RANBAXY SOUTH AFRICA (PTY) LTD

(Registration Number 1993/001413/07)

Audited Consolidated and Separate Annual Financial Statements

for the year ended 31 March 2018

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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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Consolidated and Separate Annual Financial Statements for the year ended 31 March 2018

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 A Ajoodha M Kaszas
Ultimate Holding Company	Sun Pharmaceuticals Industries Limited incorporated in India
Holding Company	Ranbaxy Netherlands BV incorporated in Netherlands
Registration Number	1993/001413/07
Registered Office	Ground Floor, Tugela House, Riverside Office Park 1303 Heuwel Avenue Centurion Gauteng 0046
Postal Address	P O Box 1470 Pretoria 001
Independent Compilers	Moollas Financial Solutions Inc, prepared under the supervision of Muhammad Moolla CA(SA)
Independent Auditors	Ernst & Young
Company Secretary	Grant Thornton

Report of the Compiler

To the Shareholder of Ranbaxy South Africa (Pty) Ltd

We have compiled the accompanying consolidated and separate annual financial statements of Ranbaxy South Africa (Pty) Ltd based on information you have provided. These consolidated and separate annual financial statements comprise the statement of financial position of Ranbaxy South Africa (Pty) Ltd as at 31 March 2018, 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 Inc

24 May 2018

Muhammad Moolla
Chartered Accountant (SA)

Building 2, 21 Woodlands Drive
Woodmead Country Club Estate
Woodmead
2052

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 consolidated and separate annual financial statements have been audited by the independent auditing firm, Ernst & Young, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholder the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' audit report is presented on pages 3 to 2.

The consolidated and separate annual financial statements as set out on pages 5 to 52 were approved by the board on 24 May 2018 and were signed on their behalf by:

DW Brothers	A Ajoodha

Directors' Report

The directors present their report for the year ended 31 March 2018.

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 consolidated and separate annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company and group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate annual financial statements have been prepared on a going concern basis.

The directors have satisfied themselves that the company and group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company and group .

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.

Borrowing limitations

Directors' Report

6. 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.

7. Directors

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

DW Brothers
A Ajoodha
M Kaszas

8. Secretary

The Group's designated secretary is Grant Thornton.

9. Independent Auditors

Ernst & Young were the independent auditors for the year under review.

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Audited Consolidated and Separate Annual Financial Statements as at 31 March 2018

Statements of Financial Position

Figures in R	Notes	Group 2018	Group 2017	Company 2018	Company 2017
Assets					
Property, plant and equipment	5	1,340,808	11,956,925	683,068	1,201,732
Intangible assets	6	106,655	508,151	106,655	508,151
Investments	25	-	-	905,342	905,342
Deferred taxation assets	14	9,402,022	5,205,268	3,790,764	2,067,478
		10,849,485	**17,670,344**	**5,485,829**	**4,682,703**
Current Assets					
Inventories	7	~~240,778,688~~	~~158,406,492~~	69,366,497	63,067,761
Current taxation asset	16	9,348,924	7,145,782	5,579,956	2,754,871
Trade and other receivables	8	625,129,150	643,267,073	302,595,701	273,190,079
Cash and cash equivalents	9	117,481,143	134,135,207	76,137,409	65,882,762
		992,737,905	**942,954,554**	**453,679,563**	**404,895,473**
Total Assets		**1,003,587,390**	**960,624,898**	**459,165,392**	**409,578,176**
Equity and Liabilities					
Equity					
Stated Capital	10	17,511,923	17,511,923	17,511,923	17,511,923
Reserves		(211,831)	(211,831)	-	-
Retained earnings		198,469,202	151,906,731	124,138,616	122,064,085
		215,769,294	**169,206,823**	**141,650,539**	**139,576,008**
Non-controlling interest		37,294,422	21,233,867	-	-
Liabilities					
Current Liabilities					
Trade and other payables	15	598,302,852	624,868,181	165,294,031	127,981,346
Loan from shareholder	11	152,220,822	145,316,027	152,220,822	142,020,822
		750,523,674	**770,184,208**	**317,514,853**	**270,002,168**
Total Equity and Liabilities		**1,003,587,390**	**960,624,898**	**459,165,392**	**409,578,176**

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Statements of Profit or Loss and Comprehensive Income

Figures in R	Notes	Group 2018	Group 2017	Company 2018	Company 2017
Revenue	17	1,442,859,183	1,613,253,152	291,796,079	266,833,417
Cost of sales	18	(1,188,303,073)	(1,397,473,538)	(169,073,356)	(153,392,596)
Gross profit		254,556,110	215,779,614	122,722,723	113,440,821
Other income		489,877	1,632,497	(3,386)	1,383,712
Operating costs		(164,585,327)	(147,201,447)	(118,208,206)	(97,206,641)
Operating profit	19	**90,460,660**	**70,210,664**	**4,511,131**	**17,617,892**
Finance income	20	26,356,177	25,332,365	25,714,065	27,832,504
Finance costs	21	(10,200,385)	(10,665,383)	(10,200,000)	(10,201,403)
Abnormal Item	22	(19,673,952)	-	(19,673,952)	-
Profit before taxation		**86,942,500**	**84,877,646**	**351,244**	**35,248,993**
Taxation expense	23	(22,211,279)	(20,491,074)	1,723,287	(4,713,116)
Profit for the year		**64,731,221**	**64,386,572**	**2,074,531**	**30,535,877**
Other comprehensive income					
Other comprehensive income		-	-	-	-
Total comprehensive income		**64,731,221**	**64,386,572**	**2,074,531**	**30,535,877**
Total comprehensive income attributable to:					
Non-controlling interests		18,168,750	12,117,450	-	-
Owners of the parent		46,562,471	52,269,122	2,074,531	30,535,877

