adcock ingram

Group Annual Financial Statements

for the year ended 30 June 2022

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 (the Group) for the year ended 30 June 2022.

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 financial position, changes in equity, results of operations and the cash flows of the Company and the Group for the year ended 30 June 2022.

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 is 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 agree with the signed off reports.

Management and employees 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 2022, the budget and cash flow forecast to June 2023, the current regulatory environment and potential changes thereto, the global supply chain disruptions, increased energy costs and the economic outlook. 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 from page 10. 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 2022, 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 2022 and signed on its behalf by:

N Madisa
Chairperson
24 August 2022

Andrew G Hall
Chief executive officer

Chief executive officer and chief financial officer responsibility statement

Each of the directors, whose names are stated below, hereby confirms that:

a) the annual financial statements set out on pages 16 to 111, fairly present in all material respects the financial position, financial performance and cash flows of Adcock Ingram Holdings Limited in terms of IFRS;

b) to the best of our knowledge and belief, 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;

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 as executive directors with primary responsibility for implementation and execution of controls;

e) where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and

f) we are not aware of any fraud involving directors.

Andrew Hall
Chief executive officer
24 August 2022

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 2022

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 2022. 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		
C Manning	PhD (Developmental Studies)	4/4
M Haus	MBChB, MD, DCH, FCFP, FFPM	4/4
Invitees		
N Madisa *(Chairperson of the Board)*		3/4
K Wakeford *(non-executive director)*		3/4
AG Hall *(CEO)*		4/4
D Neethling *(CFO)*		4/4
R Essa *(Corporate Finance Director)*		4/4
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)*		3/4
K Ramnarian *(PwC – External Auditor)*		4/4
C West *(PwC – External Auditor)*		4/4
G Niebuhr *(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.*

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

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 2021, shareholders approved the appointment of PricewaterhouseCoopers Inc. (PwC), as independent external auditor until the 2022 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 2022 has been disclosed in note 5.1 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 2022 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. This was 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; 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 2022 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;
- 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 2021", issued by the JSE in November 2021, when the annual financial statements for 30 June 2022 were drafted; and
- reviewed the quality and integrity of the integrated report and the sustainability information before publication.

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.

Audit Committee report (Continued)

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, continued focus was placed on improving cyber security. In addition, the integration of Plush Professional Leather Care Proprietary Limited infrastructure to the centralised Group environment has been completed. The customer verification and vendor onboarding system has been initiated to strengthen compliance to the various legislative requirements. Substantial progress has been made to identify and implement an electronic documentation management system. 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, and incorporated periodic assessments, independent assurances and cyber security measures.

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 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 2022, 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 2022

Directors' report

The directors have pleasure in presenting their report to shareholders for the year ended 30 June 2022.

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 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, and 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

No acquisitions were concluded in the current year under review.

During the 2021 financial year, 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.

Financial results and review of operations

The financial results of the Group, set out on pages 16 to 99 and those of the Company, on pages 100 to 111, includes detailed disclosures. The segmental analysis is included on page 74 to 76.

	Increase	2022	2021
Consolidated headline earnings attributable to equity holders of the Company (R'000)	21%	**811 962**	671 282
Headline earnings per share (HEPS) (cents)	24%	**502.0**	404.7

Share capital

Details of the authorised and issued share capital are set out in note G to the annual financial statements of the Company and in the statement of changes in equity. There was no change to the authorised share capital of the Company during the year. However, during the year six million issued ordinary shares were cancelled. Refer to note G2 for more details.

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

	2022 R'000	2021 R'000
Adcock Ingram Limited	**8 000 000**	14 000 000
Adcock Ingram Holdings Limited Employee Share Trust (2008)	**–**	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 (2) to 2.5 times by headline earnings.

2022

An interim dividend of 104 cents per share was declared and paid in relation to the six-month period ended 31 December 2021.

A final dividend of 109 cents per share was declared following the results for the year ended 30 June 2022.

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 in relation to the results for the year ended 30 June 2021.

Shareholder spread

Please refer to the shareholder analysis section for more details.

Events after 30 June 2022

With the exception of the dividend declaration, there are no significant events after year-end.

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 G to the annual financial statements.

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

Directors

Details of the members of the Board as at 30 June 2022 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

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 2022**	Number of shares 2021
A Hall (directly held)	**21 433**	21 433

Directors' remuneration

Full details regarding non-executive and executive directors' remuneration are set out in note 5.3.

Special resolutions

The following special resolutions were passed by the Company's ordinary shareholders at the AGM held on 24 November 2021, 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 2021 until the next AGM.

Special resolution 3 – General authority to repurchase shares

Resolved to repurchase shares up to 5% of ordinary shares, after complying with specified regulations.

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 2022, 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 16 to 111 comprise:

- the group and company statements of financial position as at 30 June 2022;
- the group and company statements of comprehensive income for the year then ended;
- the group and company statements of changes in equity for the year then ended;
- the group and company statements of cash flows for the year then ended;
- the notes to the financial statements, which include a summary of significant accounting policies.

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.

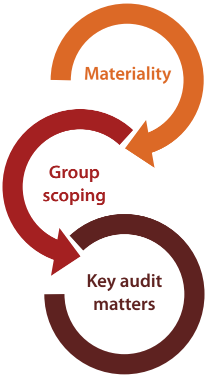
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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).*

Our audit approach

Overview



Overall group materiality

- *Overall group materiality: R55 million, which represents 5% of consolidated profit before taxation.*

Group audit scope

- *Full scope audits were performed over three financially significant components in South Africa.*
- *Specified audit procedures were performed on certain account balances and transactions for a further five 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	*R55 million*
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.*

Independent auditor’s report (Continued)

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 three financially significant components, on which full scope audits were performed. Specified audit procedures were performed on certain account balances and transactions for a further five 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 judgment, 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.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and indefinite life intangible assets *Refer to Annexure F Impairments and note 11 (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 R919 million and goodwill amounting to R284 million, represents a significant portion of the Group's consolidated total assets. The Group performs annual impairment tests over the recoverability of goodwill and bi-annual 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 R11.5 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.	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.

Independent auditor's report (Continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Adcock Ingram Group Annual Financial Statements for the year ended 30 June 2022", 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 for the year ended 30 June 2022", 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.
- 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 three years.

PricewaterhouseCoopers Inc.

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

24 August 2022

Group statements of comprehensive income

for the year ended 30 June

	Notes	2022 R'000	2021 R'000
Revenue	2	**8 705 817**	7 776 854
Cost of sales	5.2	**(5 648 062)**	(5 094 079)
Gross profit		**3 057 755**	2 682 775
Selling, distribution and marketing expenses	5.2	**(1 365 882)**	(1 212 482)
Fixed and administrative expenses	5.2	**(579 586)**	(555 683)
Trading profit	5	**1 112 287**	914 610
Non-trading expenses	3	**(59 467)**	(64 855)
Operating profit		**1 052 820**	849 755
Finance income	4.1	**4 511**	4 315
Finance costs	4.2	**(45 417)**	(47 982)
Dividend income		**3 187**	2 473
Equity-accounted earnings		**86 893**	97 315
Profit before tax		**1 101 994**	905 876
Tax	6	**(301 265)**	(243 764)
Profit for the year		**800 729**	662 112
Other comprehensive income, net of tax			
Exchange differences on translation of foreign operations:	21	**22 797**	(61 412)
Subsidiaries		**949**	(6 099)
Joint venture		**21 848**	(55 313)
Movement in cash flow hedge accounting reserve	21	**3 926**	(88 486)
Fair value of investment*	21	**628**	97
Actuarial profit/(loss) on post-employment medical liability*	21	**1 963**	(482)
Total comprehensive income, net of tax		**830 043**	511 829
Profit attributable to:			
Owners of the parent		**800 345**	657 463
Non-controlling interests		**384**	4 649
		800 729	662 112

* *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.*

	Notes	2022 R'000	2021 R'000
Total comprehensive income attributable to:			
Owners of the parent		**829 659**	507 180
Non-controlling interests		**384**	4 649
		830 043	511 829
Earnings per share:			
Basic earnings per ordinary share (cents)	7	**494.8**	396.3
Diluted basic earnings per ordinary share (cents)	7	**485.7**	396.1
Supplementary information:			
Headline earnings per ordinary share (cents)	7	**502.0**	404.7
Diluted headline earnings per ordinary share (cents)	7	**492.8**	404.5

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 2020		16 746	510 354	257 329	3 751 353	4 535 782	2 719	4 538 501
Share-based payment expenses*	21			16 856		16 856		16 856
Treasury shares purchased	19.2	(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	21			70 278		70 278		70 278
Dividends	8.1				(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**
Share-based payment expenses*	21			**33 386**		**33 386**		**33 386**
Movement in treasury shares	20		**19**			**19**		**19**
Total comprehensive income				**42 607**	**800 345**	**842 952**	**384**	**843 336**
Profit for the year					**800 345**	**800 345**	**384**	**800 729**
Other comprehensive income				**29 314**		**29 314**		**29 314**
Reclassified to cost of inventory – not included in other comprehensive income	21			**13 293**		**13 293**		**13 293**
Dividends	8.1				**(313 811)**	**(313 811)**	**(915)**	**(314 726)**
Balance at 30 June 2022		**16 176**	**255 194**	**270 173**	**4 703 351**	**5 244 894**	**229**	**5 245 123**

* *Relate to equity and BMT schemes.*

Group statements of financial position

as at the year ended 30 June

	Notes	2022 R'000	2021 R'000
ASSETS			
Property, plant and equipment	9	**1 472 548**	1 495 159
Right-of-use assets	10	**270 494**	223 039
Intangible assets	11	**1 242 716**	1 053 718
Deferred tax assets	12	**4 347**	4 944
Other financial assets	13	**21 770**	26 092
Investment in joint ventures	14	**528 173**	489 962
Loans receivable	15	**4 124**	9 798
Non-current assets		**3 544 172**	3 302 712
Inventories	16	**2 169 077**	1 865 512
Receivables and other current assets	17	**1 830 428**	1 764 737
Cash and cash equivalents	18	**345 485**	62 117
Tax receivable	27.3	**–**	45 340
Current assets		**4 344 990**	3 737 706
Total assets		**7 889 162**	7 040 418
EQUITY AND LIABILITIES			
Capital and reserves			
Issued share capital	19.2	**16 176**	16 176
Share premium	20	**255 194**	255 175
Non-distributable reserves	21	**270 173**	194 180
Retained income		**4 703 351**	4 216 817
Total shareholders' funds		**5 244 894**	4 682 348
Non-controlling interests		**229**	760
Total equity		**5 245 123**	4 683 108
Long-term portion of lease liability	22	**310 024**	247 234
Post-retirement medical liability	23	**14 079**	15 537
Deferred tax liabilities	12	**133 599**	125 226
Non-current liabilities		**457 702**	387 997
Trade and other payables	24	**1 938 933**	1 741 185
Bank overdraft	18	**–**	13 881
Short-term portion of lease liability	22	**27 717**	34 448
Cash-settled options	25	**22 482**	20 548
Provisions	26	**175 548**	159 251
Taxation payable	27.3	**21 657**	–
Current liabilities		**2 186 337**	1 969 313
Total equity and liabilities		**7 889 162**	7 040 418

