# Ranbaxy Pharmaceutical Proprietary Limited and its subsidiary

**Formerly Be-Tabs Pharmaceutical Proprietary Limited (Registration number 1993/003111/07)**

**Financial statements**

**for the year ended 31 March 2015**

## General Information

**Country of incorporation and domicile** South Africa
**Nature of business and principal activities** Import, manufacturing and trade of pharmaceutical goods
**Directors**
M Bharadwaj
D Brothers S Reddy
R Chakraverti
**Registered office** 121 Boshoff Street
New Muckleneuk Pretoria
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**Business address** 3 Lautre Road
Stormill Ext 1 Roodepoort 1724
**Postal address** PO Box 43486
Industria 2042
**Holding company** Ranbaxy Netherlands BV
incorporated in Netherlands
**Ultimate holding company** Sun Pharmaceutical Industries
incorporated in India
**Auditors** PricewaterhouseCoopers Inc.
Chartered Accountants (S.A.)
**Secretary** Grant Thornton
**Company registration number** 1993/003111/07
**Level of assurance** These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
**Preparer** The financial statements were independently compiled by:
F Cooper
Chartered Accountant (S.A.)

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



## 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 group 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 group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.
The directors have reviewed the group's cash flow forecast for the year to 31 March 2016 and, in light of this review and the current financial position, they are satisfied that the group 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 group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on pages 4 to 5.
The financial statements set out on pages 6 to 36, which have been prepared on the going concern basis, were approved by the board on and were signed on their behalf by:

**S Reddy** **D Brothers**

## Independent Auditor's Report

**To the shareholder of Ranbaxy Pharmaceutical Proprietary Limited and its subsidiary**

# Independent Auditor's Report

**Opinion**

In our opinion, the financial statements of Ranbaxy Pharmaceutical Proprietary Limited and its subsidiary for the year then ended 31 March 2015 are prepared, in all material respects, in accordance with the basis of accounting described in note to the financial statements, and the requirements of the Companies Act 71 of 2008.

**Partner's name**

**Partner**

**###**

**Per:**

**Additional description Additional description**

# Directors' Report

The directors have pleasure in submitting their report on the financial statements of Ranbaxy Pharmaceutical Proprietary Limited and its subsidiary and the group for the year ended 31 March 2015.

**1. Nature of business**

The group is engaged in import, manufacturing and trade of pharmaceutical goods and operates principally in South Africa.

There have been no material changes to the nature of the group's business from the prior year.

**2. Review of financial results and activities**

The consolidated 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 position, results of operations and cash flows of the group are set out in these consolidated financial statements.

**3. Share capital**

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

**4. Dividends**

No dividends were declared for the year.

**5. Directorate**

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

| Directors | Nationality | Changes |
|---|---|---|
| SI Dani | Indian | Resigned 14 November 2014 |
| A Madan | Indian | Resigned 14 November 2014 |
| D Adkisson | American | Resigned 14 November 2014 |
| M Bharadwaj | Indian | |
| D Brothers | South African | |
| S Reddy | Indian | |
| R Chakraverti | Indian | |

There have been no other changes to the directorate for the year under review.

**6. Interest in subsidiaries**

Details of material interest in subsidiary companies are presented in the consolidated financial statements in note 5.

There were no significant acquisitions or divestitures during the year ended 31 March 2015

**7. Holding company**

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

**8. Ultimate holding company**

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

# Directors' Report

**9. Events after the reporting period**

The directors have made a decision to merge the Be-Tabs Investments (Pty) Ltd into the records of Ranbaxy Pharmaceuticals (Pty) Ltd during the next financial period, thus results of Be-Tabs Investments (Pty) Ltd will be included in Ranbaxy Pharmaceuticals (Pty) Ltd stand alone.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report, that might have an impact on the financial statements.

**10. Going concern**

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

**11. Auditors**

PricewaterhouseCoopers Inc. continued in office as auditors for the company and its subsidiaries for 2015.

**12. Secretary**

The company secretary functions are performed by Grant Thornton.

Business address

121 Boshoff Street

New Muckleneuk Pretoria

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## Statement of Financial Position as at 31 March 2015

