RANBAXY PHARMACEUTICALS (PTY) LTD

(Registration Number 1993/003111/07)
Consolidated and Separate Annual Financial Statements
for the year ended 31 March 2017

Draft

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The reports and statements set out below comprise the consolidated annual financial statements presented to the shareholder:

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GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Import, marketing, manufacturing and trade of pharmaceutical goods and services
DIRECTORS	DW Brothers M Kaszas A Ajoodha (Appointed 1 December 2016) DMV Sewnarian (Appointed 1 December 2016) M Sudan (Resigned 21 December 2016)
Ultimate Holding Company	Sun Pharmaceutical Industries Limited incorporated in India
Holding Company	Ranbaxy Netherlands BV incorporated in Netherlands
Registration Number	1993/003111/07
REGISTERED OFFICE	14 Lautre Road Stormill Ext 1 Roodepoort Gauteng 1724
Postal Address	P O Box 43486 Industria 2042
Independent Compilers	Moollas Financial Solutions
COMPILERS	Deloitte & Touche
COMPANY SECRETARY	Grant Thornton

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REPORT OF THE COMPILER

To the Shareholder of Ranbaxy Pharmaceuticals (Pty) Ltd

We have compiled the accompanying consolidated and separate annual financial statements of Ranbaxy Pharmaceuticals (Pty) Ltd based on information you have provided. These consolidated and separate annual financial statements comprise the statement of financial position of Ranbaxy Pharmaceuticals (Pty) Ltd as at 31 March 2017, the statement of comprehensive income, the statements of changes in equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These consolidated and separate financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these consolidated and separate financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Moollas Financial Solutions

14 April 2017

8 Khandan Crescent
Roshnee
Vereeniging
1936

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Muhammad Moolla
Chartered Accountant (SA)

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements satisfy the financial reporting standards as to form and content and present fairly the consolidated and separate statement of financial position, results of operations and business of the Group, and explain the transactions and financial position of the business of the Group at the end of the financial year. The consolidated and separate annual financial statements are based upon appropriate accounting policies consistently applied throughout the Group and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group and company's cash forecast for the year to 31 March 2018 and, in light of this review and the current financial position, they are satisfied that the group and company had or has access to adequate resources to continue in operational existence for the foreseeable future.

The compilers are responsible for reporting on the Group's consolidated and separate annual financial statements. The compilation report is presented on page 3.

14 April 2017 and were signed on their behalf by:

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DW Brothers

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A Ajoodha

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DIRECTORS' REPORT

The directors present their report for the year ended 31 March 2017.

1. Review of activities

Main business and operations

The principal activity of the Group is import, marketing, manufacturing and trade of pharmaceutical goods and services and there were no major changes herein during the year.

The operating results and consolidated statement of financial position of the Group are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Going concern

The financial statements are prepared on the basis of accounting policies applicable to a going concern. This basis presumes that that the company will continue to receive the support of its holding company and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

3. Events after reporting date

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the company.

4. Directors' interest in contracts

To our knowledge none of the directors had any interest in contracts entered into during the year under review.

5. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

6. Borrowing limitations

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

7. Dividends

Given the current state of the global economic environment, the board believes that it would be more appropriate for the group to conserve cash and maintain adequate debt headroom to ensure that the group is best placed to withstand any prolonged adverse economic conditions. The company has not declared a dividend.

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DIRECTORS' REPORT

8. Directors

The directors of the company during the year and to the date of this report are as follows:

DW Brothers
M Kaszas
A Ajoodha (Appointed 1 December 2016)
DMV Sewnarian (Appointed 1 December 2016)
M Sudan (Resigned 21 December 2016)

9. Secretary

The Group's designated secretary is Grant Thornton.

10. Compilers

Deloitte & Touche were the compilers for the year under review.

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RANBAXY PHARMACEUTICALS (PTY) LTD

(Registration Number 1993/003111/07)

Consolidated and Separate Annual Financial Statements as at 31 March 2017

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STATEMENTS OF FINANCIAL POSITION

Figures in R	Notes	Group 2017	Group 2016	Company 2017	Company 2016
Assets					
Property, plant and equipment	5	43,785,856	33,836,447	43,785,856	33,836,447
Intangible assets	6	415,461	415,461	415,461	415,461
Investments		-	-	2,516,253	2,516,223
		44,201,317	**34,251,908**	**46,717,570**	**36,768,131**
Current Assets					
Inventories	7	651,949,421	183,809,540	651,949,421	183,809,540
Trade and other receivables	8	646,109,663	185,081,509	646,111,909	185,081,509
Cash and cash equivalents	9	51,214,355	26,797,321	50,228,677	26,013,021
		1,349,273,439	**395,688,370**	**1,348,290,007**	**394,904,070**
Total Assets		**1,393,474,756**	**429,940,278**	**1,395,007,577**	**431,672,201**
Equity and Liabilities					
Equity					
Issued capital	10	200,000,200	200,000,200	200,000,200	200,000,200
Reserves	11	(3,304,567)	(3,304,567)	(2,248,383)	(2,248,383)
Accumulated loss		(426,108,196)	(465,253,397)	(428,225,234)	(467,344,111)
		(229,412,563)	**(268,557,764)**	**(230,473,417)**	**(269,592,294)**
Non-Current Liabilities					
Loan from Group Companies	12	214,937,856	201,337,855	217,531,534	204,106,332

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Consolidated and Separate Annual Financial Statements as at 31 March 2017

STATEMENTS OF FINANCIAL POSITION

Figures in R	Notes	Group 2017	Group 2016	Company 2017	Company 2016
Current Liabilities					
Trade and other payables	16	1,407,949,463	497,160,187	1,407,949,460	497,158,163
Total Equity and Liabilities		**1,393,474,756**	**429,940,278**	**1,395,007,577**	**431,672,201**

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Consolidated and Separate Annual Financial Statements for the year ended 31 March 2017

STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

Figures in R	Notes	Group 2017	Group 2016	Company 2017	Company 2016
Revenue	17	1,115,100,194	340,645,436	1,115,100,194	340,679,422
Cost of sales	18	(878,040,099)	(192,424,577)	(878,039,900)	(192,424,577)
Gross profit		237,060,095	148,220,859	237,060,294	148,254,845
Other income	19	11,318,827	5,147,971	11,318,828	5,045,285
Operating costs		(175,308,637)	(188,656,781)	(175,335,161)	(188,445,438)
Impairment of Property, Plant and Equipment		-	(222,250,129)	-	(222,250,129)
Operating profit/(loss)		**73,070,285**	**(257,538,080)**	**73,043,961**	**(257,395,437)**
Finance income	21	35,217	19,660	35,217	19,660
Finance costs	22	(33,960,301)	(30,055,536)	(33,960,301)	(30,055,536)
Profit/(loss) before taxation		**39,145,201**	**(287,573,956)**	**39,118,877**	**(287,431,313)**
Taxation expense	23	-	135,133	-	-
Profit/(loss) for the year		**39,145,201**	**(287,438,823)**	**39,118,877**	**(287,431,313)**
Other comprehensive income					
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the year		**39,145,201**	**(287,438,823)**	**39,118,877**	**(287,431,313)**
Total comprehensive income attributable to:					
Owners of the parent		39,145,201	-	39,118,877	-
		39,145,201	**-**	**39,118,877**	**-**

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Consolidated and Separate Annual Financial Statements for the year ended 31 March 2017

STATEMENTS OF CHANGES IN EQUITY

Figures in R	Stated Capital	Common Control Reserve	Accumulated loss	Total
Group				
Balance at 1 April 2015	200,000,200	(3,304,567)	(177,814,574)	18,881,059
Total comprehensive income for the year				
Loss for the year			(287,438,823)	(287,438,823)
Total comprehensive income for the year	-	-	(287,438,823)	(287,438,823)
Balance at 31 March 2016	**200,000,200**	**(3,304,567)**	**(465,253,397)**	**(268,557,764)**
Balance at 1 April 2016	200,000,200	(3,304,567)	(465,253,397)	(268,557,764)
Total comprehensive income for the year				
Profit for the year			39,145,201	39,145,201
Total comprehensive income for the year	-	-	39,145,201	39,145,201
Balance at 31 March 2017	**200,000,200**	**(3,304,567)**	**(426,108,196)**	**(229,412,563)**
Notes	10	11		

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(Registration Number 1993/003111/07)

Consolidated and Separate Annual Financial Statements for the year ended 31 March 2017

STATEMENTS OF CHANGES IN EQUITY

Figures in R	Share capital	Common control reserve	Accumulated loss	Total
Company				
Balance at 1 April 2015	200,000,200	(2,248,383)	(179,912,798)	17,839,019
Total comprehensive income for the year				
Loss for the year			(287,431,313)	(287,431,313)
Total comprehensive income for the year	-	-	(287,431,313)	(287,431,313)
Balance at 31 March 2016	**200,000,200**	**(2,248,383)**	**(467,344,111)**	**(269,592,294)**
Balance at 1 April 2016	200,000,200	(2,248,383)	(467,344,111)	(269,592,294)
Total comprehensive income for the year				
Profit for the year			39,118,877	39,118,877
Total comprehensive income for the year	-	-	39,118,877	39,118,877
Balance at 31 March 2017	**200,000,200**	**(2,248,383)**	**(428,225,234)**	**(230,473,417)**
Notes	10	11		

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RANBAXY PHARMACEUTICALS (PTY) LTD

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Consolidated and Separate Annual Financial Statements for the year ended 31 March 2017

STATEMENT OF CASH FLOWS

Figures in R	Group 2017	Group 2016	Company 2017	Company 2016
Cash flows from operating activities				
Profit/(loss) for the year	39,145,201	(287,438,823)	39,118,877	(287,431,313)
Adjustments for:				
Finance costs	33,960,301	30,055,536	33,960,301	30,055,536
Income tax	-	(135,133)	-	-
Amortisation of Intangible assets	-	55,869	-	55,869
Depreciation of Property, plant and equipment	531,205	6,604,124	531,205	6,604,124
Impairment of Property, plant and equipment	-	222,250,129	-	222,250,129
Investment income	(35,217)	(19,660)	(35,217)	(19,660)
Assets Scrapped	-	734,447	-	734,447
Non-Cash VAT receivable written off	-	(206,805)	-	-
Operating cash flow before working capital changes	73,601,490	(28,100,316)	73,575,166	(27,750,868)
Working capital changes				
Increase in inventories	(468,139,877)	(107,131,785)	(468,139,877)	(107,131,785)
Increase in trade and other receivables	(461,028,330)	(109,161,039)	(461,030,400)	(109,427,051)
Increase in trade and other payables	910,789,449	275,426,904	910,791,263	275,286,775
Cash generated by operating activities	55,222,732	31,033,764	55,196,152	30,977,071
Investment income	35,217	19,660	35,217	19,660
Finance costs	(33,960,301)	(30,055,536)	(33,960,301)	(30,055,536)
Income tax paid	-	(282,042)	-	-
Net cash from operating activities	**21,297,648**	**715,846**	**21,271,068**	**941,195**
Cash flows from investing activities				
Property, plant and equipment acquired	(10,480,614)	(2,233,461)	(10,480,614)	(2,233,461)
Proceeds on disposals of property, plant and equipment	-	61,564	-	61,564
Net cash utilised in investing activities	**(10,480,614)**	**(2,171,897)**	**(10,480,614)**	**(2,171,897)**
Cash flows from financing activities				
Loans repaid	-	-	-	-
Increase in loans from group companies	13,600,000	13,637,260	13,425,202	13,195,393
Net cash generated by financing activities	**13,600,000**	**13,637,260**	**13,425,202**	**13,195,393**

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STATEMENT OF CASH FLOWS

Figures in R	Note	Group 2017	Group 2016	Company 2017	Company 2016
Increase in cash and cash equivalents		24,417,034	12,181,209	24,215,656	11,964,691
Cash and cash equivalents at beginning of the year		26,797,321	14,616,112	26,013,021	14,048,330
Cash and cash equivalents at end of the year	9	**51,214,355**	**26,797,321**	**50,228,677**	**26,013,021**

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Accounting Policies

1. Basis of preparation

The consolidated and separate annual financial statements of the Group have been prepared in accordance with all applicable International Financial Reporting Standards (IFRSs) and the Companies Act 71 of 2008. The consolidated and separate annual financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate annual financial statements are disclosed in note 3.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Business combinations

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Acquisition-related costs are expensed as incurred

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Accounting Policies

Basis of Consolidation
The consolidated group annual financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries).