Group statements of cash flows

for the year ended 30 June

	Notes	2022 R'000	2021 R'000
Cash flows from operating activities			
Cash generated from operations	27.1	**1 157 137**	711 086
Finance income received	27.4	**4 378**	4 334
Finance costs paid	27.5	**(45 440)**	(47 834)
Dividend income received	27.6	**87 735**	98 572
Dividends paid	27.2	**(314 726)**	(139 933)
Tax paid	27.3	**(231 751)**	(296 886)
Cash generated from operating activities		**657 333**	329 339
Cash flows from investing activities			
Purchase of property, plant and equipment – Replacement	9	**(111 132)**	(95 817)
– Expansion	9	**(8 762)**	(16 497)
Purchase of intangible assets	11	**(209 889)**	(147 614)
Proceeds on loan receivable	15	**5 674**	8 063
Proceeds from sale of interest in BMT*	13.1	**265**	968
Proceeds from sale of interest and repayment of shareholder loan in Group Risk Holdings Proprietary Limited	13.2	**438**	–
Additional share purchase in Group Risk Holdings Proprietary Limited	13.2	**–**	(366)
Proceeds on disposal of property, plant and equipment	27.8	**95**	–
Net cash outflow from investing activities		**(323 311)**	(251 263)
Cash flows from financing activities			
Share repurchase		**–**	(255 749)
Acquisition of non-controlling interests in Novartis Ophthalmics (Pty) Limited	1.1	**–**	(58 674)
Equity option scheme settlement	27.7	**(4 888)**	(256)
Repayment of lease liabilities	22	**(32 606)**	(28 961)
Net cash outflow from financing activities		**(37 494)**	(343 640)
Net increase/(decrease) in cash and cash equivalents		**296 528**	(265 564)
Net foreign exchange difference on cash and cash equivalents		**721**	(3 025)
Cash and cash equivalents at beginning of year		**48 236**	316 825
Cash and cash equivalents at end of year	18	**345 485**	48 236

* *BMT = Black Managers Share Trust.*

Notes to the group financial statements

Corporate information

The consolidated financial statements of Adcock Ingram Holdings Limited (Company) and Adcock Ingram Holdings Limited and its subsidiaries, joint ventures and structured entities (Group[1]) for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 24 August 2022.

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.

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

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 Payment; and
- post-employment benefit obligations are measured in terms of the projected unit credit method.

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to standards which the Group adopted early for the year ended 30 June 2022. These were only required by the year ending 30 June 2023. None of these had any impact on the Group.

IAS 12: Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendment

The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

IAS 1: Presentation of Financial Statements, Practice statement 2 and IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors - Amendment

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting policies and changes in accounting estimates.

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.

Notes to the group financial statements (Continued)

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.

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;
- joint venture, Adcock Ingram Pharma Private 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 (Continued)

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

During the 2021 financial year, 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

2. 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.

2. REVENUE (continued)

	Wholesale R'000	Corporate pharmacy R'000	Retail/FMCG R'000	Private hospital (including SANBS) R'000	Independent pharmacy R'000	Total Private R'000	Public R'000	Export and foreign R'000	Total R'000
2022									
Consumer	**214 377**	**266 217**	**1 056 606**	**755**	**14 424**	**1 552 379**	**–**	**10 348**	**1 562 727**
OTC	**1 057 511**	**652 059**	**49 122**	**4 397**	**90 376**	**1 853 465**	**175 561**	**30 232**	**2 059 258**
Prescription	**1 334 596**	**852 928**	**349 630***	**38 450**	**76 856**	**2 652 460**	**554 377**	**21 405**	**3 228 242**
Hospital	**420 667**	**44 830**	**46 005**	**731 981**	**61 198**	**1 304 681**	**491 475**	**58 879**	**1 855 035**
Other – shared services	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**555**	**555**
	3 027 151	**1 816 034**	**1 501 363**	**775 583**	**242 854**	**7 362 985**	**1 221 413**	**121 419**	**8 705 817**
% split	**34.8%**	**20.9%**	**17.2%**	**8.9%**	**2.8%**	**84.6%**	**14.0%**	**1.4%**	
2021									
Consumer	143 762	307 616	785 314	–	19 698	1 256 390	–	10 897	1 267 287
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
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%	

* *Includes specialised medical and surgical equipment, sold to medical practitioners.*

3. 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.

	2022 R'000	2021 R'000
Share-based payment expenses/(income) (Refer to Annexure B)	**40 227**	17 953
PBLTIS *	**36 584**	15 017
Equity-settled	**1 709**	2 095
Cash-settled	**1 934**	(549)
Black Managers Share Trust – fair value adjustment of employee benefits	**–**	1 390
Impairments of intangible assets (Refer to Annexure F)	**11 500**	13 000
Fair value adjustment of long-term receivable	**4 414**	–
Transaction costs	**3 326**	1 287
Retrenchment costs	**–**	32 615
	59 467	64 855

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

Notes to the group financial statements (Continued)

4. 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.

		2022 R'000	2021 R'000
4.1	**Finance income**		
	Bank	**3 536**	3 236
	Receiver of Revenue	**647**	16
	Other	**328**	1 063
		4 511	4 315
4.2	**Finance costs**		
	Bank	**17 898**	19 464
	IFRS 16 leases	**27 503**	28 489
	Receiver of Revenue	**–**	5
	Creditors	**16**	24
		45 417	47 982

5. TRADING PROFIT

5.1 Trading profit has been arrived at after charging/(crediting) the following expenses/(income):

	2022 R'000	2021 R'000
External auditor's remuneration		
– Audit fees current year	**10 322**	10 266
– Audit fees (overprovision)/underprovision prior year	**(187)**	41
Depreciation		
– Freehold land and buildings	**21 986**	21 418
– Leasehold improvements	**6 883**	6 812
– Plant, equipment and vehicles	**88 690**	89 735
– Computer equipment	**21 569**	22 611
– Furniture and fittings	**2 919**	3 362
– Right-of-use assets	**41 217**	41 790
Amortisation of intangible assets	**9 393**	9 411
Inventories written off	**62 513**	76 581
Low value assets and short-term leases	**4 211**	2 207
Foreign exchange loss	**9 262**	7 162
Fees paid to related parties (refer to note 29)	**90 100**	93 450
Expected credit loss provision release	**(4 289)**	(1 971)
Loss on disposal of property, plant and equipment	**474**	1 325
COVID-19 related expenses*	**1 287**	19 993
Cancellation of IFRS 16 lease	**(7)**	(194)

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

Notes to the group financial statements (Continued)

5. TRADING PROFIT (continued)

5.2 Expense by nature

	Cost of sales R'000	Selling, distribution and marketing expenses R'000	Fixed and administrative expenses R'000	Total R'000
2022				
Cost of material and production variances	4 467 020	–	–	4 467 020
Staff cost	620 069	460 600	321 368	1 402 037
– Salaries and wages	556 952	415 497	283 996	1 256 445
– Medical	15 046	9 289	6 712	31 047
– Retirement	48 071	35 814	30 660	114 545
Other staff cost	33 459	9 856	19 481	62 796
Advertising and marketing expenses	–	417 297	1 569	418 866
Transport and warehouse cost	2 914	285 235	1 921	290 070
Depreciation and amortisation	100 668	41 508	50 481	192 657
Repairs and maintenance expenditure	114 384	16 293	13 527	144 204
Property cost	143 594	27 360	25 197	196 151
Legal and consultant cost	5 735	6 352	31 401	43 488
Royalties	–	34 393	–	34 393
Regulatory and compliance expenses	121 628	14 427	42 144	178 199
Travel cost	631	8 598	3 540	12 769
Office expenses	3 751	5 952	25 647	35 350
Insurance	25 665	8 728	12 653	47 046
Audit fees	–	–	10 135	10 135
ECL provision	–	–	(4 289)	(4 289)
Corporate social investment	–	–	9 396	9 396
Non-executive directors	–	–	5 655	5 655
Other	8 544	29 283	9 760	47 587
	5 648 062	1 365 882	579 586	7 593 530

5. TRADING PROFIT (continued)

5.2 Expense by nature (continued)

	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
	5 094 079	1 212 482	555 683	6 862 244

* *Includes commission paid to agencies.*

Notes to the group financial statements (Continued)

5. TRADING PROFIT (continued)

5.3 Directors' emoluments

Executive directors	2022 R'000	2021 R'000
AG Hall	**15 405**	12 397
Remuneration	**6 180**	5 383
Retirement benefits	**350**	350
Performance bonus	**8 875**	6 664
D Neethling	**8 407**	7 444
Remuneration	**3 757**	3 487
Retirement benefits	**350**	350
Performance bonus	**4 300**	3 607
B Letsoalo	**6 753**	6 042
Remuneration	**3 170**	2 912
Retirement benefits	**495**	562
Performance bonus	**3 088**	2 568
Total executive directors	**30 565**	25 883
Non-executive directors		
L Boyce	**328**	496
M Haus	**984**	849
S Gumbi	**618**	508
N Madisa[1]	**1 189**	681
C Manning	**761**	572
L Ralphs	**–**	793
D Ransby	**829**	693
M Sathekge	**493**	352
K Wakeford[2]	**453**	427
Total non-executive directors	**5 655**	5 371
Total directors' remuneration	**36 220**	31 254

[1] *Paid to Bidvest Corporate Services Proprietary Limited.*
[2] *Paid to Bidvest Branded Products Proprietary Limited.*

5.4 Key management

	2022 R'000	2021 R'000
Salaries	**23 920**	23 672
Retirement benefits	**3 610**	3 668
Medical benefits	**403**	485
Performance bonuses	**12 088**	8 196
	40 021	36 021

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

6. 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.

	2022 R'000	2021 R'000
South African tax		
Current income tax		
– current year	**303 102**	253 868
– prior year (over)/under provision	**(9 177)**	67
Deferred tax		
– current year	**7 675**	(17 266)
– prior year over provision	**(4 853)**	(4 023)
– rate adjustment	**(537)**	–
	296 210	232 646
Foreign tax		
Current income tax		
– prior year under provision	**998**	875
Deferred tax		
– current year	**–**	(1)
– prior year under provision	**217**	1 375
Withholding taxes paid	**3 840**	8 869
	5 055	11 118
Total tax charge	**301 265**	243 764

In addition to the above, deferred tax amounting to R6.5 million has been released to other comprehensive income (2021: R7.2 million charged). Refer to note 21.

