issues were raised.

The Committee further confirmed that no reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, 26 of 2005.

The Committee remains cognisant of the developments in the audit profession. The external auditor continues to have unrestricted access to the Committee and its Chairperson.

Significant matters considered by the Committee

The Committee has considered the appropriateness of the key audit matter reported in the external audit opinion. These were addressed by the Committee as follows:

Significant matter	How the Committee addressed the matter
Impairment assessment of goodwill and indefinite life intangible assets	The Committee reviewed and discussed the report from the CFO regarding the carrying values, value-in-use, the level and appropriateness of impairments, and related key judgements in determining the carrying value of goodwill and intangible assets.

Financial reporting and accounting practices

The Committee:

- deliberated on the continued impact of COVID-19 on the Group, the economy and the general state of the consumer, with specific reference to any possible financial reporting implications, including:
  - possible loss of revenues;
  - possible supply chain disruptions;
  - impact on inventory levels and related provisions;
  - accounts receivable and related provisions;
  - liquidity levels;
  - restructuring plans; and
  - assessing the impact on key areas of judgement applied in the financial statements;
- considered and concurred with the adoption of the going concern principle in the preparation of the financial statements;
- reviewed the appropriateness of the financial statements, other reports to shareholders and other financial announcements made public;
- considered whether the annual financial statements fairly present the financial position of the Company and of the Group as at 30 June 2021 and the results of operations and cash flows for the financial year then ended;
- considered the solvency and liquidity of the Company and considered and made recommendations to the Board on the dividend declarations;
- is satisfied that the Company has established appropriate financial reporting procedures, including the preparation and inclusion of all entities in the Group, and that these procedures are operating as designed;
- is satisfied that the Company has established appropriate financial reporting procedures and that these procedures are operating as designed;
- considered whether any concerns were identified regarding significant legal, tax and other matters that could have a material impact on the financial statements;
- reviewed the external auditor's audit report;
- reviewed the representation letter, signed by management;
- confirmed that it has considered the findings contained in the "Proactive monitoring report of financials in 2020", issued by the JSE in February 2021, when the annual financial statements for 30 June 2021 were drafted; and
- reviewed the quality and integrity of the integrated report and the sustainability information before publication.

Audit Committee report (Continued)

The Committee confirms that it did not receive any concerns or complaints relating to the accounting practices and the internal audit of the Company, the content or auditing of the Company's financial statements, the internal financial controls of the Company or any other related matter during the year under review.

Technology and information governance

The Committee and the Board recognise the advances and economic value of technology and that failure to maintain the Group's accounting and administrative IT applications, is potentially disruptive and a significant operational risk. Accordingly, technology and information systems form an essential part of the Group's strategic and business processes and are intentionally managed by an Information Technology Executive team.

During the current reporting period, emphasis was placed on cyber security due to a significant number of employees working from home as a result of the pandemic. In addition, the core ERP system was upgraded to the latest version, with the facility manufacturing Adco-Hygiene also fully integrated into the current applications and technical infrastructure. The controls around the IT environment have been extensively tested by internal audit during the year, making recommendations in accordance with best practice.

The Committee is also mindful of King IV's emphasis on IT matters, with nominative reference to periodic assessments, independent assurances and cyber security.

Combined assurance

The Committee, in conjunction with the Board Risk and Sustainability Committee, has formulated a risk matrix for appropriate risk assessment and deduction. All risks are ranked and rated by category and importance. Internal Audit substantially coordinates this combined assurance process in parallel with its internal audit function by assessing if the more material risks reported, were relevant and appropriately managed in each case. The aim is to provide management, the Committee and the Board with a clear understanding of all business risks, how each is managed, controlled and/or mitigated and the consequences and cogency of such actions. The Committee can confirm that it has satisfied itself that the combined assurance model is effective and sufficiently robust for the Board to be able to place reliance on it.

Compliance

The Committee is obliged to report any material breach of a relevant legal and/or regulatory requirement in the conduct of the Group enterprise. No evidence or indication of any such breach or material non-compliance has been brought to the attention of the Committee by either the internal or external auditor or any other party.

Regulatory and corporate governance requirements

In accordance with the provisions of the JSE Listings Requirements, the Committee:

- completed the annual assessment of the suitability for re-appointment of the Group's current external audit firm, PwC, and designated individual partner including confirmation that the appointed external auditor is duly accredited on the JSE's list of auditors, subject to approval of shareholders;
- satisfied itself that the Chief Financial Officer, D Neethling, has the appropriate expertise and experience; and
- concluded that the composition, experience and skills of the finance function are adequate to fulfil all financial, control and reporting requirements of the Group.

Conclusion

The Committee is satisfied that it has complied with all its legal, regulatory and other responsibilities for the year under review.

The Committee is satisfied that the financial and internal controls are adequate and that no material breakdowns took place that resulted in material loss to the Group.

Following our review of the annual financial statements for the year ended 30 June 2021, we are of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act and International Financial Reporting Standards, and present fairly the results of operations, cash flows and the financial position of the Company and the Group. The Committee therefore recommended the consolidated and separate annual financial statements of Adcock Ingram Holdings Limited for approval to the Board. At the forthcoming Annual General Meeting the annual financial statements will be presented to shareholders.

On behalf of the Committee

D Ransby
Chairperson

24 August 2021

Directors' report

The directors have pleasure in presenting their report to shareholders for the year ended 30 June 2021.

Principal activities and nature of the business

Adcock Ingram, listed on the Johannesburg Stock Exchange (JSE), is incorporated and domiciled in South Africa. As a leading South African healthcare group, it operates in two geographical areas, namely Southern Africa and India. The Southern African business consists of four principal divisions:

- a Consumer division selling a range of healthcare, personal care and homecare products mainly through FMCG retailers and corporate pharmacies;
- an Over the Counter (OTC) division selling a range of OTC medicinal products that can be purchased without a prescription mainly through corporate and independent pharmacies;
- a Prescription division selling a range of branded and generic prescription products including specialised instrumentation and surgical products; and
- a Hospital products and services division.

In India, the Group has a 49.9% share in a manufacturing facility, and full ownership of an entity providing regulatory support services to the Southern African business.

Business combinations

Acquisitions

In May 2021, the Group acquired the remaining 51% shareholding in Novartis Ophthalmics Proprietary Limited from Novartis Pharma AG, resulting in the company becoming a wholly-owned subsidiary of Adcock Ingram Limited. Novartis Ophthalmics Proprietary Limited is a South African company that markets, distributes and sells pharmaceutical products and was already consolidated into the financial statements prior to this transaction, as the Group had control over the entity.

In May 2020, the Group acquired Plush Professional Leather Care Proprietary Limited, a well-established company offering an extensive range of homecare, cleaning and leather care products in South Africa and certain other Southern African countries.

Financial results and review of operations

The financial results of the Group, set out on pages 17 to 105 and those of the Company, on pages 106 to 117, includes detailed disclosures. The segmental analysis is included on page 77 to 79.

	Decrease	2021	2020
Consolidated headline earnings attributable to equity holders of the Company (R'000)	5.4%	**671 282**	709 521
Headline earnings per share (HEPS) (cents)	3.1%	**404.7**	417.5

Share capital

Details of the authorised and issued share capital are set out in note H to the annual financial statements and in the statement of changes in equity, showing no change to the authorised or issued ordinary share capital of the Company during the year.

Details of ordinary treasury shares held by Group entities are as follows:

	2021 R'000	2020 R'000
Adcock Ingram Limited	**14 000 000**	8 299 201
Adcock Ingram Holdings Limited Employee Share Trust (2008)	**600**	600

The unissued ordinary shares remain under the control of the directors of the Company until the next annual general meeting.

Directors' report (Continued)

Shareholders

Dividend policy

The Board intends to declare a distribution on at least an annual basis, which it currently envisages will be covered between two to 2.5 times by headline earnings.

2021

An interim dividend of 80 cents per share was declared and paid in relation to the six-month period ended 31 December 2020.

A final dividend of 90 cents per share was declared and paid following the results for the year ended 30 June 2021.

2020

An interim dividend of 100 cents per share was declared and paid in relation to the six-month period ended 31 December 2019.

No final dividend was declared for the year ended 30 June 2020.

Shareholder spread

Please refer to the shareholder analysis section for more details.

Events after 30 June 2021

On 30 July 2021, Adcock Ingram acquired a portfolio of 14 Prescription, OTC and Hospital brands from Aspen Pharmacare for R180 million, with historic annualised revenue of approximately R80 million. The terms include a two-year manufacturing and supply agreement for products manufactured by Aspen Pharmacare, to accommodate technology transfer to Adcock Ingram's facilities.

During July 2021, the country experienced well publicised civil unrest, mainly in KwaZulu-Natal (KZN) and Gauteng, including wide-spread destruction of property and the tragic loss of lives. Fortunately, the Group did not experience any significant destruction of assets and employees remained safe. Nonetheless, no selling and distribution activities, other than for life-saving products, could take place within or from KZN, including through the port of Durban, during that period.

Subsequent to the unrest, the Group resumed normal operations in KZN and the supply chain is intact and operational. However, certain product shortages are being experienced as a result of operational difficulties at the Durban port. We do not foresee that these shortages will have a material impact on the financial performance of the Group and expect them to be resolved by mid-September.

Subsidiaries and joint ventures

Information concerning the names and holdings of subsidiaries and joint ventures of Adcock Ingram Holdings Limited is set out in Annexure H to the annual financial statements.

Details regarding the financial performance of joint ventures are given in Annexure F.

Directors

Details of the members of the Board as at 30 June 2021 are as follows:

Name	Position as director
L Boyce	Non-Executive Director
S Gumbi	Independent Non-Executive Director
A Hall	Chief Executive Officer
M Haus	Lead Independent Director
B Letsoalo	Executive Director: Human Capital & Transformation
N Madisa	Chairperson, Non-Executive Director
C Manning	Independent Non-Executive Director
D Neethling	Chief Financial Officer
D Ransby	Independent Non-Executive Director
M Sathekge	Independent Non-Executive Director
K Wakeford	Non-Executive Director

Changes to directors' responsibilities and status

The following changes to the Board were effected during the year under review:

25 August 2020

Prof Michael "Mike" Sathekge was appointed as an independent non-executive Board member and a member of the Risk and Sustainability Committee.

22 February 2021

Mr Lindsay Ralphs resigned as a non-executive director, as the Chairman of the Board of Directors, as the Chairman of the Acquisitions and Nominations Committees and as a member of the Human Resources and Remuneration Committee.

Ms Nompumelelo "Mpumi" Madisa was appointed as the non-executive Chairperson of the Board.

12 March 2021

Ms Lulama Boyce resigned as a member of the Audit Committee.

7 May 2021

Ms Lulama Boyce resigned as the chairperson and member of the Human Resources and Remunerations Committee, and as a member of the Nominations Committee.

Ms Mpumi Madisa was appointed as the chairperson of the Nominations Committee and of the Acquisitions Committee, and as a member of the Human Resources and Remunerations Committee.

Prof Matthias Haus was appointed as the chairperson of the Human Resources and Remunerations Committee.

Dr Claudia Manning was appointed as a member of the Audit Committee.

Ms Debbie Ransby was appointed as a member of the Acquisitions Committee.

Dr Sibongile Gumbi was appointed as a member of the Human Resources and Remunerations Committee.

Prof Mike Sathekge was appointed as a member of the Nominations Committee.

Directors' shareholdings

No director (or his/her associates) holds 1% or more of the ordinary shares of the Company.

There has been no change in the holdings since the end of the financial year and up to the date of approval of the annual financial statements.

Details of the directors' shareholdings are reflected below:

Director	Number of shares 2021	Number of shares 2020
A Hall (directly held)	**21 433**	21 433

Directors' remuneration

Full details regarding non-executive and executive directors' remuneration are set out in note 6.3.

Company secretary

Mahlatse "Lucky" Phalafala was appointed as the Company Secretary on 1 April 2021.

Special resolutions

The following special resolutions were passed by the Company's ordinary shareholders at the AGM held on 25 November 2020, in accordance with the Companies Act:

Special resolution 1 – Financial assistance to related or inter-related company

Resolved to enable the Company to provide financial assistance to related and inter-related parties as contemplated in section 45 of the Companies Act.

Special resolution 2 – Remuneration of non-executive directors

Resolved to approve the proposed fees and remuneration payable to non-executive directors for their services as directors with effect from 1 December 2020 until the next AGM.

Directors' report (Continued)

Special resolution 3 – Amendment to the MOI

Resolved to approve the following amendment:

"17.2.3 Subject to clause 15.7 above and save as set out below, no person who is 70 (seventy) years of age or older, shall be allowed to be a member of the Board of Directors as a non-executive director. Notwithstanding the above, if a director reaches 70 (seventy) years of age before his/her turn to retire by rotation is due, such a director's turn to retire by rotation shall be brought forward to enable the director who had turned 70 (seventy) years of age to retire and not to offer himself/herself for re-election, unless the Board, having considered that the director who has reached the age of 70 (seventy) years possesses a rare or unique skill which is required or desirable on the Board, determines that that director should remain in place for another term or until a suitable replacement director with similar skills and experience is appointed in the place of such retiring director, in which case that director may be available for re-election".

Special resolution 4 – Share repurchases

Resolved that the Company or any subsidiary of the Company may, subject to the Companies Act, the Company's MOI, the JSE Listings Requirements and any other stock exchange upon which the securities in the capital of the Company may be quoted or listed from time to time, repurchase ordinary shares issued by the Company, provided that this authority shall be valid only until the date of the next AGM of the Company or for 15 months from the date of the resolution, whichever is the earlier, and may be varied by a special resolution at any general meeting of the Company at any time prior to the AGM.

Retirement funds

Details in respect of the retirement funds of the Group are set out in Annexure C.

COVID-19

The Board recognises the unprecedented socio- and macroeconomic challenges that have negatively impacted the lives and livelihoods of millions of South Africans due to the impact of the COVID-19 pandemic. Economic activity was impacted throughout the current reporting period, albeit to a different extent during the various levels of lockdown, with a resulting trading environment which remains challenging. As a result, the Group remained focused on the preservation of cash and maintaining a healthy liquidity position in order to mitigate the risks and uncertainties that COVID-19 brought along.

The Group continues to adopt a cautious approach, with the health and safety of employees being paramount throughout the pandemic. Due to the robust business continuity plans, the Group experienced minimal disruptions in its production and distribution facilities, and as employees in the manufacturing facilities and distribution centres continue to work on-site to continue producing and ensuring supply of medicines that are essential to people's lives. Most of the administrative employees continue to go to the office on a rotational basis and work remotely for the balance of the time.

Whilst at this stage, the impact on the Group's results is limited and now fully accounted for in the current financial year, the impact on people's lives and the general state of the consumer remains uncertain. As a healthcare company, we remain committed in assisting in the medical response to the pandemic.

We have seen the devasting impact on human lives since the start of the pandemic in our country, and the Adcock Ingram community was not spared in this sorrow, as we lost employees who were close to our hearts and with whom many colleagues have shared wonderful memories during their Adcock Ingram journey.

We express our deepest sympathies and sincere condolences to the family members and loved ones of each of our employees who succumbed to the virus, as well as to our fellow colleagues in the Adcock Ingram family who have lost friends.

The Board pays special tribute to the following employees who died during the pandemic, bravely rendering essential services to ensure continuity of medicine supply in South Africa:

Uvashnee Naicker, from Adcock Ingram Critical Care, on 23 June 2020;
Faith Mkwanazi, from our Wadeville factory, on 12 July 2020;
Thanyani Matshusa, from our Midrand Distribution Centre, on 29 July 2020;
Oupa Modutoane, from Adcock Ingram Critical Care, on 15 December 2020;
Jack Ramoshaba, from our Wadeville factory, on 9 January 2021;
Themba Makhubela, from Adcock Ingram Critical Care, on 11 January 2021;
Malcolm Watkins, from our Midrand Distribution Centre, on 28 June 2021;
Khotso Kotso, from our Clayville factory, on 30 June 2021;
Thirusha Pillay, from our R&D Laboratory in Aeroton, on 1 July 2021;
Jabulani Mabaso, from our Midrand Prescription Division, on 24 July 2021; and
Calvin Bowers, from Cape Town Distribution Centre, on 31 July 2021.

Our thoughts and prayers remain with their families, friends and loved ones.

Independent auditor's report

To the Shareholders of Adcock Ingram Holdings Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Adcock Ingram Holdings Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Adcock Ingram Holdings Limited's consolidated and separate financial statements set out on pages 17 to 117 comprise:

- the consolidated and company statements of financial position as at 30 June 2021;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Certain required disclosures have been presented elsewhere in the document titled "Adcock Ingram Holdings Limited Group Annual Financial Statements for the year ended 30 June 2021", rather than in the notes to the financial statements. These are cross-referenced from the consolidated and separate financial statements and are identified as audited.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).*

Independent auditor’s report (Continued)

Our audit approach

Overview

Overall group materiality

- *Overall group materiality: R45 300 000, which represents 5% of consolidated profit before taxation.*

Group audit scope

- *Full scope audits were performed over four financially significant components in South Africa.*
- *Specified audit procedures were performed on certain account balances and transactions for a further four components, two of which are joint ventures that are equity accounted in the consolidated financial statements.*
- *Analytical review procedures were performed on the remaining components.*

Key audit matters

- *Impairment assessment of goodwill and indefinite life intangible assets.*

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*R45 300 000.*
How we determined it	*5% of consolidated profit before taxation.*
Rationale for the materiality benchmark applied	*We chose consolidated profit before taxation as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our scoping assessment included consideration of financially significant components, based on indicators such as the contribution to consolidated assets, consolidated revenue and consolidated profit before taxation. Based on this assessment we identified four financially significant components, on which full scope audits were performed. Specified audit procedures were performed on certain account balances and transactions for a further four components, two of which are equity-accounted joint ventures, as a result of significant account balances and transactions within those components. In order to obtain sufficient audit evidence in respect of non-significant components, the group engagement team performed analytical review procedures on their financial information. These components have been assessed to be financially inconsequential to the Group.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group's engagement team, and other audit firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient and appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

The group engagement team met with the component auditors of the most significant audit components and engaged with the remaining component auditors by means of discussing pertinent matters and reviewing reporting documents submitted to us as the group engagement team.

This together with additional procedures performed at the Group level, including testing of consolidation journal entries and intercompany eliminations, gave us the evidence we needed for our opinion on the consolidated financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We communicate the key audit matter that relates to the audit of the consolidated financial statements of the current period in the table that follows. We have determined that there is no key audit matter in respect of the separate financial statements for the current period to communicate in our report.

Independent auditor's report (Continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Impairment assessment of goodwill and indefinite life intangible assets

Refer to Annexure G Impairments and note 12 (Intangible Assets) to the consolidated financial statements.

This key audit matter applies to the consolidated financial statements only.

Indefinite useful life intangible assets amounting to R770 million and goodwill amounting to R283 million, represents a significant portion of the Group's consolidated total assets.

The Group performs annual impairment tests over the recoverability of goodwill and biannual impairment tests over the recoverability of indefinite life intangible assets. These tests are subjective in nature due to management's judgements and assumptions relating to the cash-generating units (CGUs).

Management estimated the recoverable amount of the CGUs using the value-in-use method as required by International Accounting Standard (IAS) 36 – *Impairment of assets*.

In assessing the goodwill and indefinite life intangible assets for impairment, management applied the following key assumptions that gave rise to estimate uncertainty in determining the recoverable amount:

- revenue growth rate;
- gross margin;
- discount rates; and
- terminal growth rate estimates.

Impairment charges related to indefinite useful life intangible assets amounted to R13 million for the current financial year and have been recognised in the Group's consolidated statement of comprehensive income. No impairment was recognised for goodwill. The valuation of these assets, and the quantum of the associated impairment charges recognised by the Group, remains inherently sensitive to changes in the underlying key assumptions.

We considered the impairment assessment of goodwill and indefinite life intangible assets at the Group level, to be a matter of most significance to the current year audit due to the following:

- the judgement and estimates applied by management in performing the impairment assessment; and
- the magnitude of these balances in relation to the consolidated financial statements.

</td><td>

We obtained the Group's impairment assessments and tested the mathematical accuracy of the calculations and the reasonableness of the key assumptions, including revenue growth rate, gross margins, discount rates and terminal growth rate estimates by performing the following procedures:

We evaluated management's allocation of assets to cash-generating units (CGUs) for testing goodwill and indefinite useful life intangible assets by assessing the requirements of IAS 36 against management's assessment of the CGUs and found this to be in line with the requirements of IAS 36.

We evaluated the forecasting period used by management against the requirements of IAS 36 and whether the 10 year forecasting period could be justified based on the requirements of IAS 36. Based on the work that we performed, we accepted management's rationale for an extended forecasting period.

We used our valuation expertise to assess the valuation methodology applied by management against generally accepted valuation methods and IAS 36.

For the value-in-use calculations performed, we obtained management's cash flow forecasts and:

- Agreed these forecasts to approved budgets and noted no material differences.
- Tested the mathematical accuracy of management's impairment assessments and noted no material differences.
- Assessed the reliability of the forecasts by comparing current year actual results with the prior year budgeted results and noted that management had adjusted their budgets for any material variances noted, where required.
- Compared the revenue growth and gross margin projections applied by management to historically achieved growth rates and noted no material variances in management's calculations.
- We used our valuation expertise to compare the terminal growth rate estimates used by management to long-term consensus inflation rates obtained from independent sources and found no material variances to the outcome of the impairment tests performed.

Utilising our valuation expertise, we recalculated a range of discount rates, considering inputs for similar entities, industry data and entity-specific data. Where differences in discount rates were noted, we included this in our sensitivity analysis to consider whether this would lead to an impairment charge being recognised. No material impact was noted.

We performed our own independent sensitivity calculations on management's impairment assessments, with respect to the key assumptions which included the revenue growth rate, gross margin, discount rate and terminal growth rate. We discussed these with management and considered the likelihood of such changes occurring. Based on the work that we performed, we accepted management's key assumptions as applied in the assessments.

</td></tr>
</table>

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Adcock Ingram Holdings Limited Group Annual Financial Statements for the year ended 30 June 2021", which includes the Directors' Report, the Audit Committee's Report and the Certificate by Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Adcock Ingram Integrated Report 2021", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 our 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent auditor's report (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and 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. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we 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 our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Adcock Ingram Holdings Limited for two years.