Control is achieved when the company:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

The size of the Company's holding of voting relative to the size and dispersion of holdings of other vote holders;
- the potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

Income and expenses of subsidiaries acquired or disposed off during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group

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

Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners.

The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Investment in subsidiaries
In the company's separate consolidated and separate annual financial statements, investment in subsidiaries are carried at cost less any accumulated impairment.

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Accounting Policies

The cost of an investment in a subsidiary is the aggregate of:
- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

Investment in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

2.2 Property, Plant and Equipment

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

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

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

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

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Accounting Policies

The major categories of property, plant and equipment are depreciated at the following rates:

Buildings	30 years
Motor vehicles	5 years
Plant and Machinery	5-25 years
Computer equipment	3 years
Office equipment	6 years
Furniture and fittings	6 years

During the prior year end, the subsidiary impaired its property, plant and equipment down to residual value. The revised carrying amounts are tabulated in note 5

The carrying values of these assets were reviewed and revised in the prior year, as the directors determined that the manufacturing plant where these items of property, plant and equipment are deployed would not obtain future economic benefits in excess of their residual values.

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

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

Plant and machinery that is in the course of construction for production are carried at cost, less and recognised impairment loss. Costs include the cost of the assets and associated professional fees. Such assets are classified to the appropriate categories of property plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property plant and equipment, commences when the assets are ready for intended use.

2.3 Intangible Assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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Accounting Policies

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Intangible assets are amortised at the following rates:

Computer Software	2 years
Patents, trademarks and other rights	5 years

2.3.1 Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

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Accounting Policies

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

2.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

Operating leases

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. The payments made on acquiring land held under an operating lease are recognised in the statement of financial position as lease premium for land.

Contingent rents are charged as an expense in the periods in which they are incurred.

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2.5 Inventories

Inventories are measured at the lower of cost, on the weighted average cost basis net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

2.6 Financial assets

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

Financial assets classified as at fair value through profit or loss which are no longer held for the purposes of selling or repurchasing in the near term may be reclassified out of that category:

- in rare circumstances
- if the asset met the definition of loans and receivables and the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

Accounting Policies

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Impairment of Financial Assets
The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit and loss and other comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit and loss and other comprehensive income.

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Loans to (from) group companies
These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loan to group companies are classified as loans and receivables.

Loan from group companies are classified as financial liabilities measured at amortised cost.

Fair value measurement categories
For financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Accounting Policies

Level 3 inputs are unobservable inputs for the asset or liability.

The entity's assets and liabilities are comprised of level 3.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments with original maturities of 3 months or less and bank overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Financial liabilities

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. If collection is expected in one year or less (or in normal operating cycle of business if longer), they are classified as current liabilities. If not, they are presented as non-current liabilities.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

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2.7 Post-employment benefits and short-term employee benefits

Post-employment benefit plans

The Group provides post-employment benefits through various defined contribution and defined benefit plans.

Defined contribution plans

The Group pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service on an undiscounted basis.

Accruals for employee entitlement to annual leave represents the present obligation, which the Group has to pay as a result of employees' services, provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates.

A liability is recognised for the amount expected to be paid under short term bonuses in the Group as the Group has a present legal constructive obligation to pay the amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.8 Interest-bearing borrowings

Interest-bearing borrowings, mainly bank loans and overdrafts, are measured initially at fair value less transaction costs and, after initial recognition, at amortised cost, plus or minus the cumulative amortisation using the effective interest rate method of any difference between that initial amount and the maturity amount.

2.9 Income taxation

Income taxation for the year includes current taxation and deferred taxation. Current taxation and deferred taxation are recognised in profit or loss, except to the extent that the taxation arises from a transaction or event which is recognised directly in equity. In the case if the taxation relates to items that are recognised directly to equity, current taxation and deferred taxation are also recognised directly to equity.

Current taxation liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the taxation rates and taxation laws that have been enacted or substantively enacted by the balance sheet date. Current taxation is the amount of income taxation payable or recoverable in respect of the taxable profit or loss for a period.

Deferred taxation assets and liabilities arise from deductible and taxable temporary differences respectively. Temporary differences are the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation bases. Deferred taxation assets also arise from unused taxation losses and unused taxation credits.

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

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

At each balance sheet date, the company reviews and assesses the recognised and unrecognised deferred taxation assets and the future taxable profit to determine whether any recognised deferred taxation assets should be derecognised and any unrecognised deferred taxation assets should be recognised.

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply to the period when the asset is realised or the liability is settled, based on taxation rates and taxation laws that have been enacted or substantively enacted by the balance sheet date. Deferred taxation assets and liabilities are not discounted.

Tax expenses
Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:
- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination

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

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

2.10 Provisions
Provisions are recognised when:
- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party. The reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:
* has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services
  - the expenditure that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
* the amount that would be recognised as a provision; and
* the amount initially recognised less cumulative amortisation.

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2.11 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable or received for services provided and goods delivered, net of discounts and Value Added Taxation (VAT) and where there is reasonable expectation that the income will be received and all attaching conditions will be complied with.

2.11.1 Sales of goods

Revenue from the sales of good is recognised when all the following conditions have been satisfied:
The Group has delivered the goods to the customers and the customer has accepted the goods together with the risks and rewards of ownership of the goods;
● The entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
● The group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
● The amount of revenue can be measured reliably;
● Receipt of the future economic benefits is probable;
● Costs relating to the transaction can be measured reliably.

Revenue comprises net invoiced sales to customers excluding VAT and other non-operating income.

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2.12 Interest income

Interest income is recognised using the effective interest rate method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

2.13 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in Rand (R), which is the Group’s presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred.
- borrowing costs have been incurred, and

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- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All borrowing costs are recognised as an expense in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.15 Related parties

For the purposes of these financial statements, a party is considered to be related to the company if:

a. directly, or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the company, has an interest in the company that gives it significant influence over the company, or has joint control over the company;

b. the party is an associate of the company;

c. the party is a joint venture in which the company is a venture;

d. the party is a member of the key management personnel of the company or its parent;

e. the party is a close member of the family of any individual referred to in (i) or (iv);

f. the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

g. the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

3. Critical accounting judgements and key sources of estimation uncertainty

The Group's management makes assumptions, estimates and judgements in the process of applying the Group's accounting policies that affect the assets, liabilities, income and expenses in the consolidated annual financial statements prepared in accordance with IFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision policy affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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Accounting Policies

3.1 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.1.1 Useful lives of property, plant and equipment

As described above, the Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the Board determined that the useful lives of certain items of equipment should be extended due to the current assets still being in use.