Notes to the group financial statements (Continued)

6. TAX (continued)

Reconciliation of the tax rate:	**2022 %**	2021 %
Effective rate	**27.3**	26.9
Adjusted for:		
Exempt income (dividend income)	**0.1**	0.1
Non-deductible expenses*	**(2.5)**	(1.4)
Prior year over/(under) provision	**0.8**	(0.1)
Prior year over provision deferred tax	**0.4**	0.3
Equity accounted earnings	**2.2**	3.0
Withholding taxes	**(0.3)**	(1.0)
Other	**–**	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**	721

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

7. 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 includes 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 and conditional share awards is calculated using the average share price for the year.

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.

	2022 R'000	2021 R'000
Headline earnings is determined as follows:		
Profit attributable to owners of Adcock Ingram	**800 345**	657 463
Adjusted for:		
Impairment of intangible assets	**11 500**	13 000
Loss on disposal/scrapping of property, plant and equipment	**474**	1 325
Tax effect on loss on disposal of property, plant and equipment	**(573)**	(619)
Adjustments relating to equity accounted joint ventures		
Loss on disposal of property, plant and equipment	**287**	154
Tax effect on loss on disposal of property, plant and equipment	**(71)**	(41)
Headline earnings from operations	**811 962**	671 282

Notes to the group financial statements (Continued)

7. EARNINGS PER SHARE (continued)

	2022 '000	2021 '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**	175 758 861
– Effect of ordinary shares cancelled during the year	**(1 528 767)**	–
– Effect of ordinary treasury shares held within the Group	**(12 471 420)**	(9 870 502)
Weighted average number of ordinary shares outstanding	**161 758 674**	165 888 359
Potential dilutive effect of outstanding share options	**3 011 012**	82 623
Diluted weighted average number of shares outstanding	**164 769 686**	165 970 982
	cents	cents
Earnings		
Basic earnings per share	**494.8**	396.3
Diluted basic earnings per share	**485.7**	396.1
Headline earnings		
Headline earnings per share	**502.0**	404.7
Diluted headline earnings per share	**492.8**	404.5
Distribution per share		
Interim	**104.0**	80.0
Final	**109.0**	90.0

8. DISTRIBUTIONS ON ORDINARY SHARES PAID AND DECLARED

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.

		2022 R'000	2021 R'000
8.1	**Declared and paid during the year**		
	Final dividend for 2021: 90 cents (2020: nil cents)	**145 582**	–
	Interim dividend for 2022: 104 cents (2021: 80 cents)	**168 229**	133 149
	Total paid to equity holders of parent company	**313 811**	133 149
	Dividends paid to non-controlling shareholders	**915**	6 784
	Total dividend declared and paid to the public	**314 726**	139 933
8.2	**Declared subsequent to 30 June 2022**		
	Final dividend for 2022: 109 cents per share	**176 317**	

9. 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.

9. PROPERTY, PLANT AND EQUIPMENT (continued)

2022	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	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)
	780 090	31 103	398 893	29 792	12 213	243 068	1 495 159
Current year movements – cost							
Additions	–	726	7 269	252	1 912	109 735	119 894
Transfer	76 165	–	123 707	27 501	299	(227 672)	–
Exchange rate adjustments	–	112	150	124	84	–	470
Disposals	–	(1 656)	(15 095)	(620)	(1 143)	–	(18 514)
Cost movement for current year	76 165	(818)	116 031	27 257	1 152	(117 937)	101 850
Current year movements – accumulated depreciation							
Depreciation	(21 986)	(6 883)	(88 690)	(21 569)	(2 919)	–	(142 047)
Exchange rate adjustments	–	(60)	(150)	(104)	(45)	–	(359)
Disposals	–	1 590	14 684	613	1 058	–	17 945
Accumulated depreciation movement for current year	(21 986)	(5 353)	(74 156)	(21 060)	(1 906)	–	(124 461)
Carrying value at end of year							
Cost	1 064 086	123 253	1 064 892	168 454	35 361	125 131	2 581 177
Accumulated depreciation	(229 817)	(98 321)	(624 124)	(132 465)	(23 902)	–	(1 108 629)
	834 269	24 932	440 768	35 989	11 459	125 131	1 472 548

Notes to the group financial statements (Continued)

9. PROPERTY, PLANT AND EQUIPMENT (continued)

2021	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	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)
	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)
	780 090	31 103	398 893	29 792	12 213	243 068	1 495 159

10. 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 10 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 measures and recognises the right-of-use assets at cost, which is the value equal to the lease liability, at the lease commencement date.

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 2022 was as follows:

Buildings	Up to 9 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 5.1).

2022	**Land and buildings R'000**	**Equipment and vehicles R'000**	**Total R'000**
Carrying value at beginning of year			
Cost	**295 969**	**7 356**	**303 325**
Accumulated depreciation	**(75 351)**	**(4 935)**	**(80 286)**
	220 618	**2 421**	**223 039**
Current year movements – cost			
Additions	**–**	**213**	**213**
Modification of lease term*	**88 529**	**–**	**88 529**
Cancellation of lease	**–**	**(2 113)**	**(2 113)**
Cost movement for current year	**88 529**	**(1 900)**	**86 629**
Current year movements – accumulated depreciation			
Depreciation	**(40 818)**	**(399)**	**(41 217)**
Cancellation of lease	**–**	**2 043**	**2 043**
Accumulated depreciation movement for current year	**(40 818)**	**1 644**	**(39 174)**
Carrying value at end of year			
Cost	**384 498**	**5 456**	**389 954**
Accumulated depreciation	**(116 169)**	**(3 291)**	**(119 460)**
	268 329	**2 165**	**270 494**

* *The lease term for the Durban, Cape Town and Gqeberha (Port Elizabeth) warehouses have been extended and are treated as a modification during the year.*

Notes to the group financial statements (Continued)

10. RIGHT-OF-USE ASSETS (continued)

2021	Land and buildings R'000	Equipment and vehicles R'000	Total R'000
Carrying value at beginning of year			
Cost	295 969	7 035	303 004
Accumulated depreciation	(36 625)	(2 105)	(38 730)
	259 344	4 930	264 274
Current year movements – cost			
Additions	–	1 070	1 070
Cancellation of lease	–	(749)	(749)
Cost movement of 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 year			
Cost	295 969	7 356	303 325
Accumulated depreciation	(75 351)	(4 935)	(80 286)
	220 618	2 421	223 039

11. 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.

Notes to the group financial statements (Continued)

11. 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.

11. INTANGIBLE ASSETS (continued)

Impairment of non-financial assets (continued)

The average remaining useful life for intangible assets with finite useful lives ranges between 4.3 years and 5.5 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:

Revenue (Turnover) growth rate

Turnover growth for the current and prior year is based on average values of up 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 13.50% (2021: 12.60%).

Terminal growth rate estimate

The terminal rate applied to cash flow projections beyond the 10-year period is 0.5% (2021: 0.5%).

2022	Goodwill R'000	Trademarks and brands R'000	Licence agreements R'000	Total R'000
Carrying value at beginning 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)
	283 513	**668 208**	**101 997**	**1 053 718**
Current year movements – cost				
Additions[1]	–	209 889	–	209 889
Exchange rate adjustments	–	9	–	9
Cost movement for the year	**–**	**209 898**	**–**	**209 898**
Current year movements – other				
Amortisation charge for the year	–	(9 393)	–	(9 393)
Impairment[2]	–	(11 500)	–	(11 500)
Exchange rate adjustments	–	(7)	–	(7)
Movement for the year	**–**	**(20 900)**	**–**	**(20 900)**
Carrying value at end of year				
Cost	289 108	1 031 203	109 904	1 430 215
Accumulated amortisation	–	(133 301)	(7 907)	(141 208)
Accumulated impairment losses	(5 595)	(40 696)	–	(46 291)
	283 513	**857 206**	**101 997**	**1 242 716**

1 *On 30 July 2021, Adcock Ingram Healthcare Proprietary Limited acquired 13 products from Aspen Pharmacare for a purchase consideration of R164.9 million amongst others. These products include a range of oral solid dosage formulations, syrups and injectable dosage forms and will be marketed through the Prescription and OTC businesses.*

2 *Refer to Annexure F on impairments.*

Notes to the group financial statements (Continued)

11. INTANGIBLE ASSETS (continued)

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)
	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				
Amortisation 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)
	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 F.*

Reportable segments for impairment testing

2022	Consumer R'000	OTC R'000	Prescription R'000	Hospital R'000	Total R'000
Carrying amount of goodwill	**270 933**	**–**	**–**	**12 580**	**283 513**
Epi-max	**163 758**	**–**	**–**	**–**	**163 758**
Plush	**107 175**	**–**	**–**	**–**	**107 175**
Hospital	**–**	**–**	**–**	**12 580**	**12 580**
Carrying amount of other intangibles	**456 149**	**151 172**	**337 130**	**14 752**	**959 203**
Indefinite useful lives	**420 796**	**148 518**	**337 130**	**12 304**	**918 748**
Citro-Soda	**–**	**46 879**	**–**	**–**	**46 879**
Epi-max	**120 000**	**–**	**–**	**–**	**120 000**
Plush	**235 218**	**–**	**–**	**–**	**235 218**
Other[1]	**65 578**	**101 639**	**337 130**	**12 304**	**516 651**
Finite useful lives	**35 353**	**2 654**	**–**	**2 448**	**40 455**
ProbiFlora	**35 353**	**2 654**	**–**	**–**	**38 007**
Other[3]	**–**	**–**	**–**	**2 448**	**2 448**
	727 082	**151 172**	**337 130**	**27 332**	**1 242 716**

[3] *Other not individually material.*

11. INTANGIBLE ASSETS (continued)

2021	Consumer R'000	OTC 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
Epi-max*	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	426 467	147 123	188 416	8 197	770 203	2	770 205
Indefinite useful lives	382 796	143 843	188 416	5 304	720 359	–	720 359
Citro-Soda	–	46 879	–	–	46 879	–	46 879
Epi-max	120 000	–	–	–	120 000	–	120 000
Plush	235 218	–	–	–	235 218	–	235 218
Other[1]	27 578	96 964	188 416	5 304	318 262	–	318 262
Finite useful lives	43 671	3 280	–	2 893	49 844	2	49 846
ProbiFlora	43 671	3 280	–	–	46 951	–	46 951
Other[1]	–	–	–	2 893	2 893	2	2 895
	697 400	147 123	188 416	20 777	1 053 716	2	1 053 718

[1] *Other not individually material.*

* *The Epi-max brand was transferred from the Prescription segment to the Consumer segment. The transfer was to align the brand to the sales channel in which it operates.*

Sensitivity analysis

The directors and management have performed a sensitivity analysis to determine the percentage by which the value assigned to each of the key assumptions 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
2022				
Epi-max	**3.9%**	**3.4%**	**3.5%**	**20.4%**
Plush	**1.5%**	**1.2%**	**1.0%**	**1.6%**
Aspen brands were recently purchased and the purchase price approximates fair value. Any changes to key assumptions will result in an impairment loss.				
2021				
Epi-max	6.4%	4.5%	4.1%	23.0%
Plush	1.0%	2.1%	1.5%	5.2%

Notes to the group financial statements (Continued)

12. 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. The Group's liability or receivable for deferred tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date in the countries where the Group operates. The South African corporate tax rate will reduce from 28% to 27% for tax years ending on or after 31 March 2023. As a result, the relevant deferred tax balances have been remeasured. The impact of the change in tax rate has been recognised in tax expense in profit or loss, except to the extent that it relates to items previously recognised outside profit or loss.