PricewaterhouseCoopers Inc.
Director: Keeran Ramnarian
Registered Auditor
Johannesburg, South Africa

24 August 2021

Group statements of comprehensive income

for the year ended 30 June

	Notes	2021 R'000	2020 R'000
Revenue	3	**7 776 854**	7 346 558
Cost of sales	6.2	**(5 094 079)**	(4 607 502)
Gross profit		**2 682 775**	2 739 056
Selling, distribution and marketing expenses	6.2	**(1 212 482)**	(1 263 723)
Fixed and administrative expenses	6.2	**(555 683)**	(531 053)
Trading profit	6	**914 610**	944 280
Non-trading expenses	4	**(64 855)**	(82 099)
Operating profit		**849 755**	862 181
Finance income	5.1	**4 315**	5 278
Finance costs	5.2	**(47 982)**	(38 764)
Dividend income		**2 473**	3 825
Equity-accounted earnings		**97 315**	97 489
Profit before tax		**905 876**	930 009
Tax	7	**(243 764)**	(247 815)
Profit for the year		**662 112**	682 194
Other comprehensive income, net of tax			
Exchange differences on translation of foreign operations:	22	**(61 412)**	40 619
Subsidiaries		**(6 099)**	4 801
Joint venture		**(55 313)**	35 818
Movement in cash flow hedge accounting reserve	22	**(88 486)**	77 681
Fair value of investment*	22	**97**	43
Actuarial (loss)/profit on post-employment medical liability*	22	**(482)**	622
Total comprehensive income, net of tax		**511 829**	801 159
Profit attributable to:			
Owners of the parent		**657 463**	676 366
Non-controlling interests		**4 649**	5 828
		662 112	682 194

* *Remeasurement of investment and post-employment medical liability will not be reclassified to profit and loss. All other items in other comprehensive income may be reclassified to profit and loss.*

Group statements of comprehensive income (Continued)

	Notes	2021 R'000	2020 R'000
Total comprehensive income attributable to:			
Owners of the parent		**507 180**	795 331
Non-controlling interests		**4 649**	5 828
		511 829	801 159
Earnings per share:			
Basic earnings per ordinary share (cents)	8	**396.3**	398.0
Diluted basic earnings per ordinary share (cents)	8	**396.1**	398.0
Supplementary information:			
Headline earnings per ordinary share (cents)	8	**404.7**	417.5
Diluted headline earnings per ordinary share (cents)	8	**404.5**	417.5

Group statement of changes in equity

for the year ended 30 June

	Notes	Issued share capital R'000	Share premium R'000	Non-distributable reserves R'000	Retained income R'000	Total attributable to holders of parent R'000	Non-controlling interests R'000	Total R'000
As at 1 July 2019		17 142	664 014	196 348	3 417 928	4 295 432	2 762	4 298 194
Share issue	20.2, 21	2	777			779		779
Movement in treasury shares*	20.2, 21	3	2 205			2 208		2 208
Share-based payment expenses*	22			(2 133)		(2 133)		(2 133)
Treasury shares purchased	20.2, 21	(401)	(156 642)			(157 043)		(157 043)
Loss of control of owner driver subsidiaries	2						842	842
Total comprehensive income				63 114	676 366	739 480	5 828	745 308
Profit for the year					676 366	676 366	5 828	682 194
Other comprehensive income				118 965		118 965		118 965
Reclassified to cost of inventory – not included in other comprehensive income				(55 851)		(55 851)		(55 851)
Dividends	9.1				(342 941)	(342 941)	(6 713)	(349 654)
Balance at 30 June 2020		**16 746**	**510 354**	**257 329**	**3 751 353**	**4 535 782**	**2 719**	**4 538 501**
Share-based payment expenses*	22			**16 856**		**16 856**		**16 856**
Treasury shares purchased	20.2, 21	**(570)**	**(255 179)**			**(255 749)**		**(255 749)**
Acquisition of non-controlling interests	1.1				**(58 850)**	**(58 850)**	**176**	**(58 674)**
Total comprehensive income				**(80 005)**	**657 463**	**577 458**	**4 649**	**582 107**
Profit for the year					**657 463**	**657 463**	**4 649**	**662 112**
Other comprehensive income				**(150 283)**		**(150 283)**		**(150 283)**
Reclassified to cost of inventory – not included in other comprehensive income	22			**70 278**		**70 278**		**70 278**
Dividends	9.1				**(133 149)**	**(133 149)**	**(6 784)**	**(139 933)**
Balance at 30 June 2021		**16 176**	**255 175**	**194 180**	**4 216 817**	**4 682 348**	**760**	**4 683 108**

* *Relate to equity and BMT option schemes.*

Group statements of financial position

as at the year ended 30 June

	Notes	2021 R'000	2020 R'000
ASSETS			
Property, plant and equipment	10	**1 495 159**	1 528 541
Right-of-use assets	11	**223 039**	264 274
Intangible assets	12	**1 053 718**	928 518
Deferred tax assets	13	**4 944**	6 385
Other financial assets	14	**26 092**	26 570
Investment in joint ventures	15	**489 962**	545 178
Loans receivable	16	**9 798**	17 861
Non-current assets		**3 302 712**	3 317 327
Inventories	17	**1 865 512**	1 909 767
Receivables and other current assets	18	**1 764 737**	1 625 246
Cash and cash equivalents	19	**62 117**	316 825
Tax receivable	28.3	**45 340**	12 585
Current assets		**3 737 706**	3 864 423
Total assets		**7 040 418**	7 181 750
EQUITY AND LIABILITIES			
Capital and reserves			
Issued share capital	20.2	**16 176**	16 746
Share premium	21	**255 175**	510 354
Non-distributable reserves	22	**194 180**	257 329
Retained income		**4 216 817**	3 751 353
Total shareholders' funds		**4 682 348**	4 535 782
Non-controlling interests		**760**	2 719
Total equity		**4 683 108**	4 538 501
Long-term portion of lease liability	23	**247 234**	281 295
Post-retirement medical liability	24	**15 537**	14 852
Deferred tax liabilities	13	**125 226**	153 507
Non-current liabilities		**387 997**	449 654
Trade and other payables	25	**1 741 185**	2 014 408
Bank overdraft	19	**13 881**	–
Short-term portion of lease liability	23	**34 448**	28 986
Cash-settled options	26	**20 548**	21 097
Provisions	27	**159 251**	129 104
Current liabilities		**1 969 313**	2 193 595
Total equity and liabilities		**7 040 418**	7 181 750

Group statements of cash flows

for the year ended 30 June

	Notes	2021 R'000	2020 R'000
Cash flows from operating activities			
Cash generated from operations	28.1	**711 086**	1 080 902
Finance income received	28.4	**4 334**	5 394
Finance costs paid	28.5	**(47 834)**	(38 479)
Dividend income received	28.6	**98 572**	99 474
Dividends paid	28.2	**(139 933)**	(349 654)
Tax paid	28.3	**(296 886)**	(271 757)
Cash generated from operating activities		**329 339**	525 880
Cash flows from investing activities			
Purchase of property, plant and equipment – Replacement	10	**(95 817)**	(129 453)
– Expansion	10	**(16 497)**	(24 086)
Purchase of intangible assets	12	**(147 614)**	(2 578)
Proceeds on loan receivable	16	**8 063**	2 310
Proceeds from sale of interest in BMT*	14.1	**968**	1 085
Additional share purchase in Group Risk Holdings Proprietary Limited	14.2	**(366)**	–
Acquisition of business (Plush)	1.2	**–**	(308 979)
Cash foregone on loss of control of owner-driver subsidiaries	2	**–**	(13 866)
Proceeds on disposal of property, plant and equipment	28.8	**–**	836
Proceeds on sale of investment		**–**	6 125
Net cash outflow from investing activities		**(251 263)**	(468 606)
Cash flows from financing activities			
Proceeds from issue of share capital		**–**	779
Share repurchase		**(255 749)**	(157 043)
Acquisition of non-controlling interests in Novartis Ophthalmics (Pty) Limited	1.1	**(58 674)**	–
Equity options scheme settlement	28.7	**(256)**	(7 363)
Settlement of Mpho ea Bophelo equity options		**–**	(6 081)
Repayment of lease liabilities	23	**(28 961)**	(21 270)
Net cash outflow from financing activities		**(343 640)**	(190 978)
Net decrease in cash and cash equivalents		**(265 564)**	(133 704)
Net foreign exchange difference on cash and cash equivalents		**(3 025)**	2 277
Cash and cash equivalents at beginning of year		**316 825**	448 252
Cash and cash equivalents at end of year	19	**48 236**	316 825

* *BMT = Black Managers Share Trust.*

Notes to the group financial statements

Corporate information

The consolidated financial statements of Adcock Ingram Holdings Limited (the "Company") and Adcock Ingram Holdings Limited and its subsidiaries, joint ventures and structured entities (the "Group"[(1)]) for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 24 August 2021.

Adcock Ingram Holdings Limited is incorporated and domiciled in South Africa, where its ordinary shares are publicly traded on the Securities Exchange of the JSE Limited.

Basis of preparation

The consolidated and separate annual financial statements (annual financial statements) are presented in South African Rands which is the Group's presentational currency and the Company's functional currency. All values are rounded to the nearest thousand (R'000), except where otherwise indicated.

The annual financial statements are prepared in accordance with the Listings Requirements of the JSE Limited, International Financial Reporting Standards (IFRS), its interpretations adopted by the Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the Companies Act. The annual financial statements have been prepared on the historical cost basis, except for the following items in the statements of financial position:

- financial assets and liabilities at fair value through profit or loss or at fair value through other comprehensive income, and liabilities for cash-settled share-based payments that are measured in terms of IFRS 2 Share based payments; and
- post-employment benefit obligations are measured in terms of the projected unit credit method.

(1) All references to Group hereafter include the separate annual financial statements, where applicable.

The accounting policies adopted are consistent with those of the previous financial year, except for the following new IFRS and IFRIC interpretations and amendments which became effective this year.

New standards, amendments and interpretations

The following standards, amendments and interpretations were effective for the first time in the year ended 30 June 2021, but had no impact on the Group.

IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material – Amendments

These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs:

- use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting;
- clarify the explanation of the definition of material; and
- incorporate some of the guidance in IAS 1 about immaterial information.

The amended definition is:

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

IFRS 3: Business Combinations – Amendments

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to assist entities to determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

IFRS 9, IAS 39 and IFRS 7: Financial Instruments – Amendments

These amendments provide certain reliefs in connection with interest rate benchmark reform (IBOR). The relief relates to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the statements of comprehensive income.

The Group also early adopted the following amendments to standards for the year ended 30 June 2021, which were only required by the year ended 30 June 2023. All of these had no impact on the Group.

IAS 1: Presentation of Financial Statements – Amendment

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

IFRS 3: Business combinations - Amendment

The Internal Accounting Standards Board (IASB) has updated IFRS 3, *'Business combinations'*, to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the IASB added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, *'Provisions, Contingent Liabilities and Contingent Assets'*, or IFRIC 21, *'Levies'*, rather than the 2018 Conceptual Framework. The IASB has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

IAS 16: Property, Plant and Equipment – Amendment

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of Property, Plant and Equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

IAS 37: Provisions, Contingent Liabilities and Contingent Assets – Amendment

The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making in accounting for onerous contracts. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries, joint ventures and structured entities deemed to be controlled by the Group.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement in the entity and has the ability to affect those returns through its power over the investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary.

The financial results of the subsidiaries, including those with a different reporting period, are prepared for the same reporting period as the Group, using consistent accounting policies.

Investments in subsidiaries in the Company's financial statements are accounted for at cost less any impairment.

The results of subsidiaries acquired are included in the consolidated financial statements from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

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

Notes to the group financial statements (Continued)

Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to the parent. These interests are presented separately in the consolidated statement of comprehensive income, and in the consolidated statement of financial position, separately from own shareholders' equity.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in retained earnings within equity attributable to owners. Losses are attributed to any relevant non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss, or retained earnings, as appropriate.

Underlying concepts

The financial statements are prepared on the going concern basis, which assumes that the Group will continue in operation for the foreseeable future.

The financial statements are prepared using the accrual basis of accounting whereby the effects of transactions and other events are recognised when they occur, rather than when the cash is received or paid.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard. Financial assets and financial liabilities are only offset when there is a legally enforceable right to offset, and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Accounting policies are the specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the standard. If no such guidance is given, they are applied retrospectively. If after making every reasonable effort to do so, it is impracticable to apply the change retrospectively, it is applied prospectively from the beginning of the earliest period practicable.

Foreign currencies

Each foreign entity in the Group determines its own functional currency, and are as follows:

- joint venture, Adcock Ingram Limited in India, the Indian Rupee;
- subsidiary, Relicare Tech Services Private Limited in India, the Indian Rupee; and
- subsidiary, Adcock Ingram East Africa Limited in Kenya, the Kenyan Shilling.

Foreign currency transactions

Transactions in foreign currencies are recorded at the rates of exchange ruling at the transaction date.

Foreign currency balances

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. Exchange differences are taken to profit or loss.

If non-monetary items measured in a foreign currency are carried at historical cost, the exchange rate used is the rate applicable at the initial transaction date. If they are carried at fair value, the rate used is the rate at the date when the fair value was determined.

The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Foreign operations

At the reporting date, the assets and liabilities of the foreign operations are translated into the presentation currency of the Group (Rands) at the exchange rate ruling at the reporting date. Items of profit or loss are translated at the weighted average exchange rate for the year. Exchange differences are taken directly to a separate component of other comprehensive income: "Exchange differences on translation of foreign operations". On disposal of a foreign operation, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Goodwill and fair value adjustments relating to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of that foreign operation, and are translated at the closing rate.

Taxes

Value-added tax (VAT)

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 VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the group financial statements

for the year ended 30 June

1. ACQUISITION OF BUSINESS

Accounting Policy

Business combinations are accounted for using the acquisition method.

For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition costs incurred are expensed and included in non-trading expenses.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the acquirer's share of the acquiree's identifiable net assets is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. In instances where the contingent consideration does not fall within the scope of IFRS 9, it is measured in accordance with the appropriate IFRS.

Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with IFRS 9 either in profit or loss or as a charge to other comprehensive income, as appropriate. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

1.1 ACQUISITION OF ADDITIONAL SHARES IN NOVARTIS OPHTHALMICS (PTY) LIMITED

On 3 June 2021, Adcock Ingram Limited acquired an additional 51% of the issued shares of Novartis Ophthalmics (Pty) Ltd (Novartis) for R58.7 million. Immediately prior to the purchase, the carrying amount of the existing 49% investment in Novartis was R1.1 million. The group recognised a decrease in non-controlling interests of R0.2 million and a decrease in equity attributable to owners of the parent of R58.9 million. The effect on the equity attributable to the owners of the Group during the year is summarised as follows:

	2021 R'000
Carrying amount of non-controlling interests acquired	**176**
Consideration paid to non-controlling interests	**58 674**
Excess of consideration paid recognised in retained earnings within equity	**58 850**

1.2 ACQUISITION OF PLUSH

On 27 May 2020, Adcock Ingram Healthcare Proprietary Limited acquired 100% of Plush Professional Leather Care Proprietary Limited (Plush), a well-established company offering an extensive range of homecare, cleaning and leather care products, which are sold through most major retailers in South Africa and selected Southern African countries.

The acquisition of Plush was in line with the Group's strategy to expand into less regulated segments of the market, including homecare.

	2020 R'000
The fair value of the identifiable assets based on a final purchase price allocation (which is consistent with the fair values as determined provisionally in the prior year), as at the date of acquisition, was:	
Assets	
Inventories	31 643
Trade and other receivables	34 180
Property, plant and equipment	6 407
Trademarks and brands	235 218
Cash and cash equivalents	13 701
	321 149
Liabilities	
Trade and other payables	37 486
Provisions	675
Deferred tax	66 406
Tax payable	1 077
	105 644
Total identifiable net assets at fair value	215 505
Goodwill arising on acquisition	107 175
Purchase consideration	322 680
Net cash acquired with the business	(13 701)
Net cash consideration	308 979
Analysis of cash flows on acquisition	
Transaction costs of the acquisition (included in cash flows from operating activities)	(1 924)
Net cash acquired with the business (included in cash flows from investing activities)	13 701

Transaction costs of R1.9 million were expensed and included in non-trading expenses.

The fair value of the trade receivables equalled the net amount of trade receivables and amounted to R34.0 million.

Goodwill represents the difference between the purchase consideration and the fair value of the net assets acquired as there are no further separately identifiable intangible assets. The significant factor that contributed to the recognition of goodwill includes, but is not limited to a business with strong capabilities in innovation.

During the previous financial year, Plush contributed R18.9 million towards revenue and reported a profit before income tax of R2.6 million.

If the Plush acquisition took place at the start of the previous financial year, the revenue would have been R224.0 million and profit before income tax would have been R22.1 million.

2. LOSS OF CONTROL OF SUBSIDIARIES

Due to a change in strategy to outsource distribution, on 1 March 2020, Adcock Ingram Healthcare Proprietary Limited signed a cession agreement, transferring its rights, title, interest and obligations in the contracts with the owner-driver companies to RTT Proprietary Limited, resulting in the Group losing control over these companies. As part of a cession agreement, RTT Proprietary Limited will settle the outstanding loan receivables, previously due from the owner-driver companies.

3. REVENUE

Accounting policy

Revenue represents the total invoice value of goods, net of rebates, trade discounts and fees, and excluding estimated sales returns and value added tax. Revenue is derived from the supply of speciality, branded and generic pharmaceutical products, hospital products, and fast-moving consumer goods.

Revenue is measured based on the consideration specified in a contract with a customer and in compliance with the regulated pricing where applicable.

Variable consideration (rebates, discounts and fees) is estimated at the most likely amount payable in terms of contracts with customers.

As some contracts provide customers with a right of return, estimated sales returns are calculated based on historical actual returns as a percentage of sales, calculated at the end of each reporting period.

The Group recognises revenue at a point in time when it sells inventory to the customer, and control over a product is transferred to a customer, which is generally when delivery has taken place, at which point the variable consideration related to the sale is also recognised.

The Group disaggregates revenue based on the following type of consumer markets:

- Public sector (governmental), when sales are normally based on tender prices;
- Private sector, when sales are subject to SEP, non-SEP or formulary prices; and
- Export (foreign) sales.

3. REVENUE (continued)

	Wholesale R'000	Corporate Pharmacy R'000	Retail/FMCG R'000	Private Hospital (including SANBS)	Independent Pharmacy R'000	Total Private[1] R'000	Public R'000	Export and foreign R'000	Total R'000
2021									
OTC	**962 774**	**454 896**	**71 767**	**–**	**125 664**	**1 615 101**	**76 494**	**43 644**	**1 735 239**
Prescription	**1 262 049**	**798 612**	**252 034**	**29 409**	**111 091**	**2 453 195**	**538 222**	**30 103**	**3 021 520**
Hospital	**403 315**	**15 831**	**58 938**	**721 409**	**15 587**	**1 215 080**	**490 240**	**46 909**	**1 752 229**
Consumer	**143 762**	**307 616**	**785 314**	**–**	**19 698**	**1 256 390**	**–**	**10 897**	**1 267 287**
Other – shared services	**–**	**–**	**111**	**–**	**–**	**111**	**–**	**468**	**579**
	2 771 900	**1 576 955**	**1 168 164**	**750 818**	**272 040**	**6 539 877**	**1 104 956**	**132 021**	**7 776 854**
% split	**35.6%**	**20.3%**	**15.0%**	**9.7%**	**3.5%**	**84.1%**	**14.2%**	**1.7%**	
2020									
OTC	1 082 732	626 089	29 317	1 744	94 692	1 834 574	154 947	64 593	2 054 114
Prescription	1 204 496	705 106	274 621	10 134	130 475	2 324 832	374 125	59 581	2 758 538
Hospital	299 102	46 125	38 770	661 099	9 183	1 054 279	532 233	41 006	1 627 518
Consumer	132 796	268 240	454 800	–	24 234	880 070	–	12 322	892 392
Other – shared services	–	–	–	–	12 948	12 948	–	1 048	13 996
	2 719 126	1 645 560	797 508	672 977	271 532	6 106 703	1 061 305	178 550	7 346 558
% split	37.0%	22.4%	10.9%	9.2%	3.7%	83.1%	14.5%	2.4%	

[1] *Private sector revenue has been further disaggregated into the relevant sales channels and the prior year disclosure has been represented to incorporate these changes.*

Notes to the group financial statements (Continued)

4. NON-TRADING EXPENSES

Accounting policy

An expense is regarded as non-trading when it is incurred from activities unrelated to the core operations of the Group; when key management have no direct control or influence over it; or it is of a non-recurring nature.

	2021 R'000	2020 R'000
Retrenchment costs	**32 615**	33 507
Impairments of intangible assets (Refer to Annexure G)	**13 000**	16 196
Share-based payment expenses/(income) (Refer Annexure B)	**17 953**	936
PBLTIS *	**15 017**	6 049
Equity-settled	**2 095**	11 218
Cash-settled	**(549)**	2 398
Black Managers Share Trust – equity-settled	**–**	(3 748)
Black Managers Share Trust – fair value adjustment of employee benefits	**1 390**	(14 981)
Transaction costs	**1 287**	1 924
Deficit on loss of control of subsidiary	**–**	19 274
Ex-gratia B-BBEE expense	**–**	10 000
Profit on sale of investment following the cancellation of B-BBEE scheme**	**–**	(2 114)
Lease cancellation fee	**–**	349
Fair value adjustment of long-term receivable	**–**	2 027
	64 855	82 099

* *Performance-based long-term incentive scheme (equity-settled).*

** *Investment previously eliminated on consolidation.*

5. FINANCE INCOME AND FINANCE COSTS

Accounting policy

Finance income comprises interest received on bank balances and short-term deposits and is recognised as it accrues, using the effective interest rate method.

Finance costs comprise interest paid on borrowings and other costs like commitment fees, incurred in connection with the borrowing of funds.

All borrowing costs are recognised using the effective interest rate method, as none of the borrowing costs were directly attributable to the acquisition, construction or production of an asset which qualifies for capitalisation.