3.1.2 Trade receivables and loans and receivables

The group assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

3.1.3 Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items.

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Accounting Policies

4. Changes in accounting policies and disclosures

4.1 Adoption of new and revised pronouncements

In the current year, the company has adopted all new and revised IFRSs that are relevant to its operations and effective for annual reporting periods beginning on or after 1 April 2016.

At the date of authorisation of these financial statements for the year ended 31 March 2017, the following IFRSs were adopted:

Details of Standard / Interpretation
IFRS 14 Regulatory Deferral Accounts
IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:
• clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment
• introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated
• add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.
Equity Method in Separate Financial Statements (Amendments to IAS 27)
Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.
Annual Improvements 2012-2014 Cycle
Makes amendments to the following standards:
• IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued
• IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements
• IAS 19 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid
• IAS 34 — Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference
Disclosure Initiative (Amendments to IAS 1)
Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:
• clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
• clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;

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Accounting Policies

• additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
Amends IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (2011) to address issues that have arisen in the context of applying the consolidation exception for investment entities by clarifying the following points:
• The exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value.
• A subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity.
• When applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries.
• An investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.

Application of the above standards did not impact these consolidated and separate annual financial statements.

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4.2 New standards and interpretations not yet adopted

The company has not applied the following new, revised or amended pronouncements that have been issued by the IASB as they are not yet effective for the annual financial year beginning 1 April 2016 (the list does not include information about new requirements that affect interim financial reporting or first-time adopters of IFRS since they are not relevant to the company). The Board anticipates that the new standards, amendments and interpretations will be adopted in the Group's consolidated financial statements when they become effective. The company has assessed, where practicable, the potential impact of all these new standards, amendments and interpretations that will be effective in future periods.

Details of Standard / interpretation	Anticipated impact	Mandatory application date and expected implementation date
IFRS 9 Financial Instruments (2014)	It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.	Effective for annual periods beginning on or after 1 January 2018. The group expects to adopt the amendment for the first time in the 2019 consolidated and separate annual financial statements.
A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:		
• Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.		
• Impairment. The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.		
• Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures		
• Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.		

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Accounting Policies

IFRS 15 Revenue from Contracts with Customers	It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements	Applicable to an entity's first annual IFRS financial statements for a

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IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. The five steps in the model are as follows: • Identify the contract with the customer • Identify the performance obligations in the contract • Determine the transaction price • Allocate the transaction price to the performance obligations in the contracts • Recognise revenue when (or as) the entity satisfies a performance obligation. Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.		period beginning on or after 1 January 2018. The group expects to adopt the amendment for the first time in the 2019 consolidated and separate annual financial statements.
IFRS 16 Leases IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements	Applicable for annual periods beginning on or after 1 January 2019. The group expects to adopt the amendment for the first time in the 2020 consolidated and separate annual financial statements.
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) Amends IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows: • require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations) • require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.	It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements	The effective date of the amendment is to be determined by IASB.

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These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in an subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.		

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Accounting Policies

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements	Effective for annual periods beginning on or after 1 January 2017. The group expects to adopt the amendment for the first time in the 2018 consolidated and separate annual financial statements.
Amends IAS 12 Income Taxes to clarify the following aspects:		
• Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.		
• The carrying amount of an asset does not limit the estimation of probable future taxable profits.		
• Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.		
• An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.		
Disclosure Initiative (Amendments to IAS 7)	It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements	Effective for annual periods beginning on or after 1 January 2017. The group expects to adopt the amendment for the
Amends IAS 7 Statement of Cash Flows to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.		

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NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Figures in R	Group 2017	Group 2016	Company 2017	Company 2016

5. Property, plant and equipment

Group/Company	Cost	Accumulated depreciation	2017 Carrying value	Cost	Accumulated depreciation	2016 Carrying value
Owned assets						
Land	16,420,902	-	**16,420,902**	16,420,902	-	16,420,902
Buildings	113,968,817	(110,438,068)	**3,530,749**	114,088,773	(110,558,024)	3,530,749
Plant and machinery	235,836,017	(212,934,171)	**22,901,846**	225,983,278	(212,408,363)	13,574,915
Motor vehicles	611,570	(585,977)	**25,593**	611,570	(585,977)	25,593
Furniture and fittings	7,398,155	(7,251,674)	**146,481**	7,398,155	(7,251,674)	146,481
Office equipment	758,209	(694,249)	**63,960**	758,209	(694,249)	63,960
IT equipment	1,750,791	(1,675,887)	**74,904**	1,717,561	(1,670,491)	47,070
Capital- Work in progress	621,421	-	**621,421**	26,777	-	26,777
	377,365,882	(333,580,026)	**43,785,856**	367,005,225	(333,168,778)	33,836,447

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NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Figures in R	Group 2017	Group 2016	Company 2017	Company 2016

The carrying amounts of property, plant and equipment can be reconciled as follows:

Group/Company	Carrying value at beginning of year	Additions	Disposals	Scrapping	Transfers	Depreciation	Impairment Loss	2017 Carrying value at end of year
Owned assets								
Land	16,420,902	-	-	-	-	-		16,420,902
Buildings	3,530,749	-		-		-		3,530,749
Plant and Machinery	13,574,915	9,852,739	-	-	-	(525,808)		22,901,846
Motor vehicles	25,593	-	-	-	-	-		25,593
Furniture and fittings	146,481	-	-	-	-	-		146,481
Office equipment	63,960	-	-	-	-	-		63,960
IT equipment	47,070	33,231	-	-	-	(5,397)		74,904
Capital- Work in progress	26,777	594,644	-	-	-	-		621,421
	33,836,447	10,480,614	-	-	-	(531,205)		43,785,856

