

# Notice of Annual General Meeting 2019



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# Notice of Annual General Meeting

## ADCOCK INGRAM HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number 2007/016236/06

JSE share code: AIP ISIN: ZAE000123436

("Adcock Ingram" or "the Company")

**Board of Directors ("Board"):** Ms L Boyce, Dr S Gumbi, Mr A Hall (CEO), Prof M Haus (Lead Independent Director), Ms B Letsoalo (Executive Director: Human Capital & Transformation), Ms N Madisa, Dr C Manning, Dr A Mokgokong, Ms D Neethling (CFO), Mr L Ralphs (Chairman), Ms D Ransby, Mr K Wakeford.

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual General Meeting of shareholders of Adcock Ingram will be held at the Company's premises, 1 New Road, Midrand, Gauteng on Friday, 22 November 2019 at 09:00 or at any other adjourned or postponed time determined in accordance with the provisions of section 64(4) or section 64(10) (as read with section 64(11)(a)(i)) of the Companies Act, 71 of 2008 ("Companies Act") (such Annual General Meeting being hereinafter also referred to as the "AGM").

**This document is important and requires your immediate attention. Your attention is drawn to the notes at the end of this notice, which contain important information regarding shareholders' participation at the AGM. Should you be in any doubt as to what action to take in respect of the proposed resolutions and other matters contemplated in this notice of the AGM or the explanatory notes hereto, we recommend that you consult appropriate professional advisers. For purposes of this notice of the AGM and the explanatory notes hereto, the term "shareholder" shall have the meaning ascribed thereto in section 57(1) of the Companies Act.**

In terms of section 59(1) of the Companies Act, the Board has set the record dates to determine which shareholders are entitled to:

- (a) receive this Notice of the AGM as being Friday, 18 October 2019; and
- (b) participate in and vote at the AGM as being Friday, 15 November 2019.

The last day to trade in the Company's shares, in order to participate in and vote at the AGM is Tuesday, 12 November 2019.

The meeting is convened for the purpose of conducting the following business and to consider and if deemed fit, pass and approve, with or without modification, the ordinary and special resolutions set out below in the manner required by the Companies Act and the JSE Listings Requirements. Please see the explanatory notes commencing on page 6 for the explanations which accompany the below ordinary and special resolutions.

### 1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS AND REPORTS

To present the audited annual financial statements of the Company and its subsidiaries (the "Group") as approved by the Board of the Company in terms of section 30(3) of the Companies Act, incorporating, *inter alia*, the reports of the external Auditor, Audit Committee and the directors for the financial year ended 30 June 2019.

### 2. PRESENTATION OF THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

To present the report of the Social, Ethics and Transformation Committee for the financial year ended 30 June 2019, as required in terms of Regulation 43(5)(c) of the Regulations to the Companies Act, 2011 ("Companies Regulations").

### 3. RE-ELECTION OF NON-EXECUTIVE DIRECTORS

#### ORDINARY RESOLUTION 1

- 3.1 To elect Ms Debbie Ransby, who is retiring by rotation in accordance with paragraph 15.5 of the Company's Memorandum of Incorporation ("MOI"), as a non-executive director of the Company as contemplated in section 68(2)(a) of the Companies Act. Ms Ransby, being eligible and available, offers herself for re-election (as Ordinary Resolution 1.1).
- 3.2 To elect Dr Sibongile Gumbi, who is retiring by rotation in accordance with paragraph 15.5 of the MOI, as a non-executive director of the Company as contemplated in section 68(2)(a) of the Companies Act. Dr Gumbi, being eligible and available, offers herself for re-election (as Ordinary Resolution 1.2).
- 3.3 To elect Mr Kevin Wakeford, who is retiring by rotation in accordance with paragraph 15.5 of the MOI, as a non-executive director of the Company as contemplated in section 68(2)(a) of the Companies Act. Mr Wakeford, being eligible and available, offers himself for re-election (as Ordinary Resolution 1.3).
- 3.4 To elect Dr Anna Mokgokong, who is retiring by rotation in accordance with paragraph 17.1 of the MOI, as a non-executive director of the Company and as contemplated in section 68(2)(a) of the Companies Act. Dr Mokgokong, being eligible and available, offers herself for re-election (as Ordinary Resolution 1.4).

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## 4. ELECTION OF AUDIT COMMITTEE MEMBERS

### ORDINARY RESOLUTION 2

To elect by way of separate divisible resolutions the following non-executive directors as the Audit Committee members for the ensuing year in accordance with section 94 of the Companies Act. Ms Boyce and Prof Haus currently serve on the committee and, accordingly, offer themselves for re-election:

- 4.1 Ms D Ransby (Chairperson) (as Ordinary Resolution 2.1) subject to being re-elected as a director in terms of Ordinary Resolution 1.1 above;
- 4.2 Ms L Boyce (as Ordinary Resolution 2.2); and
- 4.3 Prof M Haus (as Ordinary Resolution 2.3).

## 5. APPOINTMENT OF EXTERNAL AUDITOR

### ORDINARY RESOLUTION 3

To appoint PricewaterhouseCoopers Inc (PwC) as independent external auditor of the Company for the ensuing year (the designated auditor being Mr Keeran Ramnarian) and to note the remuneration of the previous independent external auditor (EY) as determined by the Audit Committee of the Board as follows:

	2019 R'000
External auditor's remuneration	
– Audit fees current year	10 502
– Audit fees underprovision prior year	777
– Taxation services	685
– Other services	184

## 6. APPROVAL OF THE REMUNERATION POLICY

### ORDINARY RESOLUTION 4

To endorse, by way of a non-binding advisory vote, the Company and the Group's remuneration policy (excluding the remuneration of the non-executive directors for their services as directors and members of committees), as set out on pages 23 to 28.

## 7. NON-BINDING ADVISORY VOTE ON THE IMPLEMENTATION REPORT OF THE REMUNERATION POLICY OF THE COMPANY

### ORDINARY RESOLUTION 5

To endorse, by way of a non-binding advisory vote, the Company and Group's remuneration implementation report as set out on pages 29 to 34.

## 8. DELEGATION OF AUTHORITY

### ORDINARY RESOLUTION 6

To authorise any 1 (one) director of the Company and/or the Company Secretary to do all such things and sign all such documents (including any amendments thereto) as are deemed necessary or advisable to implement the ordinary and special resolutions which have been (or will be) duly passed as set out in the notice convening the AGM.

## 9. FINANCIAL ASSISTANCE IN TERMS OF SECTION 45 OF THE COMPANIES ACT TO RELATED AND INTER-RELATED PARTIES

### SPECIAL RESOLUTION 1

To approve, subject to compliance with the provisions of the MOI and Companies Act (including but not limited to the Board being satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in section 4 of the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company), the provision by the Company, at any time and from time to time during the period of 2 (two) years commencing from the date of approval of this special resolution, of such direct or indirect financial assistance as contemplated in section 45 of the Companies Act, by way of a loan, guarantee of a loan or other obligation or securing of a debt or other obligation or otherwise as the Board may authorise, (i) to any 1 (one) or more related

or inter-related company(ies) or corporation(s), or (ii) to any 1 (one) or more person(s) related to any such company(ies) or corporation(s) (as such relations and inter-relationships are outlined in section 2 of the Companies Act), on such other terms and conditions as the Board may deem fit, subject to the Companies Act.

## **10. PROPOSED REMUNERATION OF NON-EXECUTIVE DIRECTORS PAYABLE WITH EFFECT FROM 1 DECEMBER 2019**

### **SPECIAL RESOLUTION 2**

To approve the proposed fees and remuneration payable to non-executive directors, for their services as directors with effect from 1 December 2019 until the next AGM in accordance with the proposed remuneration as set out on pages 8 and 9.

## **11. APPROVAL OF THE AMENDMENTS TO THE MEMORANDUM OF INCORPORATION**

### **SPECIAL RESOLUTION 3**

To consider and approve the following amendments to the MOI:

11.1 the insertion of the words "Subject to paragraph 17.3 below," before the words "Retiring directors" in paragraph 17.2 of the MOI; and

11.2 the insertion of the following new paragraph 17.3 in the MOI:

"17.3 Directors shall be appointed for a maximum of 3 (three) successive terms of 3 (three) years (i.e. 9 (nine) years in total). Directors who have reached their 9 (nine) year successive tenure shall automatically retire from the Board and shall not be available for re-election unless the Board, having considered that the relevant retiring director possesses a rare or unique skill which is required or desirable on the Board, determines that director should remain in place for another term or until a suitable replacement director with similar skills and experience is appointed in the place of such retiring director, in which case that director may be available for re-election."

## **12. SHARE REPURCHASE**

### **SPECIAL RESOLUTION 4**

To authorise the directors to approve and implement the acquisition by the Company (or by a subsidiary of the Company in terms of section 48(2)(b) of the Companies Act), of ordinary shares of the Company, by way of a general authority, which shall only be valid until the Company's next AGM or 15 (fifteen) months from the date of the passing of this special resolution, whichever period is the shorter, and subject to the Companies Act, the MOI, the JSE Limited ("**JSE**") Listings Requirements, when applicable, and the following limitations, namely:

- a. the repurchase of shares in terms of this authority be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- b. the Company being authorised thereto by its MOI;
- c. repurchases not being made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
- d. an announcement containing full details of such acquisition of shares, will be published in accordance with the JSE Listings Requirements as soon as the Company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the number of ordinary shares in issue at date of the AGM at which this resolution is considered and passed ("initial number"), and for each 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter, containing such details of such repurchases as are required under the JSE Listings Requirements as well as any confirmations and disclosures required of the Company and its directors;
- e. a resolution has been passed by the Board confirming that it has authorised the repurchase, and that the Company and its subsidiary/ies have passed the solvency and liquidity test and that since the test was performed there have been no material changes to the financial position of the Group;
- f. the number of shares purchased and held by a subsidiary or subsidiaries of the Company shall not exceed 5% (five percent) in aggregate of the number of issued shares in the Company at the relevant times;
- g. a general repurchase of ordinary shares in the aggregate in any one financial year may not exceed 5% (five percent) of the Company's issued ordinary share capital as at the beginning of the financial year;
- h. any such general repurchase will be subject to the applicable provisions of the Companies Act (including sections 114 and 115 to the extent that section 48(8) is applicable in relation to that particular repurchase);

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- i. the Company or its subsidiary may not repurchase securities during a prohibited period as defined in the JSE Listings Requirements unless the Company has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and details of the programme have been submitted to the JSE in writing prior to the commencement of the prohibited period; and
- j. the Company only appointing 1 (one) agent at any point in time to effect any repurchases on its behalf.

Having considered the effects of a maximum repurchase, the directors are of the opinion that:

- ▶ the Company and the Group will be able in the ordinary course of business to pay its debts for a period of 12 (twelve) months following the date of the notice of Annual General Meeting;
- ▶ the consolidated assets of the Company and the Group, recognised and measured in accordance with the accounting policies used in the latest audited Group annual financial statements, will exceed the liabilities of the Company and the Group for a period of 12 (twelve) months following the date of the notice of Annual General Meeting;
- ▶ the ordinary share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months following the date of the notice of Annual General Meeting; and
- ▶ the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 (twelve) months following the date of the notice of Annual General Meeting.

## SOLVENCY AND LIQUIDITY TEST

The Board confirms that, having considered the effects of the maximum repurchase, it has passed a resolution approving the repurchase and confirming that the Company and its subsidiary/ies have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Group.

## STATEMENT OF INTENT

The directors undertake that, to the extent it is still required by the JSE Listings Requirements and the Companies Act, they will not implement any repurchase as contemplated in this special resolution while this general authority is valid, unless:

- a. the Board has resolved to authorise such repurchase subject to the limitations set out in this special resolution, have applied the solvency and liquidity test set out in section 4 of the Companies Act and have reasonably concluded that the Group will satisfy the solvency and liquidity test immediately after completing such repurchase, and are satisfied that since the test was carried out there have been no material changes to the financial position of the Group; and
- b. the Group will comply with the provisions of section 46 of the Companies Act and the JSE Listings Requirements in relation to such repurchase.