		2021 R'000	2020 R'000
5.1	**Finance income**		
	Bank	**3 236**	3 981
	Receiver of Revenue	**16**	108
	Other	**1 063**	1 189
		4 315	5 278
5.2	**Finance costs**		
	Bank	**19 464**	9 063
	IFRS 16 leases	**28 489**	29 676
	Receiver of Revenue	**5**	16
	Creditors	**24**	9
		47 982	38 764

		2021 R'000	2020 R'000
6.	**TRADING PROFIT**		
6.1	**Trading profit has been arrived at after charging/(crediting) the following expenses/ (income):**		
	External auditor's remuneration		
	– Audit fees current year	**10 266**	9 969
	– Audit fees underprovision prior year	**41**	254
	Depreciation		
	– Freehold land and buildings	**21 418**	20 562
	– Leasehold improvements	**6 812**	6 344
	– Plant, equipment and vehicles	**89 735**	87 701
	– Computer equipment	**22 611**	27 818
	– Furniture and fittings	**3 362**	4 151
	– Right-of-use assets	**41 790**	39 206
	Amortisation of intangible assets	**9 411**	9 704
	Inventories written off	**76 581**	95 424
	Low value assets and short term leases	**2 207**	2 243
	Foreign exchange loss	**7 162**	14 870
	Fees paid to related parties (refer to note 30)	**93 450**	126 900
	Expected credit loss provision (release)/charge	**(1 971)**	8 655
	Loss/(Profit) on disposal of property, plant and equipment	**1 325**	(922)
	COVID-19 related expenses*	**19 993**	31 327
	Cancellation of IFRS 16 lease	**(194)**	(89)

* *Includes transport and food, additional personal protective equipment, sanitisation of infrastructure and COVID-19 awareness initiatives.*

6. TRADING PROFIT (continued)

6.2 Expense by nature

	Cost of sales R'000	Selling, distribution and marketing expenses R'000	Fixed and administrative expenses R'000	Total R'000
2021				
Cost of material and production variances	**4 077 414**	**–**	**–**	**4 077 414**
Staff cost	**554 158**	**410 169**	**343 493**	**1 307 820**
– Salaries and wages	**491 597**	**353 485**	**305 496**	**1 150 578**
– Medical	**15 618**	**12 140**	**6 543**	**34 301**
– Retirement	**46 943**	**44 544**	**31 454**	**122 941**
Other staff cost	**27 148**	**25 663**	**5 279**	**58 090**
Advertising and marketing expenses	**–**	**330 574**	**747**	**331 321**
Transport and warehouse cost	**2 234**	**231 938**	**613**	**234 785**
Depreciation and amortisation	**97 871**	**43 720**	**53 548**	**195 139**
Repairs and maintenance expenditure	**95 547**	**28 163**	**10 487**	**134 197**
Property cost	**82 221**	**25 240**	**20 670**	**128 131**
Legal and consultant cost	**4 491**	**2 287**	**22 705**	**29 483**
Royalties	**–**	**30 024**	**–**	**30 024**
Regulatory and compliance expenses	**122 612**	**11 801**	**36 899**	**171 312**
Travel cost	**170**	**9 999**	**796**	**10 965**
Office expenses	**1 055**	**2 966**	**22 618**	**26 639**
Insurance	**23 239**	**7 991**	**9 967**	**41 197**
Audit fees	**–**	**–**	**10 266**	**10 266**
ECL provision	**–**	**–**	**(1 971)**	**(1 971)**
Corporate social investment	**–**	**–**	**13 300**	**13 300**
Non-executive directors	**–**	**–**	**5 420**	**5 420**
Other	**5 919**	**51 947***	**846**	**58 712**
Total	**5 094 079**	**1 212 482**	**555 683**	**6 862 244**

* *Includes commission paid to agencies.*

Notes to the group financial statements (Continued)

6. TRADING PROFIT (continued)

6.2 Expense by nature

	Cost of sales R'000	Selling, distribution and marketing expenses R'000	Fixed and administrative expenses R'000	Total R'000
2020				
Cost of material and production variances	3 390 762	–	–	3 390 762
Staff cost	617 240	471 107	310 990	1 399 337
– Salaries and wages	550 936	409 420	273 920	1 234 276
– Medical	16 712	13 285	6 804	36 801
– Retirement	49 592	48 402	30 266	128 260
Other staff cost	89 266	25 517	11 351	126 134
Advertising and marketing expenses	–	314 165	3 789	317 954
Transport and warehouse cost	65 815	214 904	819	281 538
Depreciation and amortisation	92 456	47 497	55 533	195 486
Repairs and maintenance expenditure	89 699	26 334	12 107	128 140
Property cost	72 548	23 070	24 313	119 931
Legal and consultant cost	8 789	13 628	31 554	53 971
Royalties	–	39 665	–	39 665
Regulatory and compliance expenses	119 993	5 099	21 960	147 052
Travel cost	1 626	16 753	3 951	22 330
Office expenses	2 022	3 774	13 327	19 123
Insurance	21 822	7 083	7 133	36 038
Audit fees	–	–	9 969	9 969
ECL provision	–	–	8 655	8 655
Corporate social investment	–	–	8 820	8 820
Non-executive directors	–	–	4 858	4 858
Other	35 464	55 127*	1 924	92 515
Total	4 607 502	1 263 723	531 053	6 402 278

* *Includes commission paid to agencies.*

6. TRADING PROFIT (continued)

6.3 Directors' emoluments

Executive directors	2021 R'000	2020[1] R'000
AG Hall	**12 397**	6 174
Remuneration	**5 383**	5 010
Retirement benefits	**350**	350
Performance bonus	**6 664**	814
D Neethling	**7 444**	4 046
Remuneration	**3 487**	3 254
Retirement benefits	**350**	350
Performance bonus	**3 607**	442
B Letsoalo	**6 042**	3 673
Remuneration	**2 912**	2 801
Retirement benefits	**562**	461
Performance bonus	**2 568**	411
Total executive directors	**25 883**	13 893
Non-executive directors		
L Boyce	**496**	570
J John	**–**	54
M Haus	**849**	693
S Gumbi	**508**	376
N Madisa[2]	**681**	412
C Manning	**572**	479
A Mokgokong	**–**	281
L Ralphs[2]	**793**	1 130
D Ransby	**693**	533
M Sathekge	**352**	–
K Wakeford[3]	**427**	330
Total non-executive directors	**5 371**	4 858
Total directors remuneration	**31 254**	18 751

[1] *The non-executive directors voluntarily sacrificed 20% of their gross remuneration for the period April to June 2020, for the benefit of the Solidarity Fund.*
[2] *Paid to Bidvest Corporate Services Proprietary Limited.*
[3] *Paid to Bidvest Branded Products Proprietary Limited*

6.4 Key management

	2021 R'000	2020 R'000
Salaries	**23 672**	23 596
Retirement benefits	**3 668**	3 143
Medical benefits	**485**	456
Performance bonuses	**8 196**	4 985
Total	**36 021**	32 180

Key management comprises the Group Executive Committee, other than the executive directors.

7. TAX

Accounting policy

The tax expense includes current tax, deferred tax , capital gains tax, and foreign withholding tax on dividends received from the joint venture in India. Tax relating to items recognised outside profit or loss is recognised in other comprehensive income. Tax charges are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Current tax

The current tax charge is the expected tax to be paid based on taxable profit for the year, and includes any adjustments relating to the prior years. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The Group's liability or receivable for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date in the countries where the Group operates.

Deferred tax

The deferred tax charge is the tax expected to be paid in future or tax relief expected to materialise in future and based on the tax rates and laws that have been enacted or substantively enacted by the reporting date.

This tax is charged to profit or loss, except to the extent that it relates to a transaction that is recognised outside profit or loss or a business combination that results from an acquisition. In that case, the deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The charge is calculated applying the liability method on all temporary differences at the reporting date and includes any adjustments relating to the prior years. Temporary differences are those differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base for those assets and liabilities.

	2021 R'000	2020 R'000
South African tax		
Current income tax		
– current year	**253 868**	271 972
– prior year under/(over) provision	**67**	(3 930)
Deferred tax		
– current year	**(17 266)**	(20 517)
– prior year overprovision	**(4 023)**	(756)
	232 646	246 769
Foreign tax		
Current income tax		
– current year	**–**	917
– prior year underprovision	**875**	240
Deferred tax		
– current year	**(1)**	(111)
– prior year underprovision	**1 375**	–
Withholding taxes paid	**8 869**	–
	11 118	1 046
Total tax charge	**243 764**	247 815

In addition to the above, deferred tax amounting to R7.2 million has been charged to other comprehensive income (2020: R8.7 million released). Refer note 22.

7. TAX (continued)

Reconciliation of the tax rate:	2021 %	2020 %
Effective rate	**26.9**	26.6
Adjusted for:		
Exempt income (dividend income)	**0.1**	0.2
Non-deductible expenses*	**(1.4)**	(2.1)
Prior year (under)/overprovision	**(0.1)**	0.5
Prior year overprovision deferred tax	**0.3**	–
Equity accounted earnings	**3.0**	3.0
Withholding taxes	**(1.0)**	–
Other	**0.2**	(0.2)
South African normal tax rate	**28.0**	28.0

	R'000	R'000
The Group has the following tax losses for offsetting against future taxable profits of the company in which the loss arose. All unutilised assessed losses from operations were recognised as a deferred tax asset in the current year and the prior year.		
South Africa (indefinite expiry)	**721**	1 220

* *Includes amortisation/impairment of intangibles, share-based payment expenses, professional fees, amongst others*

Notes to the group financial statements (Continued)

8. EARNINGS PER SHARE

Accounting policy

Basic earnings per share is calculated by dividing profit attributable to owners of the Company by the weighted average number of shares in issue during the year.

The weighted average number of shares in issue is calculated as the number of shares in issue at the beginning of the year, increased by shares issued during the year (if applicable), weighted on a time basis for the period during which they have participated in the profit of the Group. This is then reduced by shares held by a subsidiary company as treasury shares, weighted on a time basis if acquired during the year.

Diluted earnings per share is calculated by dividing profit attributable to owners of the Company by the diluted weighted average number of shares in issue.

The diluted weighted average number of shares is calculated by adjusting the weighted average number of shares in issue, and add all potential dilutive ordinary share instruments which are exercisable and will convert into ordinary shares. The Company has two categories of potential dilutive share instruments:

- equity share options; and
- conditional share awards.

A calculation is performed to determine the number of shares that could have been acquired at fair value based on the monetary value of the share options and conditional share awards.

The fair value of the equity share options is calculated using the average share price for the year. The closing share price is used for the conditional share awards as those have been issued for no consideration.

No dilutive adjustments have been made to earnings.

Headline earnings per share is calculated by dividing earnings attributable to owners of the Company for the year, after appropriate adjustments are made, by the weighted average number of shares in issue. The presentation of headline earnings is not an IFRS requirement, but is required by the JSE Listings Requirements and Circular 1 of 2021.

	2021 R'000	2020 R'000
Headline earnings is determined as follows:		
Profit attributable to owners of Adcock Ingram	**657 463**	676 366
Adjusted for:		
Impairment of intangible assets	**13 000**	16 196
Loss/(Profit) on disposal/scrapping of property, plant and equipment	**1 325**	(922)
Tax effect on (profit)/loss on disposal of property, plant and equipment	**(619)**	266
Loss of control of owner-driver subsidiaries	**–**	19 274
Profit on sale of investment following the cancellation of B-BBEE scheme	**–**	(2 114)
Tax effect on profit on sale of investment following the scheme cancellation of the B-BBEE scheme	**–**	273
Adjustments relating to equity accounted joint ventures		
Loss on disposal of property, plant and equipment	**154**	246
Tax effect on loss on disposal of property, plant and equipment	**(41)**	(64)
Headline earnings from operations	**671 282**	709 521

8. EARNINGS PER SHARE (continued)

	2021 '000	2020 '000
Reconciliation of diluted weighted average number of shares		
Weighted average number of ordinary shares in issue:		
– Issued shares at the beginning of the year	**175 758 861**	175 748 048
– Effect of ordinary shares issued during the year	**–**	10 217
– Effect of ordinary treasury shares held within the Group	**(9 870 502)**	(5 830 460)
Shares entitled to dividend	**(9 870 502)**	(5 420 927)
Shares not entitled to dividend	**–**	(409 533)
Weighted average number of ordinary shares outstanding	**165 888 359**	169 927 805
Potential dilutive effect of outstanding share options	**82 623**	18 096
Diluted weighted average number of shares outstanding	**165 970 982**	169 945 901
	cents	cents
Earnings		
Basic earnings per share	**396.3**	398.0
Diluted basic earnings per share	**396.1**	398.0
Headline earnings		
Headline earnings per share	**404.7**	417.5
Diluted headline earnings per share	**404.5**	417.5
Distribution per share		
Interim	**80.0**	100.0
Final	**90.0**	–

Notes to the group financial statements (Continued)

9. DISTRIBUTIONS PAID AND PROPOSED

Accounting policy

Dividends are only accounted for in the Annual Financial Statements in the year that it is paid and are approved by the Board of Directors.

A dividends tax of 20% on dividend distributions is withheld from shareholders and paid to the South African Revenue Service, where applicable.

		2021 R'000	2020 R'000
9.1	**Declared and paid during the year** **Distribution on ordinary shares**		
	Final dividend for 2020: nil cents (2019: 100 cents)	–	171 468
	Interim dividend for 2021: 80 cents (2020: 100 cents)	**133 149**	171 473
	Total paid to equity holders of parent company	**133 149**	342 941
	Dividends paid to non-controlling shareholders	**6 784**	6 713
	Total dividend declared and paid to the public	**139 933**	349 654
9.2	**Proposed subsequent to 30 June 2021**		
	Final dividend for 2021: 90 cents per share	**145 582**	

10. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate assets. Expenditure incurred on major inspection and overhaul, or to replace an item is also accounted for separately if the recognition criteria are met. All other repairs and maintenance expenditures are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis, on the difference between the cost and residual value of an asset, over its useful life. Depreciation starts when the asset is available for use. An asset's residual value, useful life and depreciation method are reviewed at least at each financial year-end.

Any adjustments to residual value, useful life or depreciation method applied, are changes in the accounting estimate and accounted for prospectively.

The following useful lives have been estimated:

Freehold land	Not depreciated
Freehold buildings – general purpose	40 years
– specialised	20 – 50 years
Leasehold improvements	The shorter of the lease term or the useful life
Plant, equipment and vehicles	3 – 15 years
Furniture and fittings	3 – 15 years
Computer equipment	3 years

Assets in the course of construction are carried at cost, including professional fees, less any impairment loss. When these assets are ready for its intended use, it is transferred into the appropriate category at which point depreciation commences on the same basis as on other property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Notes to the group financial statements (Continued)

10. PROPERTY, PLANT AND EQUIPMENT (continued)

2021	Freehold land and buildings R'000	Leasehold improvements R'000	Plant, equipment and vehicles R'000	Computer equipment R'000	Furniture and fittings R'000	Work in progress R'000	Total R'000
Carrying value at beginning of year							
Cost	979 976	122 603	932 461	130 390	41 563	205 497	2 412 490
Accumulated depreciation	(186 723)	(86 580)	(489 532)	(92 228)	(28 886)	–	(883 949)
Net book value at beginning of year	793 253	36 023	442 929	38 162	12 677	205 497	1 528 541
Current year movements – cost							
Additions	–	2 071	35 857	1 459	542	72 385	112 314
Transfer	8 759		10 409	12 964	2 682	(34 814)	–
Exchange rate adjustments	–	(311)	(773)	(381)	(180)	–	(1 645)
Disposals	(814)	(292)	(29 093)	(3 235)	(10 398)	–	(43 832)
Cost movement for current year	7 945	1 468	16 400	10 807	(7 354)	37 571	66 837
Current year movements – accumulated depreciation							
Depreciation	(21 418)	(6 812)	(89 735)	(22 611)	(3 362)	–	(143 938)
Exchange rate adjustments	–	131	692	291	98	–	1 212
Disposals	310	293	28 607	3 143	10 154	–	42 507
Accumulated depreciation movement for current year	(21 108)	(6 388)	(60 436)	(19 177)	6 890	–	(100 219)
Carrying value at end of year							
Cost	987 921	124 071	948 861	141 197	34 209	243 068	2 479 327
Accumulated depreciation	(207 831)	(92 968)	(549 968)	(111 405)	(21 996)	–	(984 168)
Net book value at end of year	780 090	31 103	398 893	29 792	12 213	243 068	1 495 159

10. PROPERTY, PLANT AND EQUIPMENT (continued)

2020	Freehold land and buildings R'000	Leasehold improve-ments R'000	Plant, equip-ment and vehicles R'000	Computer equip-ment R'000	Furniture and fittings R'000	Work in progress R'000	Total R'000
Carrying value at beginning of year							
Cost	928 122	106 705	948 926	114 950	33 525	219 337	2 351 565
Accumulated depreciation	(166 161)	(81 814)	(466 938)	(73 652)	(24 802)	–	(813 367)
Net book value at beginning of year	761 961	24 891	481 988	41 298	8 723	219 337	1 538 198
Current year movements – cost							
Additions	–	17 856	9 995	2 407	1 907	121 374	153 539
Transfer	51 854	14	52 489	24 674	6 183	(135 214)	–
Additions through business combination (note 1.2)	–	66	5 680	478	183	–	6 407
Loss of control of owner driver subsidiaries (note 2)	–	–	(47 849)	(86)	(28)	–	(47 963)
Exchange rate adjustments	–	130	719	255	119	–	1 223
Disposals	–	(2 168)	(37 499)	(12 288)	(326)	–	(52 281)
Cost movement for current year	51 854	15 898	(16 465)	15 440	8 038	(13 840)	60 925
Current year movements – accumulated depreciation							
Depreciation	(20 562)	(6 344)	(87 701)	(27 818)	(4 151)	–	(146 576)
Loss of control of owner driver subsidiaries (note 2)	–	–	29 802	62	24	–	29 888
Exchange rate adjustments	–	(68)	(498)	(168)	(51)	–	(785)
Disposals	–	1 646	35 803	9 348	94	–	46 891
Accumulated depreciation movement for current year	(20 562)	(4 766)	(22 594)	(18 576)	(4 084)	–	(70 582)
Carrying value at end of year							
Cost	979 976	122 603	932 461	130 390	41 563	205 497	2 412 490
Accumulated depreciation	(186 723)	(86 580)	(489 532)	(92 228)	(28 886)	–	(883 949)
Net book value at end of year	793 253	36 023	442 929	38 162	12 677	205 497	1 528 541

Notes to the group financial statements (Continued)

11. RIGHT-OF-USE ASSETS

Accounting policy

The Group leases various property for warehousing and offices, vehicles and computer equipment and has the right to use these assets over a contracted lease term. These contracts vary from two years to 11 years and include a fixed annual escalation. The Group has no variable rental agreement in place.

At the inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains a lease, if the Group has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group initially measured and recognises the right-of-use assets at cost, which is the value equal to the lease liability, at the lease commencement date. This value was adjusted by the release of the straight-lining of leases balance on the adoption of IFRS 16 on 1 July 2019.

The right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If the lease agreement contains an option to purchase the asset at the end of the lease term and the Group is reasonably certain that it would exercise the purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The estimated remaining useful life information for 2021 was as follows:

Buildings	Up to 10 years
Vehicles	Up to 2 years

Judgement and estimates

The recoverability of the assets has been considered under IAS 36 and no impairment was required.

Short-term leases and leases of low-value assets

The Group has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low values. The Group applies the recognition exemptions for these leases by recording those lease payments in profit of loss (refer to note 6.1).

2021	Land and buildings R'000	Equipment and vehicles R'000	Total R'000
Carrying value at beginning of the year			
Cost	**295 969**	**7 035**	**303 004**
Accumulated depreciation	**(36 625)**	**(2 105)**	**(38 730)**
Net book value at beginning of the year	**259 344**	**4 930**	**264 274**
Current year movements – cost			
Additions	**–**	**1 070**	**1 070**
Cancellation of lease	**–**	**(749)**	**(749)**
Cost movement for current year	**–**	**321**	**321**
Current year movements – accumulated depreciation			
Depreciation	**(38 726)**	**(3 064)**	**(41 790)**
Cancellation of lease		**234**	**234**
Accumulated depreciation movement for current year	**(38 726)**	**(2 830)**	**(41 556)**
Carrying value at end of the year			
Cost	**295 969**	**7 356**	**303 325**
Accumulated depreciation	**(75 351)**	**(4 935)**	**(80 286)**
Net book value at end of the year	**220 618**	**2 421**	**223 039**

11. RIGHT-OF-USE ASSETS (continued)

2020	Land and buildings R'000	Equipment and vehicles R'000	Total R'000
Carrying value at beginning of the year			
Adoption/transition balance at 1 July 2019	297 360	3 000	300 360
Current year movements – cost			
Additions	–	4 035	4 035
Cancellation of lease *	(1 391)	–	(1 391)
Cost movement for current year	(1 391)	4 035	2 644
Current year movements – accumulated depreciation			
Depreciation	(37 101)	(2 105)	(39 206)
Other	476	–	476
Accumulated depreciation movement for current year	(36 625)	(2 105)	(38 730)
Carrying value at end of the year			
Cost	295 969	7 035	303 004
Accumulated depreciation	(36 625)	(2 105)	(38 730)
Net book value at end of the year	259 344	4 930	264 274

* *On 1 March 2020, the Virtual Logistics Proprietary Limited assets were ceded to RTT Proprietary Limited, resulting in the related capitalised leases being derecognised on that date.*

Notes to the group financial statements (Continued)

12. INTANGIBLE ASSETS

Accounting policy

Goodwill

Goodwill is initially measured at cost, being the excess of the consideration transferred, the amount of any non-controlling interest and in a business combination achieved in stages, the acquisition date fair value of any previously held equity interest in the acquiree, over the fair value of the acquiree's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. Goodwill relating to subsidiaries is recognised as an asset and is subsequently measured at cost less accumulated impairment losses.

A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is the fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, are not capitalised and expenditure is charged to profit or loss in the year in which the expense is incurred.

The useful lives of intangible assets are either finite or indefinite.

Intangible assets with finite lives are amortised over their useful life using the straight line method and assessed for impairment when there is an indication that the asset may be impaired due to a change in circumstances. The amortisation period and the amortisation method are reviewed at each year-end.

The following useful lives have been estimated:

Trademarks and Brands	– 15 years or indefinite
Licence-related intangibles	– Indefinite

Amortisation is recognised in profit or loss in fixed and administrative expenses. Intangible assets with indefinite useful lives are not amortised but are tested bi-annually for impairment or more frequently when there is an indicator of impairment and the useful lives are also reviewed bi-annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment to a finite life is accounted for prospectively.

Certain trademarks, brands and licence agreements have been assessed to have indefinite useful lives, as presently there is no foreseeable limit to the period over which the assets can be expected to generate cash flows for the Group.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Gains or losses arising from the 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 profit or loss when the asset is derecognised.

Research costs

Research costs, being costs from the investigation undertaken with the prospect of gaining new knowledge and understanding, are recognised in profit or loss (fixed and administrative expenses) as they are incurred.

12. INTANGIBLE ASSETS (continued)

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If such an indication exists, or when impairment testing is required, as is the case with goodwill and intangible assets with indefinite useful lives, the Group estimates the recoverable amount. An asset's recoverable amount is the higher of the fair value less costs of disposal and its value in use. The recoverable amount is determined for individual assets, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying value exceeds the recoverable amount, the asset is considered impaired and is written down to the recoverable amount.