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Statements of Changes in Equity

Figures in R	Stated Capital	Common Control Reserve	Retained earnings	Equity attributable to company	Non-controlling interest	Total
Group						
Balance at 1 April 2016	17,511,923	(211,831)	99,637,609	116,937,701	11,925,622	128,863,323
Total comprehensive income for the year						
Profit for the year			52,269,122	52,269,122	12,117,450	64,386,572
Total comprehensive income for the year	-	-	52,269,122	52,269,122	12,117,450	64,386,572
Dividends			-	-	(2,809,205)	(2,809,205)
Balance at 31 March 2017	**17,511,923**	**(211,831)**	**151,906,731**	**169,206,823**	**21,233,867**	**190,440,690**
Balance at 1 April 2017	17,511,923	(211,831)	151,906,731	169,206,823	21,233,867	190,440,690
Total comprehensive income for the year						
Profit for the year			46,562,471	46,562,471	18,168,750	64,731,221
Total comprehensive income for the year	-	-	46,562,471	46,562,471	18,168,750	64,731,221
Dividends			-	-	(2,108,195)	(2,108,195)
Balance at 31 March 2018	**17,511,923**	**(211,831)**	**198,469,202**	**215,769,294**	**37,294,422**	**253,063,716**
Note	10					

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Statements of Changes in Equity

Figures in R	Stated Capital	Retained earnings	Total
Company			
Balance at 1 April 2016	17,511,923	91,528,208	109,040,131
Total comprehensive income for the year			
Profit for the year		30,535,877	30,535,877
Total comprehensive income for the year	-	30,535,877	30,535,877
Balance at 31 March 2017	**17,511,923**	**122,064,085**	**139,576,008**
Balance at 1 April 2017	17,511,923	122,064,085	139,576,008
Total comprehensive income for the year			
Profit for the year		2,074,531	2,074,531
Total comprehensive income for the year	-	2,074,531	2,074,531
Balance at 31 March 2018	**17,511,923**	**124,138,616**	**141,650,539**
Note	10		

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Statements of Cash Flows

Figures in R	Notes	Group 2018	Group 2017	Company 2018	Company 2017
Cash flows from operating activities					
Profit before tax		86,942,500	84,877,646	351,244	35,248,993
Adjustments for:					
Finance costs		10,200,385	10,665,383	10,200,000	10,201,403
Amortisation of Intangible assets		401,496	208,608	401,496	208,608
Depreciation of Property, plant and equipment		10,772,722	10,877,736	675,269	734,965
Investment income		(26,356,177)	(25,332,365)	(25,714,065)	(27,832,504)
Operating cash flow before working capital changes		**81,960,926**	**81,297,008**	**(14,086,056)**	**18,561,465**
Working capital changes					
(Increase)/decrease in inventories		(82,372,196)	22,676,397	(6,298,736)	(10,353,449)
Decrease/(increase) in trade and other receivables		18,137,922	(134,453,791)	(30,321,184)	61,500,849
(Decrease)/increase in trade and other payables		(26,565,329)	53,817,560	38,228,247	(79,193,120)
Cash (utilised in)/generated by operating activities		**(8,838,677)**	**23,337,174**	**(12,477,729)**	**(9,484,255)**
Investment income		26,356,177	25,332,365	25,714,065	27,832,504
Finance costs		(10,200,385)	(10,665,383)	(10,200,000)	(10,201,403)
Income tax paid		(28,625,171)	(31,066,174)	(2,825,085)	(8,708,688)
Net cash from operating activities		**(21,308,056)**	**6,937,982**	**211,251**	**(561,842)**
Cash flows from investing activities					
Property, plant and equipment acquired	5	(156,604)	(607,029)	(156,604)	(412,161)
Intangible assets acquired	6	-	-	-	-
Other		13,996	23,388	-	-
Net cash utilised in investing activities		**(142,608)**	**(583,641)**	**(156,604)**	**(412,161)**
Cash flows from financing activities					
Increase in loans from group companies		6,904,795	733,286	10,200,000	10,200,000
Dividends paid		(2,108,195)	(2,809,205)	-	-
Net cash generated by financing activities		**4,796,600**	**(2,075,919)**	**10,200,000**	**10,200,000**

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Statements of Cash Flows

Figures in R	Notes	Group 2018	Group 2017	Company 2018	Company 2017
(Decrease)/Increase in cash and cash equivalents		(16,654,064)	4,278,422	10,254,647	9,225,997
Cash and cash equivalents at beginning of the year		134,135,207	129,856,785	65,882,762	56,656,765
Cash and cash equivalents at end of the year	9	**117,481,143**	**134,135,207**	**76,137,409**	**65,882,762**

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). 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.

Basis of Consolidation

Accounting Policies

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 rights relative to the size and dispersion of holdings of other vote holders;

- the potential voting rights held by the Company, other vote holder 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 of 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.