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

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Figures in R	Group 2017	Group 2016	Company 2017	Company 2016

Group/Company

	Carrying value at beginning of year	Additions	Disposals	Scrapping	Transfers	Depreciation	Impairment Loss	2016 Carrying value at end of year
Owned assets								
Land	16,420,902	-	-	-	-	-		16,420,902
Buildings	100,159,099	890,933	-	(489,000)	-	(5,378,181)	(91,652,102)	3,530,749
Plant and machinery	140,080,997	1,188,891	-	(245,447)	696,954	(759,225)	(127,387,255)	13,574,915
Motor vehicles	504,182	-	(61,564)	-	-	(33,894)	(383,131)	25,593
Furniture and fittings	2,666,561	109,100	-	-	-	(331,256)	(2,297,924)	146,481
Office equipment	473,824	-	-	-	-	(41,897)	(367,967)	63,960
IT equipment	223,954	44,537	-	-	-	(59,671)	(161,750)	47,070
Capital- Work in progress	723,731	-	-	-	(696,954)	-		26,777
	261,253,250	2,233,461	(61,564)	(734,447)	-	(6,604,124)	(222,250,129)	33,836,447

Assets under construction

	Group 2017	Group 2016	Company 2017	Company 2016
Carrying value	621,421	26,777	621,421	26,777

ERF 2 Stormill Extension 1, Gauteng, with improvements thereon

ERF 15 Stormill Extention 1, Gauteng, with improvements thereon

ERF 16 Stormill Extention 1, Gauteng, with improvements thereon

ERF 18 Stormill Extention 1, Gauteng, with improvements thereon

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Figures in R	Group 2017	Group 2016	Company 2017	Company 2016

ERF 19 & 20 Stormill Extention 1, Gauteng, with improvements thereon
ERF 9 & 10 Lea Glen Township, Gauteng
ERF 75 Robertville, Gauteng

A register containing the information required by regulation 25 (3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

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Figures in R	Group 2017	Group 2016	Company 2017	Company 2016

6. Intangible assets

Group and Company	Cost	Accumulated amortisation	2017 Carrying value	Cost	Accumulated amortisation	2016 Carrying value
Patents, trademarks and other rights	188,408	-	188,408	1,682,630	(1,494,222)	188,408
Computer Software	558,495	(331,442)	227,053	558,495	(331,442)	227,053
	746,903	(331,442)	415,461	2,241,125	(1,825,664)	415,461

The carrying amounts of intangible assets can be reconciled as follows:

	Carrying value at beginning of year	Fair value gains / Additions	Amortisation	Reclassified held for sale / Disposals	2017 Carrying value at end of year
Patents, trademarks and other rights	188,408	-	-	-	188,408
Computer Software	227,053	-	-	-	227,053
	415,461	-	-	-	415,461

	Carrying value at beginning of year	Fair value gains / Additions	Amortisation	Reclassified held for sale / Disposals	2016 Carrying value at end of year
Patents, trademarks and other rights	244,278	-	(55,870)	-	188,408
Computer software	227,052	-	1	-	227,053
	471,330	-	(55,869)	-	415,461

7. Inventories

Inventories comprise:	Group 2017	Group 2016	Company 2017	Company 2016
Raw materials	189,348,498	49,192,770	189,348,498	49,192,770
Work in progress	60,799,645	24,975,161	60,799,645	24,975,161
Finished goods	190,458,440	93,147,550	190,458,436	93,147,550
Goods in transit	202,022,318	2,761,660	202,022,318	2,761,660
Packaging materials	9,320,520	13,732,399	9,320,520	13,732,399
	651,949,421	183,809,540	651,949,417	183,809,540

No inventory was written down to net realisable value during the current year and the prior year

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NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Figures in R	Group 2017	Group 2016	Company 2017	Company 2016
8. Trade and other receivables				
Trade debtors	204,437,955	116,729,805	204,438,131	116,729,805
Sundry debtors	194,276	-	194,276	-
Prepaid expenses	289,824	133,023	289,824	133,023
Employee costs in advance	128,833	69,443	128,833	69,443
Value Added Tax	26,171,723	19,463,171	26,173,793	19,463,171
Deposits	-	9,599,538	-	9,599,538
Amounts due from related parties	415,874,000	39,562,992	415,874,000	39,562,992
	647,096,611	185,557,972	647,098,857	185,557,972
Provision for Impairment loss	(986,948)	(476,463)	(986,948)	(476,463)
	646,109,663	185,081,509	646,111,909	185,081,509
8.1 Items included in trade and other receivables not classified as financial instruments				
Prepaid expenses	289,824	133,023	289,824	133,023
Value Added Tax	26,171,723	19,085,135	26,173,793	19,087,149
Employee costs in advance	128,833	69,443	128,833	69,443
	26,590,380	19,287,601	26,592,450	19,289,615
Trade and other receivables net of non-financial instruments (refer note 29)	619,519,283	165,793,908	619,519,459	165,791,894

The carrying amount of trade and other receivables approximates their fair value.

The following are the major debtors included in the trade receivables:

Figures in R	Group 2017	Group 2016	Company 2017	Company 2016
Private Sector	174,703,733	102,008,946	174,703,733	102,008,946
Public	29,734,222	14,720,859	29,734,398	14,720,859
	204,437,955	116,729,805	204,438,131	116,729,805

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 March 2017, R 24,361,002 (2016: R 18 204 422) were past due but not impaired.

The aging of amounts past due but not impaired is as follows:

Figures in R	Group 2017	Group 2016	Company 2017	Company 2016
Current	144,228,790	73,363,192	144,228,966	73,363,192
1 month past due	33,320,473	25,162,191	33,320,473	25,162,191
2 months past due	5,994,556	-	5,994,556	-
3 months past due	13,573,348	18,204,422	13,573,348	18,204,422
More than 3 months past due	7,320,788	-	7,320,788	-
	204,437,955	116,729,805	204,438,131	116,729,805

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NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Figures in R	Group 2017	Group 2016	Company 2017	Company 2016

Trade and other receivables impaired

As of 31 March 2017, trade and other receivables of R (2016: R 476,463) were impaired and allowed for.