The recoverable amount of the indefinite life intangible assets is based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a 10-year period when management believes that products have a value-in-use of 10 years or more and that these projections, based on past experience, are reliable and when the 10-year period will more accurately reflect the value of the assets from the cash flow derived from the CGU.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation for goodwill and indefinite life intangible assets on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of 10 years. Ten years are used in instances where the Group believes that assets have a value in use of ten or more years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the 10th year.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment:

- annually at the reporting date; and
- when circumstances indicate that the carrying value may be impaired.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment:

- bi-annually as at 31 December and 30 June; and
- when circumstances indicate that the carrying value may be impaired on an individual basis or at the CGU level.

Impairment losses relating to goodwill and intangible assets cannot be reversed in future periods, and is included in non-trading expenses in the statement of comprehensive income.

Goodwill acquired through business combinations and other intangible assets has been allocated to individual reportable segments based on product and market category. Reportable segments are also considered to be operating segments. Intangibles which include goodwill are tested at the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. These represent the lowest level within the entity at which intangible assets are monitored for internal management purposes.

Notes to the group financial statements (Continued)

12. INTANGIBLE ASSETS (continued)

Impairment of non-financial assets (continued)

The average remaining useful life for intangible assets with finite useful lives ranges between 2 months and 6.5 years.

The calculation of the recoverable amount requires the use of estimates and assumptions concerning the future cash flows which are inherently uncertain and could change over time. In addition, changes in economic factors such as discount rates could also impact this calculation.

Judgements and estimates

The calculation of value-in-use for all segments is sensitive to the following assumptions after considering any COVID-19 impact:

Revenue (Turnover) growth rate

Turnover growth for the current and prior year is based on average values of between 0% to 10% achieved in the three years preceding the start of the budget period. These are changed over the budget period for estimated changes to selling prices and market conditions.

Gross margin

Gross margins for the current and prior year are based on average values of between 27% to 55% achieved in the three years preceding the start of the budget period. These are changed over the budget period for estimated changes to cost of production and raw materials, and selling prices.

Discount rates

Discount rates reflect management's estimate of the risks. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. The discount rate is derived from the Group's weighted average cost of capital (WACC). The WACC takes into account both the cost of debt and of equity. The cost of equity is derived from the expected return on investment by the Group. The discount rate applied to cash flow projections, is 12.60% (2020: 14.86%).

Terminal growth rate estimate

The terminal rate applied to cash flow projections beyond the 10-year period is 0.5% (2020: 0.5%).

2021	Goodwill R'000	Trademarks and Brands R'000	Licence agreements R'000	Total R'000
Carrying value at beginning of year				
Cost	**289 108**	**673 711**	**109 904**	**1 072 723**
Accumulated amortisation	**–**	**(114 507)**	**(7 907)**	**(122 414)**
Accumulated impairment losses	**(5 595)**	**(16 196)**	**–**	**(21 791)**
Net balance at beginning of year	**283 513**	**543 008**	**101 997**	**928 518**
Current year movements – cost				
Additions[1]	**–**	**147 614**	**–**	**147 614**
Exchange rate adjustments	**–**	**(20)**	**–**	**(20)**
Cost movement for the year	**–**	**147 594**	**–**	**147 594**
Current year movements-other				
Charge for the year	**–**	**(9 411)**	**–**	**(9 411)**
Impairment[2]	**–**	**(13 000)**		**(13 000)**
Exchange rate adjustments	**–**	**17**	**–**	**17**
Movement for the year	**–**	**(22 394)**	**–**	**(22 394)**
Carrying value at end of year				
Cost	**289 108**	**821 305**	**109 904**	**1 220 317**
Accumulated amortisation	**–**	**(123 901)**	**(7 907)**	**(131 808)**
Accumulated impairment losses	**(5 595)**	**(29 196)**	**–**	**(34 791)**
Net balance at end of year	**283 513**	**668 208**	**101 997**	**1 053 718**

1 *On 1 March 2021, Adcock Ingram Healthcare Proprietary Limited acquired 15 products from Aspen Pharmacare for a purchase consideration of R147.6 million. These products include a range of oral solid dosage formulations, syrups, intravenous and injectable dosage forms and will be marketed through the Prescription, OTC and Hospital businesses.*

2 *Refer to Annexure G on impairments.*

12. INTANGIBLE ASSETS (continued)

2020	Goodwill R'000	Trademarks and Brands R'000	Licence agreements R'000	Total R'000
Carrying value at beginning of year				
Cost	181 933	435 937	112 784	730 654
Accumulated amortisation	–	(104 828)	(10 787)	(115 615)
Accumulated impairment losses	(5 595)	–	–	(5 595)
Net balance at beginning of year	176 338	331 109	101 997	609 444
Current year movements – cost				
Additions through business combination (note 1.2)	107 175	235 218	–	342 393
Additions	–	2 578	–	2 578
Disposals	–	(40)	(2 880)	(2 920)
Exchange rate adjustments	–	18	–	18
Cost movement for the year	107 175	237 774	(2 880)	342 069
Current year movements-other				
Charge for the year	–	(9 704)	–	(9 704)
Disposals	–	40	2 880	2 920
Impairment	–	(16 196)	–	(16 196)
Exchange rate adjustments	–	(15)	–	(15)
Movement for the year	–	(25 875)	2 880	(22 995)
Carrying value at end of year				
Cost	289 108	673 711	109 904	1 072 723
Accumulated amortisation	–	(114 507)	(7 907)	(122 414)
Accumulated impairment losses	(5 595)	(16 196)	–	(21 791)
Net balance at end of year	283 513	543 008	101 997	928 518

2021	**OTC R'000**	**Consumer R'000**	**Prescription R'000**	**Hospital R'000**	**Southern Africa R'000**	**India R'000**	**Total R'000**
Carrying amount of goodwill	–	**270 933**	–	**12 580**	**283 513**	–	**283 513**
Epimax*	–	**163 758**	–	–	**163 758**	–	**163 758**
Plush	–	**107 175**	–	–	**107 175**	–	**107 175**
Hospital	–	–	–	**12 580**	**12 580**	–	**12 580**
Carrying amount of other intangibles	**147 123**	**426 467**	**188 416**	**8 197**	**770 203**	**2**	**770 205**
Indefinite useful lives	**143 843**	**382 796**	**188 416**	**5 304**	**720 359**	–	**720 359**
Citro Soda	**46 879**	–	–	–	**46 879**	–	**46 879**
Epimax*	–	**120 000**	–	–	**120 000**	–	**120 000**
Plush	–	**235 218**	–	–	**235 218**	–	**235 218**
Other[1]	**96 964**	**27 578**	**188 416**	**5 304**	**318 262**	–	**318 262**
Finite useful lives	**3 280**	**43 671**	–	**2 893**	**49 844**	**2**	**49 846**
Probiflora	**3 280**	**43 671**	–	–	**46 951**	–	**46 951**
Other[1]	–	–	–	**2 893**	**2 893**	**2**	**2 895**
Total	**147 123**	**697 400**	**188 416**	**20 777**	**1 053 716**	**2**	**1 053 718**

[1] *Other not individually material*

* *The Epimax brand was transferred from the Prescription segment to the Consumer segment. The transfer was to align the brand to the marketing channel in which it operates*

Notes to the group financial statements (Continued)

12. INTANGIBLE ASSETS (continued)

2020	OTC R'000	Consumer R'000	Prescription R'000	Hospital R'000	Southern Africa R'000	India R'000	Total R'000
Carrying amount of goodwill	–	107 175	163 758	12 580	283 513	–	283 513
Epimax	–	–	163 758	–	163 758	–	163 758
Plush	–	107 175	–	–	107 175	–	107 175
Hospital	–	–	–	12 580	12 580	–	12 580
Carrying amount of other intangibles	119 411	314 785	207 443	3 338	644 977	28	645 005
Indefinite useful lives	115 506	262 796	207 443	–	585 745	–	585 745
Citro Soda	46 879	–	–	–	46 879	–	46 879
Epimax	–	–	120 000	–	120 000	–	120 000
Plush	–	235 218	–	–	235 218	–	235 218
Other[1]	68 627	27 578	87 443	–	183 648	–	183 648
Finite useful lives	3 905	51 989	–	3 338	59 232	28	59 260
Probiflora	3 905	51 989	–	–	55 894	–	55 894
Other[1]	–	–	–	3 338	3 338	28	3 366
Total	119 411	421 960	371 201	15 918	928 490	28	928 518

[1] *Other not individually material*

Sensitivity analysis

The directors and management have performed a sensitivity analysis to determine the percentage by which the value assigned to the key assumption must change, after incorporating any consequential effects of that change on the other variables used to measure recoverable amount, in order for the recoverable amount to be equal to its carrying amount. The other intangibles were not considered to be sensitive to change.

	% Decrease in revenue growth rate	% Decrease in gross margin	% Increase in discount rate	% Decrease in terminal growth rate
2021				
Epimax	**6.4%**	**4.5%**	**4.1%**	**23.0%**
Plush	**1.0%**	**2.1%**	**1.5%**	**5.2%**
2020				
Epimax	1.3%	2.0%	2.5%	9.0%

The Plush CGU was acquired on 27 May 2020 and the valuation of the CGU was performed close to 30 June 2020. As such, the carrying amount approximates its recoverable amount.

13. DEFERRED TAX

Accounting policy

Deferred tax is provided using the liability method on all temporary differences at the reporting date. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base.

Deferred tax liabilities are recognised for taxable temporary differences, except:

- where the liability arises from the initial recognition of goodwill or 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 or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, where it is probable that the asset will be utilised in the foreseeable future, except:

- where the asset 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 or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, only to the extent that it is probable that the differences will reverse in the foreseeable future, and taxable profit will be available against which these differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and they relate to income taxes levied by the same taxation authority.

The tax base for ROU assets and lease liabilities (IFRS 16) are considered separately.

Judgement and estimates

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

		2021 R'000	2020 R'000
13.	**DEFERRED TAX** (continued)		
	Balance at beginning of year	**(147 122)**	(93 662)
	Acquisition of business (refer note 1.2)	**–**	(66 406)
	Movement through profit or loss	**19 915**	21 384
	Exchange rate adjustments	**(315)**	305
	Revaluations of foreign currency contracts (cash flow hedges) to fair value	**7 080**	(8 489)
	Revaluation to fair value through other comprehensive income	**160**	(254)
	Balance at end of year	**(120 282)**	(147 122)
	Analysis of deferred tax		
	This balance comprises the following temporary differences:		
	Trademarks	**(109 260)**	(111 763)
	Property, plant and equipment	**(148 807)**	(149 687)
	Pre-payments	**(2 733)**	(3 243)
	Income received in advance	**19 700**	30 498
	Provisions	**96 096**	77 226
	Revaluations of foreign currency contracts (cash flow hedges) to fair value	**3 770**	(3 310)
	Tax loss available for future use	**201**	415
	Right-of-use assets	**(62 451)**	(74 029)
	Lease liability	**78 874**	86 876
	Other	**4 328**	(105)
		(120 282)	(147 122)
	Disclosed as follows:		
	Deferred tax asset	**4 944**	6 385
	Deferred tax liability	**(125 226)**	(153 507)

14. OTHER FINANCIAL ASSETS

14.1 Long-term receivable

Accounting policy

The long-term receivable is initially classified as a fair value through profit or loss financial asset and measured at its fair value. Subsequent net changes in the fair value are recognised in the statement of profit or loss.

This asset will be derecognised and removed from the Group's consolidated statement of financial position when the right to receive cash flows from the asset has expired and written off when there is no reasonable expectation of recovering the contractual cash flows.

	2021 R'000	2020 R'000
Black Managers Share Trust (BMT)		
Balance at beginning of year	**24 866**	27 978
Proceeds from sale	**(968)**	(1 085)
Fair value adjustment	**–**	(2 027)
	23 898	24 866

The maturity of the receivable from the BMT depends on how beneficiaries exercise their options until 30 September 2027 when the scheme is due to end, or when a beneficiary dies. The proceeds on sale during the year is as a result of the capital contribution payments upon units being exercised, after the lock-in period, of R1.0 million (2020: R1.1 million). The fair value adjustment in the prior year was as a result of the cost of the capital contribution exceeding the terminal amount (original capital contribution, increased by a notional return on the capital contribution and reduced by dividends distributed to the beneficiaries). Refer to Annexure B for further details.

14.2 Investment

Accounting policy

Upon initial recognition, the Group elects to irrevocably classify its equity investments as financial assets designated at fair value through OCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis. This investment is measured at its fair value including transaction costs.

Gains and losses on these financial assets are never recycled to profit or loss.

The equity instruments designated at fair value through OCI are not subject to impairment assessment. This asset will be derecognised and removed from the Group's consolidated statement of financial position when the right to receive cash flows from the asset has expired.

	2021 R'000	2020 R'000
Group Risk Holdings Proprietary Limited		
Balance at beginning of year	**1 704**	1 649
Purchase of 0.9% interest	**366**	–
Revaluation of investment through other comprehensive income	**124**	55
	2 194	1 704
Total other financial assets	**26 092**	26 570

Notes to the group financial statements (Continued)

15. INVESTMENT IN JOINT VENTURES

Accounting policy

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement. The Group has the following joint ventures:

- Adcock Ingram Holdings Limited has a 49.9% interest in Adcock Ingram Limited, a company incorporated in India, which is involved in the manufacturing of pharmaceutical products; and
- Adcock Ingram Critical Care Proprietary Limited has a 50% indirect interest in National Renal Care Proprietary Limited, a company incorporated in South Africa, which provides renal healthcare services.

Under the equity method, investments are carried in the statement of financial position at cost, plus post-acquisition changes in the Group's share of the profit or loss of these investments.

Joint ventures are accounted for from the date that joint control is obtained, to the date that the Group ceases to have joint control.

The statement of comprehensive income reflects the Group's share of these investments' profit or loss. However, losses in excess of the Group's interest are not recognised. Additional losses are provided for and a liability is recognised, only to the extent that a legal or constructive obligation exists. Where a joint venture recognises an entry directly in other comprehensive income, the Group in turn recognises its share as other comprehensive income in the consolidated statement of comprehensive income. Profits and losses resulting from transactions between the Group and equity-accounted investments are eliminated to the extent of the interest in the underlying investment.

After application of the equity method, each investment is assessed for indicators of impairment. If applicable, the impairment is calculated as the difference between the carrying value and the higher of its value-in-use or fair value less costs to dispose. Impairment losses are recognised in profit or loss, as part of non-trading expenses.

In the Company financial statements, joint ventures are initially accounted for at cost when joint control is obtained and subsequently at cost less accumulated impairment losses.

Upon loss of the joint control over the joint venture, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Where an equity accounted investment's reporting date differs from the Group's, the joint venture prepares financial results for the same financial period as the Group. Where the equity accounted investment's accounting policies differ from those of the Group, appropriate adjustments are made to conform to the accounting policies of the Group.

The year-end of the joint venture, Adcock Ingram Limited (India) is March, whilst the year-end of National Renal Care Proprietary Limited is September.

	2021 R'000	2020 R'000
The carrying value of the investments are set out below.		
Adcock Ingram Limited (India)	**285 300**	356 772
National Renal Care Proprietary Limited	**204 662**	188 406
	489 962	545 178

Refer to Annexure F for more details on these investments

16. LOANS RECEIVABLE

Accounting policy

Other non-current receivables are initially recognised at fair value and subsequently measured at amortised cost, less impairments, using the effective interest rate method. No fair value adjustment is made for the effect of time value of money where receivables have a short-term profile.

The other non-current receivable will be de-recognised when the loan is impaired or settled. It is highly unlikely it will be impaired as trucks are held as security.

Outstanding proceeds are of a contractual nature and no expected credit loss provision has been raised in accordance with IFRS 9 – Financial Instruments.

	2021 R'000	2020 R'000
Opening balance at the beginning of the year	**17 861**	–
Owner-driver loans transferred to RTT (note 2)	**–**	20 171
Payment received	**(8 063)**	(2 310)
	9 798	17 861

17. INVENTORIES

Accounting policy

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials	Purchase cost on a first-in, first-out basis
Finished goods and work in progress	Cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity.

Consumables are written down with regard to their age, condition and utility.

Costs of inventories include the transfer from other comprehensive income of gains and losses on qualifying cash flow hedges in respect of the purchases of inventories.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated completion and selling costs.

Judgement and estimates

To value inventory at the lower of cost and net realisable value, management is required to make certain judgements regarding the allowance for obsolescence, which include expectations of forecast inventory demand and plans to dispose of inventories that may be near to expiry.

	2021 R'000	2020 R'000
Raw materials	**361 647**	439 157
Work-in-progress	**14 168**	15 458
Finished goods	**1 489 697**	1 455 152
Inventory value, net of provisions	**1 865 512**	1 909 767
Inventories are written off if aged, damaged, stolen or the likelihood of being sold is remote.		
Inventories written off are accounted for in cost of sales	**76 581**	95 424

Refer to note 28.1 for movement in inventory provisions.

18. RECEIVABLES AND OTHER CURRENT ASSETS

Accounting policy

Trade receivables are initially recognised at transaction price and subsequently measured at amortised cost, using the effective interest rate method and are subject to impairment. No fair value adjustment is made for the effect of time value of money where receivables have a short-term profile. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Trade receivables are disclosed net of an expected credit loss allowance.

Other receivables comprise receivables mainly of a contractual nature, initially recognised at fair value and subsequently measured at amortised cost. Other receivables which are not of a contractual nature are initially recognised at fair value and subsequently measured at fair value through profit and loss.

These assets will be derecognised and removed from the Group's consolidated statement of financial position when the right to receive cash flows from the asset has expired and written off when there is no reasonable expectation of recovering the contractual cash flows.

The derivative asset is measured at fair value and gains and losses taken to other comprehensive income are transferred to profit or loss when the hedge transaction affects profit or loss. The net market value of all forward exchange contracts at year-end is calculated by comparing the forward exchange contracted rates to the equivalent of year-end market foreign exchange rates.

	2021 R'000	2020 R'000
Trade receivables[1]	**1 650 575**	1 438 275
Less: Expected allowance for credit losses (note 18.1)	**(38 466)**	(42 017)
Net trade receivables	**1 612 109**	1 396 258
Other receivables	**75 249**	123 006
Bank interest receivable	**178**	197
Sundry receivables[3]	**75 071**	122 809
The maximum exposure to credit risk in relation to trade and other receivables	**1 687 358**	1 519 264
Derivative asset at fair value[2] (note 18.2)	**228**	12 410
Pre-payments[4]	**71 401**	84 672
VAT recoverable[5]	**5 750**	8 900
	1 764 737	1 625 246

1 *81.2% of trade receivables relates to private, 18.6% to public and the balance to export customers.*

2 *It is expected that the derivative asset will be realised within the next 90 days.*

3 *Includes fees receivable from multi-national partners.*

4 *Includes advance payments for inventory and insurance.*

5 *VAT recoverable will be received within one month.*

46% (2020: 66%) of pre-payments will be reclassified to other assets in the statement of financial position and the remainder to profit or loss over the next 12 months.

18. RECEIVABLES AND OTHER CURRENT ASSETS (continued)

18.1 Expected allowance for credit losses

Accounting policy

The Group applies the IFRS 9 – *Financial instruments* simplified approach to measuring expected credit losses which use an expected credit loss allowance for all trade receivables. Trade and other receivables do not contain a financing component.

The Group uses a simplified provision matrix to calculate the expected losses as a practical expedient for trade receivables. The expected loss rates in the matrix are based on the historical default rates over a period of five years before the reporting date, for groupings of various customers segments with similar loss patterns, over the expected life of trade receivables.

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and incorporates forward-looking information of liquidity and similar risks expected to be impacting our customers.

The expected credit losses on other receivables (other than trade receivables) are considered under the general model and the impact is not considered material, as settlement of most of the receivables are expected as per the agreed terms.

The provision is recognised through the use of an allowance account for credit losses. The carrying amount of the trade receivables are reduced with the amount in the allowance account and the amount of the loss is recognised in the statement of comprehensive income in fixed and administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for credit losses.

A default in trade receivables is when the counterparty fails to meet contractual payment terms. Trade receivables are written off if past due for more than one year or where there is no reasonable expectation of recovery, due to insolvency.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is credited to fixed and administrative expenses in the statement of comprehensive income.

Judgements and estimates

The expected credit loss percentage is 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 and existing market conditions. Specific provisions are raised when there is objective evidence that the amount outstanding will no longer be received in full.

The impact and potential implications of COVID-19 in the assessment of the allowance account for losses have been considered in the current and prior year financial year and no significant adverse effect is expected with regards to the recoverability of trade receivables.

The Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates.

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all major customers who wish to trade on credit terms are subject to credit verification procedures. Individual credit limits are defined in accordance with an independent assessment and where appropriate credit guarantee insurance cover is purchased. The Group's exposure for those entities covered is the higher of R100 000 or 10% of the balance. 69% (2020: 65%) of all trade receivable balances are covered by credit insurance, decreasing the risk of loss due to non-payment. The uncovered portion is considered in the expected credit loss allowance.

Receivable balances are monitored on an ongoing basis with the result that the Group's historical exposure to credit losses is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the corporate office.

Substantially all debtors are non-interest bearing and repayable within 30 to 90 days.

Apart from the South African Government, which comprises 18.6% (2020: 18.0%) or R307.0 million (2020: R251.1 million) of trade receivables, there are no significant concentrations of credit risk within the Group arising from the financial assets of the Group.

Notes to the group financial statements (Continued)

18. RECEIVABLES AND OTHER CURRENT ASSETS (continued)

18.1 Expected allowance for credit losses (continued)

	2021 R'000	2020 R'000
Balance at 1 July	**(42 017)**	(32 257)
Release/(Charge) for the year	**1 971**	(8 655)
Exchange rate adjustments	**1 580**	(1 105)
Balance at 30 June	**(38 466)**	(42 017)

Loss allowance is calculated as follows: **2021**	Gross trade receivables R'000	Expected credit loss ratio %	Expected credit loss[1] R'000	Estimated net carrying amount R'000
<30 days	**951 160**	**0.1%**	**535**	**950 625**
31 – 60 days	**534 590**	**0.2%**	**1 034**	**533 556**
61 – 90 days	**66 119**	**0.7%**	**455**	**65 664**
91 – 180 days (past due)	**98 706**	**36.9%**	**36 442**	**62 264**
Total	**1 650 575**	**2.3%**	**38 466**	**1 612 109**
2020				
<30 days	698 452	0.1%	500	697 952
31 – 60 days	473 979	0.1%	657	473 322
61 – 90 days	140 283	1.8%	2 591	137 692
91 – 180 days (past due)	125 561	30.5%	38 269	87 292
Total	1 438 275	2.9%	42 017	1 396 258

[1] *55% of the expected credit loss relates to sales to the public sector.*

	2021 R'000	2020 R'000
18.2 Derivative financial instruments – asset		
Balance at the beginning of the year	**12 410**	–
Fair value losses recognised in equity	**(12 182)**	12 410
Total	**228**	12 410

19. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents are initially recognised at fair value and subsequently measured at amortised cost. On the statement of financial position, cash and cash equivalents consist of bank balances and short-term deposits. On the statement of cash flows, cash and cash equivalents comprise bank balances and short-term deposits, net of outstanding bank overdrafts. Bank overdrafts are shown within current liabilities on the statement of financial position.