2.1.1 Acquisition-related costs are expensed as incurred

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

2.1.2 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.

2.1.3 Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re- measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.1.4 Investment in subsidiaries

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

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.

2.1.5 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

Accounting Policies

The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the statement of comprehensive income.

Profit and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

2.2 Property, Plant and Equipment

Property, plant and equipment are tangible assets which the company 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 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 company. 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.

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.

Accounting Policies

The useful lives of items of Property, plant and equipment have been assessed as follows:

Building	5% per annum
Building components	10% to 33,3% per annum
Motor vehicles	3-7 years
Plant and Machinery	3-15 years
Computer equipment	3 years
Leasehold Improvements	Period of lease
Furniture and fittings	3-6 years

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 depreciate 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.

2.3 Intangible Assets

An intangible asset is an identifiable, non-monetary asset without physical substance. Intangible assets are identifiable resources controlled by the Group from which the Group expects to derive future economic benefits.

An intangible asset is identifiable if it either is separable, ie is capable of being separated or divided from the Group and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Group intends to do so or arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Group or from other rights and obligations.

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably.

The Group assesses the probability of expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets that are acquired and have finite useful lives are initially recognised at cost with subsequent measurement at cost less any accumulated amortisation and any impairment losses.

Accounting Policies

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

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. For all other intangible assets amortisation is recognised in the profit or loss and is provided on the straight-line basis which, it is estimated, will reduce the carrying amount of the assets to their residual values at the end of their useful lives.

Intangible assets are amortised at the following rates:

Patents, trademarks and other rights	5 years

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

2.3.1 Research and development

Expenditure of research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or sustainable improved products and processes. Development expenditure is capitalised only if development costs can be, measured reliably, the product or process is technically commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the assets for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

2.4 Impairment of Non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non- financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.5 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. Determining whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the Group. All other leases are classified as operating leases.

Accounting Policies

2.5.1 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.

2.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition and is assigned by using the weighted average cost formula. 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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

2.7 Financial assets

2.7.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

2.7.2 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Derivatives are also categorised as held for trading unless they are designated as hedges.

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

Accounting Policies

2.7.3 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

2.7.4 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.

Loans to group companies are classified as loans and receivables.

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

2.7.5 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. 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. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'Other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as 'Gains and losses from investment securities'.

Accounting Policies

Interest on available-for-sale securities calculated using the effective interest rate method is recognised in the statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the Group's right to receive payments is established.

a. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.7.6 Impairment of financial assets

a. Assets carried at amortised cost

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 is 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 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 comprehensive income.

b. Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of comprehensive income.

2.7.7 Trade and other receivables

Trade and other receivables are initially measured at fair value and, after initial recognition, at amortised cost less impairment losses for bad and doubtful debts, if any, except for the following receivables:

- Interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less impairment losses for bad and doubtful debt, if any; and
- Short-term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount less impairment losses for bad and doubtful debt, if any.

At each reporting date, the Group assesses whether there is any objective evidence that a receivable or Group of receivables is impaired. Impairment losses on trade and other receivables are recognised in profit or loss when there is objective evidence that an impairment loss has been incurred and are measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at its original effective interest rate, i.e. the effective interest rate computed at initial recognition. The impairment loss is reversed 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.

2.7.8 Cash and cash equivalents

Cash comprises cash on hand and at bank and demand deposits with bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, bank overdrafts which are repayable on demand form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Accounting Policies

2.8 Financial liabilities

2.8.1 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.8.2 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.

2.8.3 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.

2.9 Post-employment benefits and short-term employee benefits

2.9.1 Post-employment benefit plans

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

2.9.2 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.

2.9.3 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.

Accounting Policies

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.

2.10 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.

2.11 Income tax

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

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

Deferred tax 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 tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax 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 (tax loss).

A deferred tax 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 tax 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 (tax loss).

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

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

Accounting Policies

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.

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.

2.12 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 Tax (VAT) and where there is reasonable expectation that the income will be received and all attaching conditions will be complied with.

2.12.1 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 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.

2.13 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.

Accounting Policies

2.14 Foreign currency translation

2.14.1 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.

2.14.2 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.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other (losses)/gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security.

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.

2.15 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.

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.

Accounting Policies

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 expenditures 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.

2.16 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.

Accounting Policies

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.

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.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

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.

Accounting Policies

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.

3.1.4 Taxes

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

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 2017.

At the date of authorisation of these financial statements for the year ended 31 March 2018, the following IFRSs were adopted:

Details of Standard / Interpretation
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
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)
Amends IAS 7 Statement of Cash Flowsto clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Accounting Policies

Annual Improvements to IFRS Standards 2014–2016 Cycle
Makes amendments to the following standards:
• IFRS 1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose (effective 1 January 2018)
• IFRS 12 - Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective 1 January 2017)
• IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition (effective 1 January 2018)

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

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 2017 (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)	No material impact anticipated	01 January 2018
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.		

Accounting Policies

• 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.		
IFRS 15 Revenue from Contracts with Customers	No material impact anticipated	01 January 2018
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.		
IFRS 16 Leases	No material impact anticipated	01 January 2019
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.		