The directors of the Company have no specific intention to effect the provisions of this special resolution but will, however, continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of this special resolution.

**The JSE Listings Requirements require the following disclosures, which are disclosed as follows:**

- ▶ **Major shareholders of the Company – page 35; and**
- ▶ **Share capital of the Company – page 21.**

## DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on page 1, collectively and individually accept full responsibility for the accuracy of the information pertaining to this Special Resolution 4 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this resolution contains all information required by law and the JSE Listings Requirements.

## MATERIAL CHANGE

Other than the facts and developments reported on in the Integrated Report, there have been no material changes in the financial position of the Group since the date of signature of the audit report and the date of this notice.

### 13. ANY OTHER BUSINESS

In terms of section 61(8)(d) of the Companies Act, an AGM must provide for the transacting of business in relation to any matters raised by shareholders, with or without advance notice to the Company.

### 14. ELECTRONIC COMMUNICATION AND PARTICIPATION

Shareholders or their proxies may participate in the AGM by way of a teleconference call and, if they wish to do so:

- ▶ must contact the Company Secretary: ntando.simelane@adcock.com or +27 (0) 11 635 0143 during business hours (08:00 to 17:00 on weekdays);
- ▶ will be required to provide reasonably satisfactory identification; and
- ▶ will be billed separately by their own telephone service providers for their telephone call to participate in the meeting.

Please note that shareholders or their proxies will be entitled to exercise voting rights at the meeting by way of teleconference call.

### 15. PROXIES AND VOTING

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate in and vote at the meeting in the place of the shareholder. A proxy need not also be a shareholder of the Company. Note that equity securities held by a share trust or scheme and unlisted securities will not have their votes taken into account at the AGM for the purposes of resolutions proposed in terms of the JSE Listings Requirements. Shares held as treasury shares in terms of the Companies Act may not vote on any resolutions.

Please note that, in accordance with section 63(1) of the Companies Act, the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder, or as a proxy for a shareholder, has been reasonably verified. Accordingly, meeting participants (including shareholders and proxies) must provide satisfactory identification. Without limiting the generality hereof, the Company will accept a valid South African identity document, a valid driver's licence or a valid passport as satisfactory identification.

On a show of hands, every shareholder of the Company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the Company shall have one vote for every share held in the Company by such shareholder.

Forms of proxy should be lodged in person or posted to the Company's transfer secretaries, Computershare Investor Services Proprietary Limited (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa; PO Box 61051, Marshalltown, 2107), to be received for the orderly arrangement of matters on the date of the AGM (but not required) by no later than 09:00, on Wednesday, 20 November 2019 (for administrative purposes), provided that they may be handed to the chairperson of the meeting at any time prior to the proxy exercising any right at the meeting.

All beneficial owners whose shares have been dematerialised through a Central Securities Depository Participant ("CSDP") or broker, other than with "own name" registration, must provide the CSDP or broker with their voting instructions in terms of their custody agreement should they wish to vote at the AGM. Alternatively, they may request the CSDP or broker to provide them with a letter of representation, in terms of their custody agreements, should they wish to attend the AGM.

By order of the Board

**Ntando Simelane**  
*Company Secretary*

Midrand  
25 October 2019

# Notice of Annual General Meeting continued

## ANNUAL GENERAL MEETING – EXPLANATORY NOTES

### PRESENTATION OF ANNUAL FINANCIAL STATEMENTS AND REPORTS

Section 61(8) of the Companies Act requires directors to present the annual financial statements for the year ended 30 June 2019 to shareholders, together with the reports of the directors, external Auditor and the Audit Committee at the AGM. Summarised annual financial statements are included from pages 11 and the full version thereof including the reports of the external auditor, audit committee and directors is published on the Company's website.

Shareholders are advised that, in terms of section 62(3)(d) of the Companies Act, a copy of the complete annual financial statements for the preceding financial year may be obtained by submitting a written request to the Company Secretary, and electronic copies are available on the Adcock Ingram website at ([www.adcock.com/investors/financialreports](http://www.adcock.com/investors/financialreports)).

### PRESENTATION OF THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

Regulation 43(5)(c) of the Companies Regulations requires the Social and Ethics Committee, through 1 (one) of its members, to report to the shareholders on matters within its mandate at the AGM. The Social, Ethics and Transformation Committee's report will be presented during the AGM.

## 1. ORDINARY RESOLUTION 1 – RE-ELECTION OF NON-EXECUTIVE DIRECTORS

In terms of the MOI, one-third of the non-executive directors are required to retire at each AGM and may offer themselves for re-election. The MOI also provides that non-executive directors who were appointed by the Board to fill a vacancy or as an addition to the Board shall retire in terms of paragraphs 15.5 and/or 17.1 of the MOI.

- 1.1 Ms D Ransby (CA (SA)) (as Ordinary Resolution 1.1) retires by rotation in terms of paragraph 15.5 of the MOI;
- 1.2 Dr S Gumbi (PhD in Pharmacology, MBA) (as Ordinary Resolution 1.2) retires by rotation in terms of paragraph 15.5 of the MOI;
- 1.3 Mr K Wakeford (CA (SA)) (as Ordinary Resolution 1.3) retires by rotation in terms of paragraph 15.5 of the MOI; and
- 1.4 Dr A Mokgokong (BSc, MBChB, DCom) (as Ordinary Resolution 1.4) retires by rotation in terms of paragraph 17.1 of the MOI.

Ms Ransby, Dr Gumbi, Mr Wakeford and Dr Mokgokong have offered themselves for re-election and, having been evaluated and had their suitability for re-appointment recommended by the Nominations Committee and confirmed by the Board, are eligible for re-election.

To be approved, each of the resolutions set out under Ordinary Resolution 1 requires the support of more than 50% (fifty percent) of the voting rights exercised on the resolution.

If each of the resolutions set out under Ordinary Resolution 1 is approved, the effect would be to elect the retiring directors who have offered themselves for re-election (i.e. Ms Ransby, Dr Gumbi, Mr Wakeford and Dr Mokgokong), as non-executive directors to the Board of the Company until such time as they resign, or are otherwise removed from office.

## 2. ORDINARY RESOLUTION 2 – ELECTION OF THE AUDIT COMMITTEE MEMBERS

Section 94(2) of the Companies Act requires the Company to elect an Audit Committee comprising at least 3 (three) non-executive directors of the Board at each AGM. In order to comply with this provision of the Companies Act, the Board, following a recommendation of the Nominations Committee, hereby nominates the following non-executive directors to be elected as members of the Audit Committee:

- 2.1 Ms D Ransby (CA(SA)) (Chairperson) (as Ordinary Resolution 2.1) subject to being re-elected as a director in terms of Ordinary Resolution 1.1;
- 2.2 Ms L Boyce (CA(SA)) (as Ordinary Resolution 2.2); and
- 2.3 Prof M Haus (MBChB, MD, DCH, FLFP, FPPM) (as Ordinary Resolution 2.3).

To be approved, each of the resolutions for the election of members of the Audit Committee in Ordinary Resolution 2 requires the support of more than 50% (fifty percent) of the voting rights exercised on the resolution.

If Ordinary Resolution 2 is approved, the effect would be to elect the abovementioned directors to the Audit Committee until the next AGM of the Company.

### **3. ORDINARY RESOLUTION 3 – APPOINTMENT OF EXTERNAL AUDITORS**

In terms of section 90(1) of the Companies Act the Company must appoint an auditor each year at its AGM by way of an ordinary resolution of the shareholders entitled to exercise voting rights on that resolution. In terms of section 94(7)(a) (as read with section 90(2)) of the Companies Act, the Audit Committee of the Company must nominate a registered auditor for appointment as auditor of the Company who is, in the opinion of the Audit Committee, independent of the Company.

The Audit Committee has nominated PwC as the independent external auditor of the Company. The Audit Committee is satisfied that PwC and the individual auditor designated by PwC as responsible for performing the functions of the Company's auditor on behalf of PwC, namely Mr Keeran Ramnarian, can be regarded as independent and are thereby able to conduct their audit functions without any conflict or influence.

PwC has confirmed its willingness to be engaged as external auditor of the Company and Ordinary Resolution 3 proposes the appointment of that firm as the Company's auditor with effect from 22 November 2019 until the next AGM. As contemplated in section 90(3) of the Companies Act, the name of the designated auditor of PwC, forms part of the resolution. The resolution also notes the remuneration of the previous independent external auditor (EY) as determined by the Audit Committee of the Board.

To be approved, Ordinary Resolution 3 requires the support of more than 50% (fifty percent) of the voting rights exercised on the resolution.

If Ordinary Resolution 3 is approved, the effect would be to approve the appointment of PwC as the independent external auditor of the Company until the next AGM of the Company.

### **4. ORDINARY RESOLUTION 4 – APPROVAL OF THE REMUNERATION POLICY**

Principle 14 of King IV requires companies to ensure that they remunerate fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term and requires companies to table their remuneration policy to shareholders every year for a non-binding advisory vote at the AGM. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation. The Group's remuneration report is as set out from page 23. Ordinary Resolution 4 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the Board will as required in terms of King IV and the JSE Listings Requirements, disclose in the background statement of the remuneration report succeeding the voting: with whom the Company engaged, and the manner and form of engagement to ascertain the reasons for dissenting votes; and the nature of steps taken to address legitimate and reasonable objections and concerns, in the event that either the remuneration policy or implementation report, or both, were voted against by 25% (twenty five percent), or more, of the voting rights exercised.

To be approved, Ordinary Resolution 4 requires the support of more than 50% (fifty percent) of the voting rights exercised on the resolution.

### **5. ORDINARY RESOLUTION 5 – NON-BINDING ADVISORY VOTE ON THE IMPLEMENTATION REPORT OF THE REMUNERATION POLICY OF THE COMPANY**

Principle 14 of King IV further recommends that the implementation report of a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each AGM. This resolution is of advisory nature only to enable shareholders to express their views on the implementation report of the Company's remuneration policy.

To be approved, Ordinary Resolution 5 requires the support of more than 50% (fifty percent) of the voting rights exercised on the resolution.

### **6. ORDINARY RESOLUTION 6 – DELEGATION OF AUTHORITY**

The reason for Ordinary Resolution 6 is to authorise any 1 (one) director or the Company Secretary of the Company to do all such things and sign all documents and take all such action as he/she may consider necessary to implement the resolutions set out in the notice convening the AGM.

To be approved, Ordinary Resolution 6 requires the support of more than 50% (fifty percent) of the voting rights exercised on the resolution.

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## 7. SPECIAL RESOLUTION 1 – FINANCIAL ASSISTANCE IN TERMS OF SECTION 45 OF THE COMPANIES ACT TO RELATED AND INTER-RELATED PARTIES

It is important for the Group to be able to administer its cash resources efficiently. From time to time it is advisable for the Company to borrow from its subsidiaries, and to on-lend or provide loans to its subsidiaries and other potential recipients envisaged in Special Resolution 1 in accordance with the provisions of section 45 of the Companies Act. It is not possible to detail in advance all instances where such financial assistance could be required, and approval is accordingly sought as contemplated in section 45(3)(a)(ii) of the Companies Act generally for the provision of financial assistance to certain categories of potential recipients. If approved, this general authority will expire at the end of 2 (two) years from the date on which Special Resolution 1 is approved. In addition, it would be impractical and difficult to obtain shareholder approval every time the Company wishes to provide financial assistance as contemplated above. Accordingly, the Company requires flexibility and the authority to act promptly as the need arises, and the authority of this special resolution is sought in advance to obviate the need for shareholder approval in each instance.

To be approved, Special Resolution 1 requires the support of more than 75% (seventy five percent) of the voting rights exercised on the resolution.

If Special Resolution 1 is approved, the effect would be to authorise the Company to grant the aforementioned financial assistance to the relevant persons, subject to compliance with the MOI and the Companies Act (including but not limited to the Board being satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in section 4 of the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company).