Cash and cash equivalents are accounted for at amortised cost and bank overdrafts are accounted for as financial liabilities in accordance with the accounting policy disclosed in note 25.

Credit risk

Cash resources in South Africa, which represents 76% (2020: 94%) of total cash, are placed with various approved major financial institutions that all have a Baa3 credit rating. The Group limits its exposure by not placing more than R500 million at any one institution.

Cash and cash resources are also subject to impairment requirements of IFRS 9 and the expected credit loss is immaterial.

	2021 R'000	2020 R'000
Cash at banks	**62 117**	316 855
Bank overdraft	**(13 881)**	–
	48 236	316 855

Cash at banks earns interest at floating rates based on daily bank deposit rates. Overdraft balances incur interest at rates varying between 5.0% and 5.1%.

The fair value of the net cash approximates R48.2 million (2020: R316.9 million).

There are no restrictions over the cash balances and all balances are available for use.

The Group has unutilised facilities of approximately R1 billion as at 30 June.

The wholly-owned South African companies in the Group provide cross-sureties for the overdraft facilities in South Africa, refer to note 29.

Notes to the group financial statements (Continued)

20. SHARE CAPITAL

Accounting policy

Share capital

Issued share capital is stated in the statement of changes in equity at the amount of the proceeds received less directly attributable issue costs.

Treasury shares

Shares in Adcock Ingram Holdings Limited held by the Group, including shares held by structured entities deemed to be controlled by the Group, are classified within total equity as treasury shares. Treasury shares are treated as a deduction from the issued and weighted average number of shares for earnings per share and headline earnings per share purposes and the cost price of the shares is reflected as a reduction in capital and reserves in the statement of financial position. Dividends received on treasury shares are eliminated on consolidation. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. The consideration paid or received with regard to treasury shares is recognised in equity

		2021 R'000	2020 R'000
20.1	**Authorised**		
	Ordinary share capital		
	250 000 000 ordinary shares of 10 cents each	**25 000**	25 000
20.2	**Issued**		
	Ordinary share capital		
	Opening balance of 167 459 060 (2020: 171 423 855) ordinary shares of 10 cents each	**16 746**	17 142
	Issue of ordinary shares at 10 cents each	**–**	2
	Movement of treasury shares – Employee share incentive trust	**–**	3
	Repurchase of ordinary shares – Adcock Ingram Limited	**(570)**	(401)
	Closing balance of 161 758 261 (2020: 167 459 060) ordinary shares of 10 cents each	**16 176**	16 746

20. SHARE CAPITAL (continued)

	Number of shares 2021 '000	2020 '000
20.3 Treasury shares		
Shares held by Group companies		
Employee share incentive trust	**600**	600
Adcock Ingram Limited	**14 000 000**	8 299 201
Total number of ordinary shares	**14 000 600**	8 299 801

During the current reporting period, in September 2020, and March and April 2021, Adcock Ingram Limited purchased 5 700 799 shares from the open market, at an average of R42.19, with the price raging from R39.00 to R49.04 in terms of the approvals granted by the November 2019 and November 2020 Annual General Meetings.

During the previous reporting period, in March 2020, Adcock Ingram Limited purchased 4 014 038 shares from the open market, at an average price of R39.12, with the price ranging from R38.02 to R40.00, in terms of the approval granted by the November 2019 Annual General Meetings.

The Group has a share incentive trust in terms of which shares were issued and share options were granted. Refer to Annexure B. As required by IFRS and JSE Limited, the share incentive trust is consolidated into the Group's annual financial statements. There are no risks associated with the Group's interest in the trust, as the trust is merely a vehicle used for the share transactions.

	2021 R'000	2020 R'000
20.4 Reconciliation of issued shares		
Number of shares in issue	**175 758 861**	175 758 861
Number of ordinary shares held by Group companies*	**(14 000 600)**	(8 299 801)
Net shares in issue	**161 758 261**	167 459 060

* *Entitled to dividends*

20.5 Unissued shares

In terms of the Companies Act, the unissued shares are under the control of the directors. Accordingly, the directors are authorised to allot and issue them on such terms and conditions and at such times as they deem fit but subject to the provisions of the Companies Act.

		2021 R'000	2020 R'000
21.	**SHARE PREMIUM**		
	Balance at the beginning of the year	**510 354**	664 014
	Issue of ordinary shares*	**–**	777
	Movement in treasury shares – Employee share incentive trust	**–**	2 205
	Repurchase of ordinary shares – Adcock Ingram Limited	**(255 179)**	(156 642)
		255 175	510 354

* *The Group's Broad-Based Black Empowerment Scheme came to an end on 29 July 2019 and on 1 August 2019, the Scheme transaction, in its entirety, was ipso facto cancelled ab initio. Scheme participants received call options entitling the holders thereof to subscribe for Adcock Ingram shares, which had to be exercised at any time within the 30-day period prior to the transaction end date. During July 2019, 10 813 call options were exercised and 10 813 ordinary shares were issued.*

		Share-based payment reserve R'000	Cash flow hedge accounting reserve R'000	Capital redemption reserve R'000	Foreign currency translation reserve R'000	Legal reserves and other R'000	Total R'000
22.	**NON-DISTRIBUTABLE RESERVES**						
	Balance at 1 July 2019	147 134	(13 318)	3 919	30 095	28 518	196 348
	Movement during the year, net of tax	(2 133)	21 830		40 619	665	60 981
	BMT	(3 748)					(3 748)
	Equity settled	11 218					11 218
	Equity options exercised	(9 571)					(9 571)
	PBLTIS	6 049					6 049
	Hedging reserve movement		86 170				86 170
	Reclassified to cost of inventory – not included in other comprehensive income		(55 851)				(55 851)
	Actuarial profit on post-employment medical liability					864	864
	Distribution made Mpho ea Bophelo Trust beneficiaries	(6 081)					(6 081)
	Other movement for the year				40 619	55	40 674
	Tax effect on movement		(8 489)			(254)	(8 743)
	Balance at 30 June 2020	**145 001**	**8 512**	**3 919**	**70 714**	**29 183**	**257 329**
	Movement during the year, net of tax	**16 856**	**(18 208)**		**(61 412)**	**(385)**	**(63 149)**
	Equity settled	**2 095**					**2 095**
	Equity options exercised	**(256)**					**(256)**
	PBLTIS	**15 017**					**15 017**
	Hedging reserve movement		**(95 566)**				**(95 566)**
	Reclassified to cost of inventory – not included in other comprehensive income		**70 278**				**70 278**
	Tax effect on movement		**7 080**				**7 080**
	Actuarial loss on post-employment medical liability					**(669)**	**(669)**
	Tax effect on movement					**187**	**187**
	Other movement for the year				**(61 412)**	**124**	**(61 288)**
	Tax effect on movement					**(27)**	**(27)**
	Balance at 30 June 2021	**161 857**	**(9 696)**	**3 919**	**9 302**	**28 798**	**194 180**

22. NON-DISTRIBUTABLE RESERVES (continued)

Share-based payment reserve

The share-based payment reserve represents the accumulated charge for share options in terms of IFRS 2. The share option plans are equity-settled and include an ordinary equity scheme, a B-BBEE scheme and a performance-based long-term incentive scheme (PBLTIS). Refer Annexure B.

Cash flow hedge accounting reserve

The cash flow hedge accounting reserve comprises the portion of the cumulative net change in the fair value of derivatives designated as effective cash flow hedging relationships where the hedged item has not yet affected inventory and ultimately cost of sales in the statement of comprehensive income. Refer Annexure E.

Capital redemption reserve

The capital redemption reserve was created as a result of revaluation of shares in subsidiaries.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Legal reserves and other

This represents:

- an unutilised merger reserve when Premier Pharmaceuticals and Adcock Ingram merged;
- actuarial profits or losses on the Group's post-employment medical liability; and
- a fair value adjustment on the Group's investment in Group Risk Holdings Proprietary Limited (refer to note 14.2).

23. LEASE LIABILITIES

Accounting policy

The obligation to make lease payments in terms of a contract over a certain period of time, is recognised as a liability at the date at which the leased asset is available for use by the Group. Should a lease contract contain extension options, which are reasonably certain on the extension based on management's expected future use of the asset, payment for the extension period should also be included in the measurement of the liability.

The liability arising from a lease is initially measured at the present value of the remaining lease payments (which are fixed contractual payments with annual escalation), discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain a similar asset in a similar economic environment with similar terms, security and conditions. The Group used the weighted average incremental borrowing rate of 9.6%.

No contract renewal options were initially included in the present value calculations as the renewal of any agreement was not considered reasonably certain at that point in time.

After initial recognition, the lease liability is recorded at amortised cost using the effective interest method. Lease payments are split between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

	2021 R'000	2020 R'000
Balance at the beginning of the year	**(310 281)**	(328 520)
Additions	**(1 071)**	(4 035)
Cancellation of lease	**709**	1 004
Capital repayment	**28 961**	21 270
Lease payments	**57 450**	50 946
Less: Finance cost	**(28 489)**	(29 676)
Balance at end of year	**(281 682)**	(310 281)
Split as follows:		
Long-term portion	**(247 234)**	(281 295)
Short-term portion	**(34 448)**	(28 986)

24. POST-RETIREMENT MEDICAL LIABILITY

Accounting policy

The Group provides post-retirement healthcare benefits to certain of its retirees and one employee still in service. The expected costs of these benefits are accrued over the period of employment, and the liability is valued on an annual basis, using the projected unit credit method prescribed by IAS 19. The latest full actuarial valuation was performed on 30 June 2021.

Valuations are based on assumptions which include employee turnover, mortality rates, a discount rate based on current bond yields of appropriate terms and healthcare inflation costs. Valuations of these obligations are carried out by independent qualified actuaries. Actuarial gains or losses are recognised in other comprehensive income in the period it occurs.

	2021 R'000	2020 R'000
Balance at beginning of the year	**14 852**	15 637
Charged to operating profit	**37**	36
Benefits paid	**(1 370)**	(1 409)
Actuarial loss charged/(profit released) to other comprehensive income	**669**	(864)
Interest cost on benefit obligation	**1 349**	1 452
Balance at the end of the year	**15 537**	14 852

Refer to Annexure D for more details.

25. TRADE AND OTHER PAYABLES

Accounting policy

Trade and other payables are recognised when the Group has a legal or constructive obligation, as a result of a past event, and it is probable that there may be an outflow of economic benefits to settle the obligation and the obligation can be reliably measured. These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which remain unpaid at year-end. These amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest rate method.

The Black Managers Share Trust liability represent the participation rights, issued by Adcock Ingram, relating to shares in Tiger Brands Limited and the Oceana Group Limited, to Adcock Ingram employees, and are accounted for under IAS 19. The liability in respect of these shares is recognised over the average expected life of the participation right rather than being expensed over the vesting period only. The liability is subsequently revalued at year-end taking into consideration, market conditions at that date. Refer to Annexure B for more details.

Trade and other payables are recognised as financial instruments as 'at amortised cost' in terms of IFRS 9 – *Financial instruments*. Financial liabilities are recognised on the transaction date when the Group becomes a party to the contract and thus has a contractual obligation. Derecognition happens when these contractual obligations are discharged, cancelled or expired.

The derivative liability is measured at fair value and gains and losses taken to other comprehensive income are transferred to profit or loss when the hedge transaction affects profit or loss. The net market value of all forward exchange contracts at year-end is calculated by comparing the forward exchange contracted rates to the equivalent of year-end market foreign exchange rates.

	2021 R'000	2020 R'000
Trade accounts payable	**910 639**	1 091 666
Other payables	**785 763**	905 654
Accrued expenses	**661 839**	762 731
Black Managers Share Trust liability	**22 772**	21 382
Sundry payables	**101 152**	121 541
Derivative liability at fair value[1]	**13 689**	471
VAT payable[2]	**30 661**	16 332
Interest accrued	**433**	285
	1 741 185	2 014 408

[1] *It is expected that the derivative liability will be settled within the next 90 days.*

[2] *VAT payable will be paid within one month.*

25.1 Derivative financial instruments – liability

	2021 R'000	2020 R'000
Balance at the beginning of the year	**471**	16 799
Fair value losses/(gains) recognised in equity	**13 106**	(17 909)
Other	**112**	1 581
Total	**13 689**	471

26. CASH-SETTLED OPTIONS

Accounting policy

The cost of cash-settled transactions is measured initially at fair value at the grant date using a modified version of the Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted. Service vesting conditions are not included in the fair value but used to determine the number of instruments that will ultimately vest. This fair value is expensed over the period until vesting, with recognition of a corresponding liability. The liability is remeasured to its fair value at each reporting date up to and including the settlement date with changes in fair value recognised in profit or loss.

	2021 R'000	2020 R'000
Opening balance	**21 097**	18 699
(Released from)/Charged to operating profit	**(549)**	2 398
	20 548	21 097

Refer to Annexure B for more details.

Notes to the group financial statements (Continued)

27. PROVISIONS

Accounting policy

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

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the expected reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The charge relating to any provision is presented in profit or loss net of any reimbursement.

All short-term benefits, including leave pay, are fully provided in the period in which the related service is rendered by the employees. A liability is recognised when an employee has rendered services for benefits to be paid in the future.

	2021 R'000	2020 R'000
PROVISIONS		
Leave pay	**55 151**	58 771
Bonus and incentive scheme	**48 437**	23 905
Other	**55 663**	46 428
	159 251	129 104
Made up as follows:		
Leave pay		
Balance at beginning of year	**58 771**	54 149
Arising during the year	**76 918**	58 258
Utilised during the year	**(71 557)**	(50 810)
Unused amounts reversed	**(8 573)**	(3 805)
Acquisition of business (note 1)	**–**	675
Exchange rate adjustments	**(408)**	304
Balance at end of year	**55 151**	58 771
Bonus and incentive scheme		
Balance at beginning of year	**23 905**	31 430
Arising during the year	**48 437**	24 133
Utilised during the year	**(18 885)**	(29 482)
Unused amounts reversed	**(5 020)**	(2 176)
Balance at end of year	**48 437**	23 905
Other		
Balance at beginning of year	**46 428**	46 428
Arising during the year	**9 235**	–
Balance at end of year	**55 663**	46 428

Leave pay provision

In excess of 96% of the balance represents the liability for employees in South Africa. In terms of the Group policy, employees in South Africa are entitled to accumulate leave benefits not taken within a leave cycle, up to a maximum of employee's annual leave allocation plus five days. The obligation is reviewed annually.

Bonus and incentive provision

Certain employees participate in a performance-based incentive scheme and provision is made for the estimated liability in terms of set performance criteria. These incentives are expected to be paid in September 2021.

Other

Other provision includes a liability as a result of a contract which requires the Group to sign an obligation agreement.

28. NOTES TO THE STATEMENTS OF CASH FLOWS

28.1 Cash generated from operations

	2021 R'000	2020 R'000
Profit before taxation	**905 876**	930 009
Adjusted for:		
– amortisation of intangibles	**9 411**	9 704
– depreciation	**185 728**	185 782
property, plant and equipment	**143 938**	146 576
right-of-use assets	**41 790**	39 206
– loss/(profit) on disposal/scrapping of property, plant and equipment	**1 325**	(922)
– deficit on loss of control of subsidiary	**–**	19 274
– profit on sale of investment following the cancellation of B-BBEE scheme	**–**	(2 114)
– dividend income	**(2 473)**	(3 825)
– finance income	**(4 315)**	(5 278)
– finance costs	**47 982**	38 764
– equity accounted earnings	**(97 315)**	(97 489)
– share-based payment expenses	**17 953**	936
– expected credit loss provision (decrease)/increase	**(1 971)**	8 655
– increase/(decrease) in provisions and post-retirement medical liability	**30 571**	(3 803)
– impairment of intangible asset	**13 000**	16 196
– fair value adjustment of long-term receivable	**–**	2 027
– inventories written off	**76 581**	95 424
– increase in inventory provisions	**33 617**	37 436
– cancellation of IFRS 16 lease	**(194)**	(89)
– foreign exchange loss	**7 162**	14 870
Cash operating profit	**1 222 938**	1 245 557
Working capital movements	**(511 852)**	(164 655)
Increase in inventories	**(64 847)**	(699 326)
(Increase)/Decrease in trade receivables	**(152 729)**	193 356
(Decrease)/Increase in trade and other payables	**(294 276)**	341 315
	711 086	1 080 902

Notes to the group financial statements (Continued)

		2021 R'000	2020 R'000
28.	**NOTES TO THE STATEMENTS OF CASH FLOWS** (continued)		
28.2	**Dividends paid**		
	Dividends paid to equity holders of the parent	**(133 149)**	(342 941)
	Dividends paid to non-controlling shareholders	**(6 784)**	(6 713)
		(139 933)	(349 654)
28.3	**Taxation paid**		
	Amounts overpaid at beginning of year	**12 585**	10 789
	Amounts charged to profit or loss	**(243 764)**	(247 815)
	Movement in deferred tax	**(19 915)**	(21 384)
	Exchange rate adjustments	**(452)**	330
	Acquisition of business	**–**	(1 077)
	Loss of control of subsidiary	**–**	(15)
	Amounts overpaid at end of year	**(45 340)**	(12 585)
		(296 886)	(271 757)
28.4	**Finance income received**		
	Finance income	**4 315**	5 278
	Movement in receivable	**19**	116
		4 334	5 394
28.5	**Finance costs paid**		
	Finance costs	**(47 982)**	(38 764)
	Movement in accrual	**148**	285
		(47 834)	(38 479)
28.6	**Dividend income received**		
	Dividend income	**2 473**	3 825
	Dividends received from joint ventures (Annexure F)	**96 099**	95 649
		98 572	99 474
28.7	**Treasury shares (for equity option scheme)**		
	Purchase of treasury shares	**(256)**	(9 765)
	Disposal of treasury shares	**256**	11 973
	Net movement in treasury shares	**–**	2 208
	Equity options settlement	**(256)**	(9 571)
		(256)	(7 363)
	Refer Annexure B for more details		
28.8	**Proceeds on disposal of property, plant and equipment**		
	Disposal of property, plant and equipment – net book value (refer note 10)	**1 325**	5 390
	(Loss)/Profit on disposal	**(1 325)**	922
		–	6 312
	Deferred receivable	**–**	(5 476)
	Proceeds on disposal	**–**	836

29. CONTINGENT LIABILITIES AND COMMITMENTS

Accounting policy

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Alternatively, it may be a present obligation that arises from past events but is not recognised because an outflow of economic benefits to settle the obligation is not probable, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities unless they are acquired as part of a business combination.

Recognised amounts in the financial statements are adjusted to reflect significant events arising after the date of the statement of financial position, but before the financial statements are authorised for issue, provided there is evidence of the conditions existing at the reporting date.

The wholly-owned South African companies in the Group provide cross-sureties for the overdraft facilities (refer note 19) in South Africa.

No cross securities were required at year-end.

		2021 R'000	2020 R'000
29.1	**Capital commitments**		
	Commitments contracted for		
	Within one year	**56 568**	50 485
	Approved but not contracted for		
	Within one year	**54 181**	75 647
		110 749	126 132

These commitments relate to property, plant and equipment.

29.2 Guarantees

The Group has provided guarantees to the amount of R2.5 million at 30 June 2021 (June 2020: R2.6 million).

Notes to the group financial statements (Continued)

30. RELATED PARTIES

The following services have been obtained from subsidiaries of The Bidvest Group Limited, the controlling shareholder of the Company. All of the services are in the ordinary course of business and on an aggregated basis these arrangements/agreements are less than 10% of the Company's market capitalisation, which is within the ordinary course of business exclusion pursuant to Section 9 of the JSE Listings Requirements.

30.1 The following services are obtained with no contract in place for these services, as they are obtained on an *ad-hoc* basis, with price and quality dictating the purchase:

Company	Description	2021 R'000	2020 R'000
First Garment Rental (Pty) Ltd	Factory laundry	**2 442**	2 267
HRG Rennies Travel (Pty) Ltd	Travel	**1 642**	6 935
Bidvest Office (Pty) Ltd t/a Hortors SA Diaries	Diaries	**1 622**	1 606
Bidvest Office (Pty) Ltd t/a Bidvest Waltons	Office stationery	**1 289**	1 413
Bidvest G Fox (Pty) Ltd	Protective wear	**537**	537
Steiner Hygiene (Pty) Ltd	Cleaning consumables	**441**	133
Bidvest Material Handling (Pty) Ltd	Maintenance	**395**	25
Bidvest Office (Pty) Ltd t/a Cecil Nurse	Furniture	**350**	2 307
Bidvest Afcom (Pty) Ltd	Consumables (tape)	**260**	1 984
Bidvest Paperplus (Pty) Ltd t/a Lithotech Blesston	Consumables	**254**	1 262
Bidvest Paperplus (Pty) Ltd t/a Rotolabel Johannesburg	Packaging	**8**	61
Bidvest Services Holdings (Pty) Ltd t/a BidAir Cargo	Freight forwarding	**–**	1 146
Bidvest McCarthy Ltd t/a Bidvest Car Rental	Vehicle rental	**146**	1 801
		9 386	21 477

30.2 The following services are obtained where no contract is in place, but a 12-month price agreement has been agreed:

Company	Description	2021 R'000	2020 R'000
Pureau Fresh Water Company (Pty) Ltd	Refreshments	**789**	983
Bidvest Car Rental (Pty) Ltd t/a Budget Car & Van Rental	Car hire	**402**	788
Bidvest Bank Limited	Forex	**–**	203
		1 191	1 974

30.3 12-month contracts are in place for the following services

Company	Description	2021 R'000	2020 R'000
Safcor Freight (Pty) Ltd t/a Bidvest International Logistics	Freight forwarding	**44 793**	61 955
Bidvest Protea Coin (Pty) Ltd	Guarding	**16 967**	20 486
Bidvest Facilities Management (Pty) Ltd	Facilities Management	**7 411**	8 907
Bidvest Prestige Cleaning t/a Bidvest Managed Solutions (Pty) Ltd	Cleaning	**6 922**	6 043
Bidvest Managed Solutions (Pty) Ltd	Cleaning/Gardening	**4 879**	4 186
		80 972	101 577

30. RELATED PARTIES (continued)

30.4 The following directors fees have been paid following the authority granted at the AGM in November 2020 (November 2019):

Company	Description	2021 R'000	2020 R'000
Bidvest Corporate Services	Directors' fees	**1 474**	1 542
Bidvest Branded Products	Directors' fees	**427**	330
		1 901	1 872
Total payments to the Bidvest Group Limited		**93 450**	126 900
Balance owing at reporting date		**27 212**	18 845

The payables balance is unsecured and will be paid under normal terms applicable to trade creditors.

