Ranbaxy South Africa Proprietary Limited

(Registration number 1993/001413/07)
Consolidated and Separate Annual Financial Statements
for the year ended 31 March 2016

General Information

Country of incorporation and domicile	South Africa
Directors	DW Brothers M Sudan M Kaszas
Registered office	121 Boshof Street New Muckleneuk Pretoria 0181
Business address	Ground Floor - Tugela House Riverside Office Park 1303 Heuwel Avenue Centurion
Postal address	PO Box 1470 Pretoria 001
Holding company	Ranbaxy Netherlands BV Incorporated in Netherlands
Ultimate holding company	Sun Pharmaceuticals Industries Limited Incorporated in India
Auditors	Deloitte Chartered Accountants (S.A.)
Secretary	Grant Thornton
Company registration number	1993/001413/07
Level of assurance	These consolidated and separate annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The consolidated and separate annual financial statements were independently compiled by: F Cooper Chartered Accountant (S.A.)

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

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Ranbaxy South Africa Proprietary Limited
(Registration number 1998/001413/07)

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied 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 company 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company 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 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 company's cash flow forecast for the year to 31 March 2017 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 5.

The financial statements set out on pages 6 to [illegible], which have been prepared on the going concern basis, were approved by the board on 31 August 2016 and were signed on their behalf by:

[illegible]	[illegible]

Deloitte.

Deloitte & Touche
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Audit - Gauteng

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF RANBAXY SOUTH AFRICA PROPRIETARY LIMITED

We have audited the consolidated and separate financial statements of Ranbaxy South Africa Proprietary Limited set out on pages 6 to 42, which comprise the statements of financial position as at 31 March 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate audited financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate audited financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate audited financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the audited financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the audited financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the audited financial statements.

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

Opinion

In our opinion, the consolidated and separate audited financial statements present fairly, in all material respects, the consolidated and separate financial position of Ranbaxy South Africa Proprietary as at 31 March 2016, and its consolidated and separate changes in equity, consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2016 we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the consolidated and separate audited financial statements.

This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between the report and the consolidated and separate audited financial statements. However, we have not audited this report and accordingly do not express an opinion on the report.

Deloitte & Touche
Registered Auditor
Per: Marcus Bardopoulos
31 August 2016

Directors' Report

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of Ranbaxy South Africa Proprietary Limited group and company for the year ended 31 March 2016.

1. Review of financial results and activities

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial positions, results of operations and cash flows of the group and company are set out in these consolidated and separate annual financial statements.

2. Stated capital

There have been no changes to the authorised or issued stated capital during the year under review.

3. 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.

4. Directorate

The directors in office at the date of this report are as follows:

Directors	Changes
S Reddy	Resigned Wednesday, 18 November 2015
R Chakravarti	Resigned Wednesday, 18 November 2015
M Bharadwaj	Resigned Wednesday, 18 November 2015
DW Brothers	
M Sudan	Appointed Wednesday, 18 November 2015
M Kaszas	Appointed Wednesday, 18 November 2015

5. Holding company

The group's holding company is Ranbaxy Netherlands BV incorporated in Netherlands.

6. Ultimate holding company

The group's ultimate holding company is Sun Pharmaceuticals Industries Limited which is incorporated in India.

7. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year that would impact the financial positions for the group and company as at 31 March 2016.

8. Going concern

The directors believe that the group and company have adequate financial resources to continue in operation for the foreseeable future and accordingly consolidated and separate annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group and company are in a sound financial position and that they have access to sufficient borrowing facilities to meet their foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group and 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 group or company.

Directors' Report

9. Auditors

Deloitte were appointed as auditors for the company and its subsidiaries for 2016.

10. Secretary

The company secretary functions are performed by Grant Thornton

Registered address	121 Boshoff Street New Muckleneuk 0181
Business address	Tugela House Riverside Office Park 1303 Heuwel Avenue Centurion

Consolidated and Separate Statements of Financial Positions as at 31 March 2016

		Group		Company	
Figures in Rand	Notes	2016	2015	2016	2015
Assets					
Non-Current Assets					
Property, plant and equipment	3	22 251 020	23 564 163	1 524 536	2 520 907
Intangible assets	4	716 759	925 367	716 759	925 367
Investments in subsidiaries	5	-	-	905 342	905 342
Deferred tax	8	1 650 420	4 714 555	-	-
		24 618 199	29 204 085	3 146 637	4 351 616
Current Assets					
Inventories	10	181 082 689	72 868 567	52 714 312	39 836 810
Trade and other receivables	11	508 813 281	229 611 213	334 690 928	215 850 663
Current tax receivable		826 776	3 289 150	826 776	826 776
Cash and cash equivalents	12	129 856 785	72 424 430	56 656 765	34 166 878
		820 579 731	378 193 360	444 888 781	290 680 127
Total Assets		845 197 930	407 397 445	448 035 418	295 031 743
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Stated capital	13	17 511 923	17 511 923	17 511 923	17 511 923
Reserves		(211 831)	(211 831)	-	-
Retained income		99 637 609	62 494 070	91 528 208	72 610 029
		116 937 701	79 794 162	109 040 131	90 121 952
Non-controlling interest		11 925 622	4 157 601	-	-
		128 863 323	83 951 763	109 040 131	90 121 952
Liabilities					
Current Liabilities					
Trade and other payables	15	571 050 620	189 943 215	207 174 465	83 316 914
Loans from group companies	6	144 582 741	133 502 467	131 820 822	121 592 877
Current tax payable		701 246	-	-	-
		716 334 607	323 445 682	338 995 287	204 909 791
Total Equity and Liabilities		845 197 930	407 397 445	448 035 418	295 031 743