Accounting Policies

IFRIC 22 Foreign Currency Transactions and Advance Consideration The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary. The Interpretations Committee came to the following conclusion: • The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. • If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt.	No material impact anticipated	01 January 2018
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. 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.	No material impact anticipated	Deferred indefinitely

Accounting Policies

Clarifications to IFRS 15 'Revenue from Contracts with Customers' Amends IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	No material impact anticipated	01 January 2018
Classification and Measurement of Share- based Payment Transactions (Amendments to IFRS 2) Amends IFRS 2 Share-based Payment to clarify the standard in relation to the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features, and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.	No material impact anticipated	01 January 2018
Transfers of Investment Property (Amendments to IAS 40) The amendments to IAS 40 Investment Property: • Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. • The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list.	No material impact anticipated	01 January 2018

Notes to the Consolidated and Separate Annual Financial Statements

5. Property, plant and equipment

Group	Cost	Accumulated depreciation	2018 Carrying value	Cost	Accumulated depreciation	2017 Carrying value
Owned assets						
Plant and equipment	34,292,930	(33,652,196)	640,734	34,292,930	(23,578,404)	10,714,526
Motor vehicles	767,823	(449,522)	318,301	767,823	(295,958)	471,865
Furniture and fittings	2,950,478	(2,805,641)	144,837	2,928,462	(2,511,805)	416,657
Leasehold Improvements	623,289	(623,287)	2	623,289	(623,287)	2
IT equipment	3,875,488	(3,638,554)	236,934	3,740,900	(3,387,025)	353,875
	42,510,008	(41,169,200)	1,340,808	42,353,404	(30,396,479)	11,956,925

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

	Carrying value at beginning of year	Additions	Disposals	Scrapping	Transfers	Depreciation	2018 Carrying value at end of year
Owned assets							
Plant and equipment	10,714,526	-	-	-	-	(10,073,792)	640,734
Motor vehicles	471,865	-	-	-	-	(153,565)	318,301
Furniture and fittings	416,657	22,016	-	-	-	(293,836)	144,837
Leasehold Improvements	2	-	-	-	-	-	2
IT equipment	353,875	134,588	-	-	-	(251,529)	236,934
Capital- Work in progress	-	-		-	-	-	-
	11,956,925	156,604	-	-	-	(10,772,722)	1,340,808

Notes to the Consolidated and Separate Annual Financial Statements

	Carrying value at beginning of year	Additions	Disposals	Scrapping	Transfers	Depreciation	2017 Carrying value at end of year
Owned assets							
Plant and equipment	20,665,418	167,658	-	-	-	(10,118,550)	10,714,526
Motor vehicles	391,541	215,897	-	-	-	(135,573)	471,865
Furniture and fittings	662,913	51,004	-	-	-	(297,260)	416,657
Leasehold Improvements	2	-	-	-	-	-	2
IT equipment	507,758	172,470	-	-	-	(326,353)	353,875
	22,251,020	607,029	-	-	(23,388)	(10,877,736)	11,956,925

Company	Cost	Accumulated depreciation	2018 Carrying value	Cost	Accumulated depreciation	2017 Carrying value
Owned assets						
Motor vehicles	767,823	(449,522)	318,301	767,823	(295,958)	471,865
Furniture and fittings	2,754,843	(2,614,004)	140,839	2,732,827	(2,333,129)	399,698
Leasehold Improvements	623,289	(623,287)	2	623,289	(623,287)	2
IT equipment	3,727,928	(3,504,002)	223,926	3,593,340	(3,263,173)	330,167
	7,873,883	(7,190,815)	683,068	7,717,279	(6,515,547)	1,201,732

Notes to the Consolidated and Separate Annual Financial Statements

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

	Carrying value at beginning of year	Additions	Disposals	Scrapping	Transfers	Depreciation	2018 Carrying value at end of year
Owned assets							
Motor vehicles	471,865	-	-	-	-	(153,565)	318,301
Furniture and fittings	399,698	22,016	-	-	-	(280,875)	140,839
Leasehold Improvements	2	-	-	-	-	-	2
IT equipment	330,167	134,588	-	-	-	(240,829)	223,926
	1,201,732	156,604	-	-	-	(675,269)	683,068

	Carrying value at beginning of year	Additions	Disposals	Scrapping	Transfers	Depreciation	2017 Carrying value at end of year
Owned assets							
Motor vehicles	391,541	215,897	-	-	-	(135,573)	471,865
Furniture and fittings	632,007	51,004	-	-	-	(283,313)	399,698
Leasehold Improvements	2	-	-	-	-	-	2
IT equipment	500,986	145,260	-	-	-	(316,079)	330,167
	1,524,536	412,161	-	-	-	(734,965)	1,201,732

Notes to the Consolidated and Separate Annual Financial Statements

Figures in R	Group 2018	Group 2017	Company 2018	Company 2017

6. Intangible assets

Group and Company	Cost	Accumulated amortisation	2018 Carrying value	Cost	Accumulated amortisation	2017 Carrying value
Patents, trademarks and other rights	2,040,202	(1,933,547)	106,655	2,040,202	401,496	2,441,698
License Fees	-	-	-	-	-	-
	2,040,202	(1,933,547)	106,655	2,040,202	401,496	2,441,698

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	2018 Carrying value at end of year
Patents, trademarks and other rights	508,151	-	(401,496)	-	106,655
	508,151	-	(401,496)	-	106,655