## 8. SPECIAL RESOLUTION 2 – PROPOSED REMUNERATION OF NON-EXECUTIVE DIRECTORS PAYABLE WITH EFFECT FROM 1 DECEMBER 2019

Shareholders are requested to consider and if deemed appropriate, approve the proposed annual market-related fees and remuneration payable quarterly in arrears to non-executive directors for their services as directors (which for clarity includes their participation in sub-committees of the Board) with effect from 1 December 2019 until the next AGM as set out in the table hereunder. Full particulars of all fees and remuneration for the past financial year are contained in the Remuneration report. Since the coming into effect of the Companies Act, in particular sections 65(11), 66(8) and (9), remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the shareholders within the previous 2 (two) years.

To be approved, Special Resolution 2 requires the support of at least 75% (seventy five percent) of the voting rights exercised on the resolution.

Category	Current annual remuneration	Proposed annual remuneration payable with effect from 1 December 2019
<b>Board</b>		
<i>Chairman</i>	1 189 163	<b>1 189 163</b>
<i>Lead Independent Director</i>	Not applicable	<b>390 000</b>
<i>Board member</i>	284 769	<b>302 400</b>
<b>Audit Committee</b>		
<i>Chairman</i>	249 500	<b>249 500</b>
<i>Audit Committee member</i>	124 740	<b>124 740</b>
<b>Risk and Sustainability Committee</b>		
<i>Chairman</i>	235 370	<b>235 370</b>
<i>Committee member</i>	117 680	<b>120 000</b>
<b>Human Resources, Remuneration and Nominations Committee</b>		
<i>Chairman</i>	180 000	<b>180 000</b>
<i>Committee member</i>	82 700	<b>82 700</b>

Category	Current annual remuneration	Proposed annual remuneration payable with effect from 1 December 2019
<b>Social, Ethics and Transformation Committee</b>		
Chairman	165 900	<b>165 900</b>
Committee member	71 230	<b>71 230</b>
<b>Acquisitions Committee</b>		
Chairman	249 500	<b>249 500</b>
Committee member	124 740	<b>124 740</b>

Non-executive directors are paid an additional R13 000 (thirteen thousand Rand) each when they attend special meetings of the Board and/or sub-committees of the Board which last more than 3 (three) hours. The Chairman of the Board does not get paid any additional amount for attending meetings of sub-committees of the Board.

If Special Resolution 2 is approved, the effect would be to authorise the Company to pay the remuneration contemplated in the above table to the non-executive directors of the Company for their services as directors, with effect from 1 December 2019 until the next AGM.

## 9. SPECIAL RESOLUTION 3 – AMENDMENTS TO THE MEMORANDUM OF INCORPORATION

In terms of section 16(1)(c) of the Companies Act, the Company's MOI may be amended at any time if, *inter alia*, a special resolution to amend it is proposed by the Board and adopted at a shareholders' meeting of the Company.

The Board has proposed the amendments to the MOI to ensure that the MOI captures the recently adopted principle in the Board charter relating to the automatic retirement of directors that have reached a nine-year tenure on the Board and that such directors shall not be available for re-election, unless the Board, having considered that the relevant retiring director possesses a rare or unique skill which is required or desirable on the Board, determines that the director should remain in place for another term or until a suitable replacement director with similar skills and experience is appointed in the place of such retiring director, in which case that director may be available for re-election.

The Board is of the view that the adoption of the proposed amendments to the MOI in terms of Special Resolution 3 will not result in a material adverse change to the interests of the existing shareholders as contemplated in section 164(2)(a) of the Companies Act.

A full marked-up version of the MOI incorporating the proposed amendments is available on the Company's website at <https://www.adcock.co.za/Content/pdf/20190722AdcockMOI.pdf> and for inspection at the Company's registered office.

To be approved, Special Resolution 3 requires the support of 75% of the votes cast by shareholders present or represented by proxy.

If Special Resolution 3 is approved, the effect would be to amend the MOI in the manner contemplated by Special Resolution 3 and as explained above.

## 10. SPECIAL RESOLUTION 4 – SHARE REPURCHASE

The Board believes that it may be prudent to obtain a general authority to repurchase the Company's shares to enable it to act promptly should the opportunity arise. Shareholders' approval, by way of a special resolution, is sought for a repurchase of the Company's shares, subject to the provisions of the JSE Listings Requirements and the Companies Act as set out in the proposed resolution. This special resolution is subject to the statement of intent as set out above.

To be approved, Special Resolution 4 requires the support of at least 75% (seventy five percent) of the voting rights exercised on the resolution.

If Special Resolution 4 is approved, the effect would be to authorise the Company and/or its subsidiary company/ies by way of a general authority to acquire the Company's issued shares on such terms, conditions and in such amounts as determined from time to time by the directors of the Company subject to the provisions of the JSE Listings Requirements and the Companies Act as set out in Special Resolution 4.

# Notice of Annual General Meeting continued

## QUORUM

The meeting of shareholders contemplated herein may begin, and a matter may begin to be debated at that meeting, only if the following quorum requirements are met as required by the Companies Act and the MOI:

1. Subject to 2 and 3 below:
  - 1.1 a meeting of shareholders may not begin until sufficient persons are present at the meeting to exercise, in aggregate, at least 25% (twenty five percent) of all of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting; and
  - 1.2 a matter to be decided at the meeting may not begin to be considered unless sufficient persons are present at the meeting to exercise, in aggregate, at least 25% (twenty five percent) of all of the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda.
2. Once a quorum has been established at a meeting of shareholders, all the shareholders necessary to maintain such quorum must be present at that meeting to consider and vote on any matter.
3. Despite the percentage figures set out in 1, as the Company has more than 2 (two) shareholders, a meeting may not begin, or a matter begin to be debated unless:
  - 3.1 at least 3 (three) shareholders are "present at the meeting" (as defined in the Companies Act); and
  - 3.2 the requirements of 1, are satisfied.

# Financial Statements

## Consolidated statements of comprehensive income

	Notes	Audited 2019 R'000	Change %	Restated* Audited 2018 R'000
<b>Continuing operations</b>				
<b>Revenue</b>	2	<b>7 089 058</b>	11	6 405 316
<b>Contracts with customers</b>	2	<b>7 078 438</b>	11	6 382 706
Cost of sales		(4 289 332)		(3 871 397)
<b>Gross profit</b>		<b>2 789 106</b>	11	2 511 309
Selling, distribution and marketing expenses		(1 318 830)	13	(1 166 443)
Fixed and administrative expenses		(514 855)	4	(494 922)
<b>Trading profit</b>		<b>955 421</b>	12	849 944
Non-trading expenses	3	(71 884)		(46 895)
<b>Operating profit</b>		<b>883 537</b>	10	803 049
Finance income	2	6 756		18 270
Finance costs		(18 404)		(25 401)
Dividend income	2	3 864		4 340
Equity-accounted earnings		90 714		79 252
<b>Profit before taxation</b>		<b>966 467</b>	10	879 510
Taxation		(269 435)		(246 145)
<b>Profit for the year from continuing operations</b>		<b>697 032</b>	10	633 365
(Loss)/Profit after taxation for the period/year from discontinued operation		(1 609)		10 708
<b>Profit for the year</b>		<b>695 423</b>	8	644 073
<b>Other comprehensive income which will subsequently be recycled to profit or loss</b>				
Exchange differences on translation of foreign operations:				
– Continuing operations		279		1 126
– Joint venture and associate		4 342		(1 914)
– Discontinued operation		2 770		2 588
Movement in cash flow hedge accounting reserve, net of tax		(23 612)		4 582
<b>Other comprehensive income transferred to profit or loss</b>				
– associate		1 607		–
– discontinued operation		(18 960)		–
<b>Other comprehensive income which will not be recycled to profit or loss</b>				
Fair value of investment		27		24
Actuarial profit on post-retirement medical liability		706		634
<b>Total comprehensive income for the year, net of tax</b>		<b>662 582</b>		651 113
<b>Profit attributable to:</b>				
Owners of the parent		687 986		637 943
Non-controlling interests		7 437		6 130
		695 423		644 073
<b>Total comprehensive income attributable to:</b>				
Owners of the parent		655 145		644 983
Non-controlling interests		7 437		6 130
		662 582		651 113

# Consolidated statements of comprehensive income continued

	Audited 2019	Change %	Audited 2018
<b>Continuing operations:</b>			
Basic earnings per ordinary share (cents)	414.8	10	377.2
Diluted basic earnings per ordinary share (cents)	414.8	10	377.2
Headline earnings per ordinary share (cents)	421.7	11	381.3
Diluted headline earnings per ordinary share (cents)	421.6	11	381.3
<b>Discontinued operations:</b>			
Basic (loss)/earnings per ordinary share (cents)	(1.0)		6.4
Diluted (loss)/earnings per ordinary share (cents)	(1.0)		6.4
Headline earnings per ordinary share (cents)	1.2		6.4
Diluted headline earnings per ordinary share (cents)	1.2		6.4
<b>Total operations:</b>			
Basic earnings per ordinary share (cents)	413.8	8	383.6
Diluted basic earnings per ordinary share (cents)	413.8	8	383.6
Headline earnings per ordinary share (cents)	422.8	9	387.7
Diluted headline earnings per ordinary share (cents)	422.8	9	387.7

\* Prior year has been restated to show comparatives for the discontinued operation.

# Consolidated statement of changes in equity

	Attributable to holders of the parent							Total R'000
	Issued share capital R'000	Share premium R'000	*NDR-Continuing operations R'000	*NDR-Discontinued operations R'000	Retained income R'000	Total attributable to ordinary shareholders R'000	Non-controlling interests R'000	
<b>As at 1 July 2017 (audited)</b>	17 147	666 873	200 372		2 603 090	3 487 482	7 522	3 495 004
Movement in treasury shares	(1)	(517)				(518)		(518)
Movement in share-based payment reserve			16 463			16 463		16 463
Total comprehensive income			7 040		637 943	644 983	6 130	651 113
Profit for the year			7 040		637 943	637 943	6 130	644 073
Other comprehensive income						7 040		7 040
Dividends					(235 904)	(235 904)	(11 239)	(247 143)
<b>Balance at 30 June 2018 (audited)</b>	<b>17 146</b>	<b>666 356</b>	<b>223 875</b>		<b>3 005 129</b>	<b>3 912 506</b>	<b>2 413</b>	<b>3 914 919</b>
IFRS 9 adjustment net of tax**					(4 386)	(4 386)		(4 386)
Restated balance at 1 July 2018 (audited)	17 146	666 356	223 875		3 000 743	3 908 120	2 413	3 910 533
Movement in treasury shares	(4)	(2 342)				(2 346)		(2 346)
Movement in share-based payment reserve			5 314			5 314		5 314
Transfer to discontinued operation			(16 190)	16 190				
Total comprehensive income			(16 651)	(16 190)	687 986	655 145	7 437	662 582
Profit for the year			(16 651)	(16 190)	687 986	687 986	7 437	695 423
Other comprehensive income						(32 841)		(32 841)
Dividends					(270 801)	(270 801)	(7 088)	(277 889)
<b>Balance at 30 June 2019 (audited)</b>	<b>17 142</b>	<b>664 014</b>	<b>196 348</b>	-	<b>3 417 928</b>	<b>4 295 432</b>	<b>2 762</b>	<b>4 298 194</b>