Allowance account for credit losses:				
Balance as at 1 April 2015	476,463	44,556	476,463	44,556
Impairment loss made during the year	510,485	431,907	510,485	431,907
Balance as at 31 March 2017	986,948	476,463	986,948	476,463

9. Cash and cash equivalents

Favourable cash balances				
Bank balances	51,214,355	26,797,321	50,228,677	26,013,021

10. Share capital

Authorised				
1000 Ordinary shares of R1 each	1,000	1,000	1,000	1,000
Issued				
300 Ordinary shares	200,000,200	200,000,200	200,000,200	200,000,200

11. Reserves

Group: The common control reserve arose on the acquisition of the subsidiary Be-Tabs Investments (Pty) Ltd from Ranbaxy Netherlands BV- ie transfer of interest between entities under common control.

Company: The common control reserve arose on the transfer of the assets from the subsidiary Be-Tabs Investments (Pty) Ltd to the holding company, Ranbaxy Pharmaceuticals (Pty) Ltd, at a declared value greater than the carrying value. As both entities are under common control, the excess was taken to this reserve.

Common control reserve	3,304,567	3,304,567	2,248,383	2,248,383

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Figures in R	Group 2017	Group 2016	Company 2017	Company 2016

12. Loan from group companies

Holding Company

Ranbaxy Netherlands BV	214,937,856	201,337,855	217,531,534	201,337,855

The loan from Ranbaxy Netherlands B.V is unsecured and bears interest at a rate of 8.5% and have no fixed terms of repayment*.

Subsidiary

Be-Tabs Investments Proprietary Limited	-	-	2,593,679	2,768,477

The loan from Be-Tabs Investments (Pty) Ltd is unsecured, bears no interest and have no fixed terms of repayment.

Non-current liabilities	214,937,856	201,337,855	217,531,534	204,106,332
Current liabilities	-	-	-	-
	214,937,856	201,337,855	217,531,534	204,106,332

13. Operating lease liabilities

At year-end (2016), the Group has outstanding commitments under non-cancellable operating leases that fall due as follows:

- no later than one year		154,392		154,392
- later than one year but no later than five years		237,720		237,720
	-	392,112	-	392,112

Operating lease payments represents rentals payable by the group and company for certain of its office spaces and equipment. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

The group and company have no other commitments for the current year.

14. Retirement benefits

Defined Contribution Plan:
It is the policy of the company to provide retirement benefits to all its full-time employees. Two defined contribution provident funds, exists for this purpose. The fund is funded both by member and by group contributions which are charged to the income statement as they are incurred. The total contribution to the scheme in the current year was R 6,801,456 (2016: R 3,202,050) for the group and company.

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NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Figures in R	Group 2017	Group 2016	Company 2017	Company 2016

15. Deferred taxation

Balance at beginning of year	-	-	-	-
The deferred taxation liability arises from the following temporary differences:				
Capital Allowances-PPE	-	(2,528,936)	-	(2,528,936)
The deferred taxation asset arises from the following temporary differences:				
Provisions	-	2,528,936	-	2,528,936

The deferred tax assets and deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	-	(2,528,936)	-	(2,528,936)
Deferred tax asset	-	2,528,936	-	2,528,936
Total net deferred tax asset	-	-	-	-

During the current year there had been no tax provision made for the company as the company had no taxable income. The estimated tax loss available for set off against future taxable income is R 489.902,978 (2016: R 473,762,106).

Management has not elected to recognise defer tax assets on the assessed losses as the company is in the process of being merged with Ranbax (S.A) (Pty) Ltd, a sister company within the group.

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16. Trade and other payables

Trade creditors	333,987,605	93,895,228	333,987,602	93,895,218
Value Added Tax	-	2,014	-	-
Marketing Accrual	62,904,291	31,016,435	62,904,291	31,016,435
Municipality Accrual	-	13,318,534	-	13,318,534
Payroll related accruals	871,816	6,175,468	871,816	6,175,468
Related parties	1,009,001,057	326,909,745	1,009,001,057	326,909,745
Other payables and accruals	1,184,694	25,842,763	1,184,694	25,842,763
	1,407,949,463	**497,160,187**	**1,407,949,460**	**497,158,163**

16.1 Items included in trade and other payables not classified as financial instruments

Value Added Tax	-	2,014	-	-
Payroll related accruals	871,816	6,175,468	871,816	6,175,468
Marketing Accrual	62,904,291	31,016,435	62,904,291	31,016,435
Municipality Accruals	-	13,318,534	-	13,318,534
	63,776,107	**50,512,451**	**63,776,107**	**50,510,437**
Trade and other payables net of non-financial instruments (refer note 29)	**1,344,173,356**	**446,647,736**	**1,344,173,353**	**446,647,726**

Figures in R	Group 2017	Group 2016	Company 2017	Company 2016

Creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken is less than 60 days. No interest is charged on trade payables. The group and company has risk management policies in place to ensure that all payables are paid within the agreed credit terms. The carrying amounts of financial liabilities approximate fair value.

17. Revenue

An analysis of revenue is as follows:

	Group 2017	Group 2016	Company 2017	Company 2016
Sale of goods	1,115,100,194	331,941,477	1,115,100,194	331,530,402
	1,115,100,194	331,941,477	1,115,100,194	331,530,402

18. Cost of Sales

	Group 2017	Group 2016	Company 2017	Company 2016
Sale of goods				
Cost of goods sold	878,040,099	(192,424,577)	871,278,295	(192,424,577)

19. Other Income

	Group 2017	Group 2016	Company 2017	Company 2016
Insurance Claim received	246,941	33,986	246,941	33,986
Distribution Income	4,380,906	1,656,317	4,380,906	1,656,317
Dossiers Sold	6,100,000	2,500,000	6,100,000	2,500,000
Rent received	-	512,607	-	512,607
Sundry income	590,980	445,061	590,980	342,375
	11,318,827	5,147,971	11,318,827	5,045,285

20. Auditors' remuneration

	Group 2017	Group 2016	Company 2017	Company 2016
Audit fees	410,684	691,389	410,684	691,389

21. Finance income

	Group 2017	Group 2016	Company 2017	Company 2016
Interest income				
Bank	35,217	19,660	35,217	19,660
	35,217	19,660	35,217	19,660