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.

12. DEFERRED TAX (continued)

	2022 R'000	2021 R'000
Balance at beginning of year	**(120 282)**	(147 122)
Movement through profit or loss	**(3 039)**	19 915
Change in rate	**537**	–
Exchange rate adjustments	**40**	(315)
Revaluations of foreign currency contracts (cash flow hedges) to fair value	**(6 552)**	7 080
Revaluation to fair value through other comprehensive income	**44**	160
Balance at end of year	**(129 252)**	(120 282)
Analysis of deferred tax		
This balance comprises the following temporary differences:		
Trademarks	**(106 379)**	(109 260)
Property, plant and equipment	**(149 448)**	(148 807)
Pre-payments	**(7 719)**	(2 733)
Income received in advance	**22 217**	19 700
Provisions	**92 207**	96 096
Revaluations of foreign currency contracts (cash flow hedges) to fair value	**(2 782)**	3 770
Tax loss available for future use	**201**	201
Right-of-use assets	**(73 033)**	(62 451)
Lease liability	**91 190**	78 874
Other	**4 294**	4 328
	(129 252)	(120 282)
Disclosed as follows:		
Deferred tax asset	**4 347**	4 944
Deferred tax liability	**(133 599)**	(125 226)

Notes to the group financial statements (Continued)

13. OTHER FINANCIAL ASSETS

13.1 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.

	2022 R'000	2021 R'000
Black Managers Share Trust (BMT)		
Balance at beginning of year	**23 898**	24 866
Proceeds from sale	**(265)**	(968)
Fair value adjustment	**(4 414)**	–
	19 219	23 898

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 R0.3 million (2021: R1.0 million). The fair value adjustment 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.

13.2 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.

	2022 R'000	2021 R'000
Group Risk Holdings Proprietary Limited		
Balance at beginning of year	**2 194**	1 704
Sale of 0.3% interest	**(109)**	–
Repayment of shareholder loan	**(329)**	–
Purchase of 0.9% interest	**–**	366
Revaluation of investment through other comprehensive income	**795**	124
	2 551	2 194
Total other financial assets	**21 770**	26 092

14. 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.

	2022 R'000	2021 R'000
The carrying value of the investments:		
Adcock Ingram Limited (India)	**342 746**	285 300
National Renal Care Proprietary Limited	**185 427**	204 662
	528 173	489 962

Refer to Annexure E for more details on these investments

Notes to the group financial statements (Continued)

15. 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.

	2022 R'000	2021 R'000
Balance at beginning of year	**9 798**	17 861
Payment received	**(5 674)**	(8 063)
	4 124	9 798

16. 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.

	2022 R'000	2021 R'000
Raw materials	**499 093**	361 647
Work-in-progress	**2 971**	14 168
Finished goods	**1 667 013**	1 489 697
Inventory value, net of provisions	**2 169 077**	1 865 512
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	**62 513**	76 581

Refer to note 27.1 for movement in inventory provisions.

17. 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.

	2022 R'000	2021 R'000
Trade receivables[1]	**1 666 335**	1 650 575
Less: Expected allowance for credit losses (note 17.1)	**(34 516)**	(38 466)
Net trade receivables	**1 631 819**	1 612 109
Other receivables	**84 708**	75 249
Bank interest receivable	**311**	178
Sundry receivables[3]	**84 397**	75 071
The maximum exposure to credit risk in relation to trade and other receivables	**1 716 527**	1 687 358
Derivative asset at fair value[2] (note 17.2)	**10 306**	228
Pre-payments[4]	**67 236**	71 401
VAT recoverable[5]	**36 359**	5 750
	1 830 428	1 764 737

1 *83.7% (2021: 81.2%) of trade receivables relates to private, and 16.3% (2021: 18.6%) to public 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.*

14% (2021: 46%) 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.

Notes to the group financial statements (Continued)

17. RECEIVABLES AND OTHER CURRENT ASSETS (continued)

17.1 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. 68% (2021: 69%) 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 16.4% (2021: 18.6%) or R273.3 million (2021: R307.0 million) of trade receivables, there are no significant concentrations of credit risk within the Group arising from the financial assets of the Group.

17. RECEIVABLES AND OTHER CURRENT ASSETS (continued)

17.1 Expected allowance for credit losses (continued)

	2022 R'000	2021 R'000
Balance at beginning of year	**(38 466)**	(42 017)
Release for the year	**4 289**	1 971
Exchange rate adjustments	**(339)**	1 580
	(34 516)	(38 466)

Loss allowance is calculated as follows: **2022**	Gross trade receivables R'000	Expected credit loss ratio %	Expected credit loss[1] R'000	Estimated net carrying amount R'000
<30 days	**906 353**	**0.0%**	**–**	**906 353**
31 – 60 days	**558 591**	**0.0%**	**139**	**558 452**
61 – 90 days	**85 013**	**0.2%**	**146**	**84 867**
91 – 180 days (past due)	**116 378**	**29.4%**	**34 231**	**82 147**
	1 666 335	**2.1%**	**34 516**	**1 631 819**
2021				
<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
	1 650 575	2.3%	38 466	1 612 109

[1] *53% (2021:55%) of the expected credit loss relates to sales to the public sector.*

	2022 R'000	2021 R'000
17.2 Derivative financial instruments – asset		
Balance at beginning of year	**228**	12 410
Fair value losses/(gains) recognised in equity	**10 078**	(12 182)
	10 306	228

18. 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 24.

Credit risk

Cash resources in South Africa, which represents 97% (2021: 76%) 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.

	2022 R'000	2021 R'000
Cash at banks	**345 485**	62 117
Bank overdraft	**–**	(13 881)
	345 485	48 236

Cash at banks earns interest at floating rates based on daily bank deposit rates. Overdraft balances incur interest at rates varying between 6.25% and 6.35%.

The fair value of the net cash approximates R345.5 million (2021: R48.2 million).

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

The Group has unutilised facilities of approximately R1.75 billion as at 30 June (2021: R1.5 billion).

The wholly-owned South African companies in the Group provide cross-sureties for the overdraft facilities in South Africa, refer to note 28.

19. 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

		2022 R'000	2021 R'000
19.1	**Authorised**		
	Ordinary share capital		
	250 000 000 ordinary shares of 10 cents each	**25 000**	25 000
19.2	**Issued**		
	Ordinary share capital		
	Opening balance of 161 758 261 (2021: 167 459 060) ordinary shares of 10 cents each	**16 176**	16 746
	Repurchase of ordinary shares – Adcock Ingram Limited	**–**	(570)
	Closing balance of 161 758 861 (2021: 161 758 261) ordinary shares of 10 cents each	**16 176**	16 176

Notes to the group financial statements (Continued)

19. SHARE CAPITAL (continued)

	Number of shares 2022 '000	2021 '000
19.3 Treasury shares		
Shares held by Group companies		
Employee share incentive trust	**–**	600
Adcock Ingram Limited	**8 000 000**	14 000 000
Total number of ordinary shares	**8 000 000**	14 000 600

The Company acquired six million ordinary shares, which equates to 3.41% of the Company's issued share capital from its wholly owned subsidiary, Adcock Ingram Limited on 29 March 2022. The consideration paid was R316.7million, equating to R52.79 per ordinary share. This resulted in the delisting of the issued shares and the JSE amending their records for the ordinary listed/issued shares from 175 758 861 to 169 758 861.

During the previous 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 at the November 2019 and November 2020 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.

	2022 R'000	2021 R'000
19.4 Reconciliation of issued shares		
Number of shares in issue	**169 758 861**	175 758 861
Number of ordinary shares held by Group companies*	**(8 000 000)**	(14 000 600)
Net shares in issue	**161 758 861**	161 758 261

* *Entitled to dividends*

19.5 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.

	2022 R'000	2021 R'000
20. SHARE PREMIUM		
Balance at beginning of year	**255 175**	510 354
Movement in treasury shares – Employee share incentive trust	**19**	–
Repurchase of ordinary shares – Adcock Ingram Limited	**–**	(255 179)
	255 194	255 175

	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
21. NON-DISTRIBUTABLE RESERVES						
Balance at July 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**
Movement during the year, net of tax	**33 386**	**17 219**		**22 797**	**2 591**	**75 993**
Equity settled	**1 709**					**1 709**
Equity options exercised	**(4 907)**					**(4 907)**
PBLTIS	**36 584**					**36 584**
Hedging reserve movement		**10 478**				**10 478**
Tax effect on movement		**(6 552)**				**(6 552)**
Reclassified to cost of inventory – not included in other comprehensive income		**13 293**				**13 293**
Actuarial gain on post-employment medical liability					**1 752**	**1 752**
Tax effect on movement					**211**	**211**
Other movement for the year				**22 797**	**795**	**23 592**
Tax effect on movement					**(167)**	**(167)**
Balance at 30 June 2022	**195 243**	**7 523**	**3 919**	**32 099**	**31 389**	**270 173**

Notes to the group financial statements (Continued)

21. 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 to 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 to Annexure D.

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 13.2).

22. 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 7.3% for the warehouses that have extended their lease terms in the current financial year and 9.6% (2021: 9.6%) for remaining leases.

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.

As at 30 June 2022, potential future cash outflows of R91.2 million (undiscounted) have not been included in the lease liability because it is not reasonably certain that the lease will be extended.

	2022 R'000	2021 R'000
Balance at beginning of year	**(281 682)**	(310 281)
Additions	**(213)**	(1 071)
Modification of lease team (refer to note 10)	**(88 529)**	–
Cancellation of lease	**77**	709
Capital repayment	**32 606**	28 961
Lease payments	**60 109**	57 450
Less: Finance cost	**(27 503)**	(28 489)
Balance at end of year	**(337 741)**	(281 682)
Split as follows:		
Long-term portion	**(310 024)**	(247 234)
Short-term portion	**(27 717)**	(34 448)

Notes to the group financial statements (Continued)

23. 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 2022.

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.

	2022 R'000	2021 R'000
Balance at beginning of year	**15 537**	14 852
Charged to operating profit	**47**	37
Benefits paid	**(1 234)**	(1 370)
Actuarial (profit released)/loss charged to other comprehensive income	**(1 752)**	669
Interest cost on benefit obligation	**1 481**	1 349
Balance at end of year	**14 079**	15 537

Refer to Annexure C for more details.