\* NDR = Non-distributable reserves

\*\* Refer to note 1.2

# Consolidated statements of financial position

	Audited 2019 R'000	Audited 2018 R'000
<b>ASSETS</b>		
Property, plant and equipment	1 538 198	1 521 255
Intangible assets	609 444	626 242
Deferred tax	8 671	18 120
Other financial assets	29 627	34 010
Investment in joint ventures	506 236	445 150
Investment in associate	–	8 014
<b>Non-current assets</b>	<b>2 692 176</b>	2 652 791
Inventories	1 312 551	1 565 949
Trade and other receivables	1 787 025	1 641 295
Cash and cash equivalents	448 252	404 629
Taxation receivable	10 789	6 061
<b>Current assets</b>	<b>3 558 617</b>	3 617 934
<b>Total assets</b>	<b>6 250 793</b>	6 270 725
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Issued share capital	17 142	17 146
Share premium	664 014	666 356
Non-distributable reserves	196 348	223 875
Retained income	3 417 928	3 005 129
Total shareholders' funds	4 295 432	3 912 506
Non-controlling interests	2 762	2 413
<b>Total equity</b>	<b>4 298 194</b>	3 914 919
Post-retirement medical liability	15 637	16 340
Deferred tax	102 333	118 914
<b>Non-current liabilities</b>	<b>117 970</b>	135 254
Trade and other payables	1 683 923	1 838 930
Bank overdraft	–	248 877
Cash-settled options	18 699	2 413
Provisions	132 007	130 332
<b>Current liabilities</b>	<b>1 834 629</b>	2 220 552
<b>Total equity and liabilities</b>	<b>6 250 793</b>	6 270 725

# Consolidated statements of cash flows

	Audited 2019 R'000	Audited 2018 R'000
<b>Cash flows from operating activities</b>		
Operating profit from continuing operations	883 537	803 049
Operating profit from discontinued operation	3 098	16 433
<b>Operating profit</b>	<b>886 635</b>	819 482
Other adjustments and non-cash items	350 770	384 646
<b>Operating profit before working capital changes</b>	<b>1 237 405</b>	1 204 128
Working capital changes	(208 600)	(342 968)
<b>Cash generated from operations</b>	<b>1 028 805</b>	861 160
Finance income received	7 350	17 363
Finance costs paid	(20 109)	(25 605)
Dividend income received	41 953	30 100
Dividends paid	(277 889)	(247 143)
Taxation paid	(274 147)	(246 663)
<b>Net cash inflow from operating activities</b>	<b>505 963</b>	389 212
<b>Cash flows from investing activities</b>		
Decrease in other financial assets	2 655	5 232
Acquisition of business	–	(327 623)
Disposal of business	15 940	–
Purchase of property, plant and equipment		
– Expansion	(92 626)	(84 684)
– Replacement	(122 858)	(134 564)
Purchase of intangible assets	–	(4 450)
Proceeds on disposal of investment in associate	2 156	–
Proceeds on disposal of property, plant and equipment	1 288	6 911
<b>Net cash outflow from investing activities</b>	<b>(193 445)</b>	(539 178)
<b>Cash flows from financing activities</b>		
Treasury shares (for equity option scheme)	(21 818)	(6 804)
Repayment of borrowings	–	(276 177)
<b>Net cash outflow from financing activities</b>	<b>(21 818)</b>	(282 981)
Net increase/(decrease) in cash and cash equivalents	290 700	(432 947)
Net foreign exchange difference on cash and cash equivalents	1 800	2 248
Cash and cash equivalents at beginning of year	155 752	586 451
<b>Cash and cash equivalents at end of year</b>	<b>448 252</b>	155 752

# Notes to the consolidated financial statements

## 1. BASIS OF PREPARATION

### 1.1 INTRODUCTION

The summarised audited consolidated annual financial statements for the year ended 30 June 2019 have been prepared in compliance with the Listings Requirements of the JSE Limited, International Financial Reporting Standards (IFRS), the requirements of the International Accounting Standards (IAS) 34: Interim financial reporting, SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act, No. 71 of 2008. These condensed results for the year ended 30 June 2019, extracted from the audited consolidated financial statements, which the Board of directors take full responsibility for, have been prepared by Ms Dorette Neethling, Chief Financial Officer. Both these summarised results and the consolidated financial statements were audited by the independent external auditors, Ernst & Young Inc. and copies of their unqualified audit opinions are available for inspection at the Company's registered office.

Shareholders are advised that, in terms of section 62(3)(d) of the Companies Act, a copy of the complete annual financial statements may be obtained by submitting a written request to the Company Secretary, and electronic copies are available on the Adcock Ingram website at ([www.adcock.com/investors/financialreports](http://www.adcock.com/investors/financialreports)).

### 1.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new and amended IFRS standards and interpretations during the year, which did not have a significant impact on the financial performance or position of the Group:

#### **IFRS 9:** *Financial instruments – recognition and measurement*

**IFRS 9** is the new financial instrument accounting standard and includes the requirements for classification and measurement of financial assets, the impairment and derecognition of financial assets, as well as general hedge accounting.

The classification and measurement of the Group's financial assets are substantially the same as under IAS 39, except for:

- ▶ the reclassification of the long-term receivable from the Black Managers Share Trust, from amortised cost to fair value through profit or loss; and
- ▶ the measurement of the expected credit loss for trade receivables.

In measuring the provision for trade receivables, the Group has applied the new rules using the modified retrospective approach, whereby the financial statements are retrospectively adjusted and the cumulative impact (a reduction of R4.4 million after tax) was recorded on 1 July 2018, the initial date of implementing the standard, by recognising an adjustment to opening retained earnings. A simplified impairment approach was used, whereby the lifetime expected losses on trade receivables are recorded immediately.

The Group has chosen to continue to apply the hedge accounting requirements of IAS 39, instead of the requirements in IFRS 9, to all of its hedging relationships.

#### **IFRS 15:** *Revenue from contracts with customers*

**IFRS 15** establishes a five-step model for entities to use in accounting for revenue arising from contracts with customers. The new standard is based on the principle that revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The new standard supersedes all current revenue recognition requirements under IFRS.

The Group adopted IFRS 15 using the retrospective approach, with the following impact on the Group's financial statements:

- ▶ disaggregated revenue disclosure; and
- ▶ liabilities for the non-performance on customer contracts will be recognised against revenue.

	Audited 2019 R'000	Audited 2018 R'000
<b>2. REVENUE</b>		
Contracts with customers	7 078 438	6 382 706
Finance income	6 756	18 270
Dividend income - Black Managers Share Trust	3 864	4 340
	<b>7 089 058</b>	<b>6 405 316</b>

Contracts with customers by channel	Private	Public	Export and foreign	Total
<b>30 June 2019</b>				
<i>Continuing operations:</i>				
Southern Africa	5 969 909	863 346	196 779	7 030 034
OTC	1 820 678	117 176	45 032	1 982 886
Prescription	2 355 191	319 832	64 626	2 739 649
Consumer	737 800	4	49 092	786 896
Hospital	990 241	426 334	38 029	1 454 604
Other – shared services	65 999			65 999
Rest of Africa			68 524	68 524
Research and development services in India			21 114	21 114
Less: Inter-company sales			(41 234)	(41 234)
	<b>5 969 909</b>	<b>863 346</b>	<b>245 183</b>	<b>7 078 438</b>

Most of the Group's revenue from contracts with customers is recognised at a point in time.

	Audited 2019 R'000	Audited 2018 R'000
<b>3. NON-TRADING EXPENSES</b>		
Impairments	8 568	5 235
Fair value adjustment of long-term receivable	1 763	–
Transaction costs	5 843	7 315
Retrenchment costs	12 347	–
Share-based payment expenses	41 756	34 345
Release of foreign currency translation reserve on disposal of investment in associate	1 607	–
	<b>71 884</b>	<b>46 895</b>

# Notes to the consolidated financial statements continued

## 4. DISCONTINUED OPERATION

The Group disposed of its interest in Pharmed Labs (Jersey) Limited, the owner of Datlabs Proprietary Limited (Datlabs) in Zimbabwe. The results of Datlabs are presented below.

### 4.1 STATEMENT OF COMPREHENSIVE INCOME

	Audited 2019 6 months R'000	Audited 2018 12 months R'000
<b>Revenue</b>	<b>86 261</b>	157 549
<b>Contracts with customers</b>	<b>86 261</b>	157 549
Cost of sales	(61 165)	(102 838)
<b>Gross profit</b>	<b>25 096</b>	54 711
Selling, distribution and marketing expenses	(11 374)	(21 799)
Fixed and administrative expenses	(8 803)	(16 479)
<b>Trading profit</b>	<b>4 919</b>	16 433
Non-trading expenses (note 4.2)	(1 821)	–
<b>Operating profit</b>	<b>3 098</b>	16 433
Finance costs	–	(786)
<b>Profit before taxation</b>	<b>3 098</b>	15 647
Taxation	(1 115)	(4 939)
<b>Profit for the period/year from discontinued operation</b>	<b>1 983</b>	10 708
Loss on disposal of the discontinued operation	(3 592)	–
<b>(Loss)/Profit for the period/year from discontinued operation attributable to owners of the parent</b>	<b>(1 609)</b>	10 708
<b>4.2 NON-TRADING EXPENSES</b>		
Transaction costs	1 821	–
<b>4.3 CASH INFLOW ON DISPOSAL</b>		
Consideration received	36 185	
Net cash disposed of with the discontinued operation	(20 245)	
<b>Net cash inflow</b>	<b>15 940</b>	
<b>4.4 CASH FLOW STATEMENT</b>		
Included in the Group's consolidated statement of cash flows are cash flows from the Zimbabwean discontinued operation. These cash flows are included in the statements of cash flows as follows:		
Cash (outflow)/inflow from operating activities	(3 631)	40 165
Cash outflow from investing activities	(7 264)	(7 964)
Cash outflow from financing activities	–	(1 881)
<b>Net cash (outflow)/inflow</b>	<b>(10 895)</b>	30 320

	Audited 2019 R'000	Audited 2018 R'000
<b>5. SEGMENT REPORTING</b>		
<b>Revenue from contracts with customers</b>		
<i>Continuing operations</i>		
Southern Africa	<b>7 030 034</b>	6 338 389
OTC	<b>1 982 886</b>	1 989 225
Prescription	<b>2 739 649</b>	2 237 620
Consumer	<b>786 896</b>	686 699
Hospital	<b>1 454 604</b>	1 347 698
Other – shared services	<b>65 999</b>	77 147
Rest of Africa	<b>68 524</b>	65 075
Research and development services in India	<b>21 114</b>	19 494
	<b>7 119 672</b>	6 422 958
<i>Less: Intercompany sales</i>	<b>(41 234)</b>	(40 252)
	<b>7 078 438</b>	6 382 706
<i>Discontinued operation</i>		
Rest of Africa	<b>86 261</b>	157 549
<b>Trading and operating profit</b>		
<i>Continuing operations</i>		
Southern Africa	<b>944 752</b>	845 540
OTC	<b>388 361</b>	399 640
Prescription	<b>309 989</b>	239 435
Consumer	<b>134 177</b>	112 181
Hospital	<b>112 225</b>	95 312
Other – shared services	<b>–</b>	(1 028)
Rest of Africa	<b>8 609</b>	1 897
Research and development services in India	<b>2 060</b>	2 507
Trading profit	<b>955 421</b>	849 944
<i>Less: Non-trading expenses</i>	<b>(71 884)</b>	(46 895)
Operating profit	<b>883 537</b>	803 049
<i>Discontinued operation – Rest of Africa</i>		
Trading profit	<b>4 919</b>	16 433
<i>Less: Non-trading expenses</i>	<b>(1 821)</b>	–
Operating profit	<b>3 098</b>	16 433