22. Finance costs

	Group 2017	Group 2016	Company 2017	Company 2016
Bank	1,273	23,266	1,273	23,266
Group Companies	33,959,028	30,032,270	33,959,028	30,032,270
	33,960,301	30,055,536	33,960,301	30,055,536

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NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Figures in R	Group 2017	Group 2016	Company 2017	Company 2016

23. Income taxation expense

Current taxation- Local income tax- recognised in current tax for prior periods	-	(135,133)	-	-
Income taxation for the year	-	(135,133)	-	-

No tax provision has been made for the 2017 tax as the group has no taxable income. The estimated tax loss available for set off against future taxable income is R 489,902,978 (2016: R 473 762 106)

24. Directors' emoluments

The remuneration of directors and other members of key management during the year was as follows

			Company 2017	Company 2016
Short-term benefits			346,948	4,778,612
Pension paid to pension scheme			6,573,030	213,300
			6,919,978	4,991,912

Executive

2017

Name	Remuneration excl bonus and post retirements	Post retirement benefits	Bonus	Board Fees	Total
Director A	2,502,651	176,540	636,336	-	3,315,527
Director B	-	-	-	-	-
Director C	-	-	-	-	-
Director D	1,215,334	78,462	221,899	-	1,515,695
Director E	924,050	34,465	112,538	-	1,071,053
Director F	838,777	57,481	121,444	-	1,017,702
Director G	-	-	-	-	-
	5,480,812	346,948	1,092,218	-	6,919,978

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Figures in R	Group 2017	Group 2016	Company 2017	Company 2016

2016

Name	Remuneration excl bonus and post retirements	Post retirement benefits	Bonus	Board Fees	Total
Director A	2,329,185	130,189	-	-	2,459,374
Director B	776,091	23,904	-	-	799,995
Director C	418,444	21,528	48,215	-	488,187
Director D	1,135,851	37,679	10,826	-	1,184,356
Director E	-	-	-	30,000	30,000
Director F	-	-	-	30,000	30,000
	4,659,571	213,300	59,041	60,000	4,991,912

The above represents remuneration earned for services to both the company and the wider group

25. Event after the balance sheet date

#NAME?

26. Interest in subsidiaries including consolidated structured entities

Name	Interest held 2017	Interest held 2016	Carrying Amount 2017	Carrying Amount 2016
Be-Tabs Investments Proprietary Limited	100.00%	100.00%	2,516,233	2,516,233

The subsidiary Be-Tabs Investments (Pty) Ltd previously held investment property for the purpose of earning rental income. This property has been transferred to the holding company Ranbaxy Pharmaceuticals (Pty) Ltd. This subsidiary will therefore not be continuing to operate into the future and is hence being de registered as an entity.

27. Related party transactions

Name	Relationship
Sun Pharmaceutical Industries Limited	Ultimate Holding Company
Ranbaxy Netherlands BV	Holding Company
Ranbaxy South Africa (Pty) Ltd	Sister Company
Sonke Pharmaceuticals (Pty) Ltd	Fellow Subsidiary
Be-Tabs Investments (Pty) Ltd)	Subsidiary

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Figures in R	Group 2017	Group 2016	Company 2017	Company 2016

Directors
DW
Brothers
M Sudan
M Kaszas

Related party balances

	Group 2017	Group 2016	Company 2017	Company 2016
Loan Accounts- Owing (to) by related parties				
Ranbaxy Netherlands BV	214,937,856	201,337,945	214,937,855	201,337,945
Be-Tabs Investments (Pty) Ltd	-	-	2,593,679	2,768,477
	214,937,856	**201,337,945**	**217,531,534**	**204,106,422**
Amounts included in Trade receivable (Trade Payable)				
Ranbaxy South Africa Proprietary Limited	(198,279,068)	(267,855,946)	(198,279,068)	(267,855,946)
Sonke Pharmaceuticals Proprietary Limited	(60,464,064)	(54,827,160)	(60,464,064)	(54,827,160)
Sonke Pharmaceuticals Proprietary Limited	382,521,660	39,562,992	382,521,660	39,562,992
Sun Pharmaceutical Industries Limited	(806,289,140)	(4,226,639)	(806,289,140)	(4,226,639)
Sun Pharmaceutical Industries Limited	33,352,340	-	33,352,340	-
	(682,510,612)	**(287,346,753)**	**(682,510,612)**	**(287,346,753)**

Related party transactions

		Group 2017	Group 2016	Company 2017	Company 2016
Sun Pharmaceutical Industries Limited	Purchases of inventory	-	3,681,143	-	3,681,143
Ranbaxy Netherlands BV	Interest Paid on related party borrowings	13,600,000	13,637,260	13,600,000	13,637,260
Ranbaxy South Africa Proprietary Limited	Interest Paid on related party borrowings	20,359,028	16,395,010	20,359,028	16,395,010
	Purchases	79,792,466	-	79,792,466	-
	Sales	(666,835,876)	-	(666,835,876)	-
Sonke Pharmaceuticals Proprietary Limited	Purchases of inventory	-	48,086,105	-	48,086,105
	Sales	-	(44,351,590)	-	44,351,590
		(553,084,382)	**37,447,928**	**(553,084,382)**	**126,151,108**

28. Prior period errors

Insert nature of error for and amount of correction for each financial statement line item - the amount of the correction at the beginning of the earliest prior period presented.

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NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Figures in R	Group 2017	Group 2016	Company 2017	Company 2016

29. Financial instruments and risk management

The Group has classified its financial assets in the following categories:

	Fair value through profit loss (held for trading)	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Total
2017					
Current financial assets					
Amount due from related parties	-	-	415,874,000	-	415,874,000
Trade and other receivables (refer note 8)	-	-	203,645,283	-	203,645,283
Cash and cash equivalents (refer note 9)	-	-	51,214,355	-	51,214,355
2016					
Current financial assets					
Amount due from related parties	-	-	39,562,992	-	39,562,992
Trade and other receivables (refer note 8)	-	-	126,230,916	-	126,230,916
Cash and cash equivalents (refer note 9)	-	-	26,797,321	-	26,797,321

The Group has classified its financial liabilities in the following categories

	Fair value through profit loss	Amortised cost	Total
2017			
Non-current financial liabilities			
Loans from related parties (refer note 12)	-	214,937,856	214,937,856
Current financial liabilities			
Trade and other payables (refer note 16)	-	335,172,299	335,172,299
Amounts due to related parties	-	1,009,001,057	1,009,001,057
2016			
Non-current financial liabilities			
Loan from group company	-	201,337,855	201,337,855