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Rand	Notes	2016	2015	2016	2015
Revenue	16	876 638 285	231 717 982	237 491 339	205 524 749
Cost of sales	17	(699 176 484)	(144 234 360)	(136 080 120)	(114 307 208)
Gross profit		177 461 801	87 483 622	101 411 219	91 217 541
Other income		4 425 796	111 170	4 371 047	111 170
Operating expenses		(134 237 389)	(110 690 612)	(94 560 291)	(104 989 959)
Operating Profit/(loss)		47 650 208	(23 095 820)	11 221 975	(13 661 248)
Investment revenue	18	18 458 329	682 320	17 932 315	2 531 288
Finance costs	19	(11 088 440)	(2 518 427)	(10 236 111)	(1 598 571)
Profit/(loss) before taxation		55 020 097	(24 931 927)	18 918 179	(12 728 531)
Taxation	20	(10 108 537)	(277 960)	-	(3 680 115)
Profit/(loss) for the period		44 911 560	(25 209 887)	18 918 179	(16 408 646)
Other comprehensive income		-	-	-	-
Total comprehensive profit/(loss) for the period		44 911 560	(25 209 887)	18 918 179	(16 408 646)
Total comprehensive loss attributable to:					
Owners of the parent		37 143 539	(25 209 887)	18 918 179	(16 408 646)
Non-controlling interest		7 768 021	-	-	-
		44 911 560	(25 209 887)	18 918 179	(16 408 646)

Ranbaxy South Africa Proprietary Limited
(Registration number 1993/001413/07)
Consolidated And Separate Annual Financial Statements for the year ended 31 March 2016

Consolidated and Separate Statements of Changes in Equity

Figures in Rand	Stated capital	Common control reserve	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Group						
Balance at 01 April 2014	17 511 923	(211 831)	87 703 957	105 004 049	4 157 601	109 161 650
Loss for the year	-	-	(25 209 887)	(25 209 887)	-	(25 209 887)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	(25 209 887)	(25 209 887)	-	(25 209 887)
Balance at 01 April 2015	17 511 923	(211 831)	62 494 070	79 794 162	4 157 601	83 951 763
Profit for the year	-	-	37 143 539	37 143 539	7 768 021	44 911 560
Other comprehensive income	-	-	-	-	-	-
Total comprehensive profit for the year	-	-	37 143 539	37 143 539	7 768 021	44 911 560
Balance at 31 March 2016	17 511 923	(211 831)	99 637 609	116 937 701	11 925 622	128 863 323
Notes	13					

Consolidated and Separate Statements of Changes in Equity

Figures in Rand	Share capital	Stated capital	Common control reserve	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Company							
Balance at 01 April 2014		17 511 923	-	89 018 675	106 530 598	-	106 530 598
Loss for the year		-	-	(16 408 646)	(16 408 646)	-	(16 408 646)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive loss for the year		-	-	(16 408 646)	(16 408 646)	-	(16 408 646)
Balance at 01 April 2015		17 511 923	-	72 610 029	90 121 952	-	90 121 952
Profit for the year		-	-	18 918 179	18 918 179	-	18 918 179
Other comprehensive income		-	-	-	-	-	-
Total comprehensive profit for the year		-	-	18 918 179	18 918 179	-	18 918 179
Balance at 31 March 2016		17 511 923	-	91 528 208	109 040 131	-	109 040 131
Notes		13					

Consolidated and Separate Statements of Cash Flows

		Group		Company	
Figures in Rand	Notes	2016	2015	2016	2015
Cash generated from operating activities					
Cash generated from/(used in) operations	22	51 869 649	(71 658 282)	4 429 926	(98 839 223)
Investment revenue		18 458 329	682 320	17 932 315	2 531 288
Finance costs		(11 088 440)	(2 518 427)	(10 236 111)	(1 598 571)
Tax paid	23	(3 880 782)	(171 600)	-	(126 777)
Net cash from/(used in) operating activities		**55 358 756**	**(73 665 989)**	**12 126 130**	**(98 033 283)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(9 644 675)	(2 269 755)	(432 188)	(715 781)
Sale of property, plant and equipment	3	638 000	-	568 000	-
Purchase of other intangible assets	4	-	(5 395 831)	-	(5 395 831)
Net cash (used in)/from investing activities		**(9 006 675)**	**(7 665 586)**	**135 812**	**(6 111 612)**
Cash flows from financing activities					
Increase in loans from group companies		11 080 274	120 000 000	10 227 945	120 000 000
Net cash from financing activities		**11 080 274**	**120 000 000**	**10 227 945**	**120 000 000**
Total cash movement for the year		**57 432 355**	**38 668 425**	**22 489 887**	**15 855 105**
Cash at the beginning of the year		72 424 430	33 756 006	34 166 878	18 311 773
Total cash at end of the year	12	**129 856 785**	**72 424 431**	**56 656 765**	**34 166 878**

Accounting Policies

1. Presentation of consolidated and separate annual financial statements

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. The consolidated and separate annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period, except for new standards which have been issued, effective and adopted in the current year.

1.1 Consolidation

Basis of consolidation

The consolidated group annual financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries).
Control is achieved when the Company:

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

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

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

The size of the Company's holding of voting 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 don 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.

Investments in associates

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

Accounting Policies

1.1 Consolidation (continued)

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

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

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.

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 interest issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable asset 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.