# Notes to the consolidated financial statements continued

	Audited 2019 R'000	Audited 2018 R'000
<b>5. SEGMENT REPORTING (CONTINUED)</b>		
<b>Total assets</b>		
Southern Africa	5 922 443	5 844 806
OTC	1 771 142	1 761 603
Prescription	2 020 144	1 987 006
Consumer	342 209	315 425
Hospital	1 189 750	1 236 482
Other – shared services	599 198	544 290
Rest of Africa	40 502	163 141
India	287 848	262 778
	<b>6 250 793</b>	<b>6 270 725</b>
<b>6. INVENTORY</b>		
Inventories written down and recognised as an expense in cost of sales in profit or loss:		
Continuing operations	99 944	91 466
Discontinued operation	290	3 388
	<b>100 234</b>	<b>94 854</b>
<b>7. CAPITAL COMMITMENTS</b>		
– Contracted for	21 772	32 932
– Approved but not contracted	90 100	63 258
	<b>111 872</b>	<b>96 190</b>
<b>8. HEADLINE EARNINGS</b>		
<b>Headline earnings is determined as follows:</b>		
<b>Continuing operations</b>		
Earnings attributable to owners of Adcock Ingram from total operations	687 986	637 943
<b>Adjusted for:</b>		
Loss/(Profit) attributable to Adcock Ingram from discontinued operation (note 4.1)	1 609	(10 708)
Earnings attributable to owners of Adcock Ingram from continuing operations	689 595	627 235
<b>Adjusted for:</b>		
Impairment of intangible assets	5 595	2 700
Impairment of investment in associate	2 973	–
Release of foreign currency translation reserve on disposal of investment in associate	1 607	–
Loss/(Profit) on disposal/scrapping of property, plant and equipment	677	(1 968)
Tax effect on loss/(profit) on disposal of property, plant and equipment	(257)	(42)
<b>Adjustments relating to equity accounted joint ventures and associate</b>		
Impairment of goodwill	–	5 312
Loss on disposal of long-term receivable	–	828
Loss/(Profit) on disposal of property, plant and equipment	1 290	(24)
Tax effect on loss on disposal of property, plant and equipment	(445)	–
Headline earnings from continuing operations	<b>701 035</b>	<b>634 041</b>

	Audited 2019 R'000	Audited 2018 R'000
<b>8. HEADLINE EARNINGS (CONTINUED)</b>		
<b>Discontinued operation</b>		
(Loss)/Profit attributable to owners of Adcock Ingram from discontinued operation	(1 609)	10 708
<b>Adjusted for:</b>		
Loss on sale of discontinued operation (note 4.1)	3 592	–
Headline earnings from discontinued operation	1 983	10 708
	'000	'000
<b>9. SHARE CAPITAL</b>		
Number of shares in issue	175 748	175 748
Number of ordinary shares held by Group companies	(4 324)	(4 292)
<b>Net shares in issue</b>	<b>171 424</b>	<b>171 456</b>
Headline earnings and basic earnings per share are based on:		
Weighted average number of ordinary shares outstanding	166 260	166 293
Diluted weighted average number of shares outstanding	166 262	166 295

## 10. SUBSEQUENT EVENTS

### ADCOCK INGRAM BROAD-BASED BLACK EMPOWERMENT SCHEME

Securities holders of AdBEE (RF) Limited (AdBEE) were notified on 31 May 2019 that AdBEE would not initiate the process of extending the Adcock Ingram Broad-Based Black Empowerment Scheme (Scheme) and accordingly the Scheme came to an end on 29 July 2019.

The value of a Scheme share did not exceed the maximum price (being R72.00) and therefore, on 1 August 2019, the Scheme transaction, in its entirety, was *ipso facto* cancelled *ab initio*.

The cancellation *ab initio* of the Scheme transaction had the effect that the Scheme shares held by Ad-izinyosi Proprietary Limited (Ad-izinyosi) ceased to be subject to a pledge and were returned by Ad-izinyosi to AdBEE securities holders.

The Mpho ea Bophelo Trust indirectly held 20% (5 168 592) of the Ad-izinyosi shareholding in Adcock Ingram Holdings Limited of 25 842 959 shares, which were treated as treasury shares for the purposes of calculating earnings per share (EPS) and headline earnings per share (HEPS). Following the cancellation of the Scheme, these shares will no longer be regarded as treasury shares.

# Notes to the consolidated financial statements continued

## 11. FAIR VALUE HIERARCHY

	Financial instruments	Classification per IFRS 9	Classification per IAS 39	Year end balance		Net gains/ (losses) 2019 R'000	
				2019 R'000	2018 R'000		
Investment <sup>(1)</sup>		Fair value through OCI	Available-for-sale	Other financial assets	1 649	1 937	35
Black Managers Share Trust <sup>(1)</sup>		Fair value through profit and loss	Loans and receivables	Other financial assets	27 978	32 073	(1 763)
Trade and sundry receivables <sup>(3)</sup>		At a amortised cost	Loans and receivables	Trade and other receivables	1 679 475	1 535 369	–
Foreign exchange contracts		Fair value through OCI	Cash flow hedge	Trade and other payables	–	21 838	–
– derivative asset <sup>(2)</sup>							
Cash and cash equivalents <sup>(3)</sup>		At a amortised cost	Loans and receivables	Cash and cash equivalents	448 252	404 629	–
Trade and other payables <sup>(3)</sup>		At a amortised cost	Loans and borrowings	Trade and other payables	1 605 575	1 830 652	–
Foreign exchange contracts		Fair value through OCI	Cash flow hedge	Trade and other payables	16 799	–	(5 026)
– derivative liability <sup>(2)</sup>							
Bank overdraft <sup>(2)</sup>		At a amortised cost	Loans and borrowings	Bank overdraft	–	248 877	–

(1) Level 3. 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 capital contribution to be received from the scheme beneficiaries.

(2) Level 2. Fair value based on the ruling market rate at year-end. The fair value of the forward exchange contract as the difference in the forward exchange rate as per the contract and the forward 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.

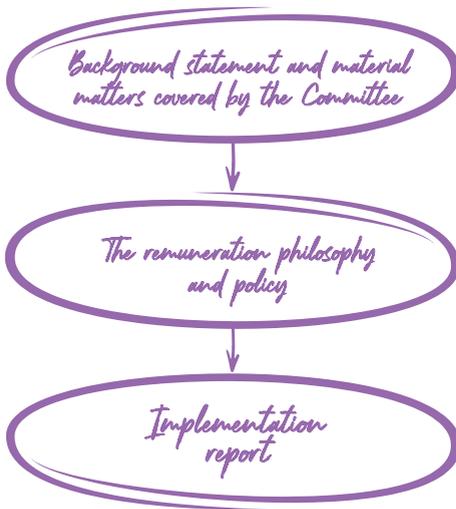
(3) The carrying value approximates fair value.

# Remuneration Report

*This report provides an overview of the Group's approach to remuneration with particular focus on executives and non-executive directors.*

The background against which Adcock Ingram's Remuneration Report is set, is continuously evolving, driven by macro and socio-economic factors, regulations and practical considerations.

In line with King IV code on corporate governance for South Africa, the report is presented by the Company's Human Resources, Remuneration and Nominations Committee (Committee), appointed by the Board, which should ensure that the Company's remuneration aligns to achieve its strategic objectives and positive results in the short-, medium-, and long-term, and comprises three parts:



## BACKGROUND STATEMENT

A key component in Adcock Ingram's sustained performance over many years has been its ability to attract, develop and retain competent talent in a highly competitive skilled market.

We strive towards making Adcock Ingram a preferred employer for current and prospective employees and rely on an employee value proposition (EVP) among other mechanisms to achieve and maintain this status.

During the year under review, the Company has conducted several divisional employee engagement surveys to assess the relevance of our offerings. The outcomes of the survey and next steps were shared and explained to our employees.

At the Annual General Meeting (AGM) held on 21 November 2018, and in accordance with the recommendations of King IV, the Group presented both the remuneration policy and the implementation report as two separate non-binding resolutions to shareholders for approval. The Group received overwhelming confirmation from shareholders with 98.41% votes received in support of the remuneration policy and 98.72% endorsing the implementation report. The special resolution, for remuneration payable to Non-Executive Directors, received 95.62% of the votes in its favour.

## GOVERNANCE, COMMITTEE COMPOSITION AND MEETING ATTENDANCE

As a Committee of the Board, this Committee assists in setting the Group's remuneration policy as well as remuneration for Non-Executive Directors. It operates according to approved terms of reference.

The Committee consists of four (4) non-executive Directors. The majority are independent as defined by King IV. Three (3) scheduled meetings are held per year and when necessary, special meetings are held. The Chief Executive Officer (CEO) and the Executive Director (ED) for Human Capital and Transformation are permanent invitees at the Committee meetings but do not vote, and are not present when their own remuneration is discussed.

Committee members	Meeting attendance
<b>Chairperson</b>	
L Boyce	5/5
<b>Members</b>	
N Madisa	2/3
M Makwana (resigned)	3/3
C Manning	2/2
C Raphiri (retired)	5/5
<b>Invitees</b>	
A Hall	5/5
B Letsoalo	5/5
C France (21 <sup>st</sup> Century)	4/4
M Phillips (21 <sup>st</sup> Century)	3/4

Nominations Committee Committee members	Meeting attendance
<b>Chairperson</b>	
C Raphiri (retired)	5/5
<b>Members</b>	
L Boyce	5/5
N Madisa	2/5
C Manning	1/3
<b>Invitees</b>	
A Hall	3/4
M Haus	2/2
J John	1/1
B Letsoalo	4/4
D Neethling	1/1

# Remuneration Report continued

## INDEPENDENT AND EXTERNAL ADVICE

The Committee continues to use independent external remuneration consultants for advice on remuneration and market benchmarking. 21st Century conducted a market positioning and individual benchmarking review for the Executive Directors and Executive Management as well as providing data for NED fees. The Committee is satisfied that 21st Century work was conducted objectively and independently.

## THE KEY AREAS OF FOCUS BY THE COMMITTEE FOR THE REPORTING PERIOD WERE:

- ▶ reviewed its terms of reference to ensure alignment with King IV principles and recommended them to the Board for approval;
- ▶ approved the appropriate comparator group for benchmarking remuneration levels;
- ▶ reviewed and approved remuneration of the Executive Directors, Executive Management and the Head of Internal Audit;
- ▶ reviewed and recommended to the Board the fees for the non-executive Directors (NED) for Shareholders approval at the AGM;
- ▶ in line with King IV recommendations the Committee reviewed single figure remuneration (guaranteed pay and variable pay) for Executive Directors and Executive Management;
- ▶ reviewed and approved the short-term incentive (STI) scheme and the standard operating procedure thereof. The committee also adopted the principle of "malus and clawback" in accordance with King IV;
- ▶ approved and recommended the financial and non-financial metrics for STIs and long-term incentives (LTI);
- ▶ approved the implementation plan for the Performance Based Long-Term Incentive Scheme (PBLTIS), which was approved by shareholders during the 2018 AGM;
- ▶ considered the phantom share option allocation for the retention of key talent;
- ▶ considered succession management for the Executive Directors and the Executive Management team;
- ▶ approved the principles for salary increases for non-bargaining unit employees;
- ▶ approved the remuneration report (including the policy and implementation) before publication in the integrated report; and
- ▶ reviewed the Gini-coefficient of the Group.

## FUTURE FOCUS AREAS

- ▶ succession management for Executive Directors and development plans for potential successors to the Executive Management team;
- ▶ implementation of "malus and clawback" provisions on both short-term and long-term incentives;
- ▶ consider additional non-financial performance metrics in line with business strategy; and
- ▶ implement divisional health check surveys/employee engagement.

## REMUNERATION PHILOSOPHY

Adcock Ingram's remuneration philosophy is aimed at driving a high-performance culture by ensuring that our employees are motivated and committed to the success of our business. It is designed to attract, develop, motivate, deploy and retain talented employees who enable the business to pursue and achieve its strategic objectives and enhance shareholder value.

The remuneration philosophy is transparent and based on the principles of market competitiveness, internal equity, transformation imperatives and includes pay for performance.

The principles reinforcing the remuneration policy are:

- ▶ remuneration practices are aligned with the corporate strategy, vision and values;
- ▶ remuneration is reviewed regularly through independent service providers to ensure that the Group remains competitive;
- ▶ remuneration recognises individual contributions, based on span of control, role, scope and responsibilities;
- ▶ incentive-based rewards are earned by achieving challenging performance targets consistent with shareholders' interests over the short- and long-term;
- ▶ the remuneration of Executive Management is fair and responsible in the context of overall employee remuneration in the Company;
- ▶ performance conditions used in variable pay structures support positive outcomes across the economic, social and environmental context in which the Company operates, and/or the capitals the Company uses or affects; and
- ▶ the design of long-term incentives is prudent and does not expose shareholders to unreasonable financial risk.

## BENCHMARKING

Benchmarking is a robust indicator of fairness and a competitive reward system.