24. 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.

	2022 R'000	2021 R'000
Trade accounts payable	**1 043 693**	910 639
Other payables	**875 254**	785 763
Accrued expenses[1]	**737 536**	661 839
Black Managers Share Trust liability	**22 772**	22 772
Sundry payables	**114 946**	101 152
Derivative liability at fair value[2]	**–**	13 689
VAT payable[3]	**19 576**	30 661
Interest accrued	**410**	433
	1 938 933	1 741 185

[1] *Includes marketing accruals, goods in transit and payroll-related costs.*

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

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

24.1 Derivative financial instruments – liability

	2022 R'000	2021 R'000
Balance at beginning of year	**13 689**	471
Fair value (gains)/losses recognised in equity	**(13 689)**	13 106
Other	**–**	112
Total	**–**	13 689

Notes to the group financial statements (Continued)

25. 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.

	2022 R'000	2021 R'000
Balance at beginning of year	**20 548**	21 097
Charge to/(Released from) operating profit	**1 934**	(549)
Balance at end of year	**22 482**	20 548

Refer to Annexure B for more details.

26. 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.

	2022 R'000	2021 R'000
PROVISIONS		
Leave pay	**58 815**	55 151
Bonus and incentive scheme	**52 481**	48 437
Other	**64 252**	55 663
	175 548	159 251
Made up as follows:		
Leave pay		
Balance at beginning of year	**55 151**	58 771
Arising during the year	**68 324**	76 918
Utilised during the year	**(62 929)**	(71 557)
Unused amounts reversed	**(1 841)**	(8 573)
Exchange rate adjustments	**110**	(408)
Balance at end of year	**58 815**	55 151
Bonus and incentive scheme		
Balance at beginning of year	**48 437**	23 905
Arising during the year	**52 481**	48 437
Utilised during the year	**(38 967)**	(18 885)
Unused amounts reversed	**(9 470)**	(5 020)
Balance at end of year	**52 481**	48 437
Other		
Balance at beginning of year	**55 663**	46 428
Arising during the year	**8 589**	9 235
Balance at end of year	**64 252**	55 663

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 2022.

Other

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

Notes to the group financial statements (Continued)

		2022 R'000	2021 R'000
27.	**NOTES TO THE STATEMENTS OF CASH FLOWS**		
27.1	**Cash generated from operations**		
	Profit before taxation	**1 101 994**	905 876
	Adjusted for:		
	– amortisation of intangibles	**9 393**	9 411
	– depreciation	**183 264**	185 728
	property, plant and equipment	**142 047**	143 938
	right-of-use assets	**41 217**	41 790
	– loss on disposal/scrapping of property, plant and equipment	**474**	1 325
	– dividend income	**(3 187)**	(2 473)
	– finance income	**(4 511)**	(4 315)
	– finance costs	**45 417**	47 982
	– equity accounted earnings	**(86 893)**	(97 315)
	– share-based payment expenses	**40 227**	17 953
	– decrease in expected credit loss provision	**(4 289)**	(1 971)
	– increase in provisions and post-retirement medical liability	**16 481**	30 571
	– impairment of intangible asset	**11 500**	13 000
	– fair value adjustment of long-term receivable	**4 414**	–
	– inventories written off	**62 513**	76 581
	– increase in inventory provisions	**75 762**	33 617
	– cancellation of IFRS 16 lease	**(7)**	(194)
	– foreign exchange loss	**9 262**	7 162
	Cash operating profit	**1 461 814**	1 222 938
	Working capital movements	**(304 677)**	(511 852)
	Increase in inventories	**(455 858)**	(64 847)
	Increase in trade receivables	**(50 751)**	(152 729)
	Increase/(Decrease) in trade and other payables	**201 932**	(294 276)
		1 157 137	711 086

		2022 R'000	2021 R'000
27.	**NOTES TO THE STATEMENTS OF CASH FLOWS** (continued)		
27.2	**Dividends paid**		
	Dividends paid to equity holders of the parent	**(313 811)**	(133 149)
	Dividends paid to non-controlling shareholders	**(915)**	(6 784)
		(314 726)	(139 933)
27.3	**Taxation paid**		
	Amounts overpaid at beginning of year	**45 340**	12 585
	Amounts charged to profit or loss	**(301 265)**	(243 764)
	Movement in deferred tax	**2 502**	(19 915)
	Exchange rate adjustments	**15**	(452)
	Amounts underpaid/(overpaid) at end of year	**21 657**	(45 340)
		(231 751)	(296 886)
27.4	**Finance income received**		
	Finance income	**4 511**	4 315
	Movement in receivable	**(133)**	19
		4 378	4 334
27.5	**Finance costs paid**		
	Finance costs	**(45 417)**	(47 982)
	Movement in accrual	**(23)**	148
		(45 440)	(47 834)
27.6	**Dividend income received**		
	Dividend income	**3 187**	2 473
	Dividends received from joint ventures (Annexure E)	**84 548**	96 099
		87 735	98 572
27.7	**Treasury shares (for equity option scheme)**		
	Purchase of treasury shares	**(4 877)**	(256)
	Disposal of treasury shares	**4 896**	256
	Net movement in treasury shares	**19**	–
	Equity options settlement	**(4 907)**	(256)
		(4 888)	(256)
	Refer to Annexure B for more details		
27.8	**Proceeds on disposal of property, plant and equipment**		
	Disposal of property, plant and equipment – net book value (refer to note 9)	**569**	1 325
	Loss on disposal	**(474)**	(1 325)
	Proceeds on disposal	**95**	–

Notes to the group financial statements (Continued)

28. 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 to note 19) in South Africa.

No cross securities were required at year-end.

		2022 R'000	2021 R'000
28.1	**Capital commitments**		
	Commitments contracted for		
	Within one year	**56 482**	56 568
	Approved but not contracted for		
	Within one year	**42 354**	54 181
		98 836	110 749

These commitments relate to property, plant and equipment.

28.2 Guarantees

The Group has provided guarantees to the amount of R2.5 million at 30 June 2022 (June 2021: R2.5 million).

29. 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.

29.1 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	2022 R'000	2021 R'000
First Garment Rental (Pty) Ltd	Factory laundry	**2 736**	2 442
HRG Rennies Travel (Pty) Ltd	Travel	**5 021**	1 642
Bidvest Office (Pty) Ltd t/a Hortors SA Diaries	Diaries	**2 505**	1 622
Bidvest Office (Pty) Ltd t/a Bidvest Waltons	Office stationery	**1 092**	1 289
Bidvest G Fox (Pty) Ltd	Protective wear	**575**	537
Steiner Hygiene (Pty) Ltd	Cleaning consumables	**1 221**	441
Bidvest Material Handling (Pty) Ltd	Maintenance	**199**	395
Bidvest Office (Pty) Ltd t/a Cecil Nurse	Furniture	**186**	350
Bidvest Afcom (Pty) Ltd	Consumables (tape)	**555**	260
Bidvest Paperplus (Pty) Ltd t/a Lithotech Blesston	Consumables	**666**	254
Bidvest Paperplus (Pty) Ltd t/a Rotolabel Johannesburg	Packaging	**3**	8
Bidvest Services Holdings (Pty) Ltd t/a BidAir Cargo	Freight forwarding	**12**	–
Bidvest Execuflora (Pty) Ltd	Flowers & Plants	**13**	–
Bidvest Commercial Products (Pty) Ltd t/a Academy Brushware	Consumables	**233**	–
Bidvest McCarthy Ltd t/a Bidvest Car Rental	Vehicle rental	**37**	146
		15 054	9 386

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

Company	Description	2022 R'000	2021 R'000
Pureau Fresh Water Company (Pty) Ltd	Refreshments	**789**	789
Bidvest Car Rental (Pty) Ltd t/a Budget Car & Van Rental	Car hire	**278**	402
Bidvest Bank Limited	Forex	**185**	–
		1 252	1 191

29.3 12-month contracts are in place for the following services:

Company	Description	2022 R'000	2021 R'000
Safcor Freight (Pty) Ltd t/a Bidvest International Logistics	Freight forwarding	**30 648**	44 793
Bidvest Protea Coin (Pty) Ltd	Guarding	**17 447**	16 967
Bidvest Facilities Management (Pty) Ltd	Facilities Management	**7 422**	7 411
Bidvest Prestige Cleaning t/a Bidvest Managed Solutions (Pty) Ltd	Cleaning	**12 229**	6 922
Bidvest Managed Solutions (Pty) Ltd	Cleaning/Gardening	**4 407**	4 879
		72 153	80 972

Notes to the group financial statements (Continued)

29. RELATED PARTIES (continued)

29.4 The following directors' fees have been paid following the authority granted at the AGM in November 2021 (November 2020):

Company	Description	2022 R'000	2021 R'000
Bidvest Corporate Services	Directors' fees	**1 189**	1 474
Bidvest Branded Products	Directors' fees	**452**	427
		1 641	1 901
Total payments to the Bidvest Group Limited		**90 100**	93 450
Balance owing at reporting date		**14 690**	27 212

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

Payments to directors are disclosed in note 5.3.