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 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.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the consolidated and separate annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated and separate annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated and separate annual financial statements. Significant judgements include:

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

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.

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.

Impairment testing

The recoverable amounts of cash-generating units and individual assets and the investments have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Taxation

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.

1.3 Property, plant and equipment

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

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

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

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

1.3 Property, plant and equipment (continued)

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

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

Item	Depreciation method	Average useful life
Plant and machinery	Straight line	3-15 years
Furniture and fixtures	Straight line	3-6 years
Motor vehicles	Straight line	3-7 years
IT equipment	Straight line	3 years
Leasehold improvements	Straight line	Period of lease

During the current year end, the subsidiary changed the write-off period of property plant and equipment as tabulated in note 27.

The write off-years were reviewed and revised as the directors determind that the comany would not obtain future economic benefits from the assets after 3 years once the Antiretroviral Government Tender ends.

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

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

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

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

Plant and machinery that is in the course of construction for production (capital WIP) are carried at cost, less recognised impairment losses. 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.

1.4 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

Accounting Policies

1.4 Intangible assets (continued)

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

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

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

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

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Patents, trademarks and other rights	5 years

1.5 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial liabilities measured at amortised cost

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

Financial assets classified as at fair value through profit or loss which are no longer held for the purposes of selling or repurchasing in the near term may be reclassified out of that category:
- in rare circumstances
- if the asset met the definition of loans and receivables and the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

Derecognition

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

Accounting Policies

1.5 Financial instruments (continued)

Impairment of financial assets

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

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

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

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

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.

Fair value measurement categories

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

Trade and other receivables

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

Accounting Policies

1.5 Financial instruments (continued)

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

Trade and other receivables are classified as loans and receivables.

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

Trade and other payables

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

Cash and cash equivalents

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

Borrowings

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

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 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. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction that at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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 end of the reporting period.

Accounting Policies

1.6 Tax (continued)

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.

1.7 Leases

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

Operating leases – lessee

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

Any contingent rentals are recognised as expenses in period they are uncurred.

1.8 Inventories

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

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

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

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

1.9 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that tangible or intangible assets may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

Accounting Policies

1.9 Impairment of assets (continued)

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10 Stated capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.11 Employee benefits

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the group and company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.12 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.

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;

Accounting Policies

1.12 Provisions (continued)

- 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.

1.13 Revenue

1.13.1 Sale of Goods

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

* the amount of revenue can be measured reliably;
* it is probable that the economic benefits associated with the transaction will flow to the group;
* the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
* the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

1.13.2 Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the entity and the amount of income can be measured reliably. Interest income is accrued on a time 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 on initial recognition.
When te 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.

1.14 Cost of sales

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.

1.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

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

The capitalisation of borrowing costs commences when:

* expenditures for the asset have occurred;
* borrowing costs have been incurred, and
* activities that are necessary to prepare the asset for its intended use or sale are in progress.

Accounting Policies

1.15 Borrowing costs (continued)

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

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

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

1.16 Translation of foreign currencies

Functional and presentation currency

Items included in the consolidated and separate annual financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated and separate annual financial statements are presented in Rand which is the group functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated and separate annual financial statements are recognised in profit or loss in the period in which they arise.

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

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 April 2016 or later periods:

Amendment to IAS 19: Defined Benefit Plans: Employee Contributions

The amendment relates to contributions received from employees or third parties for defined benefit plans. These contributions could either be discretionary or set out in the formal terms of the plan. If they are discretionary then they reduce the service cost. Those which are set out in the formal terms of the plan are either linked to service or not. When they are not linked to service then the contributions affect the remeasurement. When they are linked to service and to the number of years of service, they reduce the service cost by being attributed to the periods of service. If they are linked to service but not to the number of years' service then they either reduce the service cost by being attributed to the periods of service or they reduce the service cost in the period in which the related service is rendered.

The effective date of the amendment is for years beginning on or after 01 July 2014.

The group has adopted the amendment for the first time in the 2016 consolidated and separate annual financial statements.

No impact of this amendment in the current year.

Amendment to IFRS 13: Fair Value Measurement: Annual Improvements project

The amendment clarifies that references to financial assets and financial liabilities in paragraphs 48–51 and 53–56 should be read as applying to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32 Financial Instruments: Presentation.

The effective date of the amendment is for years beginning on or after 01 July 2014.

The group has adopted the amendment for the first time in the 2016 consolidated and separate annual financial statements.

No impact of this amendment in the current year.

Amendment to IAS 24: Related Party Disclosures: Annual Improvements project

The definition of a related party has been amended to include an entity, or any member of a group of which it is a part, which provides key management personnel services to the reporting entity or to the parent of the reporting entity ("management entity"). Disclosure is required of payments made to the management entity for these services but not of payments made by the management entity to its directors or employees.

The effective date of the amendment is for years beginning on or after 01 July 2014.

The group has adopted the amendment for the first time in the 2016 consolidated and separate annual financial statements.

No impact of this amendment in the current year.

2. New Standards and Interpretations (continued)

Amendment to IAS 16: Property, Plant and Equipment: Annual improvements project

The amendment adjusts the option to proportionately restate accumulated depreciation when an item of property, plant and equipment is revalued. Instead, the gross carrying amount is to be adjusted in a manner consistent with the revaluation of the carrying amount. The accumulated depreciation is then adjusted as the difference between the gross and net carrying amount.

The effective date of the amendment is for years beginning on or after 01 July 2014.

The group has adopted the amendment for the first time in the 2016 consolidated and separate annual financial statements.