The total guaranteed package (TGP) for management is targeted at the market median of the national market TGP data. A premium to the median TGP may be considered for the retention of employees with scarce skills, niche experience, consistent outstanding performance and transformation considerations.

Adcock Ingram aspires to pay variable pay at the market upper quartile (75<sup>th</sup> percentile) taking into account the following factors:

- ▶ affordability;
- ▶ performance;
- ▶ transformation;
- ▶ industry skills; and
- ▶ internal equity.

Benchmarking process:

- ▶ remuneration for management was benchmarked against the national market data incorporating size and complexity.
- ▶ the outcome was compared to data from a group of JSE listed companies of similar size and complexity to Adcock Ingram, as well as to available data from an industry comparator group.

A bias towards variable pay is intended to drive extraordinary performance, shareholder value, employee engagement and retention. Participation in the STI and LTI schemes are dependent on individual performance, criticality of the role and the level within the organisation.

#### NON-EXECUTIVE DIRECTORS' (NED) FEES

NED fees have been independently benchmarked by 21st Century. The remuneration was benchmarked against the national market data incorporating size and complexity. The factors that influence the NED remuneration include among others:

- ▶ Company remuneration philosophy; and
- ▶ the NED level of responsibility.

The terms and conditions applicable to the appointment of NED are contained in a letter of engagement which, together with the Board Charter and respective Committees' terms of reference, form the basis of the director's appointment. The

Board recently adopted a resolution and directors who have reached a nine (9) year tenure, should automatically retire from the Board, subject to appropriate succession and Board composition requirements being in place. Furthermore, independent directors who have been on the Board for more than six (6) years, will be subjected to a stringent annual independence test. The Nominations Committee plays an important role in the appointment of new and suitable directors as well as the identification and removal of underperforming or unsuitable directors. The Company's Memorandum of Incorporation (MOI) provides that at least one-third of the non-executive directors retires by rotation every year and, if eligible, may offer themselves for re-election by shareholders. The Committee is satisfied that the objectives of the remuneration policy were achieved.

#### REMUNERATION FRAMEWORK

The remuneration policy and the implementation thereof are focused on achieving a fair and sustainable balance between guaranteed packages and variable pay (STIs and LTIs).

Below is the abridged framework:

	Guaranteed pay	Short-term incentives	Long-term incentives
<b>Participation</b>	All permanent employees	Executive Directors, Executive Management and key employees	Executive Directors, Executive Management and key employees
<b>Performance Period</b>	Ongoing	One (1) year	Three (3) to five (5) years
<b>Mechanics</b>	CPI, market-related and individual performance	Formula directed, with committee discretion	Formula directed
<b>Method of delivery</b>	Cash	Cash	Share options
<b>Timing of delivery</b>	Monthly with increases granted in December	Annually in September	As per vesting cycle
<b>Performance measures</b>	Individual performance targets	Trading profit*, ROFE and non-financial metrics	HEPS growth ROFE and non-financial metrics
<b>Purpose</b>	Attraction and retention	Delivery of one year strategic initiatives and financial performance	Attraction and retention

\* has to be achieved for any payment to be made.

# Remuneration Report continued

## DETAILED FRAMEWORK:

### Remuneration

#### GUARANTEED PAY

To attract and retain high calibre talent with the optimum mixtures of competencies.

#### VARIABLE PAY

To motivate and retain Executives and key employees to achieve short- and long-term financial and non-financial objectives of the Group

BASIC SALARY	BENEFITS	STI	LTI
<ul style="list-style-type: none"> <li>▶ Market related salary tailored to roles and performance</li> <li>▶ 13<sup>th</sup> cheque guaranteed for bargaining unit employees</li> <li>▶ TGPs are reviewed annually against market data</li> <li>▶ Increases are awarded in December each year to non-bargaining unit employees and in July to bargaining unit members</li> <li>▶ The actual percentage increases awarded to non-bargaining unit employees are determined by considering CPI, business performance, market trends, affordability and addressing pay anomalies</li> </ul>	<p>Market competitive suite of benefits offered as part of TGP, including:</p> <ul style="list-style-type: none"> <li>▶ Provident fund</li> <li>▶ Vehicle insurance</li> <li>▶ Travel allowance</li> <li>▶ Group life insurance</li> <li>▶ Disability cover</li> <li>▶ Funeral benefits</li> <li>▶ Medical aid</li> </ul> <p>Other non-financial benefits offered, including:</p> <ul style="list-style-type: none"> <li>▶ Employee wellness</li> <li>▶ Long service awards</li> <li>▶ Learning and development opportunities</li> </ul>	<p><b>Reward individual performance measured for a period of up to one year</b></p> <p><b>SALES STAFF</b> For the achievement of sales targets, sales incentives are paid to qualifying sales employees on a quarterly basis.</p> <p><b>KEY SENIOR EMPLOYEES</b> An annual performance incentive paid on the achievement of the following predetermined financial and non-financial targets for the year:</p> <p><b>Commercial divisions (OTC, Prescription, Hospital and Consumer)</b></p> <ul style="list-style-type: none"> <li>▶ Trading profit (70% weighting; in the case of Managing Directors the weighting is 65%)</li> <li>▶ Return on funds employed (ROFE) (15% weighting), subject to the achievement of the trading profit target</li> <li>▶ For Managing Directors an additional performance metric (20% weighting) is in place, and includes targets such as market share, new business development and factory performance.</li> </ul> <p><b>Distribution</b></p> <ul style="list-style-type: none"> <li>▶ Controllable costs (50%)</li> <li>▶ On time delivery (25%)</li> <li>▶ Order infill rate (25%), the last two (2) only payable if the first metric has been achieved.</li> </ul> <p><b>Corporate</b></p> <ul style="list-style-type: none"> <li>▶ Trading profit (70% weighting; in the case of Executive Directors the weighting is 65%)</li> <li>▶ Return on funds employed (ROFE) (15% weighting), subject to the achievement of the trading profit target</li> <li>▶ For Executive Directors additional performance metrics (20% weighting) are in place and include targets for transformation, headline earnings per share and disposal of non-core assets.</li> </ul>	<p><b>Motivate management and key talent to achieve long-term performance and to enhance retention</b></p> <p><b>SCHEMES</b> <b>Equity and phantom</b> option schemes for the retention of critical employees and key skills by the annual allocation of options which vest in equal tranches, three (3), four (4) and five (5) years after the grant date.</p> <p><b>Tiger Brands Black Managers Trust (BMT)</b> for the retention of Black Managers through the Tiger Brands Limited B-BBEE transaction implemented in 2005. Adcock Ingram employees who were employed prior to Adcock Ingram been separately listed on the JSE, form part of the scheme. Vested rights were issued subject to various lock-in periods.</p> <p><b>Mpho ea Bophelo</b> scheme which is governed according to equality and repatriation principles. For more details refer to Annexure B.</p> <p><b>Eligibility</b> <b>Equity and phantom</b> option schemes:</p> <ul style="list-style-type: none"> <li>▶ Executive management</li> <li>▶ Senior management committee</li> <li>▶ Other senior employees with critical skills</li> </ul> <p><b>BMT:</b></p> <ul style="list-style-type: none"> <li>▶ Black managers of the Tiger Brands Group, which at that time incorporated Adcock Ingram managers</li> </ul> <p><b>Mpho ea Bophelo:</b></p> <ul style="list-style-type: none"> <li>▶ All permanent black employees in South Africa and those who were naturalised before 1994, who have elected to participate in this scheme</li> </ul> <p><b>Beneficiaries</b> <b>Equity and Phantom</b> option schemes: 44 employees</p> <p><b>BMT:</b> 145 remaining participants <b>Mpho ea Bophelo:</b> 2 411 employees</p>

The remuneration philosophy and reward framework are intended to achieve the following outcome:

**Great company culture and leadership**



The Group aspires to be a great place at which to work. A high performance culture is the cornerstone of the Company and the leaders continuously strive to act ethically and with integrity in line with the Company's values.

**Exciting and fun work**



Where employees are not having fun they seldom produce good quality work.

**Ongoing learning opportunity**



Apart from learning and development, the importance of taking personal responsibility for continuous learning and self development as a critical success factor, is emphasised. Employees are encouraged to continuously acquire new skills and knowledge so that they remain relevant.

**Well-being**



To achieve strategic objectives, employees should be placed at the centre of everything the Company does. It is therefore critical that investment is made in the well-being of employees. The wellness offerings such as ICAS, the gym, and the site clinic play a vital role in the achievement of this aspiration.

**Shareholder value**



The ultimate measure of the Company's success and sustainability is the extent to which shareholders' returns are measured.

**PERFORMANCE OUTCOMES FOR THE STI PAID OUT IN SEPTEMBER 2018**

As reported in the previous integrated report, the Company will disclose the STI performance on a historical basis and targets would include both financial and non-financial metrics. The performance outcome is listed below:

Commercial divisions (OTC, Prescription, Hospital and Consumer) were measured against the following:

- ▶ Trading profit (70% weighting; in the case of Managing Directors the weighting was 60%).
- ▶ Return on funds employed (ROFE) (30% weighting), only payable if the trading profit target had been achieved
- ▶ For Managing Directors an additional performance metric (10% weighting) was introduced, based on the individual's position and included targets for market share, new business development and factory performance, as examples.

For the Commercial divisions the following payments were made in September 2018, based on performance for the year to June 2018:

Business Unit	Trading Profit	ROFE	Additional performance Metrics	Amount Paid R'm	Number of Beneficiaries
Prescription	Stretched	Not achieved	Achieved	4.9	9
OTC	Stretched	Achieved	Achieved	4.4	7
Hospital	Stretched	Achieved	Achieved	3.5	5
Consumer	Not achieved	Not achieved	Not achieved	–	0

# Remuneration Report continued

Corporate employees were measured against the following:

- ▶ Trading profit (70% weighting; in the case of Executive Directors the weighting was 60%).
- ▶ Return on funds employed (ROFE) (30% weighting), only payable if the trading profit target had been achieved.
- ▶ For Executive Directors an additional performance metrics (10% weighting) were introduced and included targets for transformation and headline earnings per share.

For Corporate employees the following payments were made in September 2018:

Business Unit	Trading Profit	ROFE	Additional performance Metrics	Amount Paid R'm	Number of Beneficiaries
Corporate	Stretched	Achieved	Achieved	16.3	21

For the Distribution division, the financial and non-financial metrics are different from the Commercial divisions. Distribution was measured against the following:

- ▶ Trading profit (40%);
- ▶ On-time delivery (25%);
- ▶ Order infill rate (25%); and
- ▶ New business development (10%).

The performance outcome is listed below:

Business Unit	Trading Profit	Service Levels	Additional performance Metrics	Amount Paid R'm	Number of Beneficiaries
Distribution	Not achieved	Achieved	Not achieved	0.8	4

# Remuneration Implementation Report

## SENIOR MANAGEMENT

Senior management comprises the executive committee of the Group, excluding the executive directors. As the executive directors' details are disclosed separately, these are excluded from the figures below. During the year there were changes in the composition of senior management. The details show the apportioned annual remuneration of senior management, for the period the incumbents held the position during the year.

### Remuneration

	2019 R'000	2018 R'000
Salary	22 114	19 916
Contributions to defined contribution plan	3 427	3 040
Gross remuneration	25 541	22 956

### Short-term incentives

Based on the current year's performance, senior management qualifies for short-term incentives in the amount of R6 605 000. Full provision has been made for this amount in the current year although payment will only be effected in September 2019. An incentive of R7 203 333 was paid in September 2018, relating to the prior year's performance, which was fully provided for at 30 June 2018.