Payments to directors are disclosed in note 6.3.

Notes to the group financial statements (Continued)

31. EXECUTIVE DIRECTORS SHARE SCHEME INTERESTS

Long-term incentives with no performance conditions

Details of share options granted in Adcock Ingram (or otherwise as indicated) are as follows, with no new options granted in terms of these schemes during the year:

		Offer date	Offer price R	Balance at the beginning of the year	Balance at the end of the year	Vested as at 30 June 2021	Value[1] as at 30 June 2021 R
AG Hall							
Equity		17/06/2014	52.20	58 334	58 334	58 334	–
		26/08/2015	41.94	58 334	58 334	58 334	137 668
		26/08/2016	42.30	133 334	133 334	66 663	133 326
		24/08/2017	57.73	200 000	200 000	66 663	–
				450 002	**450 002**	**249 994**	**270 994**
Phantom		28/08/2018	65.46	**200 000**	**200 000**	**–**	**–**
Total				**650 002**	**650 002**	**249 994**	**270 994**
D Neethling							
Equity		17/06/2014	52.20	20 000	20 000	20 000	–
		26/08/2015	41.94	30 000	30 000	30 000	70 800
		26/08/2016	42.30	100 000	100 000	50 000	100 000
		24/08/2017	57.73	150 000	150 000	50 000	–
				300 000	**300 000**	**150 000**	**170 800**
Phantom		28/08/2018	65.46	**150 000**	**150 000**	**–**	**–**
Total				**450 000**	**450 000**	**150 000**	**170 800**
B Letsoalo							
Equity		17/06/2014	52.20	15 000	15 000	15 000	–
		26/08/2015	41.94	15 000	15 000	15 000	35 400
		26/08/2016	42.30	30 000	30 000	15 000	30 000
		25/11/2016	42.08	75 000	75 000	50 000	111 000
		24/08/2017	57.73	120 000	120 000	40 000	–
				255 000	**255 000**	**135 000**	**176 400**
Phantom		28/08/2018	65.46	**120 000**	**120 000**	**–**	**–**
BMT	TBL	31/01/2008	56.30	3 500	3 500	3 500	534 450
	OCE	31/01/2008	16.46	905	905	905	44 345
	AIP	31/01/2008	16.31	13 742	13 742	13 742	384 639
	TBL	01/07/2012	56.30	7 734	7 734	7 734	1 180 982
	OCE	01/07/2012	16.46	2 001	2 001	2 001	98 049
	AIP	01/07/2012	14.89	4 534	4 534	4 534	133 345
				32 416	**32 416**	**32 416**	**2 375 810**
Total				**407 416**	**407 416**	**167 416**	**2 552 210**

[1] – Based on closing share price as at 30 June 2021
AIP – Adcock Ingram Holdings Limited
OCE – Oceana Group Limited
TBL – Tiger Brands Limited

There were no options exercised during the current year, but the directors realised the following before tax gains on the exercise of options during the prior year:

	2020 R'000
AG Hall	1 997 400
D Neethling	1 282 800
B Letsoalo	482 400
	3 762 600

Long-term incentives with performance conditions

Performance-based long-term incentive scheme (PBLTIS)

During the prior year, the long-term incentive schemes with no performance conditions attached were replaced by a performance-based long-term incentive scheme and conditional share awards were granted to the Executive Directors as detailed below:

	Offer date	Balance at the beginning of the year	Issued during the year	Balance at the end of the year[1]
AG Hall				
PBLTIS	26/09/2019	155 000		155 000
	25/11/2020		189 800	189 800
		155 000	**189 800**	**344 800**
D Neethling				
PBLTIS	26/09/2019	64 000		64 000
	25/11/2020		92 000	92 000
		64 000	**92 000**	**156 000**
B Letsoalo				
PBLTIS	26/09/2019	59 000		59 000
	25/11/2020		83 300	83 300
		59 000	**83 300**	**142 300**

[1] *No awards have vested as at 30 June 2021.*

Share-based payment expenses relating to executive directors

	2021 R'000	2020 R'000
AG Hall	**3 736**	3 744
D Neethling	**1 852**	2 175
B Letsoalo	**1 693**	1 902
	7 281	7 281

Notes to the group financial statements (Continued)

32. IMPACT OF COVID-19

The Board, in its assessment of the going-concern status of the Company and Group, considered the current financial position of the Group, the sustainability of each of the business units and their operating models, available financial resources at 30 June 2021, the budget and cash flow forecast to September 2022, the current regulatory environment and potential changes thereto, the economic outlook, as well as the impact of COVID-19 on its operations and the economic environment. The overwhelming majority of the Group's activities, and those of most of its customers, are regarded as essential services and have been operating throughout all levels of lockdown.

However, as the disease spread, the prevalence of infections amongst employees increased, putting certain of the operations at risk of not being able to operate on a fully uninterrupted basis. All factories and distribution centres had to close intermittently for certain periods of time to allow for additional sanitising procedures and employees were isolated or quarantined as appropriate, but all customers were serviced despite these interruptions. The Board is satisfied that the Company and Group will each be able to continue as a going concern in the foreseeable future and has therefore continued to adopt the going-concern basis in preparing the annual financial statements.

Management has further considered the impact of COVID-19 on the financial statements, particularly relating to the potential impact on trading profit, property, plant and equipment, intangible assets, inventory, trade and other receivables and other financial instruments. Where a significant impact relating to COVID-19 was noted, management has disclosed this in the applicable note, whereas no specific disclosure was made where COVID-19 did not have a significant impact on the particular class of transaction or balance.

Management is also not aware of any events subsequent to year-end relating to the COVID-19 pandemic that would need to be disclosed in the financial statements and that would result in either an adjusting or non-adjusting event.

33. SUBSEQUENT EVENTS

33.1 Aspen Pharmacare

On 30 July 2021, Adcock Ingram acquired a portfolio of 14 Prescription, OTC and Hospital brands from Aspen Pharmacare for R180 million, with historic annualised revenue of approximately R80 million. The terms include a two-year manufacturing and supply agreement for products manufactured by Aspen Pharmacare, to accommodate technology transfer to Adcock Ingram's facilities.

33.2 Civil Unrest

During July 2021, the country experienced well publicised civil unrest, mainly in KwaZulu-Natal (KZN) and Gauteng, including wide-spread destruction of property and the tragic loss of lives. Fortunately, the Group did not experience any significant destruction of assets and employees remained safe. Nonetheless, no selling and distribution activities, other than for life-saving products, could take place within or from KZN, including through the port of Durban, during that period.

Subsequent to the unrest, the Group resumed normal operations in KZN and the supply chain is intact and operational. However, certain product shortages are being experienced as a result of operational difficulties at the Durban port. We do not foresee that these shortages will have a material impact on the financial performance of the Group and expect them to be resolved by mid-September.

Annexure A – Segment report

Geographical segments are not disclosed as the Indian operations of the Group are immaterial, and the Company mainly operates in Southern Africa.

The Group's reportable segments in Southern Africa are as follows:

- Consumer – competes in the Fast Moving Consumer Goods (FMCG) space;
- Over the Counter (OTC) – focuses primarily on brands sold predominantly in pharmacy, where the pharmacist plays a role in the product choice;
- Prescription – markets products prescribed by medical practitioners and includes specialised instruments and surgical products;
- Hospital – supplier of hospital and critical care products, including intravenous solutions, blood collection products and renal dialysis systems; and
- Other – shared services – other support services, including the research and development services in India, as well as the investment in the Indian joint venture and cash and bank overdraft balances which are managed on a central basis in Southern Africa.

The financial information of the Group's reportable segments is reported to key management (including the executive directors) for purposes of making decisions about allocating resources to the segment and assessing its performance. The segment figures for management purposes equal the disclosures made in the segment report and agree with the IFRS amounts in the annual financial statements. The basis of accounting for transactions between reportable segments are internally agreed rates, to recover cost.

Key management uses the segments' revenue, trading profit, assets and the return on assets to assess the performance of the operating segments, whilst non-current liabilities are not considered key in assessing the segments performance.

No operating segments have been aggregated to form the above reportable operating segments.

As from 1 January 2021, the Epimax Brand was transferred from the Prescription segment to the Consumer segment. The transfer was to align the brand to the marketing channel in which it operates.

Restatement of segmental analysis

The Group has disclosed the research and development services in India, after eliminating intercompany sales in the "Other – shared services" segment as it is managed as a shared service. Rest of Africa, after eliminating intercompany sales, have been included within OTC, as it is managed by the OTC management team. As such, the comparatives have been restated.

Statement of comprehensive income

	2021 R'000	2020* R'000
Revenue		
Consumer	**1 267 287**	892 392
OTC	**1 735 239**	2 054 114
Prescription	**3 021 520**	2 758 538
Hospital	**1 752 229**	1 627 518
Other – shared services	**579**	13 996
	7 776 854	7 346 558

* *Restated*

Annexure A – Segment report (Continued)

Statement of comprehensive income (continued)

	2021 R'000	2020* R'000
The South African Government represents more than 10% of the Group's revenue, arising in the following segments:		
OTC	**76 494**	154 947
Prescription	**538 222**	374 125
Hospital	**490 240**	532 233
	1 104 956	1 061 305
Trading profit		
Consumer	**235 380**	155 134
OTC	**292 327**	425 747
Prescription	**223 826**	217 652
Hospital	**161 385**	140 453
Other – shared services	**1 692**	5 294
	914 610	944 280

Other

	2021 R'000	2020* R'000
Fair value adjustment of long-term receivable		
Hospital	**–**	600
Other – shared services	**–**	1 427
	–	2 027
Impairments[1]		
Consumer	**–**	2 700
OTC	**13 000**	10 347
Prescription	**–**	3 149
	13 000	16 196
Depreciation and amortisation		
Consumer	**9 514**	8 444
OTC	**50 376**	49 677
Prescription	**27 441**	29 800
Hospital	**29 321**	21 009
Other – shared services	**78 487**	86 556
	195 139	195 486

[1] *Refer to Annexure G.*
* *Restated.*

Statement of financial position

	2021 R'000	2020* R'000
Total assets		
Consumer	**1 183 276**	719 751
OTC	**1 784 018**	1 784 172
Prescription	**1 958 535**	2 241 489
Hospital	**1 419 328**	1 359 322
Other – shared services	**695 261**	1 077 016
	7 040 418	7 181 750
Current liabilities		
Consumer	**233 541**	169 929
OTC	**387 065**	512 745
Prescription	**697 896**	866 609
Hospital	**439 814**	467 052
Other – shared services	**210 997**	177 260
	1 969 313	2 193 595
Capital expenditure[1]		
Consumer	**656**	58
OTC	**33 751**	54 297
Prescription	**16 592**	29 649
Hospital	**34 918**	21 077
Other – shared services	**26 397**	48 458
	112 314	153 539

1 *Capital expenditure consists of additions to property, plant and equipment, but excludes additions to intangible assets and ROU assets.*

* *Restated*

Annexure B - Share-based payments plans

Certain senior employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions") or share appreciation rights ("cash-settled transactions"). Based on merit, options are issued annually by the Adcock Ingram Board of Directors (Board). The offer price is determined in accordance with the rules of the scheme.

The Board is responsible for the governance of the various schemes and has the final authority on who participates in any scheme on an annual basis.

The objective of the schemes is to reward and retain selected critical senior employees who contribute to and influence the performance of the Group and its strategy, on a basis which aligns with the interests of shareholders.

1. Equity-settled transactions

Estimating the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.

1.1 Performance-based long-term incentive scheme (PBLTIS)

Accounting policy

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted adjusted for dividend yield, as employees are not entitled to dividends over the vesting period.

The performance conditions of the share awards are classified as non-market conditions and the fair value of the awards is determined by the share price at the grant date.

Subject to achievement of the set annual performance conditions, 75% of the portion which the employees are entitled to, will vest after three years and 25% after four years from the grant date. If none of the performance conditions are met, no conditional share award will vest.

The cost of equity-settled transactions is initially recognised as a non-trading expense, together with a corresponding increase in equity, over the period in which the non-market performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

Equity settled transactions are not subsequently remeasured. The cumulative expense recognised reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge in profit or loss for a period represents the movement in the cumulative expense between the beginning and end of that period.

The dilutive effect of outstanding equity-settled options is reflected as additional share dilution in the computation of diluted earnings and diluted headline earnings per share.

Judgements and estimates

The expected dividend yield was estimated using a two-year moving average of the dividend yield at the grant date.

The Company's performance will be determined annually for each of the three years in the performance period. The charge for the year was based on the assumption that in the first year all performance conditions over the three-year period will be met, as it is too early to determine the probability of these being achieved. In the second year, the probability is determined by the actual performance over two years and the budget for the following year.

Key assumptions used include:	**2021**	2020
Share price at grant date	**R43.80**	R57.92
Dividend yield	**2.12%**	4.51%

Details

The following table illustrates the number and movements in the conditional share awards during the year:

Number of options	**2021**	2020
Outstanding at the beginning of the year	**516 000**	–
Granted during the year	**1 369 900**	516 000
Forfeited during the year	**(59 800)**	–
Outstanding and unvested at the end of the year	**1 826 100**	516 000

Other disclosures	**2021**	2020
Weighted average remaining contractual life for the conditional share awards outstanding at the end of the year:	**2.14 years**	2.24 years
Expense recognised for employee services received during the year (million):	**R15.0**	R6.05

1.2 Service-based incentive scheme

Accounting policy

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). Options vest as follows:

- a third after three years;
- a third after four years; and
- a third after five years.

The cumulative expense recognised reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge in profit or loss for a period represents the movement in the cumulative expense between the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest.

Shares are bought in anticipation of employees taking possession of the vested shares, after settling the offer price or selling all their vested shares. When employees exercise their rights to the options, the employee may choose to have their shares sold on their behalf.

The dilutive effect of outstanding equity-settled options is reflected as additional share dilution in the computation of diluted earnings and diluted headline earnings per share.

Annexure B – Share-Based Payments Plans (Continued)

Judgements and estimates

Share options are fair valued using a Black-Scholes method. The expected dividend yield was estimated using a two-year moving average of the dividend yield at the grant date. An annualised standard deviation of the continuously compounded rates of return of the share was used to determine volatility. The risk-free rate was based on a zero-coupon government bond in South Africa with the same expected lifetime of the options.

Details

The following table illustrates the number and weighted average offer prices (WAOP) of and movements in Adcock Ingram share options during the year:

	2021		2020	
Number of options	Number	WAOP (Rand)	Number	WAOP (Rand)
Outstanding at the beginning of the year	**3 422 678**	**49.77**	4 246 005	48.92
Exercised during the year	**(60 000)**	**42.12**	(673 327)	43.97
Forfeited during the year	**(221 000)**	**50.66**	(150 000)	52.15
Outstanding at the end of the year	**3 141 678**	**49.85**	3 422 678	49.77
Vested and exercisable at the end of the year	**1 805 328**	**47.64**	651 327	46.69

Other disclosures	2021	2020
Weighted average share price of exercised options:	**R46.38**	R58.19
Weighted average remaining contractual life for the share options outstanding at reporting date:	**5.21 years**	5.77 years
Range of offer prices for options outstanding at the end of the year:	**R41.94 – R57.73**	R41.94 – R57.73
Expense recognised for employee services received during the year (million):	**R2.10**	R11.22

2. Cash-settled transactions

2.1 Service-based incentive scheme

Accounting policy

The cost of cash-settled transactions is measured initially at fair value at the grant date using a modified version of the Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted. Options vest as follows:

- a third after three years;
- a third after four years; and
- a third after five years.

Service vesting conditions are not included in the fair value but used to determine the number of instruments that will ultimately vest. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured to its fair value at each reporting date up to and including the settlement date with changes in fair value recognised as a non-trading expense in profit or loss.

Judgements and estimates

Share price volatility is based on the historical volatility of the Adcock Ingram share price, matching the remaining life of each option. The valuation is measured at fair value (excluding any non-market vesting conditions) and is the sum of the intrinsic value plus optionality. The fair value of each option is estimated using an actuarial binomial option pricing model. All options are valued with a single exercise date at maturity.

Key assumptions used include:	**2021**	2020
Share price at 30 June	**R44.30**	R48.00
Volatility	**27.5%**	27.5%
Dividend yield	**3.0%**	3.0%

Details

The following table illustrates the number and weighted average offer prices (WAOP) of and movements in Adcock Ingram share options during the year:

	2021		2020	
Number of options	**Number**	**WAOP (Rand)**	Number	WAOP (Rand)
Outstanding at the beginning of the year	**2 910 000**	**62.63**	1 935 000	65.29
Granted during the year	**–**	**–**	1 165 000	58.39
Forfeited during the year	**(430 000)**	**61.35**	(190 000)	63.63
Outstanding at the end of the year[1]	**2 480 000**	**62.86**	2 910 000	62.63

Other disclosures	**2021**	2020
Weighted average remaining contractual life for the share options outstanding at reporting date:	**3.67 years**	4.68 years
Range of offer prices for options outstanding at the end of the year:	**R58.39 – R65.46**	R58.39 – R65.46
Carrying amount of the liability relating to the cash-settled options at reporting date (million):	**R20.5**	R21.10
(Income)/Expense recognised for employee services received during the year (million):	**(R0.5)**	R2.40

[1] *All options are unvested at the end of each year.*

Annexure B – Share-Based Payments Plans (Continued)

3. Black Managers Share Trust

In terms of the Tiger Brands Limited (TBL) BEE transaction implemented in July 2005, TBL shares were acquired by the Tiger Brands Black Manager Share Trust (Trust). The purchase of these shares was mainly funded through capital contributions made by TBL and Adcock Ingram (AIP) subsidiaries. After the unbundling of Adcock Ingram from the TBL Group, the Trust, as a shareholder of TBL, received one AIP share for each TBL share held. Similarly, following the unbundling of the Oceana Group (OCE) out of Tiger Brands Limited, a further split was made to the TBL share. This resulted in the trust now holding shares in TBL, AIP and OCE. The allocation of participation rights to the shares held by the Trust were made to qualifying black managers, which entitles the beneficiary to receive TBL, AIP and OCE shares, after making a capital contribution to the Trust at any time after the defined lock in period, i.e., from 1 January 2015. These vested rights are non-transferable.

Accounting policy

The fair value of the participation rights on TBL shares, pre-unbundling of Adcock Ingram and AIP shares post-unbundling, issued by the Trust to Adcock Ingram employees are classified as equity-settled in terms of IFRS 2 and are therefore valued on the grant date and expensed over the relevant vesting period. No subsequent revaluation takes place, although the expense is adjusted for actual forfeitures.

The participation rights, issued by Adcock Ingram, on TBL and OCE shares to Adcock Ingram employees are accounted for under IAS 19.

The liability in respect of these shares is recognised over the average expected life of the participation right rather than being expensed over the vesting period only. The liability is subsequently revalued at year-end taking into consideration market conditions at that date.

The liability is included in Trade and other payables.

The Group does not consolidate the Trust, as it exercises no control over the Trust.

Judgements and estimates

Participation rights were valued using the Monte-Carlo simulation approach to estimate the average, optimal pay-off of the participation rights using 5 000 permutations. The pay-off of each random path was based on:

- the projected Tiger Brands/Adcock Ingram/Oceana share price;
- outstanding debt projections; and
- optimal early exercise conditions.

	2021		2020	
Key assumptions used include:	**TBL**	**OCE**	TBL	OCE
Share price	**R209.00**	**R65.46**	R185.00	R55.00
Volatility	**29.1%**	**28.0%**	26.9%	28.9%
Dividend yield	**4.0%**	**4.8%**	4.6%	4.6%

Details

The following table illustrates the number of equity (AIP) and IAS 19 (TBL and OCE) share awards and its respective movements during the year:

	2021			2020		
Number of share awards	**AIP**	**TBL**	**OCE**	AIP	TBL	OCE
Outstanding at the beginning of the year	**351 623**	**305 636**	**79 236**	371 025	316 247	82 227
Exercised during the year	**(22 149)**	**(3 810)**	**(1 456)**	(19 402)	(10 611)	(2 991)
Outstanding at the end of the year[1]	**329 474**	**301 826**	**77 780**	351 623	305 636	79 236
Weighted average exercise price	**R42.26**	**R199.44**	**R64.66**	R55.07	R202.14	R64.05

Other disclosures	**2021**	2020
Weighted average remaining contractual life for the share options outstanding at reporting date:	**6.25 years**	7.25 years
(Income)/Expense recognised for employee services received during the year (million):	**–**	(R3.75)
Fair value adjustment of employee benefits (IAS 19) (million):	**R1.39**	(R15.00)

1 *All options have vested and are exercisable at the end of both years.*

Annexure C - Defined contribution and defined benefit plan

Defined contribution plan

The Company and its subsidiaries contribute to a defined contribution plan for all employees in South Africa.

These contributions are expensed.

Contributions to the defined contribution plan expected in the following year are R122.4 million (2020: R125.3 million).

Defined benefit plan

In addition, the Company and its subsidiaries contributed to a retirement benefit fund in respect of certain retirees. The assets of the funds were held in independent trustee administered funds, administered in terms of the Pension Funds Act No 24 of 1956, as amended.

On 22 October 2020, the pension fund was outsourced to Old Mutual Limited (Old Mutual) and an amount of five hundred and sixty-seven thousand rands was utilised to purchase individual annuities for each pensioner. Old Mutual now have the obligation to pay the pensions for the remainder of the pensioners' lives.