No impact of this amendment in the current year.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendment clarifies that a depreciation or amortisation method that is based on revenue that is generated by an activity that includes the use of the asset is not an appropriate method. This requirement can be rebutted for intangible assets in very specific circumstances as set out in the amendments to IAS 38.

The effective date of the amendment is for years beginning on or after 01 January 2016.

The group expects to adopt the amendment for the first time in the 2017 consolidated and separate annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents profit or loss only to the extent of the unrelated investors interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents profit or loss.

The effective date of the group is for years beginning on or after 01 January 2016.

The group expects to adopt the amendment for the first time in the 2017 consolidated and separate annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

Amendment to IAS 27: Equity Method in Separate Financial Statements

The amendment adds the equity method to the methods of accounting for investments in subsidiaries, associates and joint ventures in the separate consolidated and separate annual financial statements of an entity.

The effective date of the amendment is for years beginning on or after 01 January 2016.

The group expects to adopt the amendment for the first time in the 2017 consolidated and separate annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

2. New Standards and Interpretations (continued)

Amendments to IFRS 10, 12 and IAS 28: Investment Entities. Applying the consolidation exemption

The amendment clarifies the consolidation exemption for investment entities. It further specifies that an investment entity which measures all of its subsidiaries at fair value is required to comply with the "investment entity" disclosures provided in IFRS 12. The amendment also specifies that if an entity is itself not an investment entity and it has an investment in an associate or joint venture which is an investment entity, then the entity may retain the fair value measurement applied by such associate or joint venture to any of their subsidiaries.

The effective date of the group is for years beginning on or after 01 January 2016.

The group expects to adopt the amendment for the first time in the 2017 consolidated and separate annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate annual financial statements.

The aggregate impact of the initial application of the statements and interpretations on the group's consolidated and separate annual financial statements is expected to be as follows:

Figures in Rand

3. Property, plant and equipment

Group

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	34 125 273	(13 459 858)	20 665 415	23 382 200	(3 981 950)	19 400 250
Furniture and fixtures	2 877 458	(2 214 545)	662 913	3 028 536	(1 974 673)	1 053 863
Motor vehicles	551 925	(160 384)	391 541	1 672 140	(679 758)	992 382
IT equipment	3 568 430	(3 060 672)	507 758	3 974 429	(3 410 738)	563 692
Leasehold improvements	623 269	(623 267)	2	623 269	(623 267)	2
Capital - Work in progress	23 386	-	23 386	1 553 974	-	1 553 974
Total	41 769 763	(19 518 743)	22 251 020	34 234 559	(10 670 386)	23 564 163

Company

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	2 681 623	(2 049 616)	632 007	2 632 901	(1 623 898)	1 009 003
Motor vehicles	551 925	(160 384)	391 541	1 543 280	(578 818)	964 462
IT equipment	3 448 050	(2 947 094)	500 956	3 854 070	(3 306 630)	547 440
Leasehold improvements	623 269	(623 267)	2	623 269	(623 267)	2
Total	7 305 117	(5 780 361)	1 524 536	8 653 520	(6 132 613)	2 520 907

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2016

	Opening balance	Additions	Disposals	Scrapping	Transfers	Depreciation	Closing balance
Plant and machinery	19 400 250	9 212 467	-	-	1 530 586	(9 477 905)	20 685 418
Furniture and fixtures	1 053 863	-	-	(66 841)	-	(324 109)	662 913
Motor vehicles	992 382	-	(368 483)	-	-	(232 358)	391 541
IT equipment	563 892	432 186	-	(11 676)	-	(476 446)	507 756
Leasehold improvements	2	-	-	-	-	-	2
Capital - Work in progress	1 553 974	-	-	-	(1 530 586)	-	23 388
	23 564 163	9 644 675	(368 483)	(78 517)	-	(10 510 818)	22 251 020

Reconciliation of property, plant and equipment - Group - 2015

	Opening balance	Additions	Scrapping	Depreciation	Closing balance
Plant and machinery	20 960 150	-	-	(1 559 900)	19 400 250
Furniture and fixtures	1 339 263	56 426	-	(341 826)	1 053 863
Motor vehicles	689 868	551 925	(57 396)	(192 013)	992 382
IT equipment	1 066 842	107 430	-	(610 580)	563 892
Leasehold improvements	2	-	-	-	2
Capital - Work in progress	-	1 553 974	-	-	1 553 974
	24 056 125	2 269 755	(57 396)	(2 704 319)	23 564 163

	Group		Company	
Figures in Rand	2016	2015	2016	2015

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2016

	Opening balance	Additions	Disposals	Scrapping	Depreciation	Closing balance
Furniture and fixtures	1 009 003	-	-	(66 841)	(310 155)	632 007
Motor vehicles	964 462	-	(342 711)	-	(230 210)	391 541
IT equipment	547 440	432 188	-	(11 676)	(466 966)	500 986
Leasehold improvements	2	-	-	-	-	2
	2 520 907	432 188	(342 711)	(78 517)	(1 007 331)	1 524 536

Reconciliation of property, plant and equipment - Company - 2015

	Opening balance	Additions	Classified as held for sale	Depreciation	Closing balance
Furniture and fixtures	1 282 494	56 426	-	(329 917)	1 009 003
Motor vehicles	636 177	551 925	(57 398)	(166 242)	964 462
IT equipment	1 032 423	107 430	-	(592 413)	547 440
Leasehold improvements	2	-	-	-	2
	2 951 096	715 781	(57 398)	(1 088 572)	2 520 907

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

During the current year end, the entity changed the write-off period of property plant and equipment as tabulated in note 24. The write off-years were reviewed and revised as the directors determind that the comany would not obtain future economic benefits from the assets after 3 years once the Antiretroviral Government Tender ends.