	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	716,759	-	(208,608)	-	508,151
	716,759	-	(208,608)	-	508,151

7. Inventories

	Group 2018	Group 2017	Company 2018	Company 2017
Inventories comprise:				
Raw materials	-	9,228,467	-	-
Finished goods	184,732,692	136,827,153	58,619,557	58,958,091
Goods in transit	66,648,465	20,843,702	21,349,409	12,602,500
	251,381,157	166,899,322	79,968,966	71,560,591
Inventory write down	(10,602,469)	(8,492,830)	(10,602,469)	(8,492,830)
	240,778,688	158,406,492	69,366,497	63,067,761

	Group 2018	Group 2017	Company 2018	Company 2017
The amount of inventories recognised as an expense during the year:				
Write-down of inventories	10,602,469	8,492,830	10,602,469	8,492,830

Notes to the Consolidated and Separate Annual Financial Statements

Figures in R	Group 2018	Group 2017	Company 2018	Company 2017
8. Trade and other receivables				
	-			
Trade debtors	379,060,754	352,568,852	65,603,591	50,777,832
Prepaid expenses	8,523,505	6,480,660	8,523,505	6,466,097
Employee costs in advance	280,904	191,782	265,702	184,822
Value Added Tax	3,306,652	20,096,172	(882,524)	12,326,232
Other receivables	1,122,960	1,034,230	1,122,960	1,024,230
Amounts due from related parties	232,834,375	262,895,377	227,962,467	202,410,866
	625,129,150	643,267,073	302,595,701	273,190,079
8.1 Items included in trade and other receivables not classified as financial instruments				
Prepaid expenses	8,537,456	6,480,660	8,523,505	6,466,097
Value Added Tax	3,306,652	20,096,172	(882,524)	12,326,232
Employee costs in advance	280,904	191,782	265,702	184,822
	12,125,012	26,768,614	7,906,683	18,977,151
Trade and other receivables net of non-financial instruments (refer note 27)	613,004,138	616,498,459	294,689,018	254,212,928

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

Private Sector	285,607,979	348,322,897	285,550,340	45,968,656
Public	328,247,205	6,105,022	9,770,397	5,307,941
	613,855,184	354,427,919	295,320,737	51,276,597

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 2018, R (2017: R 85 241 080) were past due but not impaired and for the company 2018 R , (2017: R 36 718 773)

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

Current	436,708,971	212,824,589	274,402,427	39,198,693
1 month past due	71,385,926	49,480,055	16,121,980	4,997,132
2 months past due	53,603,409	39,014,700	585,203	2,499,499
3 months past due	31,303,610	31,382,426	4,362,417	2,725,134
More than 3 months past due	25,725,176	21,726,149	(151,289)	1,856,139
	618,727,092	354,427,919	295,320,737	51,276,597

Trade and other receivables impaired

As of 31 March 2018, trade and other receivables of R 4,150,654 (2017: R 1 699 294) were impaired and allowed for.

Notes to the Consolidated and Separate Annual Financial Statements

Figures in R	Group 2018	Group 2017	Company 2018	Company 2017
Allowance account for credit losses:				
Balance as at 01 April 2016	1,891,404	3,049,821	531,102	375,747
Impairment loss made during the year	4,150,654	1,699,294	433,673	529,016
Reversal of impairment loss	-	(2,857,711)	-	(373,661)
Balance as at 31 March 2018	6,042,058	1,891,404	964,775	531,102

No Trade receivables were written off in the current year through the Statement of profit or loss and other comprehensive income.

9. Cash and cash equivalents

Cash on hand	229	105	229	105
Bank balances	117,480,914	134,135,102	76,137,180	65,882,657
	117,481,143	134,135,207	76,137,409	65,882,762

10. Stated Capital

Authorised				
1,004,000 Ordinary shares	1,004,000	1,004,000	1,004,000	1,004,000
Issued				
361,917 Ordinary shares	17,511,923	17,511,923	17,511,923	17,511,923

11. Loan from group company

Ranbaxy Netherlands BV	152,220,822	145,316,027	152,220,822	142,020,822

The loans bear interest at a rate of 8.5% and have no fixed terms of repayment.

12. Operating lease liabilities

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

- no later than one year	3,888,555	3,600,514	3,888,555	3,600,514
- later than one year but no later than five years	7,929,582	11,818,137	7,929,582	11,818,137
	11,818,137	15,418,651	11,818,137	15,418,651

Operating lease payments represents rentals payable by the group for certain of its office spaces and equipment

13. Retirement benefits

Defined Contribution Plan:
It is the policy of the company to provide retirement benefits to all its full-time employees. One defined contribution pension fund, which are subject to the Pension Fund Act exists for this purpose. The scheme is funded both by member and by the company contributions which are charged to the income statement as they are incurred. The total contribution to the scheme in the current year was R 4,464,863 (2017: R 3,819,066) for the group and R (2017: R 3,583,183) for the company.