30. 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 2022	Value[1] as at 30 June 2022 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	450 338
	26/08/2016	42.30	133 334	133 334	133 334	981 338
	24/08/2017	57.73	200 000	200 000	133 332	–
			450 002	**450 002**	**383 334**	**1 431 676**
Phantom	28/08/2018	65.46	**200 000**	**200 000**	**66 666**	**–**
Total			**650 002**	**650 002**	**450 000**	**1 431 676**
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	231 600
	26/08/2016	42.30	100 000	100 000	100 000	736 000
	24/08/2017	57.73	150 000	150 000	100 000	–
			300 000	**300 000**	**250 000**	**967 600**
Phantom	28/08/2018	65.46	**150 000**	**150 000**	**50 000**	**–**
Total			**450 000**	**450 000**	**300 000**	**967 600**

		Offer date	Offer price R	Balance at the beginning of the year	Exercised during the year	Balance at the end of the year	Vested as at 30 June 2022	Value[1] as at 30 June 2022 R
B Letsoalo								
Equity		17/06/2014	52.20	15 000		15 000	15 000	–
		26/08/2015	41.94	15 000	(15 000)	–	–	–
		26/08/2016	42.30	30 000	(30 000)	–	–	–
		25/11/2016	42.08	75 000	(75 000)	–	–	–
		24/08/2017	57.73	120 000		120 000	80 000	–
				255 000	(120 000)	**135 000**	**95 000**	**–**
Phantom		28/08/2018	65.46	**120 000**	–	**120 000**	**40 000**	**–**
BMT	TBL	31/01/2008	47.85	3 500	(3 500)	–	–	–
	OCE	31/01/2008	16.46	905		905	905	25 376
	AIP	31/01/2008	16.31	13 742		13 742	13 742	458 296
	TBL	01/07/2012	47.85	7 734	(6 000)	1 734	1 734	163 325
	OCE	01/07/2012	16.46	2 001		2 001	2 001	56 108
	AIP	01/07/2012	14.89	4 534		4 534	4 534	157 647
				32 416	(9 500)	**22 916**	**22 916**	**860 752**
Total				**407 416**	(129 500)	**277 916**	**157 916**	**860 752**

[1] *Based on closing share price as at 30 June 2022.*

AIP – Adcock Ingram Holdings Limited
OCE – Oceana Group Limited
TBL – Tiger Brands Limited

Notes to the group financial statements (Continued)

30. EXECUTIVE DIRECTORS SHARE SCHEME INTERESTS (continued)

Long-term incentives with performance conditions

Performance-based long-term incentive scheme (PBLTIS)

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
	24/08/2021		200 000	200 000
		344 800	**200 000**	**544 800**
D Neethling				
PBLTIS	26/09/2019	64 000		64 000
	25/11/2020	92 000		92 000
	24/08/2021		100 000	100 000
		156 000	**100 000**	**256 000**
B Letsoalo				
PBLTIS	26/09/2019	59 000		59 000
	25/11/2020	83 300		83 300
	24/08/2021		89 000	89 000
		142 300	**89 000**	**231 300**

1 *No awards have vested as at 30 June 2022.*

Details of share options exercised during the year, were as follows:

2022		Offer date	Offer price R	Exercised price R	Number of options	Gain realised on exercising options[2]
B Letsoalo						
Equity						
		26/08/2015	41.94	52.00	15 000	150 900
		26/08/2016	42.30	52.00	30 000	291 000
		25/11/2016	42.08	52.00	75 000	744 000
					120 000	1 185 900
BMT	TBL	31/01/2008	47.85	153.64	3 500	370 265
	TBL	01/07/2012	47.85	153.55	6 000	634 200
					9 500	1 004 465
Total					**129 500**	**2 190 365**

There were no options exercised during the prior year.

2 *Amounts are shown before tax.*

30. EXECUTIVE DIRECTORS SHARE SCHEME INTERESTS (continued)

Share-based payment expenses relating to executive directors

	2022 R'000	2021 R'000
AG Hall	**5 259**	3 736
D Neethling	**2 658**	1 852
B Letsoalo	**2 337**	1 693
	10 254	7 281

31. SUBSEQUENT EVENTS

With the exception of the dividend declaration, there are no significant events after year-end.

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 on brands sold predominantly in pharmacy, where the pharmacist plays a role in the product choice;
- Prescription – markets products prescribed by medical practitioners, and 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 regulatory 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. 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.

Statement of comprehensive income

	2022 R'000	2021 R'000
Revenue		
Consumer	**1 562 727**	1 267 287
OTC	**2 059 258**	1 735 239
Prescription	**3 228 242**	3 021 520
Hospital	**1 855 035**	1 752 229
Other – shared services	**555**	579
	8 705 817	7 776 854

Statement of comprehensive income (continued)

	2022 R'000	2021 R'000
The South African Government represents more than 10% of the Group's revenue, arising in the following segments:		
OTC	**175 561**	76 494
Prescription	**554 377**	538 222
Hospital	**491 475**	490 240
	1 221 413	1 104 956
Trading profit		
Consumer	**351 144**	235 380
OTC	**318 080**	292 327
Prescription	**276 451**	223 826
Hospital	**164 350**	161 385
Other – shared services	**2 262**	1 692
	1 112 287	914 610
Other		
Fair value adjustment of long-term receivable		
Hospital	**817**	–
Other – shared services	**3 597**	–
	4 414	–
Impairments[1]		
OTC	**11 500**	13 000
Depreciation and amortisation		
Consumer	**9 975**	9 514
OTC	**54 096**	50 376
Prescription	**24 460**	27 441
Hospital	**27 953**	29 321
Other – shared services	**76 173**	78 487
	192 657	195 139

[1] *Refer to Annexure F.*

Annexure A – Segment report (Continued)

Statement of financial position

	2022 R'000	2021 R'000
Total assets		
Consumer	**1 248 105**	1 183 276
OTC	**1 974 966**	1 784 018
Prescription	**2 091 202**	1 958 535
Hospital	**1 512 392**	1 419 328
Other – shared services	**1 062 497**	695 261
	7 889 162	7 040 418
Current liabilities		
Consumer	**258 594**	233 541
OTC	**438 110**	387 065
Prescription	**835 540**	697 896
Hospital	**366 194**	439 814
Other – shared services	**287 899**	210 997
	2 186 337	1 969 313
Capital expenditure[1]		
Consumer	**460**	656
OTC	**45 751**	33 751
Prescription	**39 924**	16 592
Hospital	**16 232**	34 918
Other – shared services	**17 527**	26 397
	119 894	112 314

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

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.

Annexure B – Share-based payments plans (Continued)

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. In the final year, the actual outcome is calculated.

Key assumptions used include:	**2022**	2021
Share price at grant date	**R44.75**	R43.80
Dividend yield	**3.40%**	2.12%

Details

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

Number of options	**2022**	2021
Outstanding at the beginning of the year	**1 826 100**	516 000
Granted during the year	**1 384 000**	1 369 900
Forfeited during the year	**(83 700)**	(59 800)
Outstanding and unvested at the end of the year	**3 126 400**	1 826 100
Other disclosures		
Weighted average remaining contractual life for the conditional share awards outstanding at the end of the year:	**2.66 years**	2.14 years
Expense recognised for employee services received during the year (million):	**R36.58**	R15.02

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.

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:

	2022		2021	
Number of options	**Number**	**WAOP (Rand)**	Number	WAOP (Rand)
Outstanding at the beginning of the year	**3 141 678**	**49.85**	3 422 678	49.77
Exercised during the year	**(555 009)**	**42.15**	(60 000)	42.12
Forfeited during the year	**(61 000)**	**51.41**	(221 000)	50.66
Outstanding at the end of the year	**2 525 669**	**51.50**	3 141 678	49.85
Vested and exercisable at the end of the year	**2 087 657**	**50.20**	1 805 328	47.64

Other disclosures	**2022**	2021
Weighted average share price of exercised options:	**R51.00**	R46.38
Weighted average remaining contractual life for the share options outstanding at reporting date:	**4.22 years**	5.21 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):	**R1.71**	R2.10

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.

Annexure B – Share-based payments plans (Continued)

Key assumptions used include:	2022	2021
Share price at 30 June	**R49.66**	R44.30
Volatility	**26.5%**	27.5%
Dividend yield	**2.9%**	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:

	2022		2021	
Number of options	**Number**	**WAOP (Rand)**	Number	WAOP (Rand)
Outstanding at the beginning of the year	**2 480 000**	**62.86**	2 910 000	62.63
Forfeited during the year	**(155 000)**	**61.81**	(430 000)	61.35
Outstanding at the end of the year	**2 325 000**	**62 93**	2 480 000	62.86
Vested and Exercisable at the end of the year	**2 325 000**	**65.33**	–	–

Other disclosures	2022	2021
Weighted average remaining contractual life for the share options outstanding at reporting date:	**2.67 years**	3.67 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):	**R22.48**	R20.55
Expense/(Income) recognised for employee services received during the year (million):	**R1.93**	(R0.55)

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.

	2022		2021	
Key assumptions used include:	**TBL**	**OCE**	TBL	OCE
Share price	**R142.04**	**R44.50**	R209.00	R65.46
Volatility	**27.8%**	**26.5%**	29.1%	28.0%
Dividend yield	**4.8%**	**5.5%**	4.0%	4.8%

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:

	2022			2021		
Number of share awards	**AIP**	**TBL**	**OCE**	AIP	TBL	OCE
Outstanding at the beginning of the year	**329 474**	**301 826**	**77 780**	351 623	305 636	79 236
Exercised during the year	**(22 355)**	**(20 380)**	**(4 656)**	(22 149)	(3 810)	(1 456)
Outstanding at the end of the year[1]	**307 119**	**281 446**	**73 124**	329 474	301 826	77 780
Weighted average exercise price	**R49.21**	**R170.95**	**R34.11**	R42.26	R199.44	R64.66

Other disclosures	**2022**	2021
Weighted average remaining contractual life for the share options outstanding at reporting date:	**5.25 years**	6.25 years
Fair value adjustment of employee benefits (IAS 19) (million):	**–**	(R1.39)

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

Annexure C – 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.

	2022 R'000	2021 R'000
Net benefit expense		
Current service cost	**47**	37
Interest cost on benefit obligation	**1 481**	1 349
	1 528	1 386
Expected contributions within the next 12 months	**50**	39
Defined benefit obligation at 1 July	**15 537**	14 852
Interest cost	**1 481**	1 349
Current service cost	**47**	37
Benefits paid	**(1 234)**	(1 370)
Actuarial (gain)/loss on obligation	**(1 752)**	669
Defined benefit obligation at 30 June	**14 079**	15 537
Assumptions		
The assumptions used in the valuations are as follows:		
Discount rate (%)	**10.5**	9.9
Healthcare cost inflation (%)	**8.5**	8.2
Expected retirement age	**65**	65
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:			
2022			
A one percentage point variance in the assumed rate of healthcare costs inflation	**14 079**	**15 373**	**12 955**
A one percentage point variance in the discount rate	**14 079**	**12 987**	**15 356**
A one year variance in the expected retirement age	**14 079**	**13 960**	**14 208**
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

Annexure D – 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 D - 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 D - 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 non-financial 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 2022, 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 2022 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 R13.3 million (2021: R70.3 million).