4. Intangible assets

Group	2016			2015		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Patents, trademarks and other rights	2 040 202	(1 323 443)	716 759	1 043 030	(117 663)	925 367
License fees	4 352 801	(4 352 801)	-	4 352 801	(4 352 801)	-
Total	6 393 003	(5 676 244)	716 759	5 395 831	(4 470 464)	925 367

Company	2016			2015		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Patents, trademarks and other rights	2 040 202	(1 323 443)	716 759	1 043 030	(117 663)	925 367
License fees	4 352 801	(4 352 801)	-	4 352 801	(4 352 801)	-
Total	6 393 003	(5 676 244)	716 759	5 395 831	(4 470 464)	925 367

Reconciliation of intangible assets - Group & Company - 2016

	Opening balance	Additions	Amortisation	Total
Patents, trademarks and other rights	925 367	788 562	(997 170)	716 759

	Group		Company	
Figures in Rand	2016	2015	2016	2015

4. Intangible assets (continued)

Reconciliation of intangible assets - Group & Company - 2015

	Opening balance	Additions	Amortisation	Total
Patents, trademarks and other rights	-	1 043 030	(117 663)	925 367
License fees	-	4 352 801	(4 352 801)	-
	-	5 395 831	(4 470 464)	925 367

5. Interests in subsidiaries including consolidated structured entities

The carrying amounts of subsidiaries are shown net of impairment losses.

Name of company	Ownership 2016 %	Ownership 2015 %	Carrying amount 2016	Carrying amount 2015
Sonke Pharmaceuticals Proprietary Limited	70.00	70.00	905 342	905 342

The subsidiary Sonke Pharmaceuticals (Pty) Ltd imports, markets, manufactures and trades in pharmaceutical goods. This entity is registered in the Republic of South Africa.

6. Loans to (from) group companies

Fellow subsidiaries

Ranbaxy Netherlands BV	(144 582 741)	(133 502 467)	(131 820 822)	(121 592 877)

The loan are unsecured, bears interest at 8.5% and is repayable on demand.

7. Financial assets by category

Financial assets are not measured at fair value, the carrying value approximates fair value. All fair value measurement are recurring fair value measurements.

The accounting policies for financial instruments have been applied to the line items below:

Group - 2016

	Loans and receivables	Total
Related party receivable	322 687 003	322 687 003
Trade and other receivables	177 416 260	177 416 260
Cash and cash equivalents	129 856 785	129 856 785
	629 960 048	629 960 048

Group - 2015

	Loans and receivables	Total
Related party receivable	165 183 568	165 183 568
Trade and other receivables	55 513 140	55 513 140
Cash and cash equivalents	72 424 431	72 424 431
	293 121 139	293 121 139

	Group		Company	
Figures in Rand	2016	2015	2016	2015

7. Financial assets by category (continued)

Company - 2016

	Loans and receivables	Total
Related party receivable	268 257 574	268 257 574
Trade and other receivables	58 401 284	58 401 284
Cash and cash equivalents	56 656 765	56 656 765
	383 315 623	**383 315 623**

Company - 2015

	Loans and receivables	Total
Related party receivable	156 634 853	156 634 853
Trade and other receivables	52 256 931	52 256 931
Cash and cash equivalents	34 166 878	34 166 878
	243 058 662	**243 058 662**

8. Deferred tax

Deferred tax liability

Accelerated capital allowance for tax	-	(85 079)	-	(85 079)

Deferred tax asset

Accelerated capital allowances	1 005 141	-	-	-
Provisions	645 279	673 967	-	-
Deferred tax balance from temporary differences other than unused tax losses	1 650 420	673 967	-	-
Tax losses available for set off against future taxable income	-	4 125 667	-	85 079
	1 650 420	4 799 634	-	85 079
Total deferred tax asset	**1 650 420**	**4 799 634**	-	**85 079**
Deferred tax liability	-	(85 079)	-	(85 079)
Deferred tax asset	1 650 420	4 799 634	-	85 079
Total net deferred tax asset	**1 650 420**	**4 714 555**	-	-

Reconciliation of deferred tax asset / (liability)

At beginning of year	4 714 555	5 890 133	-	4 646 229
Statement of profit and loss and other comprehensive income movement	(3 064 135)	(1 175 578)	-	(4 646 229)
	1 650 420	**4 714 555**	-	-

During the prior year there had been no tax provision made for the company as the company had no taxable income. The estimated tax loss available for set off against future taxable income is R 7,240,672(2015: R 26,158,851).

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

	Group		Company	
Figures in Rand	2016	2015	2016	2015

9. 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 funds, which are subject to the Pension Fund Act exist for this purpose. The scheme is funded both by member and by company contributions which are charged to the income statement as they are incurred. The total contribution to the scheme in the current year was R1,835,294 (2015: R 2,716,298) for the group and R 1,698,974 (2015: R 2,883,992) for the company.

10. Inventories

Raw materials, components	73 205 931	9 720 927	-	20 131
Finished goods	77 470 980	41 254 488	39 632 475	33 846 244
Goods in transit	30 405 978	21 893 152	13 081 837	5 969 435
	181 082 889	72 868 567	52 714 312	39 835 810

The net realisable provision on stock raised in the previous years for the company, was reversed through profit and loss with an amount of R 249,219. During the previous year an expense was raised, through profit and loss for the company, amounting to R 313,906 to account for stock being written down to net realisable value.