### Long-term incentives

Details of share options in Adcock Ingram granted to key management are as follows:

	Offer date	Offer price R	Balance at the beginning of the year	Forfeited during the year	Exercised during the year	Balance at the end of the year
Equity	17/06/2014	52.20	280 000	(28 000)	(140 000)	112 000
	26/08/2015	41.94	441 000	(60 000)	(147 000)	234 000
	26/08/2016	42.30	441 000	(90 000)	-	351 000
	24/08/2017	57.73	491 000	(90 000)	-	401 000
			1 653 000	(268 000)	(287 000)	1 098 000

	Offer date	Offer price R	Balance at the beginning of the year	Issued during the year	Forfeited during the year	Exercised during the year	Balance at the end of the year
Phantom	01/10/2012	59.56	8 890			(8 890)	-
	02/05/2013	60.55	17 617			(17 617)	-
	28/08/2018	65.46		585 000	(90 000)		495 000
	08/03/2019	64.50		130 000			130 000
			26 507	715 000	(90 000)	(26 507)	625 000

# Remuneration Implementation Report continued

Details of options exercised by senior management are as follows:

	Offer date	Offer price R	Weighted Average Exercise price R	Number of options	Gain realised on exercising of options R <sup>(1)</sup>
2019 Equity	17/06/2014	52.20	71.30	140 000	2 674 000
	26/08/2015	41.94	71.30	147 000	4 315 920
				<b>287 000</b>	<b>6 989 920</b>
Phantom	01/10/2012	59.56	71.30	8 890	104 369
	02/05/2013	60.55	71.30	17 617	189 383
				<b>26 507</b>	<b>293 751</b>
2018 Equity	17/06/2014	52.20	70.42	129 000	2 356 920
Phantom	03/01/2012	60.15	64.74	40 275	182 615
	01/05/2012	60.70	70.90	14 827	151 235
	01/10/2012	59.56	69.84	17 776	182 737
	02/01/2013	53.52	67.49	152 133	2 159 597
	02/05/2013	60.55	71.00	35 232	368 174
				<b>260 243</b>	<b>3 044 358</b>

<sup>(1)</sup> Amounts shown before taxation.

The following charges were expensed in the statement of comprehensive income during the year under review, in terms of IFRS 2<sup>(2)</sup>:

	2019 R'000	2018 R'000
Total	<b>6 395</b>	7 022

<sup>(2)</sup> The value of options granted is the annual expense in accordance with IFRS 2, and is presented for information purposes only, as it is not regarded as constituting remuneration, given that the value is neither received by nor accrued to the employee.

## EXECUTIVE DIRECTORS

The executive directors are currently regarded as the only prescribed officers of the Group. No fees for services as director, consulting or other fees were paid in the current or prior year and no profit-sharing agreements are in place.

### Service contracts for executive directors

The Company policy is to employ each executive director under a permanent employment contract which is subject to a three-month notice period.

### Shareholding

AG Hall held 21 433 shares (2018: 8 462) in the Company, consequent to the exercise of certain equity options. There has been no change in this interest since year-end.

### Remuneration

	Salary R'000	Contributions to defined contribution plan R'000	Gross remuneration R'000
<b>2019</b>			
AG Hall	5 017	350	5 367
D Neethling	3 242	350	3 592
B Letsoalo	2 813	439	3 252
	<b>11 072</b>	<b>1 139</b>	<b>12 211</b>
<b>2018</b>			
AG Hall	4 767	350	5 117
D Neethling	3 035	350	3 385
B Letsoalo	2 653	414	3 067
	<b>10 455</b>	<b>1 114</b>	<b>11 569</b>

### Other

During 2018, the executive directors received the following long service awards which are excluded from the table above:

AG Hall	78 125
D Neethling	50 781
B Letsoalo	49 228

### Short-term incentives

	2019 R'000	2018 R'000
AG Hall	4 450	3 500
D Neethling	2 261	2 500
B Letsoalo	1 535	1 750
	<b>8 246</b>	<b>7 750</b>

Based on the current year's performance, the executive directors individually qualify for incentives, following the achievement of the set targets for trading profit, ROFE, HEPS and Transformation. These incentives are fully provided for in the current year although payment will only be made in September 2019. The prior year incentives which were paid in September 2018, relating to the prior year's performance, were fully provided for at 30 June 2018.

# Remuneration Implementation Report continued

## Long-term incentives

Details of share options granted in Adcock Ingram are as follows:

		Offer date	Offer price R	Balance at the beginning of the year	Issued during the year	Exercised during the year	Balance at the end of the year
<b>AG Hall</b>							
Equity		17/06/2014	52.20	116 667		(58 333)	58 334
		26/08/2015	41.94	175 000		(58 333)	116 667
		26/08/2016	42.30	200 000		–	200 000
		24/08/2017	57.73	200 000		–	200 000
				691 667		(116 666)	575 001
Phantom		28/08/2018	65.46	–	200 000	–	200 000
<b>D Neethling</b>							
Equity		17/06/2014	52.20	40 000		(20 000)	20 000
		26/08/2015	41.94	90 000		(30 000)	60 000
		26/08/2016	42.30	150 000		–	150 000
		24/08/2017	57.73	150 000		–	150 000
				430 000		(50 000)	380 000
Phantom		28/08/2018	65.46	–	150 000	–	150 000
<b>B Letsoalo</b>							
Equity		17/06/2014	52.20	30 000		(15 000)	15 000
		26/08/2015	41.94	45 000		(15 000)	30 000
		26/08/2016	42.30	45 000		–	45 000
		25/11/2016	42.08	75 000		–	75 000
		24/08/2017	57.73	120 000		–	120 000
				315 000	–	(30 000)	285 000
Phantom		28/08/2018	65.46	–	120 000	–	120 000
BMT	TBL	31/01/2008	62.05	3 500	–	–	3 500
	AIP	31/01/2008	17.97	13 742	–	–	13 742
	TBL	01/07/2012	62.05	7 734	–	–	7 734
	AIP	01/07/2012	16.42	4 534	–	–	4 534
	OCE	31/01/2008	18.15	905	–	–	905
	OCE	01/07/2012	18.15	2 001	–	–	2 001
				32 416	–	–	32 416

TBL – Tiger Brands Limited

AIP – Adcock Ingram Holdings Limited

OCE – Oceana Group Limited

Details of options exercised are as follows:

	Offer date	Offer price R	Exercise price R	Number of options	Gain realised on exercising of options <sup>(1)</sup>	
<b>2019 – Equity</b>						
<b>AG Hall</b>	17/06/2014	52.20	71.30	58 333	1 114 160	
	26/08/2015	41.94	71.30	58 333	1 712 657	
				<b>116 666</b>	<b>2 826 817</b>	
<b>D Neethling</b>	17/06/2014	52.20	71.30	20 000	382 000	
	26/08/2015	41.94	71.30	30 000	880 800	
				<b>50 000</b>	<b>1 262 800</b>	
<b>B Letsoalo</b>	17/06/2014	52.20	71.30	15 000	286 500	
	26/08/2015	41.94	71.30	15 000	440 400	
				<b>30 000</b>	<b>726 900</b>	
<b>2018</b>						
<b>AG Hall</b>	Equity	17/06/2014	52.20	70.90	58 333	1 090 827
	Phantom	01/05/2012	60.70	70.90	26 262	267 872
		02/01/2013	53.52	70.90	32 019	556 490
				<b>58 281</b>	<b>824 363</b>	
<b>D Neethling</b>	Equity	17/06/2014	52.20	70.90	20 000	374 000
	Phantom	02/01/2013	53.52	70.90	31 177	541 856
<b>B Letsoalo</b>	Equity	17/06/2014	52.20	70.90	15 000	280 500
	Phantom	02/01/2013	53.52	70.90	26 248	456 190
The following charges were expensed in the statement of comprehensive income during the year under review, in terms IFRS 2 <sup>(2)</sup> :						
				<b>2019</b>	2018	
				<b>R'000</b>	R'000	
AG Hall				<b>3 124</b>	3 154	
D Neethling				<b>2 229</b>	2 038	
B Letsoalo				<b>1 687</b>	1 454	
				<b>7 040</b>	6 646	

<sup>(1)</sup> Amounts are show before taxation.

<sup>(2)</sup> The value of options granted is the annual expense in accordance with IFRS 2, and is presented for information purposes only, as it is not regarded as constituting remuneration, given that the value is neither received by nor accrued to the director.

# Remuneration Implementation Report continued

## NON-EXECUTIVE DIRECTORS

### Current annual fees

The following fixed fees are in place since 1 December 2018.

	Chairman R	Member R
<b>Committee</b>		
Board	1 189 163	284 769
Audit	249 500	124 740
Risk and Sustainability	235 370	117 680
Human Resources, Remuneration and Nominations	180 000	82 700
Social, Ethics and Transformation	165 900	75 500
Acquisitions	249 500	124 740

A fee of R13 000 is paid for special meetings exceeding three hours in duration.

### Remuneration paid

Non-executive directors receive no other benefits, do not participate in the short-term or long-term incentive schemes and do not receive any performance related pay from the Group. The following fees, excluding value added tax (VAT) where applicable, were paid to non-executive directors:

	2019 R'000	2018 R'000
Boyce	564	452
Joffe	–	83
John	643	538
Haus	518	496
Lesoli	139	323
Madisa <sup>(1)</sup>	469	226
Makwana	229	557
Manning	407	374
Mokgokong	380	323
Ralphs <sup>(1)</sup>	400	329
Raphiri	1 172	1 122
Sacks	–	415
Stewart	639	614
	<b>5 560</b>	<b>5 852</b>

<sup>(1)</sup> Paid to Bidvest Corporate Services Proprietary Limited.

### Shareholdings

The following non-executive director held shares in the Company, as at 30 June:

<b>Total direct and indirect shareholding</b>	<b>2019</b>	2018
Mokgokong <sup>(2)</sup>	<b>3 445 642</b>	3 445 642

<sup>(2)</sup> Dr Mokgokong holds a 50% share in CIH Projects (Pty) Ltd, which in turn holds a 26.67% share in Ad-Izinyosi (the BEE shareholder of the Group), within the revised BEE scheme described in Annexure B, section D, of the annual financial statements. Refer to note 10: Subsequent events for movement after year-end.

# 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 2019:

Shareholder type	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	4 181	72.8	1 189 082	0.7
1 001 – 10 000 shares	1 297	22.6	3 791 621	2.1
10 001 – 100 000 shares	190	3.3	5 767 196	3.3
100 001 – 1 000 000 shares	62	1.1	18 458 731	10.5
1 000 001 shares and above	11	0.2	146 541 418	83.4
<b>Total</b>	<b>5 741</b>	<b>100</b>	<b>175 748 048</b>	<b>100.0</b>

## 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*	4	0.07	30 188 586	17.1
Adcock Ingram Limited	1	0.02	4 285 163	2.4
Adcock Ingram Holdings Limited Employee Share Trust (2008)	1	0.02	39 031	0.0
Ad-Izinyosi (RF) Limited	1	0.02	25 842 959	14.7
Director	1	0.01	21 433	0.0
Public shareholders	5 737	99.93	145 559 462	82.9
<b>Total</b>	<b>5 741</b>	<b>100.00</b>	<b>175 748 048</b>	<b>100.0</b>

\* Associates of directors do not hold any shares.