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NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Figures in R	Group 2017	Group 2016	Company 2017	Company 2016
Current financial liabilities				
Trade and other payables (refer note 16)	-	119,737,991	119,737,991	
Amounts due to related parties	-	326,909,745	326,909,745	

The company has classified its financial assets in the following categories:

	Fair value through profit loss (held for trading)	Held-to-maturity investments	Loans and receivables	Available-for-sale financial assets	Total
2017					
Non-current financial assets					
Investments	-	-	-	2,516,253	2,516,253
Current financial assets					
Amounts due from related parties	-	-	415,874,000	-	415,874,000
Trade and other receivables (refer note 8)	-	-	203,645,459	-	203,645,459
Cash and cash equivalents (refer note 9)	-	-	50,228,677	-	50,228,677
2016					
Non-current financial assets					
Investments	-	-	-	2,516,223	2,516,223
Current financial assets					
Amounts due from related parties	-	-	39,562,992	-	39,562,992
Trade and other receivables (refer note 8)	-	-	126,228,902	-	126,228,902
Cash and cash equivalents (refer note 9)	-	-	26,013,021	-	26,013,021

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NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Figures in R	Group 2017	Group 2016	Company 2017	Company 2016

The company has classified its financial liabilities in the following categories

	Fair value through profit loss	Amortised cost	Total
2017			
Non-current financial liabilities			
Loans from related parties (refer note 12)	-	217,531,534	217,531,534
Current financial liabilities			
Trade and other payables (refer note 16)	-	335,172,296	335,172,296
Amounts due to related parties	-	1,009,001,057	1,009,001,057
2016			
Non-current financial liabilities			
Loan from group companies	-	204,106,332	204,106,332
Current financial liabilities			
Trade and other payables (refer note 16)	-	119,737,981	119,737,981
Amounts due to related parties	-	326,909,745	326,909,745

The Group is exposed to credit risk and liquidity risk arising in the normal course of its business and financial instruments. The Groups risk management objectives, policies and processes mainly focus on minimizing the potential adverse effects of these risks on its financial performance and position by losely monitoring the individual exposure.Related party payables bears no interest

29.1 Credit risk

The group and company is exposed to credit risk on financial assets, mainly attributable to cash deposits, cash equivalents and trade and other receivables. The group and company deposits cash with major banks with high quality credit standing. The company and group has trade receivables within the group, and trade and other receivables in the private and public sector.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. Customers are independently rated, these ratings are used. Individual risk limits are set based on internal or external ratings in accordance with limits set by management. The utilisation of credit limits is regularly monitored.

At 31 March 2017, the Group has no concentration of risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

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29.2 Liquidity risk

The group and company is exposed to liquidity risk on financial liabilities.Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. It manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents. Company finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The table below analyses the group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the Statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Summary quantitative data - Group

	Less than 1 year	Between 1 and 5 years	Over 5 years	Undated
2017				
Loan from group company (refer note 12)	-	-	-	214,937,856
Amount due to related parties	1,009,001,057	-	-	-
Trade and other payables (refer note 16)	335,172,299	-	-	-
2016				
Loan from group company (refer note 12)		-	-	201,337,855
Amount due to related parties	326,909,745	-	-	-
Trade and other payables (refer note 16)	119,737,991	-	-	-

Summary quantitative data - Company

	Less than 1 year	Between 1 and 5 years	Over 5 years	Undated
2017				
Loan from group company (refer note 12)	-	-	-	217,531,534
Amount due to related parties	1,009,001,057	-	-	-
Trade and other payables (refer note 16)	335,172,296	-	-	-
2016				
Loan form group company (refer note 12)		-	-	204,106,332
Amount due to related parties	326,909,745	-	-	-
Trade and other payables (refer note 16)	119,737,981	-	-	-

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Figures in R	Group 2017	Group 2016	Company 2017	Company 2016

29.3 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in note 12, cash and cash equivalents disclosed in note 9, and equity as disclosed in the Statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. There are no externally imposed capital requirements

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

29.4 Interest rate risk

The company has interest bearing assets in the form of cash balances at year end which bears interest at market bank rates. The company's interest rate risk arises from long-term borrowings, from related party borrowings within the group. These borrowings accrue interest at 8.5%.

The company's income and operating cash flows are substantially independent of changes in market interest rates

Sensitivity analysis

At 31 March 2017, if interest rates had been 1% higher/lower, with all other variables held constant, the company’s profit after taxation and retained profits would have been R 576,000 (2016: R 4,278,560) higher/lower for the group and company.

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Figures in R	Group 2017	Group 2016	Company 2017	Company 2016

29.5 Currency risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Foreign currency exposure at the end of the reporting period

	Group 2017	Group 2016	Company 2017	Company 2016
Liabilities				
Uncovered foreign liabilities, USD 554,288 (2016: 79,690)	7,164,432	1,158,696	7,164,432	1,158,696
Exchange rates used for conversion for foreign items were:				
USD	12.93	14.55	12.93	14.55

Sensitivity analysis

At 31 March 2017, if the South African Rand weakened/strengthened by 10% against the US dollar with all other variables held constant, the company’s profit for the year and retained earnings would have been R 301,571 (2016: R 15 865) higher/lower, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated trade receivables.

The sensitivity analysis has been prepared with the assumption that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the exposure to currency risk for the relevant financial instruments in existence at that date. The changes in foreign exchange rates represent management’s assessment of a reasonably possible change in foreign exchange rates at that date over the period until the next annual balance sheet date.

29.6 Price risk

The group is not exposed to price risk, as the industry is governed by single exit pricing. Revenue generated from government tenders, has prices fixed at the beginning of the contract and adjusted for inflationary effects by the National Department of Health.

30. Guarantees and bills discounted

	Group 2017	Group 2016	Company 2017	Company 2016
Guarantees issued by the bank in favour of the company	326,000	326,000	326,000	326,000

31. Going Concern

The directors believe that the company will be a going concern in the year ahead. For this reason we continue to adopt the going concern basis in preparing the annual financial statements.

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