11. Trade and other receivables

Trade receivables	179 426 067	57 389 597	57 737 017	51 826 115
Provision for impairment	(3 049 821)	(2 923 149)	(375 747)	(615 876)
	176 376 246	54 466 448	57 361 270	51 210 239
Employee costs in advance	265 497	290 830	276 176	245 030
Prepayments	6 246 888	5 677 012	6 246 888	5 536 696
VAT	2 177 633	2 946 663	1 509 006	1 177 153
Amounts due from related parties	322 687 003	165 183 568	268 257 574	156 634 853
Other receivables	1 040 014	1 046 692	1 040 014	1 046 692
	508 813 281	229 611 213	334 690 928	215 850 663

Trade and other receivables

Trade and other receivables past due and impaired amounted to R 3,049,821 (2015: R 2,923,149) for the group and R375,747 (2015: R 615,876) for the company.

Group:

At the date of issue of these financial statements, the balance of the R 179,426,067 gross receivables noted below, that is still to be received is R 6,424,710.

Company:

At the date of issue of these financial statements, the balance of the R 57,737,017 gross receivables noted below, that is still to be received is R 211,803.

The ageing of amounts is as follows:

Current	88 185 220	30 680 497	28 563 688	27 332 136
1 month past due	57 387 707	20 923 065	16 565 840	20 768 891
2 months past due	10 096 390	1 633	-	-
3 months past due	8 933 926	82 108	-	-
More than 3 months past due	14 822 824	5 702 294	12 607 489	3 725 088
	179 426 067	57 389 597	57 737 017	51 826 115

	Group		Company	
Figures in Rand	2016	2015	2016	2015

11. Trade and other receivables (continued)

Reconciliation of provision for impairment of trade and other receivables

Opening balance	2 923 149	7 505 052	615 876	1 724 051
Amounts written off as uncollectable	126 672	(4 581 903)	(240 129)	(1 108 175)
	3 049 821	2 923 149	375 747	615 876

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

The average credit period on sales of goods is 30 days. No interest is charged on trade receivables. Further no interest is charged on trade receivables that are overdue.

Before accepting any new customer, the company uses an external credit bureau to access the potential customer's credit quality and defines credit limit by customer. These credit limits are revelwed by management on an ongoing basis to insure the recoverablity of the amounts outstanding.

Included in related party receivables is operational borrowings lent to Ranbaxy Pharmaceuticals (Pty) Ltd, earns interest at a rate of 8.5% per annum.

Gross trade receivables are comprised of amounts owing from the following sectors:

Sector				
Private	47 319 470	48 788 545	51 846 171	48 788 541
Public	132 106 597	8 601 052	5 890 846	3 037 574
	179 426 067	57 389 597	57 737 017	51 826 115

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	101	7 438	101	7 438
Bank balances	129 856 684	72 416 993	56 656 664	34 159 440
	129 856 785	72 424 431	56 656 765	34 166 878

13. 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

14. Financial liabilities by category

Financial liabilities are not measured at fair value, the carrying value approximates fair value. All fair value measurements are recurring fair value measurements.

The accounting policies for financial instruments have been applied to the line items below:

Group - 2016

	Group		Company	
Figures in Rand	2016	2015	2016	2015

14. Financial liabilities by category (continued)

	Financial liabilities at amortised cost	Total
Loans from group companies	144 582 741	144 582 741
Trade and other payables	75 011 938	75 011 938
Amounts due to related parties	492 478 503	492 478 503
	712 073 182	712 073 182

Group - 2015

	Financial liabilities at amortised cost	Total
Loans from group companies	133 502 467	133 502 467
Trade and other payables	51 679 910	51 679 910
Amounts due to related parties	135 935 265	135 935 265
	321 117 642	321 117 642

Company - 2016

	Financial liabilities at amortised cost	Total
Loans from group companies	131 820 822	131 820 822
Trade and other payables	37 424 548	37 424 548
Amounts due to related parties	166 189 738	166 189 738
	335 435 108	335 435 108

Company - 2015

	Financial liabilities at amortised cost	Total
Loans from group companies	121 592 877	121 592 877
Trade and other payables	34 806 697	34 806 697
Amounts due to related parties	46 182 177	46 182 177
	202 581 751	202 581 751

15. Trade and other payables

Trade payables	20 080 228	11 322 826	7 436 427	8 321 294
Royalties accrual	22 545 697	12 701 833	1 226 065	473 092
Amounts due to related parties	492 478 503	135 935 265	166 189 738	46 182 177
Lease straight lining liability	3 248 139	1 723 530	3 248 139	1 723 530
Marketing accruals	25 104 034	14 054 054	22 641 357	14 300 110
Payroll related accruals	3 560 179	2 328 040	3 560 179	2 328 040
Other payables and trade accruals	4 033 840	11 877 667	2 872 540	9 988 671
	571 050 620	189 943 215	207 174 465	83 316 914

Figures in Rand	Group		Company	
	2016	2015	2016	2015

15. Trade and other payables (continued)

The average credit period on purchases of goods is 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. Related party payables bears no interest.