The ineffective portion that was taken to fixed operating cost was a loss of R2.1 million (2021: R8.9 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	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
At fair-value level 2[1]						
Foreign exchange contracts – derivative asset	Derivative financial instruments	Trade and other receivables	**10 306**	228	**13 293**	70 278
Foreign exchange contracts – derivative liability	Derivative financial instruments	Trade and other payables	**–**	13 689	**–**	–
At fair-value level 3[2]						
Black Managers Share Trust	Fair value through profit and loss	Other financial assets	**19 219**	23 898	**Refer to note 13.1**	Refer to note 13.1
Investment	Fair value through OCI	Other financial assets	**2 551**	2 194	**Refer to note 13.2**	Refer to note 13.2
At amortised cost						
Trade and sundry receivables[3]	At amortised cost	Trade and other receivables	**1 716 527**	1 687 358	**–**	–
Trade and other payables[3]	At amortised cost	Trade and other payables	**1 918 947**	1 696 402	**–**	–
Cash and cash equivalents[3]	At amortised cost	Cash and cash equivalents	**345 485**	62 117	**–**	–
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 D – 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 2022, 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 %	2022 R'000	2021 R'000
Cash balances			
Cash and cash equivalents	+1	**3 455**	621
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:

	2022 Income/ Expenses Average Rand	2022 Assets/ Liabilities Spot Rand	2021 Income/ Expenses Average Rand	2021 Assets/ Liabilities Spot Rand
Indian Rupee	**0.2021**	**0.2062**	0.209	0.1920

b) Foreign assets/liabilities

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

			Exchange rate applied	
	Assets foreign currency '000	Liabilities foreign currency '000	Assets Rand	Liabilities Rand
2022				
Euro	**–**	**(4 210)**	**17.06**	**17.08**
US Dollar	**138**	**(5 178)**	**16.27**	**16.29**
2021				
Euro	–	(3 450)	16.91	16.94
US Dollar	215	(2 920)	14.27	14.28

Annexure D - 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
2022			
Euro	**21 527**	**17.38**	**374 197**
US Dollar	**26 160**	**15.83**	**414 011**
2021			
Euro	19 454	17.66	343 625
US Dollar	21 904	14.43	316 163

The maturity analysis for the material outstanding contracts at:

	Euro '000	Rands '000	US Dollar '000	Rands '000
2022				
Within 30 days	**7 610**	**131 830**	**8 432**	**133 448**
31 to 60 days	**4 609**	**80 353**	**9 388**	**148 761**
61 to 90 days	**2 428**	**42 663**	**2 869**	**45 786**
> 90 days	**6 880**	**119 351**	**5 471**	**86 016**
	21 527	**374 197**	**26 160**	**414 011**
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

d) Settlements during the year

A summary of the material contracts settled during the year:

	Foreign currency '000	Average forward rate	R'000
2022			
Euro	**46 468**	**17.51**	**813 852**
US Dollar	**77 514**	**15.22**	**1 179 405**
2021			
Euro	37 774	18.92	714 534
US Dollar	70 478	16.25	1 145 576

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
2022			
Euro	**+10**	**(7 189)**	**26 744**
	-10	**7 189**	**(26 744)**
US dollar	**+10**	**(8 209)**	**30 777**
	-10	**8 209**	**(30 777)**
2021			
Euro			
	+10	(5 840)	23 922
	-10	5 840	(23 922)
US dollar			
	+10	(3 861)	22 620
	-10	3 861	(22 620)

Annexure D – 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 R1.75 billion for working capital purposes as at 30 June 2022.

Maturity analysis:

	2022 R'000	2021 R'000
Trade receivables		
< 30 days	**906 353**	950 625
31 – 60 days	**558 452**	533 556
61 – 90 days	**84 867**	65 664
91 – 180 days (past due)	**82 147**	62 264
	1 631 819	1 612 109
Other receivables		
< 30 days	**39 672**	20 204
31 – 60 days	**7 390**	16 050
61 – 90 days	**3 466**	11 383
91 – 180 days (past due)	**33 869**	27 434
	84 397	75 071

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 IFRS 9 and the expected credit loss is immaterial as settlement of most of the receivables are expected as per agreed terms.

Financial liabilities	Notes	< 30 days R'000	31 – 60 days R'000	61 – 90 days R'000	> 90 days R'000	< 1 year R'000	> 1 year R'000	Total R'000
2022								
Lease liability*		**4 903**	**4 903**	**4 903**	**4 903**	**39 225**	**433 826**	**492 663**
Trade payables	24	**765 901**	**153 729**	**41 473**	**82 590**	**–**	**–**	**1 043 693**
Other payables	24	**271 146**	**87 589**	**263 617**	**252 902**	**–**	**–**	**875 254**
Guarantees	28.2	**–**	**–**	**–**	**–**	**2 455**	**–**	**2 455**
		1 041 950	**246 221**	**309 993**	**340 395**	**41 680**	**433 826**	**2 414 065**
2021								
Lease liability*		4 933	4 933	4 933	4 933	39 468	373 200	432 400
Trade payables	24	697 794	99 786	42 372	70 687	–	–	910 639
Other payables	24	206 020	65 958	259 432	254 353	–	–	785 763
Bank overdraft	18	–	–	–	–	13 881	–	13 881
Guarantees	28.2	–	–	–	–	2 455	–	2 455
		908 747	170 677	306 737	329 973	55 804	373 200	2 145 138

* *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).

	2022 R'000	2021 R'000
Cash and cash equivalents	**345 485**	62 117
Bank overdraft	**–**	(13 881)
Lease liability	**(337 741)**	(281 682)
Net cash/(debt)	**7 744**	(233 446)
The total equity	**5 245 123**	4 683 108
Net cash/(debt) ratio	**0.1%**	(5.0%)

Annexure E – 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:

	2022 R'000	2021 R'000
1. Adcock Ingram Limited (India)		
Statement of financial position		
Property, plant and equipment	**324 912**	192 575
Other financial assets	**70 713**	53 760
Non-current assets	**395 625**	246 335
Inventories	**81 444**	107 700
Receivables and other current assets	**323 443**	210 507
Cash and cash equivalents	**116 238**	153 027
Current assets	**521 125**	471 234
Total assets	**916 750**	717 569
Long-term borrowings	**104 057**	–
Post-retirement medical liability	**9 761**	8 395
Deferred tax	**14 394**	14 096
Non-current liabilities	**128 212**	22 491
Trade and other payables	**65 629**	89 825
Provisions	**1 570**	1 494
Tax payable	**34 474**	32 016
Current liabilities	**101 673**	123 335
Total liabilities	**229 885**	145 826
Equity	**686 865**	571 743
Proportion of Group's ownership	**49.9%**	49.9%
Carrying amount of the investment	**342 746**	285 300

Adcock Ingram Pharma Private Limited (AIPPL) was incorporated in June 2021 and is a wholly-owned subsidiary of Adcock Ingram Limited India (AIL) and is therefore consolidated in the financial statements of AIL. During the year it acquired land, earmarked for a factory.

1. Adcock Ingram Limited (India) (continued)

Statement of comprehensive income

	2022 R'000	2021 R'000
Revenue	**893 294**	733 877
Cost of sales	**(715 318)**	(555 919)
Gross profit	**177 976**	177 958
Selling, distribution and marketing expenses	**(578)**	(303)
Fixed and administrative income	**10 178**	5 739
Operating profit	**187 576**	183 394
Finance income	**2 015**	6 391
Finance costs	**(445)**	(367)
Dividend Income	**1 301**	–
Profit before tax	**190 447**	189 418
Tax	**(49 874)**	(59 277)
Profit for the year	**140 573**	130 141
Group's share of profit for the year	**70 146**	64 940
Unearned income on inventory	**(14 018)**	1 120
Group's share of profit for the year	**56 128**	66 060
Dividends paid to Group	**34 548**	81 099

Annexure E - Interest in joint ventures (Continued)

		2022 R'000	2021 R'000
2.	**National Renal Care Proprietary Limited**		
	Statement of financial position		
	Property, plant and equipment	**173 547**	160 445
	Intangible assets	**106 040**	106 040
	Right-of-use asset	**17 479**	46 790
	Loans receivable	**2 155**	7 843
	Deferred tax	**23 032**	28 989
	Non-current assets	**322 253**	350 107
	Inventories	**24 365**	24 476
	Receivables and other current assets	**51 706**	77 415
	Cash and cash equivalents	**222 778**	243 299
	Current assets	**298 849**	345 190
	Total assets	**621 102**	695 297
	Long-term portion of lease liability	**7 084**	17 290
	Non-current liabilities	**7 084**	17 290
	Trade and other payables	**163 576**	151 533
	Short-term portion of lease liability	**15 067**	39 969
	Short-term borrowings	**3 255**	–
	Provisions	**21 131**	20 675
	Tax payable	**8 689**	1 319
	Current liabilities	**211 718**	213 496
	Total liabilities	**218 802**	230 786
	Non-controlling interests	**31 447**	55 188
	Equity	**370 853**	409 323
	Proportion of Group's ownership	**50.0%**	50.0%
	Carrying amount of the investment	**185 427**	204 662

2. National Renal Care Proprietary Limited (continued)

Statement of comprehensive income

	2022 R'000	2021 R'000
Revenue	**1 159 946**	1 214 311
Cost of sales	**(891 538)**	(909 731)
Gross profit	**268 408**	304 580
Selling, distribution and marketing expenses	**(148 584)**	(196 071)
Fixed and administrative expenses	**(2 951)**	(6 563)
Operating profit	**116 873**	101 946
Finance income	**7 379**	6 512
Profit before tax	**124 252**	108 458
Tax	**(49 812)**	(33 545)
Profit for the year	**74 440**	74 913
Less:		
Non-controlling interests	**(12 910)**	(12 403)
Profit attributable to owners of the parent	**61 530**	62 510
Group's share of profit for the year	**30 765**	31 255
Dividends paid to Group	**50 000**	15 000

Annexure F – Impairments

			2022 R'000	2021 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.	**11 500**	13 000
			11 500	13 000

Annexure G – Interest in subsidiary companies and joint ventures

	Shareholding 2022 %	2021 %
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)	**49.9**	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**	100
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	2022 R'000	2021 R'000
Revenue	A	**780 672**	2 880 276
Operating expenses		**(707)**	(522)
Finance costs	B	**(8 381)**	(11 370)
Profit before tax		**771 584**	2 868 384
Tax	C	**(4 004)**	(9 528)
Profit for the year		**767 580**	2 858 856
Other comprehensive income which will not be subsequently recycled to profit or loss		**628**	96
Fair value of investment	I	**795**	124
Tax effect of revaluation	I	**(167)**	(28)
Total comprehensive income for the year, net of tax		**768 208**	2 858 952

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 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	M.1				(140 607)	(140 607)
Balance at 30 June 2021		**17 576**	**895 430**	**79 728**	**2 544 231**	**3 536 965**
Total comprehensive income		**(600)**	**(316 140)**	**628**	**767 580**	**451 468**
Profit for the year					**767 580**	**767 580**
Other comprehensive income				**628**		**628**
Share repurchase and cancellation	G.2/H	**(600)**	**(316 140)**			**(316 740)**
Dividends	M.1				**(340 972)**	**(340 972)**
Balance at 30 June 2022		**16 976**	**579 290**	**80 356**	**2 970 839**	**3 647 461**

Company statements of financial position

	Notes	2022 R'000	2021 R'000
Investments	D	**3 369 437**	3 369 080
Amounts owing by Group companies	F.1	**167 154**	167 154
Non-current assets		**3 536 591**	3 536 234
Cash and cash equivalents	E	**112 131**	2 450
Other receivables	K.2	**564**	348
Tax receivable	L.2	**–**	310
Current assets		**112 695**	3 108
Total assets		**3 649 286**	3 539 342
EQUITY AND LIABILITIES			
Capital and reserves			
Issued share capital	G.2	**16 976**	17 576
Share premium	H	**579 290**	895 430
Non-distributable reserves	I	**80 356**	79 728
Retained Income		**2 970 839**	2 544 231
Total equity		**3 647 461**	3 536 965
Deferred tax	J	**307**	140
Other payables	K.1	**1 420**	1 311
Taxation payable	L.2	**98**	–
Amounts owing to Group companies	F.2	**–**	926
Current liabilities		**1 825**	2 377
Total equity and liabilities		**3 649 286**	3 539 342

Company statements of cash flows

	Notes	2022 R'000	2021 R'000
Cash flows from operating activities			
Cash utilised in operations	L.1	**(707)**	(522)
Finance income received		**10 608**	16 611
Finance costs paid		**(8 431)**	(11 704)
Dividends received	A	**769 848**	2 863 317
Dividends paid		**(340 813)**	(140 624)
Tax paid	L.2	**(3 596)**	(9 585)
Cash generated from operating activities		**426 909**	2 717 493
Cash flows from investing activities			
Sale of investment	L.3	**438**	–
Purchase of investment	L.3	**–**	(366)
Net cash inflow/(outflow) from investing activities		**438**	(366)
Cash flows from financing activities			
Repurchase and cancellation of shares	G.2/H	**(316 740)**	–
Repayment of amounts owing to Group companies		**(926)**	(2 782 218)
Funding from Group companies		**–**	926
Net cash outflow from financing activities		**(317 666)**	(2 781 292)
Net increase/(decrease) in cash and cash equivalents		**109 681**	(64 165)
Net cash and cash equivalents at beginning of year		**2 450**	66 615
Net cash and cash equivalents at end of year	E	**112 131**	2 450

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.