## SUBSTANTIAL INVESTMENT MANAGEMENT EQUAL TO OR IN EXCESS OF 5%

Through regular analysis of STRATE registered holdings, and pursuant to the provisions of section 56(b) of the Companies Act, the following shareholders held, directly and indirectly, equal to or in excess of 5% of the issued share capital as at 30 June 2019:

Investment manager	Total shareholding	%
BB Investment Company Proprietary Limited	76 713 289	43.6
Public Investment Corporation of South Africa	28 765 986	16.4
Ad-Izinyosi (RF) Limited*	25 842 959	14.7
<b>Total</b>	<b>131 322 234</b>	<b>74.7</b>

\* Refer to note 10 – Subsequent Events

# Shareholder analysis continued

## GEOGRAPHICAL SPLIT OF BENEFICIAL SHAREHOLDERS

Country	Total shareholding	% of issued share capital
South Africa	163 072 067	92.79
United States of America and Canada	6 213 909	3.54
United Kingdom	5 715 915	3.25
Rest of Europe	533 759	0.30
Other <sup>1</sup>	212 398	0.12
<b>Total</b>	<b>175 748 048</b>	<b>100.0</b>

<sup>1</sup>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)
2018 – July	1 699 062	107	65.50	59.03	64.25
2018 – August	4 560 045	307	71.98	61.80	71.26
2018 – September	3 638 547	242	71.50	59.12	62.86
2018 – October	3 628 096	223	68.50	56.00	57.36
2018 – November	2 576 300	152	66.50	56.63	58.00
2018 – December	1 348 142	81	62.59	57.88	62.40
2019 – January	1 241 476	76	66.00	58.78	63.49
2019 – February	3 663 728	239	69.12	59.04	65.00
2019 – March	2 431 392	151	66.50	57.51	61.50
2019 – April	1 333 168	84	68.84	60.17	65.84
2019 – May	4 116 824	254	66.29	60.00	60.20
2019 – June	7 837 680	482	67.96	59.05	59.60

# Form of proxy

## ADCOCK INGRAM HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

Registration number 2007/016236/06

JSE share code: AIP ISIN: ZAE000123436

("Adcock Ingram" or "the Company")

**For use only by certificated shareholders and "own name" dematerialised shareholders of Adcock Ingram in respect of the Annual General Meeting ("AGM") of shareholders to be held at 1 New Road, Midrand, Gauteng, on Friday, 22 November 2019 at 09:00 or at any other adjourned or postponed time determined in accordance with the provisions of section 64(4) or section 64(10) (as read with section 64(11)(a)(i)) of the Companies Act.**

**A shareholder is entitled, at any time, to appoint an individual as a proxy (who need not to be a shareholder of Adcock Ingram) to attend, speak and vote or abstain from voting in the place of that shareholder at the AGM.**

All terms defined in the Notice of AGM to shareholders dated 25 October 2019 to which this form of proxy is attached and not defined herein shall bear the same meanings herein.

This form of proxy is only to be completed by those ordinary shareholders of Adcock Ingram who hold ordinary shares in certificated form or who are recorded on sub-registered electronic form in "own name". Shareholders who hold dematerialised ordinary shares are referred to paragraphs 3 and 4 of the "Notes" overleaf for further instructions.

I/We, the undersigned (Please print full names)

of (address)

(contact details)

, being a shareholder of the Company, and entitled to

(insert number)

votes, do hereby appoint:

or failing him/her, or, failing him/her, the chairman of the AGM,

as my/our proxy to vote for me/us on my/our behalf at the AGM of shareholders of the Company to be held at the Company's premises, 1 New Road, Midrand, Gauteng on Friday, 22 November 2019 at 09:00 or any postponement or adjournment thereof, as follows:

(\*Indicate instructions to proxy by insertion of the relevant number of votes exercisable by the shareholders in the space provided below. If no instructions are given, the proxy holder will be entitled to vote or to abstain from voting as such proxy holder deems fit.)

	Number of votes		
	In favour of the resolution	Against the resolution	Abstain from voting on the resolution
<b>Ordinary Resolution 1</b>			
1.1 To re-elect Ms D Ransby as a non-executive director of the Company, who is retiring by rotation in terms of the MOI and makes herself available for re-election.			
1.2 To re-elect Dr S Gumbi as a non-executive director of the Company, who is retiring by rotation in terms of the MOI and makes herself available for re-election.			
1.3 To re-elect Mr K Wakeford as a non-executive director of the Company, who is retiring by rotation in terms of the MOI and makes himself available for re-election.			
1.4 To re-elect Dr A Mokgokong as a non-executive director of the Company, who is retiring by rotation in terms of the MOI and makes herself available for re-election.			
<b>Ordinary Resolution 2</b>			
To re-elect the following non-executive directors as Audit Committee members by way of separate resolutions.			
2.1 Ms D Ransby (Chairperson) subject to being elected as a non-executive director in terms of Ordinary Resolution 1.1 above.			
2.2 Ms L Boyce			
2.3 Prof M Haus			
<b>Ordinary Resolution 3</b>			
To appoint PwC as the independent external auditor of the Company for the ensuing year (the designated auditor being Mr Keeran Ramnarain) and to note the remuneration of the previous independent external auditor (EY) as determined by the Audit Committee.			
<b>Ordinary Resolution 4</b>			
To endorse by way of a non-binding vote the Group's remuneration policy (excluding the remuneration of the non-executive directors for their services as directors and members of committees).			
<b>Ordinary Resolution 5</b>			
To endorse, by way of a non-binding advisory vote, the Group's remuneration implementation report.			
<b>Ordinary Resolution 6</b>			
To authorise any one director of the Company or the Company Secretary to do all such things and sign all such documents (including any amendments thereto) to implement all the resolutions tabled and approved at this AGM.			

# Form of proxy continued

	In favour of the resolution	Against the resolution	Abstain from voting on the resolution
<b>Special Resolution 1</b> To authorise the Company to provide financial assistance to related and inter-related parties as contemplated in section 45 of the Companies Act to any of the recipients falling within those identified in the notice of this AGM.			
<b>Special Resolution 2</b> To approve the proposed fees and remuneration payable to non-executive directors for their services as directors with effect from 1 December 2019 until the next AGM as set out in the notice of this AGM.			
<b>Special Resolution 3</b> To consider and approve the amendments to the MOI.			
<b>Special Resolution 4</b> To approve a general authority to repurchase the Company's shares subject to the provisions of the JSE Listings Requirements and the Companies Act as set out in the notice of this AGM.			

And generally to act as my/our proxy at the AGM.

Signed by me (full names)

in my capacity as

at (place)

on this

(date, month and year)

Signature

## NOTES TO COMPLETION OF FORM OF PROXY

- If you have disposed of all your ordinary shares, this document should be handed to the purchaser of such ordinary shares or the broker, Central Securities Depository Participant ("CSDP"), banker, attorney, accountant or other person through whom the disposal was effected.
- If you are in any doubt as to what action you should take arising from this document, please immediately consult your broker, CSDP, banker, attorney, accountant or other person through whom the disposal was effected. You are reminded that the onus is on you to communicate with your CSDP or broker.
- A form of proxy is only to be completed by those ordinary shareholders who are:
  - holding ordinary shares in certificated form; or
  - recorded on sub-register electronic form in "own name".
- If you have already dematerialised your ordinary shares through a CSDP or broker and wish to attend the Annual General Meeting, you must request your CSDP or broker to provide you with a letter of representation or you must instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement entered into between yourself and your CSDP or broker.
- A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided with or without deleting "the chairman of the Annual General Meeting" but any such deletion must be initiated by you. Any insertion or deletion not complying with the foregoing will, subject to 12 below, be declared not to have been validly effected. A proxy need not be a shareholder of the Company. The person whose name stands first on this form of proxy and who is present at the Annual General Meeting of shareholders will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairman of the Annual General Meeting.
- If voting is by a show of hands, any person who is present at the meeting, whether as a shareholder or as a proxy for a shareholder, has the number of votes determined in accordance with the voting rights associated with the securities held by that shareholder.
- A shareholder's instructions to the proxy must be indicated by the insertion of the relevant numbers of votes exercisable by the shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded, may not exceed the maximum number of the votes exercisable by the shareholder or by the proxy.
- The proxy shall (unless this sentence is struck out and countersigned) have the authority to vote, as he/she deems fit, on any other resolution which may validly be proposed at the meeting, including in respect of the proposed amendment to the above resolutions. If the foregoing sentence is struck out, the proxy shall be deemed to be instructed to vote against any such proposed additional resolution and/or proposed amendment to an existing resolution as proposed in the notice to which this form of proxy is attached. A vote given in terms of an instrument of proxy shall be valid in relation to the meeting, notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the Company Secretary before the commencement of the Annual General Meeting.
- To be effective, completed forms of proxy:
  - should be lodged with or mailed to Computershare Investor Services Proprietary Limited;
 

<b>Hand deliveries to:</b>	<b>Postal deliveries to:</b>
Rosebank Towers, 15 Biermann Avenue	PO Box 61051
Rosebank, Johannesburg, 2196	Marshalltown, 2107

 to be received, for administrative purposes only, by 09:00 on, Wednesday, 20 November 2019 or not less than 48 hours before any adjourned or postponed meeting); or
  - should be lodged with or mailed to Adcock Ingram, 1 New Road, Midrand, Gauteng (marked for the attention of the Company Secretary) to be received after the time last specified in (i) above but up to at least 10 minutes before the commencement of the Annual General Meeting (including any adjourned or postponed meeting) provided that the relevant shareholder will also be required to furnish a copy of such form of proxy to the chairperson of the Annual General Meeting before the appointed proxy exercises any of the relevant shareholder's rights at the Annual General Meeting (including any adjourned or postponed meeting); or
  - must be handed to the chairperson of the Annual General Meeting before the appointed proxy exercises any of the relevant shareholder's rights at the Annual General Meeting (including any adjourned or postponed meeting).
- The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
- Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity or other legal capacity must be attached to this form of proxy, unless previously recorded by the transfer secretaries or waived by the chairman of the Annual General Meeting. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by Adcock Ingram.
- Any alteration or correction made to this form or proxy must be initiated by the signatory/ies.
- Notwithstanding the foregoing, the chairman of the Annual General Meeting may waive any formalities that would otherwise be a pre-requisite for a valid proxy.
- Where there are joint holders of shares: (i) any one holder may sign this form of proxy; and (ii) the vote(s) of the senior shareholder (for that purpose seniority will be determined by the order in which the names of the shareholders appear in the securities register of the Company) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholders.
- The chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes.
- A proxy may not delegate his/her authority to act on behalf of the shareholder in question to another person.

## SUMMARY OF APPLICABLE RIGHTS ESTABLISHED IN TERMS OF SECTION 58 OF THE COMPANIES ACT

For purposes of this summary, the term "shareholder" shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at, a shareholders' meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise:
  - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
  - 3.2 a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  - 3.3 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.
4. Irrespective of the form of instrument used to appoint a proxy:
  - 4.1 the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
  - 4.2 should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:
  - 5.1 stated in the revocation instrument, if any; or
  - 5.2 upon which the revocation instrument is delivered to the proxy and the relevant company.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's memorandum of incorporation to be delivered by the Company to the shareholder must be delivered by such company to the:
  - 6.1 shareholder; or
  - 6.2 proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the Company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the Company or the instrument appointing the proxy provides otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
  - 8.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised and must bear a reasonably prominent summary of the rights established by section 58 of the Companies Act;
  - 8.2 the Company must not require that the proxy appointment be made irrevocable; and
  - 8.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act (see paragraph 5 above).



## **ADCOCK INGRAM HOLDINGS LIMITED**

(Incorporated in the Republic of South Africa)  
(Registration number 2007/016236/06)  
Income tax number 9528/919/15/3  
Share code: AIP ISIN: ZAE000123436  
("Adcock Ingram" or "the Company" or "the Group")

## **DIRECTORS**

Ms L Boyce (Independent Non-executive Director)  
Dr S Gumbi (Independent Non-executive Director)  
Mr A Hall (Chief Executive Officer)  
Prof M Haus (Independent Non-executive Director)  
Ms B Letsoalo (Executive Director)  
Ms N Madisa (Non-executive Director)  
Dr C Manning (Independent Non-executive Director)  
Dr A Mkgokong (Independent Non-executive Director)  
Ms D Neethling (Chief Financial Officer)  
Mr L Ralphs (Non-executive Director)  
Ms D Ransby (Independent Non-executive Director)  
Mr K Wakeford (Non-executive Director)

## **COMPANY SECRETARY**

Mr NE Simelane

## **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  
PO Box 61051  
Marshalltown, 2107

## **AUDITORS**

Ernst & Young Inc.  
102 Rivonia Road, Sandton, 2146

## **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

## **FORWARD-LOOKING STATEMENTS**

Adcock Ingram may, in this document, make certain statements that are not historical facts and relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our future prospects, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, statements regarding exchange rate fluctuations, volume growth, increases in market share, total shareholder return and cost reductions. Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "endeavour" and "project" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

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Midrand, South Africa

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