16. Revenue

Sale of goods	876 638 285	231 717 982	237 491 339	205 524 749

17. Cost of sales

Sale of goods				
Cost of goods sold	699 176 484	144 234 360	136 080 120	114 307 208

18. Investment revenue

Investment revenue				
Bank	2 063 228	682 320	1 537 214	665 501
Related parties	16 395 101	-	16 395 101	1 865 787
	18 458 329	**682 320**	**17 932 315**	**2 531 288**

19. Finance costs

Group companies	11 088 440	2 518 427	10 236 111	1 598 571

Figures in Rand	Group		Company	
	2016	2015	2016	2015

20. Taxation

Major components of the tax expense (income)

	Group 2016	Group 2015	Company 2016	Company 2015
Current				
Local income tax - current period	7 044 402	-	-	-
Local income tax - recognised in current tax for prior Periods	-	(897 617)	-	(966 113)
	7 044 402	(897 617)	-	(966 113)
Deferred				
Deferred tax	3 064 135	1 175 578	-	4 646 228
	10 108 537	277 960	-	3 680 115

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	Group 2016	Group 2015	Company 2016	Company 2015
Accounting (loss) profit	55 020 097	(24 931 927)	18 918 179	(12 728 531)
Tax at the applicable tax rate of 28% (2015: 28%)	15 405 627	(6 980 940)	5 297 090	(3 563 989)
Tax effect of adjustments on taxable income				
Prior period deferred tax asset derecognised	-	4 646 226	-	4 646 226
Current year deferred tax asset not recognised	-	3 563 991	-	3 563 991
Utilisation of previously unrecognised deferred tax asset	(5 297 090)	-	(5 297 090)	-
Other	-	(53 700)	-	-
Adjustments in respect of prior periods	-	(897 617)	-	(966 113)
	10 108 537	277 960	-	3 680 115

During the prior year there had been no tax provision made for the company as the company had no taxable income. The estimated tax loss available for set off against future taxable income is R 7,240,672(2015: R 26,158,851).

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

21. Auditors' remuneration

	Group 2016	Group 2015	Company 2016	Company 2015
Fees	1 038 283	961 444	502 906	901 444

22. Cash generated from (used in) operations

	Group 2016	Group 2015	Company 2016	Company 2015
Profit / (loss) before taxation	55 020 097	(24 931 927)	18 918 179	(12 728 531)
Adjustments for:				
Depreciation and amortisation	11 507 988	7 174 756	2 004 501	5 559 009
(Gain) / loss on disposal of property, plant and equipment	(269 517)	57 423	(225 289)	57 423
Investment revenue	(18 458 329)	(682 320)	(17 932 315)	(2 531 288)
Finance costs	11 088 440	2 518 427	10 236 111	1 598 571
Assets scrapped	78 517	-	78 517	-
Capitalisation of intangible assets	(788 562)	-	(788 562)	-
Changes in working capital:				
Inventories	(108 214 322)	(4 206 035)	(12 878 502)	10 796 338
Trade and other receivables	(279 202 068)	29 484 730	(118 840 265)	(45 409 622)
Trade and other payables	381 107 405	(81 073 336)	123 857 551	(56 181 123)

23. Tax paid

Figures in Rand	Group 2016	Group 2015	Company 2016	Company 2015
Balance at beginning of the year	3 289 150	2 219 933	826 776	(266 114)
Current tax for the year recognised in profit or loss	(7 044 402)	897 617	-	966 113
Balance at end of the year	(125 530)	(3 289 150)	(826 776)	(826 776)
	(3 880 782)	**(171 600)**	**-**	**(126 777)**

24. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due	Group 2016	Group 2015	Company 2016	Company 2015
- within one year	4 593 893	4 368 159	4 593 893	4 368 159
- in second to fifth year inclusive	15 418 650	16 282 602	15 418 650	16 282 602
- later than five years	-	3 729 943	-	3 729 943
	20 012 543	**24 380 704**	**20 012 543**	**24 380 704**

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

Figures in Rand	Group 2016	Group 2015	Company 2016	Company 2015

25. Related parties

Relationships

Ultimate holding company	Sun Pharmaceuticals Industries Limited
Holding company	Ranbaxy Netherlands BV
Fellow subsidiaries	Ranbaxy Pharmaceuticals Proprietary Limited (Formerly Be-Tabs Pharmaceuticals (Pty) Ltd Be-Tabs Investments Proprietary Limited
Directors	DW Brothers M Sudan M Kaszas

Related party balances

	Group 2016	Group 2015	Company 2016	Company 2015
Loan accounts - Owing to related parties				
Ranbaxy Netherlands BV	144 582 741	133 502 467	131 820 822	121 592 877
Amounts included in Trade receivable (Trade Payable) regarding related parties				
Sonke Pharmaceuticals Proprietary Limited	-	-	(9 000)	(233 806)
Sonke Pharmaceuticals Proprietary Limited	-	-	397 731	382 735
Sun Pharmaceuticals Industries Limited	(450 702 734)	(110 709 091)	(163 967 961)	(37 230 484)
Sun Pharmaceuticals Industries Limited	3 897	2 700 000	3 897	-
Ranbaxy Pharmaceuticals Proprietary Limited	(39 562 992)	(16 644 125)	-	(135 836)
Ranbaxy Pharmaceuticals Proprietary Limited	322 683 106	162 483 569	267 855 946	156 252 118
Daiichi Sankyo Co Limited	(2 212 777)	(8 582 049)	(2 212 777)	(8 582 049)
	(169 791 500)	**29 248 304**	**102 067 836**	**110 452 678**