	2021 R'000	2020 R'000
Net benefit expense		
Interest cost on defined benefit obligation	**43**	121
Interest income on assets	**(721)**	(249)
Effect of paragraph 64	**678**	128
Net benefit expense	**–**	–
Benefit liability		
Defined benefit obligation	**–**	(1 371)
Fair value of plan assets	**7 199**	7 825
	7 199	6 454
Unrecognised due to Paragraph 64 limit	**(7 199)**	(6 454)
	–	–
Changes in the present value of the defined benefit obligation are as follows:		
Defined benefit obligation at 1 July	**(1 371)**	(1 320)
Interest cost	**(43)**	(121)
Benefits paid	**20**	47
Actuarial gain on obligation	**854**	23
Settlement of remaining obligation	**540**	–
Defined benefit obligation at 30 June	**–**	(1 371)

	2021 R'000	2020 R'000
Changes in the fair value of the defined benefit plan assets are as follows:		
Fair value of plan assets at 1 July	**7 825**	2 692
Return	**721**	249
Benefits paid	**(20)**	(47)
Purchase of annuity contracts	**(567)**	–
Actuarial (loss)/gain	**(760)**	4 931
Fair value of plan assets at 30 June	**7 199**	7 825
Asset coverage over liabilities (times)	**n/a**	5.7
Assumptions		
The assumptions used in the valuations are as follows:		
Discount rate (%)	**10.0**	9.5
Future pension increases (%)	**5.2**	4.8
Estimated asset composition:		
Cash (%)	**62.3**	70.8
Bonds (%)	**37.7**	29.2

Annexure D - Post-retirement medical liability

The following table summarises the components of the net benefit expense recognised in the statement of comprehensive income, the funded status and amounts recognised in the statement of financial position.

	2021 R'000	2020 R'000
Net benefit expense		
Current service cost	**37**	36
Interest cost on benefit obligation	**1 349**	1 452
	1 386	1 488
Expected contributions within the next 12 months	**39**	38
Defined benefit obligation at 1 July	**14 852**	15 637
Interest cost	**1 349**	1 452
Current service cost	**37**	36
Benefits paid	**(1 370)**	(1 409)
Actuarial loss/profit on obligation	**669**	(864)
Defined benefit obligation at 30 June	**15 537**	14 852
Assumptions		
The assumptions used in the valuations are as follows:		
Discount rate (%)	**10.5**	9.5
Healthcare cost inflation (%)	**8.5**	6.8
Expected retirement age	**63.0**	63.0
Post-retirement mortality table	**PA (90) ultimate table**	PA(90) ultimate table

Sensitivity analysis	Value R'000	+1%/year R'000	-1%/year R'000
The liability was recalculated to show the effect of:			
2021			
A one percentage point variance in the assumed rate of healthcare costs inflation	**15 537**	**16 933**	**14 218**
A one percentage point variance in the discount rate	**15 537**	**14 252**	**16 916**
A one year variance in the expected retirement age	**15 537**	**15 429**	**15 698**
2020			
A one percentage point variance in the assumed rate of healthcare costs inflation	14 852	16 814	13 693
A one percentage point variance in the discount rate	14 852	13 734	16 156
A one year variance in the expected retirement age	14 852	14 764	15 029

Annexure E - Financial instruments

Financial assets

Accounting policy

The Group's financial assets are classified and measured at initial recognition, based on the financial asset's contractual cash flow characteristics and the Group's business model for managing the financial assets, as follows:

Classification	Description of asset
Amortised cost	Trade and sundry receivables Cash and cash equivalents
Fair value through OCI	Investment
Derivative financial instruments	Foreign exchange contracts (derivative asset)
Fair value through profit and loss	Black Managers Share Trust

All financial assets should be measured at its fair value, plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at fair value through profit or loss (debt instrument).

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- These financial assets are subsequently measured using the effective interest (EI) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Annexure E - Financial Instruments (Continued)

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to irrevocably classify its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to irrevocably classify its non-listed equity investments under this category.

Financial assets at fair value through profit or loss (debt instruments)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near-term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised or removed from the Group's consolidated statement of financial position when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  a. the Group has transferred substantially all the risks and rewards of the asset; or
  b. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group considers a financial asset in default when contractual payments are past due for more than a year and not subject to any enforcement activity. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full, before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments due.

For trade receivables, the Group applies a simplified approach in calculating expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking economic factors. The expected loss rates are based on the payment profiles of sales over a period of five years before the reporting date and the corresponding historical credit losses experienced within this period and incorporating forward-looking information of liquidity and similar risks expected to be impacting our customers.

Long-term receivables, sundry receivables and intercompany receivables (Stand-alone entities) are assessed for impairment when indications of non-payment or other specific risk have been identified.

Financial liabilities

Accounting policy

The Group's financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or fair value through profit or loss, as follows:

Classification	Description of liability
Amortised cost	Trade and other payables Loans and borrowings Bank overdraft
Derivative financial instruments	Foreign exchange contracts (derivative liability)

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

All financial liabilities are subsequently measured at amortised cost except for financial liabilities at fair value through profit or loss that are held for trading and those designated at initial recognition as at fair value through profit or loss.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest (EI) rate method. The EI amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings and trade and other payables.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Accounting policy

Derivatives are financial instruments whose value changes in response to an underlying factor, require no initial or little net investment and are settled at a future date. Derivatives, other than those arising on designated hedges, are measured at fair value with changes in fair value being recognised in profit or loss.

Annexure E - Financial Instruments (Continued)

Hedge accounting

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge in terms of IFRS 9. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Cash flow hedges

Cash flow hedges cover the exposure to variability in cash flows that are attributable to a particular risk associated with:

- a recognised asset or liability; or
- a highly probable forecast transaction; or
- the foreign currency risk in an unrecognised firm commitment.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income, while any ineffective portion is recognised in profit or loss. Amounts taken to other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged income or financial asset or liability is recognised or when the forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amount deferred in other comprehensive income is transferred to the initial carrying amount of the non-financial asset or liability. When a hedging instrument expires, or is sold or terminated, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a nonfinancial asset such as inventory. When the forecast transaction is no longer expected to occur, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Hedging strategy

The Group imports inventory and equipment from foreign suppliers, resulting to the exposure to the risk in exchange rate movement.

The Group's current policy for the management of foreign exchange is to cover 100% of foreign currency commitments with forward exchange contracts when a firm commitment for any order is in place. As a result, all material highly probable foreign forecast purchases were covered by forward exchange contracts (FEC) at year-end. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy to fix the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness. The Group designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. The fair value of the forward exchange contract is calculated as the difference in the forward exchange rate as per the contract and the forward exchange rate of a similar contract with similar terms and maturities concluded as at the valuation date multiplied by the foreign currency monetary units as per the FEC contract.

If a hedged forecast transaction subsequently results in the recognition of a non-financial item or becomes a firm commitment for which fair value hedge accounting is applied, the amount that has been accumulated in the cash flow hedge reserve is removed and included directly in the initial cost or other carrying amount of the asset or the liability. In other cases the amount that has been accumulated in the cash flow hedge reserve is reclassified to profit or loss in the same period(s) as the hedged cash flows affect profit or loss.

At 30 June 2021, the Group held no foreign exchange contracts designated as hedges of expected future sales to customers outside South Africa for which the Group has firm commitments.

The Group had foreign exchange contracts outstanding at 30 June 2021 designated as hedges of expected future purchases from suppliers outside South Africa for which the Group has firm commitments. All foreign exchange contracts will mature within 12 months. The cash flow hedges of expected future purchases were assessed to be effective.

The effective portion of the gains and losses on the hedging instruments that is included in the initial cost of inventory and subsequently part of cost of sales was a loss of R70.3 million (2020: profit of R55.9 million).

The ineffective portion that was taken to fixed operating cost was a loss of R8.9 million (2020: profit of R2.5 million). Ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated.

1. Fair value of financial instruments

To measure fair value, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments measured at fair value by valuation technique:

- Level 1 – quoted (unadjusted) prices in active markets;
- Level 2 – The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates; and
- Level 3 – valuation techniques which use inputs which have a significant effect on the recorded fair value that are based on unobservable market data.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics, risks and the fair value hierarchy, as follows.

			Year end balance		Net (gains) and losses	
Financial instruments	Classification per IFRS 9	Statement of financial position line item	**2021 R'000**	2020 R'000	**2021 R'000**	2020 R'000
At fair-value level 2[1]						
Foreign exchange contracts – derivative asset	Derivative financial instruments	Trade and other receivables	**228**	12 410	**70 278**	(55 851)
Foreign exchange contracts – derivative liability	Derivative financial instruments	Trade and other payables	**13 689**	471	**–**	–
At fair-value level 3[2]						
Black Managers Share Trust	Fair value through profit and loss	Other financial assets	**23 898**	24 866	**Refer to note 14.1**	Refer to note 14.1
Investment	Fair value through OCI	Other financial assets	**2 194**	1 704	**Refer to note 14.2**	Refer to note 14.2
At amortised cost						
Trade and sundry receivables[3]	At amortised cost	Trade and other receivables	**1 687 358**	1 519 264	**–**	–
Trade and other payables[3]	At amortised cost	Trade and other payables	**1 696 402**	1 997 320	**–**	–
Cash and cash equivalents[3]	At amortised cost	Cash and cash equivalents	**62 117**	316 825	**–**	–
Bank overdraft[3]	At amortised cost	Bank overdraft	**13 881**	–	**–**	–

Valuation techniques

1 *Fair value based on the ruling market rate at year-end. The fair value of the forward exchange contract is calculated as the difference in the forward exchange rate as per the contract and the forward exchange rate of a similar contract with similar terms and maturities concluded as at the valuation date multiplied by the foreign currency monetary units as per the FEC contract.*

2 *The value of the investment in Group Risk Holdings Proprietary Limited is based on Adcock Ingram's proportionate share of the net asset value of the Company. The value of the investment in the Black Managers Share Trust is based on the expected capital contribution to be received from the scheme beneficiaries.*

3 *The carrying value approximates the fair value due to the short-term nature.*

Annexure E – Financial Instruments (Continued)

2. Financial risk management objectives and policies

The Group's principal financial liabilities comprise borrowings and trade payables. The main purpose of these financial liabilities is to raise finance for the Group's operations.

The Group has various financial assets such as trade and other receivables and cash which arise directly from its operations.

The Group also enters into derivative transactions via forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations.

It is, and has been throughout 2021, the Group's policy that no trading in derivatives shall be undertaken.

The main risks arising from the Group's financial instruments are credit, market risk (including interest rate and foreign currency), and liquidity. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below:

2.1 Credit risk

Financial assets of the Group which are subject to credit risk consist mainly of cash resources, loans receivables, long-term receivables at fair value through profit or loss and trade receivables. The maximum exposure to credit risk is set out in the respective cash, loans receivable and accounts receivable notes. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Long-term receivables, sundry receivables and intercompany receivables (stand-alone entities) are assessed for impairment when indications of non-payment or other specific risk have been identified. These amounts are considered low risk, as they have a strong capacity to meet their contractual cash flows in the near term.

2.2 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments.

2.2.1 Interest rate risk

The Group is exposed to interest rate risk as the following assets and liabilities carry interest at rates that vary in response to the lending rates in the operations in the specific country:

- Cash balances which are subject to movements in the bank deposit rates; and
- Short-term debt obligations with floating interest rates linked to the South African prime rate.

The Group's policy is to manage its interest rate risk through both fixed and variable, long-term and short-term instruments at various approved financial institutions.

No financial instruments are entered into to mitigate the risk of interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on balances subject to floating rates) in its operations:

		Increase/(Decrease), in profit before tax	
	Change in rate %	2021 R'000	2020 R'000
Cash balances			
Cash and cash equivalents	+1	**621**	3 168
Bank overdraft	+1	**(139)**	–

2.2.2 Foreign currency risk

As the Group operates in various countries and undertakes transactions denominated in foreign currencies, exposures to foreign currency fluctuations arise. Exchange rate exposures on transactions are managed within approved policy parameters utilising forward exchange contracts in conjunction with external consultants who provide financial services to Group companies as well as contributing to the management of the financial risks relating to the Group's operations.

a) Foreign operations

In translating the foreign operations, the following exchange rates were used:

	2021 Income/ Expenses Average Rand	2021 Assets/ Liabilities Spot Rand	2020 Income/ Expenses Average Rand	2020 Assets/ Liabilities Spot Rand
Indian Rupee	**0.2092**	**0.1920**	0.2160	0.2294
Kenyan Shilling	**0.1420**	**0.1323**	0.1499	0.1626

b) Foreign assets/liabilities

In converting the foreign denominated assets and liabilities, the following exchange rates were used:

			Exchange rate applied	
	Assets FC'000	Liabilities FC'000	Assets Rand	Liabilities Rand
2021				
Euro	**–**	**(3 450)**	**16.91**	**16.94**
US Dollar	**215**	**(2 920)**	**14.27**	**14.28**
2020				
Euro	–	(5 710)	19.45	19.47
US Dollar	447	(7 653)	17.32	17.33

Annexure E – Financial Instruments (Continued)

c) Outstanding foreign exchange contracts

A summary of the material contracts, comprising at least 99% of the total contracts outstanding at:

	Foreign currency '000	Average forward rate	R'000
2021			
Euro	**19 454**	**17.66**	**343 625**
US Dollar	**21 904**	**14.43**	**316 163**
2020			
Euro	20 217	18.77	379 566
US Dollar	33 560	17.55	588 936

The maturity analysis for the material outstanding contracts at:

	Euro '000	Rands '000	US Dollar '000	Rands '000
2021				
Within 30 days	**6 054**	**105 797**	**11 680**	**166 636**
31 to 60 days	**3 327**	**58 504**	**1 884**	**27 279**
61 to 90 days	**3 588**	**64 694**	**4 081**	**59 118**
> 90 days	**6 485**	**114 630**	**4 259**	**63 130**
	19 454	**343 625**	**21 904**	**316 163**
2020				
Within 30 days	8 661	163 609	11 735	207 715
31 to 60 days	5 059	95 832	10 623	185 056
61 to 90 days	2 266	40 845	4 846	83 993
> 90 days	4 231	79 280	6 356	112 172
	20 217	379 566	33 560	588 936

d) Settlements during the year

A summary of the material contracts settled during the year:

	Foreign currency '000	Average forward rate	R'000
2021			
Euro	**37 774**	**18.92**	**714 534**
US Dollar	**70 478**	**16.25**	**1 145 576**
2020			
Euro	49 973	16.91	845 107
US Dollar	70 723	15.07	1 065 525

e) Sensitivity analysis

The following table demonstrates the sensitivity to change in foreign currencies, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of open forward exchange contracts and net investment hedges):

	Change foreign currency exchange rate %	(Decrease)/ Increase in profit before tax R'000	Increase/ (Decrease) in other comprehensive income R'000
2021			
Euro			
	+10	**(5 840)**	**23 922**
	-10	**5 840**	**(23 922)**
US dollar			
	+10	**(3 861)**	**22 620**
	-10	**3 861**	**(22 620)**
2020			
Euro			
	+10	(11 113)	28 498
	-10	11 113	(28 498)
US dollar			
	+10	(12 486)	42 100
	-10	12 486	(42 100)

Annexure E – Financial Instruments (Continued)

2.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its obligations as they become due.

The Group manages its risk to a shortage of funds using planning mechanisms. This considers the maturity of both its financial liabilities and financial assets and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The facilities in place in South Africa are approximately R1 billion for working capital purposes, of which the Group utilised R13.9 million as the 30 June 2021.

Maturity analysis:

a) The maturity analysis of trade and other receivables:

Trade receivables	2021 R'000	2020 R'000
< 30 days	**950 625**	697 952
31 – 60 days	**533 556**	473 322
61 – 90 days	**65 664**	137 692
91 – 180 days (past due)	**62 264**	87 292
Total	**1 612 109**	1 396 258
Other receivables		
< 30 days	**20 204**	68 305
31 – 60 days	**16 050**	8 990
61 – 90 days	**11 383**	29 102
91 – 180 days (past due)	**27 434**	16 412
Total	**75 071**	122 809

The directors consider that the carrying amount of the trade and other receivables approximates their fair value due to the short period maturity. Sundry receivables are subject to the impairment requirements of IFRIS 9 and the expected credit loss is immaterial as settlement of most of the receivables are expected as per agreed terms.

b) The maturity analysis of financial liabilities.

2021 Financial liabilities	Notes	< 30 days	31 – 60 days	61 – 90 days	> 90 days	< 1 year	> 1 year	Total
Lease liability*		**4 933**	**4 933**	**4 933**	**4 933**	**39 468**	**373 200**	**432 400**
Trade payables	25	**697 794**	**99 786**	**42 372**	**70 687**	**–**	**–**	**910 639**
Other payables	25	**206 020**	**65 958**	**259 432**	**254 353**	**–**	**–**	**785 763**
Bank overdraft	19	**–**	**–**	**–**	**–**	**13 881**	**–**	**13 881**
Guarantees	29.2	**–**	**–**	**–**	**–**	**2 455**	**–**	**2 455**
		908 747	**170 677**	**306 737**	**329 973**	**55 804**	**373 200**	**2 145 138**
2020								
Lease liability*		4 683	4 683	4 683	4 683	37 468	433 500	489 700
Trade payables	25	867 221	109 448	64 601	50 396	–	–	1 091 666
Other payables	25	285 534	93 412	267 601	259 107	–	–	905 654
Guarantees	29.2	–	–	–	–	2 600	–	2 600
		1 157 438	207 543	336 885	314 186	40 068	433 500	2 489 620

* *Undiscounted.*

3. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios, in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group's capital structure consists of equity attributable to shareholders, comprising of issued capital, treasury shares, non-distributable reserves and retained earnings. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue or cancel shares.

The Group monitors its capital by using the gearing ratio (net debt/total equity).

	2021 R'000	2020 R'000
Cash and cash equivalents	**62 117**	316 825
Bank overdraft	**(13 881)**	–
Lease liability	**(281 682)**	(310 281)
Net (debt)/cash	**(233 446)**	6 544
The total equity	**4 683 108**	4 538 501
Net debt ratio	**5.0%**	n/a

Annexure F - Interest in joint ventures

Summarised financial information of the Group's joint ventures are based on IFRS and the reconciliation with the carrying amount of the investments in the Group are set out below:

		2021 R'000	2020 R'000
1.	**Adcock Ingram Limited (India)**		
	Statement of financial position		
	Property, plant and equipment	**192 575**	233 568
	Other financial assets	**53 760**	–
	Non-current assets	**246 335**	233 568
	Inventories	**107 700**	88 480
	Receivables and other current assets	**210 507**	258 228
	Cash and cash equivalents	**153 027**	313 533
	Current assets	**471 234**	660 241
	Total assets	**717 569**	893 809
	Post-retirement medical liability	**8 395**	7 752
	Deferred tax	**14 096**	13 971
	Non-current liabilities	**22 491**	21 723
	Trade and other payables	**89 825**	104 361
	Provisions	**1 494**	1 714
	Tax payable	**32 016**	51 037
	Current liabilities	**123 335**	157 112
	Total liabilities	**145 826**	178 835
	Equity	**571 743**	714 974
	Proportion of Group's ownership	**49.9%**	49.9%
	Carrying amount of the investment	**285 300**	356 772

1. Adcock Ingram Limited (India) (continued)

Statement of comprehensive income

	2021 R'000	2020 R'000
Revenue	**733 877**	730 766
Cost of sales	**(555 919)**	(587 505)
Gross profit	**177 958**	143 261
Selling, distribution and marketing expenses	**(303)**	(110)
Fixed and administrative income	**5 739**	43 033
Operating profit	**183 394**	186 184
Finance income	**6 391**	12 192
Finance costs	**(367)**	(6 618)
Profit before tax	**189 418**	191 758
Tax	**(59 277)**	(67 806)
Profit for the year	**130 141**	123 952
Group's share of profit for the year	**64 940**	61 852
Unearned income on inventory	**1 120**	(1 284)
Group's share of profit for the year	**66 060**	60 568
Dividends paid to Group	**81 099**	15 649

Annexure F - Interest in joint ventures (Continued)

		2021 R'000	2020 R'000
2.	**National Renal Care Proprietary Limited**		
	Statement of financial position		
	Property, plant and equipment	**160 445**	195 444
	Intangible assets	**106 040**	106 040
	Right-of-use asset	**46 790**	79 181
	Loans receivable	**7 843**	6 674
	Deferred tax	**28 989**	25 225
	Non-current assets	**350 107**	412 564
	Inventories	**24 476**	24 689
	Receivables and other current assets	**77 415**	108 477
	Cash and cash equivalents	**243 299**	131 134
	Current assets	**345 190**	264 300
	Total assets	**695 297**	676 864
	Long-term portion of lease liability	**17 290**	55 283
	Non-current liabilities	**17 290**	55 283
	Trade and other payables	**151 533**	134 708
	Short-term portion of lease liability	**39 969**	35 889
	Provisions	**20 675**	20 031
	Tax payable	**1 319**	10 736
	Current liabilities	**213 496**	201 364
	Total liabilities	**230 786**	256 647
	Non-controlling interests	**55 188**	43 405
	Equity	**409 323**	376 812
	Proportion of Group's ownership	**50.0%**	50.0%
	Carrying amount of the investment	**204 662**	188 406

Annexure F - Interest in joint ventures (Continued)

	2021 R'000	2020 R'000
2. National Renal Care Proprietary Limited (continued)		
Statement of comprehensive income		
Revenue	**1 214 311**	1 154 287
Cost of sales	**(909 731)**	(865 936)
Gross profit	**304 580**	288 351
Selling, distribution and marketing expenses	**(196 071)**	(151 823)
Fixed and administrative expenses	**(6 563)**	(10 871)
Operating profit	**101 946**	125 657
Finance income	**6 512**	10 730
Profit before tax	**108 458**	136 387
Tax	**(33 545)**	(47 884)
Profit for the year	**74 913**	88 503
Less:		
Non-controlling interests	**(12 403)**	(14 662)
Profit attributable to owners of the parent	**62 510**	73 841
Group's share of profit for the year	**31 255**	36 921
Dividends paid to Group	**15 000**	80 000

Annexure G - Impairments

			2021 R'000	2020 R'000
Trademarks and brands				
Reportable segment	**Brand**	**Reason**		
OTC	Vita-thion	The outlook on revenue and profitability has declined resulting in an impairment in the current and prior year.	**13 000**	7 500
Prescription	Prelone	The outlook on revenue and profitability had declined, resulting in an impairment thereof in the prior year.	**–**	3 149
Consumer	Derma Hydrate	The outlook on revenue and profitability had declined, resulting in an impairment thereof in the prior year.	**–**	2 700
OTC	Complenatal	A decision was taken not to commercialise the brand.	**–**	350
OTC	Totonik	A decision was taken not to commercialise the brand.	**–**	150
OTC	Dawanol	The outlook on revenue and profitability had declined, resulting in an impairment thereof in the prior year.	**–**	2 347
			13 000	16 196