Figures in R	Group 2018	Group 2017	Company 2018	Company 2017

14. Deferred taxation

Balance at beginning of year	5,205,268	1,650,420	2,067,478	-
Movements consisting of:				-
Temporary differences	2,921,161	3,554,848	447,693	2,067,478
Increase /(decrease) in tax losses available for set off against future taxable income	1,275,594	-	1,275,593	-
Balance at end of year	9,402,023	5,205,268	3,790,764	2,067,478

The deferred taxation asset arises from the following temporary differences:				
Property, plant and equipment	2,473,468	1,487,370	-	-
Provisions	2,515,171	2,067,478	2,515,171	2,067,478
Assessed loss	1,275,594	-	1,275,593	-
	6,264,233	3,554,848	3,790,764	2,067,478

Deferred tax asset	11,469,500	5,205,268	3,790,764	2,067,478
Total net deferred tax asset	11,469,500	5,205,268	3,790,764	2,067,478

15. Trade and other payables

Trade creditors	27,155,854	108,248,202	4,432,579	24,898,779
Royalty accrual	3,079,852	2,694,663	572,929	368,621
Payables to related parties	507,915,916	480,147,769	110,544,051	74,251,566
Lease straightlining liability	3,097,002	2,984,632	3,097,002	2,984,632
Marketing and sales accruals	45,052,477	22,968,882	36,481,731	18,858,661
Payroll accruals	5,251,028	4,049,806	5,251,028	4,049,806
Other payables and accrued expenses	6,750,021	3,774,227	4,914,710	2,569,282
	598,302,151	**624,868,181**	**165,294,031**	**127,981,346**

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

Payroll related accruals	5,251,028	4,049,806	5,251,028	4,049,806
Royalty accrual	3,079,852	2,694,663	572,929	368,621
Lease straightlining liability	3,097,002	2,984,632	3,097,002	2,984,632
Marketing and sales accruals	45,052,477	22,968,882	36,481,731	18,858,661
	56,480,360	**32,697,983**	**45,402,691**	**26,261,720**
Trade and other payables net of non-financial instruments (refer note 27)	**541,821,791**	**592,170,198**	**119,891,341**	**101,719,627**

Notes to the Consolidated and Separate Annual Financial Statements

Figures in R	Group 2018	Group 2017	Company 2018	Company 2017

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.

16. Income taxation in the statement of financial position

Current taxation in the Statement of Financial Position represents:				
Balance at beginning of the year	7,145,782	125,530	2,754,871	826,776
Provision for taxation for the year	(28,881,502)	(24,045,922)	-	(6,780,593)
Current taxation paid	28,625,171	31,066,174	2,825,085	8,708,688
	6,889,451	7,145,782	5,579,956	2,754,871
Provision for taxation relating to previous years	(13,996)	-	-	-
Balance at end of the year	6,875,455	7,145,782	5,579,956	2,754,871
	(2,473,469)			

17. Revenue

An analysis of revenue is as follows:

Sales	1,442,859,183	1,613,253,152	291,796,079	266,833,417
	1,442,859,183	1,613,253,152	291,796,079	266,833,417

18. Cost of Sales

Sale of goods				
Cost of goods sold	1,188,303,073	1,397,473,538	188,747,308	153,392,596

19. Operating Profit

Operating profit is arrived at after taking into account the following items:				
Audit fees	861,425	955,317	75,344	260,371
	861,425	955,317	75,344	260,371

20. Finance income

Interest income				
Interest received- Bank	26,356,177	25,332,365	3,070,607	21,277,692
Related Parties	-	-	17,724,335	-
	26,356,177	25,332,365	20,794,942	21,277,692
Dividend income				
Dividends received from subsidiaries	-	-	4,919,123	6,554,812
	-	-	4,919,123	6,554,812
	26,356,177	25,332,365	25,714,065	27,832,504

Notes to the Consolidated and Separate Annual Financial Statements

Figures in R	Group 2018	Group 2017	Company 2018	Company 2017

21. Finance costs

Group Companies	10,200,385	10,665,383	10,200,000	10,201,403
	10,200,385	10,665,383	10,200,000	10,201,403

22. Abnormal Item

On 29 January 2018 Sun Pharmaceuticals Industries Limited ("SPIL") raised a debit note of R19,673,952-00 to adjust the cost of goods that related to the 2017 results. This adjustment was required to align Ranbaxy (S.A.) (Pty) Ltd ("RXSA") margin with the RXSA local Transfer Pricing policy. The debit note was accounting for in the 2018 results and as a result impacted the financial performance for the year ended March 2018.

23. Income taxation expense

Current taxation	25,725,177	24,045,922	98,349	6,780,593
Deferred taxation				
Current year temporary differences	(2,921,161)	(3,554,848)	(447,693)	(2,067,477)
Permanent Differences	(592,737)	-	(1,373,943)	-
Income taxation for the year	22,211,279	20,491,074	(1,723,287)	4,713,116

Reconciliation of rate of taxation	%	%	%	%
South African normal taxation rate	28	28	28	28
Adjusted for:				
Permanent differences	(1)	(4)	(391)	(15)
Timing differences	1	0	(127)	-
Net reduction	-	(4)	(518)	(15)
Effective rate of taxation	28	24	(490)	13

The taxation charge for the current year has been increased/ (reduced) by		-		-
Permanent differences	(592,737)	(3,274,667)	(1,373,943)	(5,156,602)
Utilisation of previously unrecognised deferred tax asset	-	-	-	-

Figures in R	Group 2018	Group 2017	Company 2018	Company 2017

24. Directors' emoluments

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

	Group 2018	Group 2017	Company 2018	Company 2017
Short-term benefits			5,882,408	6,573,029
Pension paid to pension scheme			602,406	346,948
			6,484,815	6,919,978