	2022 R'000	2021 R'000
Dividend income	**769 848**	2 863 317
Finance income	**10 824**	16 959
	780 672	2 880 276

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.

	2022 R'000	2021 R'000
Borrowings	**8 381**	11 370

C 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.

The South African corporate tax rate will reduce from 28% to 27% for tax years ending on or after 31 March 2023. As a result, the relevant deferred tax balances have been remeasured. The impact of the change in tax rate has been recognised in tax expense in profit or loss, except to the extent that it relates to items previously recognised outside profit or loss.

	2022 R'000	2021 R'000
South African tax		
Current income tax		
– current year	**549**	1 278
Deferred tax		
– current year	**–**	140
	549	1 418
Foreign tax		
Withholding tax	**3 455**	8 110
Total tax charge	**4 004**	9 528
Reconciliation of the tax rate:	**%**	%
Effective rate	**0.5**	0.3
Adjusted for:		
Exempt income (dividend income)	**27.9**	28.0
Withholding taxes	**(0.4)**	(0.3)
South African normal tax rate	**28.0**	28.0

D 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			
	2022 %	2021 %	2022 R'000	2021 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 [(D.1)]	**5.0**	5.3	**2 551**	2 194
			3 369 437	3 369 080

* *Less than R1 000.*

D Investments (Continued)

	2022 R'000	2021 R'000
D.1 Group Risk Holdings Proprietary Limited		
Balance at beginning of year	**2 194**	1 704
Sale of 0.3% interest	**(109)**	–
Repayment of shareholder loan	**(329)**	–
Purchase of 0.9% interest	**–**	366
Revaluation of investment to fair value	**795**	124
	2 551	2 194

E 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.

	2022 R'000	2021 R'000
Cash at banks	**112 131**	2 450

Favourable balances attract interest at 4.25%.

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

F 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.

		2022 R'000	2021 R'000
F.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 has no fixed terms of repayment.		
F.2	**Amounts owing to Group companies**		
	Included in current liabilities		
	Adcock Ingram Holdings Limited Employee Share Trust (2008)	–	926
		–	926

Notes to the Company financial statements (Continued)

G 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.

		2022 R'000	2021 R'000
G.1	**Authorised**		
	250 000 000 ordinary shares of 10 cents each	**25 000**	25 000
G.2	**Issued**		
	Ordinary share capital		
	Opening balance of 175 758 861 (2021: 175 758 861) of 10 cents each	**17 576**	17 576
	Cancellation of 6 000 000 ordinary shares of 10 cents each	**(600)**	–
	Closing balance of 169 758 861 ordinary shares of 10 cents each (2021: 175 758 861 ordinary shares of 10 cents each)	**16 976**	17 576

The Company acquired six million ordinary shares, which equates to 3.41% of the Company's issued share capital from its wholly owned subsidiary, Adcock Ingram Limited on 29 March 2022. The consideration paid was R316.7 million, equating to R52.79 per ordinary share. This resulted in the delisting of the issued shares and the JSE amending their records for the ordinary listed/issued shares from 175 758 861 to 169 758 861.

G.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.

		2022 R'000	2021 R'000
H	**SHARE PREMIUM**		
	Balance at beginning of year	**895 430**	895 430
	Cancellation of ordinary shares	**(316 140)**	–
	Balance at end of year	**579 290**	895 430

		Share-based payment reserve R'000	Other reserves R'000	Total R'000
I	**NON-DISTRIBUTABLE RESERVES**			
	Balance at 1 July 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**
	Fair value of investment through other comprehensive income	**–**	**795**	**795**
	Tax effect of revaluation	**–**	**(167)**	**(167)**
	Balance at 30 June 2022	**20 821**	**59 535**	**80 356**

Other reserves represent 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.

		2022 R'000	2021 R'000
J	**DEFERRED TAX**		
	Balance at beginning of year	**(140)**	28
	Movement through profit or loss	**–**	(140)
	Tax rate adjustment	**5**	–
	Fair value of investment through other comprehensive income	**(172)**	(28)
	Balance at end of year	**(307)**	(140)
	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).		
K	**OTHER PAYABLES AND RECEIVABLES**		
K.1	**Other payables**		
	Interest accrued	**–**	50
	Shareholders for dividends	**1 420**	1 261
		1 420	1 311
K.2	**Other receivables**		
	Interest accrued	**564**	348
L	**NOTES TO THE STATEMENTS OF CASH FLOWS**		
L.1	**Cash utilised in operations**		
	Profit before tax	**771 584**	2 868 384
	Adjusted for:		
	– dividend income	**(769 848)**	(2 863 317)
	– finance income	**(10 824)**	(16 959)
	– finance costs	**8 381**	11 370
		(707)	(522)
L.2	**Tax paid**		
	Amounts overpaid at beginning of year	**310**	113
	Amounts charged to profit or loss	**(4 004)**	(9 528)
	Movement in deferred tax	**–**	140
	Amount under/(over) paid at end of year	**98**	(310)
		(3 596)	(9 585)
L.3	**Sale/(Purchase) of investments**		
	Purchase of 0.9% in Group Risk Holdings Proprietary Limited	**–**	(366)
	Sale of 0.3% interest and repayment of loans- Group Risk Holdings Proprietary Limited	**438**	–
		438	(366)

Notes to the Company financial statements (Continued)

		2022 R'000	2021 R'000
M	**DISTRIBUTIONS**		
M.1	**Declared and paid during the year**		
	Final dividend for 2021: 90 cents per share (2020: nil cents per share)	**158 183**	–
	Interim dividend for 2022: 104 cents per share (2021: 100 cents per share)	**182 789**	140 607
	Total declared and paid	**340 972**	140 607
M.2	**Declared subsequent to the reporting date**		
	Final dividend for 2022: 109 cents per share (2021: 90 cents per share)	**185 037**	158 183
N	**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	**34 548**	81 099
	Adcock Ingram Healthcare Proprietary Limited	**500 000**	528 150
	Adcock Ingram Critical Care Proprietary Limited	**160 000**	–
	Adcock Ingram Intellectual Property Proprietary Limited	**75 000**	–
	Adcock Ingram International Proprietary Limited	**300**	–
		769 848	2 863 317
	Dividends paid		
	Adcock Ingram Limited	**27 160**	7 458

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

O 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	2022 R'000	2021 R'000
Investment in Group Risk Holdings Proprietary Limited[1]	Fair value through OCI	Investments*	**2 551**	2 194
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
Bank[2]	At amortised cost	Cash and cash equivalents	**112 131**	2 450

* *Refer to note D 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 R1.75 billion for working capital purposes.

The contractual maturity profile of the payables is as follows:

	2022 R'000	2021 R'000
Amounts owing to Group companies (within 12 months)	**–**	926
Other payables (within 3 months)	**1 420**	1 311
Net debt		
Amounts owing to Group companies and other payables (included in current liabilities)	**1 518**	2 237
Cash and cash equivalents	**(112 131)**	(2 450)
Net cash/(debt)	**110 613**	(213)

The principal 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 2022:

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	**13 366**	**88.6**	**1 226 184**	**0.7**
1 001 – 10 000 shares	**1 385**	**9.2**	**4 357 184**	**2.6**
10 001 – 100 000 shares	**241**	**1.6**	**7 432 616**	**4.4**
100 001 – 1 000 000 shares	**81**	**0.5**	**25 201 125**	**14.8**
1 000 001 shares and above	**10**	**0.1**	**131 541 752**	**77.5**
	15 083	**100.0**	**169 758 861**	**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*	**3**	**0.03**	**101 735 396**	**59.9**
BB Investment Company Proprietary Limited	**1**	**0.01**	**93 713 963**	**55.2**
Adcock Ingram Limited	**1**	**0.01**	**8 000 000**	**4.7**
Director	**1**	**0.01**	**21 433**	**0.0**
Public shareholders	**15 080**	**99.97**	**68 023 465**	**40.1**
	15 083	**100.00**	**169 758 861**	**100.0**

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

Beneficial shareholder holding 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 2022:

Shareholder	Total shareholding	%
Bidvest Group Limited	**93 713 963**	**55.2**
Government Employees Pension Fund	**16 049 007**	**9.5**
	109 762 970	**64.7**

Geographical split of beneficial shareholders

Country	Total shareholding	% of issued share capital
South Africa	159 645 837	94.0
United States of America and Canada	7 664 191	4.5
Rest of Europe	604 701	0.4
United Kingdom	503 663	0.3
Other[1]	1 340 469	0.8
	169 758 861	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)
2021 – July	2 413 110	106	45.70	40.65	44.75
2021 – August	1 449 384	66	47.50	43.82	46.41
2021 – September	2 985 459	139	48.50	44.71	46.50
2021 – October	5 448 528	260	49.50	45.00	48.99
2021 – November	2 393 756	113	49.96	44.00	44.51
2021 – December	1 350 725	64	51.87	44.00	50.45
2022 – January	835 963	42	54.99	48.35	50.45
2022 – February	1 100 883	56	57.13	47.51	51.60
2022 – March	1 292 760	67	54.55	49.51	52.35
2022 – April	1 222 312	66	57.00	51.44	53.69
2022 – May	1 087 005	57	55.80	50.01	55.43
2022 – June	1 222 106	65	58.27	48.60	49.66

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