Related party transactions

	Group 2016	Group 2015	Company 2016	Company 2015
Interest paid to (received from) related parties				
Ranbaxy Netherlands BV	11 088 440	2 518 427	10 199 114	1 598 571
Sonke Pharmaceuticals Proprietary Limited	-	-	36 997	(1 865 787)
Ranbaxy Pharmaceuticals Proprietary Limited	(16 395 101)	-	(16 395 101)	-
	(5 306 661)	**2 518 427**	**(6 158 990)**	**(267 216)**
Purchases from (sales to) related parties				
Sun Pharmaceuticals Industries Limited	452 736 793	106 092 423	126 639 752	80 755 220
Sun Pharmaceuticals Industries Limited	(2 762)	(2 981 200)	(2 762)	(2 965)
Ranbaxy Pharmaceuticals Proprietary Limited	44 351 590	13 649 033	-	-
Ranbaxy Pharmaceuticals Proprietary Limited	(48 086 105)	1 375 367	-	-
Sonke Pharmaceuticals Proprietary Limited	-	-	(244 944)	(2 510 778)
Daiichi Sankyo Co. Limited	15 703 592	14 583 679	15 703 592	14 583 679
	464 703 108	**132 719 302**	**142 095 638**	**92 825 156**

	Group		Company	
Figures in Rand	2016	2015	2016	2015

26. Directors' and prescribed officer's emoluments

The remuneration of directors and prescribed officers during the year was as follows:

Short-term benefits			4 788 612	9 272 017
Pension paid to pension scheme			213 300	450 722
			5 001 912	9 722 739

Executive

2016

	Remuneration excl bonus and post retirements	Post retirement benefits	Bonus	Board fees	Total
Director A	2 339 185	130 189	-	-	2 469 374
Director B	776 091	23 904	-	-	799 995
Director C	418 444	21 528	48 215	-	488 187
Director E	1 135 851	37 679	10 826	-	1 184 356
Director G	-	-	-	30 000	30 000
Director H	-	-	-	30 000	30 000
	4 669 571	213 300	59 041	60 000	5 001 912

2015

	Remuneration excl bonus and post retirements	Post retirement benefits	Bonus	Board fees	Total
Director A	2 147 312	150 429	297 500	-	2 595 241
Director B	2 577 718	169 763	844 716	-	3 592 197
Director C	454 988	11 938	193 258	-	660 184
Director E	743 362	48 317	160 508	-	952 187
Director F	1 580 327	70 275	242 328	-	1 892 930
Director G	-	-	-	30 000	30 000
	7 503 707	450 722	1 738 310	30 000	9 722 739

27. Change in estimate

Property, plant and equipment

During the current year end, the subsidiary changed the write-off period of property plant and equipment. The write off-years were reviewed and revised as the directors determind that the comany would not obtain future economic benefits from the assets after 3 years once the Antiretroviral Government Tender end.

This resulted in an increase in the depreciation expense for the current year of R5 749 645 and a cumulative decrease in depreciation for future periods of R5 749 645.

28. Risk management

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 notes 6, cash and cash equivalents disclosed in note 12, 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.

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. 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.

Group

At 31 March 2016	Less than 1 year
Loans from group company	144 582 741
Trade and other payables	75 011 938
Amounts due to related parties	492 478 503

At 31 March 2015	Less than 1 year
Loans from group company	133 502 467
Trade and other payables	51 697 910
Amounts due to related parties	135 935 265

Figures in Rand	Group 2016	Group 2015	Company 2016	Company 2015

28. Risk management (continued)

Company

At 31 March 2016

	Less than 1 year
Loans from group company	131 820 822
Trade and other payables	37 424 548
Amounts due to related parties	186 189 738

At 31 March 2015

	Less than 1 year
Loans from group company	121 592 877
Trade and other payables	34 806 697
Amounts due to related parties	46 182 177

Interest rate risk

The company has interest bearing assets in the form of cash balances at year end, the company's income and operating cash flows are substantially independent of changes in market interest rates.

The company's interest rate risk arises from borrowings, from related party borrowing within the group. These borrowing accrue interest at 8.5%.

At 31 March 2016, if interest rates on Rand-denominated borrowings had been 0.5% higher/lower with all other variables held constant, post-tax profit for the 12 months would have been R 689,279 (2015: R 650,000) lower/higher for the group and R 1,279,280 (2015: R 600,000) for the company, mainly as a result of higher/lower interest expense on floating rate borrowings.

Credit risk

Credit risk consists mainly of 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.

Management evaluated credit risk relating to customers on an ongoing basis. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

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.

	Group		Company	
Figures in Rand	2016	2015	2016	2015

28. Risk management (continued)

Foreign exchange 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.

At 31 March 2016, if the currency had weakened/strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been R 50,848 (2015: Rnil) higher, mainly as a result of foreign exchange gains or losses on translation of US dollar denominated trade receivables and trade payables.

At 31 March 2016, if the currency had weakened/strengthened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been R 221,278 (2015: R 858,550) higher, mainly as a result of foreign exchange gains or losses on translation of Euro denominated trade receivables and trade payables.

Foreign currency exposure at the end of the reporting period

	Group 2016	Group 2015	Company 2016	Company 2015
Liabilities				
Uncovered foreign liabilities,EUR 136,480 (2015 : EUR 654,837)	2 212 777	8 585 502	2 212 777	8 585 502
Uncovered foreign liabilities,USD 34,954 (2015 : USD 0)	508 426	-	508 426	-

Exchange rates used for conversion of foreign items were:

	Group 2016	Group 2015	Company 2016	Company 2015
USD	14.5456	12.0833	14.5456	12.0833
GBP	16.2132	13.1109	16.2132	13.1109

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. Going concern

The group and company 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.

30. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year that would impact the consolidated or seperate financial positions as at 31 March 2016.

31. Guarantees

The bank has issued guarantees in favour of the company amounting to R 520,000 (2015: R 520,000).