Executive

2018

Name	Remuneration excl bonus and post retirements	Post retirement benefits	Bonus	Board Fees	Total
Director A	2,701,296	354,300	653,453	-	3,709,049
Director B	-	-	-	-	-
Director C	-	-	-	-	-
Director D	1,272,171	127,749	217,284	-	1,617,205
Director E	-	-	-	-	-
Director F	899,357	120,357	138,847	-	1,158,561
Director G	-	-	-	-	-
Director H	-	-	-	-	-
	4,872,824	602,406	1,009,584	-	6,484,815

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	-	-	- #	-	-
Director E	1,215,334	78,462	221,899	-	1,515,695
Director F	924,050	34,465	112,538	-	1,071,053
Director G	838,777	57,481	121,444	-	1,017,702
	5,480,812	346,948	1,092,218	-	6,919,978

Notes to the Consolidated and Separate Annual Financial Statements

Figures in R	Group 2018	Group 2017	Company 2018	Company 2017

25. Event after the balance sheet date

No events occurred between 31 March 2018 and the date the directors approved the financial statements that would have a material impact on the results as disclosed in the financial statements as set out on pages 7 to 52 or the continued existence of the company as a going concern.

26. Interest in subsidiaries including consolidated structured entities

Name	Interest held 2018	Interest held 2017	Carrying Amount 2018	Carrying Amount 2017
Sonke Pharmaceuticals Proprietary Limited	70.00%	70.00%	905,342	905,342

27. Related party transactions

Name	**Relationship**
Sun Pharmaceutical Industries Limited	Ultimate Holding Company
Ranbaxy Netherlands BV	Holding Company
Ranbaxy Pharmaceuticals (Pty) Ltd	Sister Company
Formerly Be-Tabs Pharmaceuticals (Pty) Ltd)	
Be-Tabs Investments (Pty) Ltd)	Subsidiary to Sister Company
Sonke Pharmaceuticals (Pty) Ltd	Subsidiary
Ranbaxy Laboratories	Sister Company

Directors

DW Brothers
M Sudan
M Kaszas

Figures in R			Group 2018	Group 2017	Company 2018	Company 2017
					Amounts owed (to) / by the related party at year-end	
Name	**Relationship**	**Transactions**	**2018**	**2017**	**2018**	**2017**
Sun Pharmaceuticals Industries Limited	Ultimate Holding Company	Trade Payable	(249,485,384)	-	(110,544,051)	(74,850,917)
		Trade receivable	121,591	-	-	-
		Purchases	298,404,185	-	207,510,749	-
Ranbaxy Netherlands BV	Holding Company	Interest paid	10,200,000	10,733,288	10,200,000	10,200,002
Ranbaxy Pharmaceuticals Proprietary Limited	Sister Company	Trade receivable	231,478,052	258,743,131	231,478,052	198,279,067
		Trade payable	(286,080,640)	(383,348,768)	(374,992)	-
		Interest received	(17,724,335)	(20,359,028)	(17,724,335)	(20,359,028)
		Purchases	674,862,971	666,835,876	-	666,835,876
		Sales	-	(79,792,466)	-	(79,792,466)
Sonke Pharmaceuticals Proprietary Limited	Subsidiary	Trade Receivable	-	-	1,192,542	4,958,906
		Trade payable	-	-	(42,190)	(18,000)
		Interest paid	-	-	-	-
		Sales	-	-	(5,359,816)	(10,502,400)
			661,776,440	**452,812,033**	**316,335,958**	**694,751,040**

28. 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
2018					
Current financial assets					
Related party receivable	-	-	232,834,375	-	232,834,375
Trade and other receivables (refer note 8)	-	-	392,294,775	-	392,294,775
Cash and cash equivalents (refer note 9)	-	-	117,481,143	-	117,481,143

2017

Notes to the Consolidated and Separate Annual Financial Statements

Figures in R	Group 2018	Group 2017	Company 2018	Company 2017
Current financial assets				
Related party receivable	-	- 262,895,377		- 262,895,377
Trade and other receivables (refer note 8)	-	- 380,371,696		- 380,371,696
Cash and cash equivalents (refer note 9)	-	- 134,135,207		- 134,135,207

The Group has classified its financial liabilities in the following categories

	Fair value through profit loss	Amortised cost	Total
2018			
Current financial liabilities			
Trade and other payables (refer note 15)	-	27,155,854	27,155,854
Loan from group companies (refer note 11)	-	152,220,822	152,220,822
Related party payables	-	507,915,916	507,915,916
2017			
Current financial liabilities			
Trade and other payables (refer note 15)	-	108,248,202	108,248,202
Loan from group companies (refer note 11)	-	145,316,027	145,316,027
Related party payables	-	480,147,769	480,147,769

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
2018					
Non-current financial assets					
Investments	-	-	905,342	-	905,342
Current financial assets					
Related party receivable	-	-	227,962,467	-	227,962,467
Trade and other receivables (refer note 8)	-	-	64,797,001	-	64,797,001
Cash and cash equivalents (refer note 9)	-	-	76,137,409	-	76,137,409
2017					
Non-current financial assets					
Investments	-	-	905,342	-	905,342