Annexure H - Interest in subsidiary companies and joint ventures

	Shareholding 2021 %	2020 %
Subsidiaries		
Adcock Ingram Critical Care Proprietary Limited	**100**	100
Adcock Ingram Healthcare Proprietary Limited	**100**	100
Adcock Ingram Intellectual Property Proprietary Limited	**100**	100
Adcock Ingram International Proprietary Limited	**100**	100
Adcock Ingram Limited	**100**	100
Joint ventures		
Adcock Ingram Limited (India)	**49.9**	49.9
Indirect holdings		
Adcock Ingram East Africa Limited (Kenya)	**100**	100
Adcock Ingram Intellectual Property No 1 Proprietary Limited[1]	**100**	100
Adcock Ingram Pharma Private Limited (India)[1]	**49.9**	–
Adcock Ingram Pharmaceuticals Proprietary Limited[1]	**100**	100
Dilwed Investments Proprietary Limited	**100**	100
Genop Healthcare Proprietary Limited	**100**	100
Genop Holdings Proprietary Limited[1]	**100**	100
Lulu and Marula Proprietary Limited	**100**	100
Menarini SA Proprietary Limited[2]	**49**	49
Metamorphosa Proprietary Limited[1]	**50**	50
National Renal Care Proprietary Limited	**50**	50
Novartis Ophthalmics Proprietary Limited	**100**	49
Plush Professional Leather Care Proprietary Limited	**100**	100
Premier Pharmaceutical Company Proprietary Limited[1]	**100**	100
Relicare Tech Services Private Limited (India)	**100**	100
Virtual Logistics Proprietary Limited	**100**	100
Trusts and structured entity		
Adcock Ingram Holdings Limited Employee Share Trust (2008)		

[1] *Dormant*

[2] *The Group considers that it controls Menarini SA Proprietary Limited even though it owns less than 50% of the voting rights as it controls the daily management and decision-making of these entities. The entity is therefore regarded as a subsidiary and consolidated.*

Company statements of comprehensive income

	Notes	2021 R'000	2020 R'000
Revenue	A	**2 880 276**	391 524
Operating expenses		**(522)**	(500)
Finance costs	B	**(11 370)**	(16 781)
Trading income		**2 868 384**	374 243
Non-trading expense	C	**–**	(10 000)
Profit before tax		**2 868 384**	364 243
Tax	D	**(9 528)**	140
Profit for the year		**2 858 856**	364 383
Other comprehensive income which will not be subsequently recycled to profit or loss		**96**	43
Fair value of investment	J	**124**	55
Tax effect of revaluation	J	**(28)**	(12)
Total comprehensive income for the year, net of tax		**2 858 952**	364 426

Company statement of changes in equity

	Notes	Issued share capital R'000	Share premium R'000	Non-distributable reserves R'000	Retained income/ (Accumulated loss) R'000	Total R'000
Balance at 1 July 2019		17 574	894 653	79 589	(186 883)	804 933
Share issue	H.2, I	2	777			779
Total comprehensive income				43	364 383	364 426
Profit for the year					364 383	364 383
Other comprehensive income				43		43
Dividends	N.1				(351 518)	(351 518)
Balance at 30 June 2020		**17 576**	**895 430**	**79 632**	**(174 018)**	**818 620**
Total comprehensive income				**96**	**2 858 856**	**2 858 952**
Profit for the year					**2 858 856**	**2 858 856**
Other comprehensive income				**96**		**96**
Dividends	N.1				**(140 607)**	**(140 607)**
Balance at 30 June 2021		**17 576**	**895 430**	**79 728**	**2 544 231**	**3 536 965**

Company statements of financial position

	Notes	2021 R'000	2020 R'000
ASSETS			
Investments	E	**3 369 080**	3 368 590
Amounts owing by Group companies	G.1	**167 154**	167 154
Non-current assets		**3 536 234**	3 535 744
Cash and cash equivalents	F	**2 450**	66 615
Other receivables	L.2	**348**	–
Deferred tax	K	**–**	28
Tax receivable	M.2	**310**	113
Current assets		**3 108**	66 756
Total assets		**3 539 342**	3 602 500
EQUITY AND LIABILITIES			
Capital and reserves			
Issued share capital	H.2	**17 576**	17 576
Share premium	I	**895 430**	895 430
Non-distributable reserves	J	**79 728**	79 632
Retained Income/(Accumulated loss)		**2 544 231**	(174 018)
Total equity		**3 536 965**	818 620
Deferred tax	K	**140**	–
Other payables	L.1	**1 311**	1 662
Amounts owing to Group companies	G.2	**926**	2 782 218
Current liabilities		**2 377**	2 783 880
Total equity and liabilities		**3 539 342**	3 602 500

Company statements of cash flows

	Notes	2021 R'000	2020 R'000
Cash utilised from operations	M.1	**(522)**	(10 500)
Finance income received		**16 611**	16 226
Finance costs paid		**(11 704)**	(16 397)
Dividend income received	A	**2 863 317**	375 649
Dividends paid		**(140 624)**	(351 340)
Tax (paid)/received	M.2	**(9 585)**	173
Net cash inflow from operating activities		**2 717 493**	13 811
Cash flows from investing activities			
Purchase of investments	M.3	**(366)**	–
Repayment of amounts owing by Group companies		**–**	80 000
Net cash (outflow)/inflow from investing activities		**(366)**	80 000
Cash flows from financing activities			
Proceeds from issue of share capital		**–**	779
Repayment of amounts owing to Group companies		**(2 782 218)**	(159 901)
Funding from Group companies		**926**	100 000
Net cash outflow from financing activities		**(2 781 292)**	(59 122)
Net (decrease)/increase in cash and cash equivalents		**(64 165)**	34 689
Net cash and cash equivalents at beginning of year		**66 615**	31 926
Net cash and cash equivalents at end of year	F	**2 450**	66 615

Notes to the Company financial statements

A REVENUE

Accounting policy

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

Finance income is accrued on a time basis recognising the effective rate applicable on the underlying assets.

	2021 R'000	2020 R'000
Dividend income	**2 863 317**	375 649
Finance income	**16 959**	15 875
	2 880 276	391 524

B FINANCE COSTS

Accounting policy

All borrowing costs are expensed in the period they occur, as none of the borrowing costs were directly attributable to the acquisition, construction or production of an asset which qualify for capitalisation. Borrowing costs consist of interest and other costs like commitment fees, that an entity incurs in connection with the borrowing of funds.

	2021 R'000	2020 R'000
Borrowings	**11 370**	16 781

C NON-TRADING EXPENSE

Accounting policy

A non-trading expense is incurred from activities unrelated to core operations, that key management have no direct control over or is of a non-recurring nature.

	2021 R'000	2020 R'000
Ex-gratia payment made to the Group's B-BBEE partner (AD-Izinyosi Proprietary Limited).	**–**	10 000

D TAXATION

Accounting policy

The tax expense includes current tax, deferred tax, capital gains tax and foreign withholding tax on dividends received from the joint venture in India. Tax relating to items recognised outside profit or loss is recognised in other comprehensive income. Tax charges are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Current tax

The current tax charge is the expected tax to be paid based on taxable profit for the year, and includes any adjustments relating to the prior years. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible.

Deferred tax

The deferred tax charge is the tax expected to be paid in future or tax relief expected to materialise in future and based on the tax rates and laws that have been enacted or substantively enacted by the reporting date.

This tax is charged to profit or loss, except to the extent that it relates to a transaction that is recognised outside profit or loss or a business combination that results from an acquisition. In that case, the deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

The charge is calculated applying the liability method on all temporary differences at the reporting date and includes any adjustments relating to the prior years. Temporary differences are those differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base for those assets and liabilities.

	2021 R'000	2020 R'000
South African tax		
Current income tax		
– current year	**1 278**	–
Deferred tax		
– current year	**140**	(140)
	1 418	(140)
Foreign tax		
Withholding tax	**8 110**	–
Total of SA and foreign tax	**9 528**	(140)
Reconciliation of the tax rate:	**%**	%
Effective rate	**0.3**	(0.0)
Adjusted for:		
Exempt income (dividend income)	**28.0**	28.8
Non-deductible expenses	**–**	(0.8)
Withholding taxes	**(0.3)**	–
South African normal tax rate	**28.0**	28.0

Notes to the Company financial statements (Continued)

E INVESTMENTS

Accounting policy

Investments in Group companies are carried at cost less accumulated impairment losses.

The Company elected to measure its investment in Group Risk Holdings Proprietary Limited at fair value through other comprehensive income (OCI). Gains and losses on this investment are never recycled to profit or loss and are not subject to an impairment assessment.

	Effective holding 2021 %	Effective holding 2020 %	2021 R'000	2020 R'000
Subsidiaries				
Adcock Ingram Limited	**100**	100	**2 130 587**	2 130 587
Adcock Ingram Healthcare Proprietary Limited	**100**	100	**815 390**	815 390
Adcock Ingram Intellectual Property Proprietary Limited	**100**	100	**104 000**	104 000
Adcock Ingram Critical Care Proprietary Limited	**100**	100	**284 979**	284 979
Adcock Ingram International Proprietary Limited	**100**	100	*****	*
Joint venture				
Adcock Ingram Limited India	**49.9**	49.9	**31 930**	31 930
Investment				
Group Risk Holdings Proprietary Limited (E.1)	**5.3**	4.4	**2 194**	1 704
			3 369 080	3 368 590

* *Less than R1 000*

E.1 Group Risk Holdings Proprietary Limited

	2021 R'000	2020 R'000
Balance at 1 July	**1 704**	1 649
Purchase of 0.9% interest	**366**	–
Revaluation of investment to fair value	**124**	55
	2 194	1 704

F CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents are initially measured at fair value and subsequently at amortised cost. On the statement of financial position and statement of cash flows, cash and cash equivalents consist of bank balances and short-term deposits.

Financial instruments

Cash resources are placed with various approved major financial institutions that all have a Baa3 credit rating. The Group limits its exposure to any one institution by not placing more than R500 million at any one institution.

Cash and cash resources are also subject to the impairment requirements of IFRS 9 and the expected credit loss is immaterial.

The Company is exposed to interest rate risk on cash balances that carry interest at rates that vary. No financial instruments are entered into to mitigate the risk of interest rates.

	2021 R'000	2020 R'000
Cash at banks	**2 450**	66 615

Favourable balances attract interest at 5.00%.

Notes to the Company financial statements (Continued)

G AMOUNTS OWING BY/TO GROUP COMPANIES

Accounting policy

Amounts owing by/to Group companies are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method.

The expected credit losses on amounts owing by group companies are considered under the general model and when indications of non-payment or other specific risk have been identified. These amounts are considered to have low credit risk as the probability of default is very low and therefore the expected credit losses is considered immaterial.

In assessing the credit risk of intercompany transactions, the Company considers the liquidity and the available cash resources. These factors are considered to give rise to a low credit risk and therefore, no further disclosure is required.

The loans are unsecured, interest free, and have no fixed term of repayment.

		2021 R'000	2020 R'000
G.1	**Amounts owing by Group companies**		
	Included in non-current assets		
	Adcock Ingram International Proprietary Limited	**167 154**	167 154
	The identified expected credit loss is immaterial, due to the low credit risk.		
	The amount is not expected to be settled in the next 12 months.		
	The loan is unsecured, interest-free, and have no fixed terms of repayment.		
G.2	**Amounts owing to Group companies**		
	Included in current liabilities		
	Adcock Ingram Limited	**–**	2 254 068
	Adcock Ingram Healthcare Proprietary Limited	**–**	528 150
	Adcock Ingram Holdings Limited Employee Share Trust (2008)	**926**	–
		926	2 782 218

H SHARE CAPITAL

Accounting policy

Issued share capital is stated in the statement of changes in equity at the amount of the proceeds received less directly attributable issue costs.

		2021 R'000	2020 R'000
H.1	**Authorised**		
	Ordinary share capital		
	250 000 000 ordinary shares of 10 cents each	**25 000**	25 000
H.2	**Issued**		
	Ordinary share capital		
	Opening balance of 175 758 861 (2020: 175 748 048) ordinary shares	**17 576**	17 574
	Issue of nil (2020: 10 813) ordinary shares	**–**	2
	Closing balance of 175 758 861 (2020: 175 758 861) ordinary shares	**17 576**	17 576

H.3 Unissued shares

In terms of the Companies Act, the unissued shares are under the control of the directors. Accordingly, the directors are authorised to allot and issue them on such terms and conditions and at such times as they deem fit but subject to the provisions of the Companies Act.

Notes to the Company financial statements (Continued)

		2021 R'000	2020 R'000
I	**SHARE PREMIUM**		
	Balance at the beginning of the year	**895 430**	894 653
	Issue of nil (2020: 10 813) ordinary shares	**–**	777
		895 430	895 430

		Share-based payment reserve R'000	Other reserves R'000	Total R'000
J	**NON-DISTRIBUTABLE RESERVES**			
	Balance at 1 July 2019	20 821	58 768	79 589
	Fair value of investment through other comprehensive income	–	55	55
	Tax effect of revaluation	–	(12)	(12)
	Balance at 30 June 2020	**20 821**	**58 811**	**79 632**
	Fair value of investment through other comprehensive income	**–**	**124**	**124**
	Tax effect of revaluation	**–**	**(28)**	**(28)**
	Balance at 30 June 2021	**20 821**	**58 907**	**79 728**

Other reserves represents a fair value adjustment on the Company's investment in Group Risk Holdings Proprietary Limited and a reserve created on the repurchase and cancellation of the A and B shares in 2016.

Notes to the Company financial statements (Continued)

		2021 R'000	2020 R'000
K	**DEFERRED TAX**		
	Balance at beginning of year	**28**	(100)
	Movement through profit or loss	**(140)**	140
	Fair value of investment through other comprehensive income	**(28)**	(12)
	Balance at end of year	**(140)**	28

This balance comprises the temporary difference relating to the fair value adjustment of the Investment in Group Risk Holdings Proprietary Limited, a financial asset designated at fair value through other comprehensive income (OCI).

		2021 R'000	2020 R'000
L	**OTHER PAYABLES AND RECEIVABLES**		
L.1	**Other payables**		
	Interest accrued	**50**	384
	Shareholders for dividends	**1 261**	1 278
		1 311	1 662
L.2	**Other receivables**		
	Interest accrued	**348**	–

Notes to the Company financial statements (Continued)

		2021 R'000	2020 R'000
M	**NOTES TO THE STATEMENTS OF CASH FLOWS**		
M.1	**Cash utilised in operations**		
	Profit before tax	**2 868 384**	364 243
	Adjusted for:		
	– dividend income	**(2 863 317)**	(375 649)
	– finance income	**(16 959)**	(15 875)
	– finance costs	**11 370**	16 781
		(522)	(10 500)
M.2	**Tax (paid)/received**		
	Amounts overpaid at beginning of year	**113**	286
	Amounts charged to profit or loss	**(9 528)**	–
	Movement in deferred tax	**140**	–
	Amount overpaid at end of year	**(310)**	(113)
		(9 585)	173
M.3	**Purchase of investments**		
	Purchase of 0.9% interest in Group Risk Holdings Proprietary Limited	**(366)**	–
N	**DISTRIBUTIONS**		
N.1	**Declared and paid during the year**		
	Final dividend for 2020: nil cents per share (2019: 100 cents)	**–**	175 759
	Interim dividend for 2021: 80 cents per share (2020: 100 cents)	**140 607**	175 759
	Total declared and paid	**140 607**	351 518
N.2	**Declared subsequent to the reporting date**		
	Final dividend for 2021: 90 cents per share	**158 183**	
O	**RELATED PARTIES**		
	Related party transactions exist between the Company and other subsidiaries within the Adcock Ingram Group.		
	The following related party transactions occurred:		
	Dividends received		
	Adcock Ingram Limited	**2 254 068**	–
	Adcock Ingram Limited India	**81 099**	15 649
	Adcock Ingram Healthcare Proprietary Limited	**528 150**	160 000
	Adcock Ingram Critical Care Proprietary Limited	**–**	100 000
	Adcock Ingram Intellectual Property Proprietary Limited	**–**	100 000
		2 863 317	375 649
	Dividends paid		
	Adcock Ingram Limited	**7 458**	8 570

The related party balances (where applicable) are shown in note G. Refer to Annexure H for the nature of the relationships of related parties.

Notes to the Company financial statements (Continued)

P FINANCIAL INSTRUMENTS

To measure fair value, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments measured at fair value by valuation technique:

- Level 1 – quoted (unadjusted) prices in active markets;
- Level 2 – other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3 – valuation techniques which use inputs which have a significant effect on the recorded fair value that are based on unobservable market data.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics, risks and the fair value hierarchy.

The classification of financial instruments and the fair value hierarchy are as follows:

Financial instruments	Classification per IFRS 9	Statement of financial position line item	2021 R'000	2020 R'000
Investment in Group Risk Holdings Proprietary Limited[1]	Fair value through OCI	Investments*	**2 194**	1 704
Amounts owing by Group companies[2]	At amortised cost	Amounts owing by Group companies	**167 154**	167 154
Amounts owing to Group companies[3]	At amortised cost	Amounts owing to Group companies	**926**	2 782 218
Bank[2]	At amortised cost	Cash and cash equivalents	**2 450**	66 615

* *Refer to note E for net (gains) and losses*

1 *Level 3: The value of the investment is based on Adcock Ingram's proportionate share of the net asset value of this company.*

2 *The carrying value approximates the fair value due to the short term nature. The identified expected credit loss is immaterial.*

3 *The carrying value approximates the fair value due to the short-term nature.*

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due.

The only payables are Amounts owing to Group companies. The Board of directors maintains facilities to ensure that the Company and Group can meet their financial obligations. The facilities in place in South Africa are approximately R1 billion for working capital purposes.

	2021 R'000	2020 R'000
The contractual maturity profile of the payables is as follows:		
Amounts owing to Group companies (within 12 months)	**926**	2 782 218
Other payables (within 3 months)	**1 311**	1 662
Net (cash)/debt		
Amounts owing to Group companies and other payables (included in current liabilities)	**2 237**	2 783 880
Cash and cash equivalents	**(2 450)**	(66 615)
Net (cash)/debt	**(213)**	2 717 265

The principle accounting policies applied in the preparation and presentation of the annual financial statements of the Company are the same as the Group, unless otherwise mentioned.

Shareholder analysis

Registered shareholder spread

In accordance with the JSE Listings Requirements, the following table confirms the spread of registered shareholders as detailed in the Integrated Report and Annual Financial Statements dated 30 June 2021:

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	**10 218**	**85.7**	**1 286 814**	**0.7**
1 001 – 10 000 shares	**1 388**	**11.6**	**4 312 173**	**2.5**
10 001 – 100 000 shares	**226**	**1.9**	**7 247 018**	**4.1**
100 001 – 1 000 000 shares	**84**	**0.7**	**26 601 241**	**15.1**
1 000 001 shares and above	**11**	**0.1**	**136 311 615**	**77.6**
Total	**11 927**	**100.0**	**175 758 861**	**100.0**

Public and non-public shareholdings

Within the shareholder base, we are able to confirm the split between public shareholdings and directors/Company related schemes as being:

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders*	**5**	**0.05**	**107 735 996**	**61.3**
BB Investment Company Proprietary Limited	**1**	**0.01**	**93 713 963**	**53.3**
Adcock Ingram Limited	**2**	**0.02**	**14 000 000**	**8.0**
Director	**1**	**0.01**	**21 433**	**0.0**
Adcock Ingram Holdings Limited Employee Share Trust (2008)	**1**	**0.01**	**600**	**0.0**
Public shareholders	**11 922**	**99.95**	**68 022 865**	**38.7**
Total	**11 927**	**100.00**	**175 758 861**	**100.0**

* *Associates of directors do not hold any shares.*

Substantial investment management equal to or in excess of 5%

Through regular analysis of STRATE registered holdings, and pursuant to the provisions of section 56(b) of the Companies Act, the following shareholders held, directly and indirectly, equal to or in excess of 5% of the issued share capital as at 30 June 2021:

Investment manager	Total shareholding	%
BB Investment Company Proprietary Limited	**93 713 963**	**53.3**
Public Investment Corporation of South Africa	**15 271 328**	**8.7**
Total	**108 985 291**	**62.0**

Shareholder analysis (Continued)

Geographical split of beneficial shareholders

Country	Total shareholding	% of issued share capital
South Africa	167 508 103	95.3
United States of America and Canada	5 360 301	3.1
United Kingdom	1 424 878	0.8
Rest of Europe	599 375	0.3
Other[1]	866 204	0.5
Total	175 758 861	100.0

[1] *Represents all shareholdings except those in the above regions*

Monthly trading history

The high, low and closing price of ordinary shares on the JSE and the aggregated monthly value during the year are set out below:

Month	Total volume	Total value (R'm)	High (R)	Low (R)	Closing price (R)
2020 – July	4 694 957	214	48.87	41.69	43.76
2020 – August	2 821 445	120	46.05	39.45	40.29
2020 – September	3 711 499	146	42.04	37.65	38.78
2020 – October	10 580 274	429	43.47	37.88	40.40
2020 – November	3 590 189	156	46.10	40.32	42.45
2020 – December	4 357 163	201	49.50	42.00	46.00
2021 – January	1 615 610	75	49.38	44.00	45.75
2021 – February	10 917 646	479	47.50	40.00	42.50
2021 – March	3 234 250	143	46.17	42.13	44.11
2021 – April	8 059 785	361	47.00	40.88	43.20
2021 – May	4 181 171	186	46.50	41.00	45.16
2021 – June	2 360 845	107	48.36	42.44	44.30

Corporate information

Adcock Ingram Holdings Limited

Incorporated in the Republic of South Africa
(Registration number 2007/016236/06)
Share code: AIP   ISIN: ZAE000123436
("**Adcock Ingram**" or "**the Company**" or "**the Group**")

Directors

Ms L Boyce (Non-executive Director)
Dr S Gumbi (Independent Non-executive Director)
Mr A Hall (Chief Executive Officer)
Prof M Haus (Lead Independent Non-executive Director)
Ms B Letsoalo (Executive Director: Human Capital and Transformation)
Ms N Madisa (Non-executive Director and Chairperson)
Dr C Manning (Independent Non-executive Director)
Prof Michael Sathekge (Independent Non-executive Director)
Ms D Neethling (Chief Financial Officer)
Ms D Ransby (Independent Non-executive Director)
Mr K Wakeford (Non-executive Director)

Company secretary

Mr Mahlatse "Lucky" Phalafala

Registered office

1 New Road, Midrand, 1682

Postal address

Private Bag X69, Bryanston, 2021

Transfer secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank
Johannesburg, 2196
Private Bag X9000
Saxonwold, 2132

Auditors

PricewaterhouseCoopers Inc.
4 Lisbon Lane, Waterfall City
Waterfall, 2090

Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)
1 Merchant Place, corner Fredman Drive and Rivonia Road
Sandton, 2196

Bankers

Nedbank Limited
135 Rivonia Road, Sandown
Sandton, 2146

Rand Merchant Bank
1 Merchant Place, corner Fredman Drive and Rivonia Road
Sandton, 2196

Investec Bank Limited
100 Grayston Drive
Sandton, 2196