Notes to the Consolidated and Separate Annual Financial Statements

Figures in R		Group 2018	Group 2017	Company 2018	Company 2017
Current financial assets					
Related party receivable	-	-	202,410,866	-	202,410,866
Trade and other receivables (refer note 8)	-	-	50,739,858	-	50,739,858
Cash and cash equivalents (refer note 9)	-	-	65,882,762	-	65,882,762

Notes to the Consolidated and Separate Annual Financial Statements

Figures in R	Group 2018	Group 2017	Company 2018	Company 2017

The company has classified its financial liabilities in the following categories

	Fair value through profit loss	Amortised cost	Total
2018			
Current financial liabilities			
Trade and other payables (refer note 15)	-	54,749,980	54,749,980
Loan from group companies (refer note 11)	-	152,220,822	152,220,822
Related party payables	-	110,544,051	110,544,051
2017			
Current financial liabilities			
Trade and other payables (refer note 15)	-	53,729,780	53,729,780
Loan from group companies (refer note 11)	-	142,020,822	142,020,822
Related party payables	-	74,251,566	74,251,566

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

28.1 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.

It sets credit limit on each individual customer and prior approval is required for any transaction exceeding that limit. The customer with sound payment history would accumulate a higher credit limit. In addition, the overseas customers would normally be required to transact with the group and company by letter of credit in order to minimise the group's and company's credit risk exposure

Management does not expect any significant losses from non-performance by these counterparties. The

group and company has borrowings that accrues interest to related parties within the group.

At 31 March 2018, the Group has no concentration of risk and the maximum exposure to credit risk is represented by the carrying amount of each financial asset.

28.2 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
2018				
Loan from group company (refer note 11)	-	-	-	152,220,822
Amount due to related parties	507,915,916	-	-	-
Trade and other payables (refer note 15)	27,155,854	-	-	-
2017				
Loan from group company (refer note 11)	-	-	-	290,632,054
Amount due to related parties	480,147,769	-	-	-
Trade and other payables (refer note 15)	108,248,202	-	-	-

Summary quantitative data - Company

	Less than 1 year	Between 1 and 5 years	Over 5 years	Undated
2018				
Loan from group company (refer note 11)	-	-	-	152,220,822
Amount due to related parties	110,544,051	-	-	-
Trade and other payables (refer note 15)	54,749,980	-	-	-
2017				
Loan form group company (refer note 11)	-	-	-	142,020,822
Amount due to related parties	74,251,566	-	-	-
Trade and other payables (refer note 15)	53,729,780	-	-	-

Figures in R	Group 2018	Group 2017	Company 2018	Company 2017

28.3 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 9 , cash and cash equivalents disclosed in note 7, 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.

28.4 Interest rate risk

The Group exposure on fair value interest rate risk mainly arises from long-term borrowings, from related party borrowing within the group. These borrowings accrue interest at 8.5%. It also has exposure on cash flow interest rate risk which is mainly arising from its deposits with banks. It is a common practice in South Africa to have floating rate borrowings with the banks.

The Group mainly holds fixed deposits with banks with maturity within 3 months and the exposure is considered not significant. It also invests surplus funds in fixed rate debt securities only and such investments are not normally material. In consequence, no material exposure on fair value interest rate risk is expected. Even that, the company closely monitors the fair value fluctuation of the investments and disposes of them in case of significant increase in interest rate is foreseen.

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

Sensitivity analysis

At 31 March 2018, if interest rates had been 0.5 % higher/lower, with all other variables held constant, the company’s profit after taxation and retained profits would have been R 432,000 (2017: R 432,000) higher/lower for the group and R 432,000 (2017: R 432,000) for the company, mainly as a result of higher/lower interest expense on floating rate borrowings.

Figures in R	Group 2018	Group 2017	Company 2018	Company 2017

28.5 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 from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

In respect of purchases and payables, the company controls its volume of purchase orders to a tolerable level and avoids concentrating the purchases in a single foreign currency by diversifying such foreign currency risk exposure.

In respect of sales and receivables, the company sets a prudent credit limit to individual customers who transact with it in other foreign currencies. The directors' approval is required on the exposure to an individual customer or transaction that exceeds the limit.

Foreign currency exposure at the end of the reporting period

	Group 2018	Group 2017	Company 2018	Company 2017
Liabilities				
Uncovered foreign liabilities, USD 0 Company (2017: 40,384)	-	16,902,243	-	522,168
Exchange rates used for conversion for foreign items were:				
USD	-	12.93	-	12.93

Sensitivity analysis

At 31 March 2018, if the South African Rand weakened/strengthened by 10% against the US dollar with all other variables held constant, the group and company profit for the year and retained earnings would have been R 1,918 (2017: R 40,393) higher/lower, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated trade receivables and trade payables.

At 31 March 2018, if the South African Rand weakened/strengthened by 10% against the Euro with all other variables held constant, the company's profit for the year and retained earnings would have been R 24,921 (2017: R 0) higher/ lower, mainly as a result of foreign exchange gains or losses on translation of Euro denominated trade receivables and trade payables.

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.

28.6 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.

29. Guarantees and bills discounted

	Group 2018	Group 2017	Company 2018	Company 2017
Guarantees issued by the bank in favour of the company	520,000	520,000	520,000	520,000

Figures in R	Group 2018	Group 2017	Company 2018	Company 2017

30. 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.