| | | GROUP | | COMPANY | |
|---|---|---|---|---|---|
| Figures in Rand | Note(s) | 31 March 2015 | 31 March 2014 | 31 March 2015 | 31 March 2014 |
| **Assets** | | | | | |
| **Non-Current Assets** | | | | | |
| Property , plant & Equipment | 3 | 261,253,250 | 272,281,609 | 261,253,250 | 272,281,609 |
| Intangible assets | 4 | 471,330 | 761,654 | 471,330 | 761,654 |
| Investments in subsidiaries | 5 | - | - | 2,516,233 | 2,516,233 |
| | | **261,724,580** | **273,043,263** | **264,240,813** | **275,559,496** |
| **Current Assets** | | | | | |
| Inventories | 10 | 76,677,755 | 76,892,976 | 76,677,755 | 76,892,976 |
| Trade and other receivables | 11 | 75,713,664 | 111,031,016 | 75,654,448 | 110,764,753 |
| Cash and cash equivalents | 12 | 14,616,113 | 13,312,026 | 14,048,330 | 13,024,512 |
| | | **167,007,532** | **201,236,018** | **166,380,533** | **200,682,241** |
| **Total Assets** | | **428,732,112** | **474,279,281** | **430,621,346** | **476,241,737** |
| **Equity and Liabilities** | | - | - | - | - |
| **Equity** | | | | | |
| Share Capital | 13 | 200,000,200 | 200,000,200 | 200,000,200 | 200,000,200 |
| Reserves | 14 | (3,304,567) | (3,304,567) | (2,248,383) | (2,248,383) |
| Accumulated loss | | (177,814,574) | (126,545,903) | (179,912,798) | (128,654,467) |
| | | **18,881,059** | **70,149,730** | **17,839,019** | **69,097,350** |
| **Liabilities** | | - | - | - | - |
| **Current Liabilities** | | | | | |
| Trade and other Payable | 16 | 221,733,283 | 229,646,623 | 221,871,388 | 229,577,921 |
| Loans from group companies | 6 | 187,700,595 | 174,065,753 | 190,910,939 | 177,566,466 |
| Current tax payable | | 417,175 | 417,175 | - | - |
| | | **409,851,053** | **404,129,551** | **412,782,327** | **407,144,387** |
| **Total Equity and Liabilities** | | **428,732,112** | **474,279,281** | **430,621,346** | **476,241,737** |

## Statement of Profit or Loss and Other Comprehensive Income

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 12 month sended 31March 2015 | 15 month sended 31March 2014 | 12 month sended 31March 2015 | 15 month sended 31March 2014 |
| Figures in Rand | Note(s) | | | | |
| Revenue | 17 | 259,198,798 | 387,878,934 | 259,198,798 | 387,878,934 |
| Cost of sales | 18 | (156,395,834) | (255,894,452) | (156,395,834) | (255,894,452) |
| **Grossprofit** | | **102,802,964** | **131,984,482** | **102,802,964** | **131,984,482** |
| Other income | 19 | 4,091,455 | 5,134,010 | 4,091,455 | 3,642,969 |
| Operating expenses | | (144,478,649) | (190,880,426) | (144,467,922) | (190,877,604) |
| **Operating loss** | | **(37,584,230)** | **(53,761,934)** | **(37,573,503)** | **(55,250,153)** |
| Investment revenue | 20 | 3,698 | 18,216 | 3,311 | 16,524 |
| Finance costs | 21 | (13,688,139) | (14,157,553) | (13,688,139) | (14,157,553) |
| **Loss before taxation** | | **(51,268,671)** | **(67,901,271)** | **(51,258,331)** | **(69,391,182)** |
| Taxation | 22 | - | (417,175) | - | - |
| **Loss for the year** | | **(51,268,671)** | **(68,318,446)** | **(51,258,331)** | **(69,391,182)** |
| Other comprehensive income | | - | - | - | - |
| **Total comprehensive loss for the year** | | **(51,268,671)** | **(68,318,446)** | **(51,258,331)** | **(69,391,182)** |

## Statement of Changes in Equity

| Group | Share Capital | Share Premiun | Total Share Cap | Common Control Reserve | Accumulated loss | Total Equity |
|---|---|---|---|---|---|---|
| **Balance at 01 January 2013** | 300 | 199,999,900 | 200,000,200 | (3,304,567) | (58,227,457) | 138,468,176 |
| Loss for the year | - | - | - | - | (68,318,446) | (68,318,446) |
| Other comprehensive income | - | - | - | - | - | - |
| **Total comprehensive loss for the year** | - | - | - | - | **(68,318,446)** | **(68,318,446)** |
| | - | - | - | - | - | - |
| **Balance at 01 April 2014** | **300** | **199,999,900** | **200,000,200** | **(3,304,567)** | **(126,545,903)** | **70,149,730** |
| Loss for the year | - | - | - | - | (51,268,671) | (51,268,671) |
| Other comprehensive income | - | - | - | - | - | - |
| **Total comprehensive loss for the year** | - | - | - | - | (51,268,671) | **(51,268,671)** |
| **Translation** | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| **Balance at 31 March 2015** | **300** | **199,999,900** | **200,000,200** | **(3,304,567)** | **(177,814,574)** | **18,881,059** |
| **Company** | | | | | | |
| **Balance at 01 April 2013** | 300 | 199,999,900 | 200,000,200 | (2,248,383) | (59,263,285) | 138,488,532 |
| Loss for the year | - | - | - | - | (69,391,182) | (69,391,182) |
| **Total comprehensive loss for** | - | - | - | - | **(69,391,182)** | **(69,391,182)** |
| | - | - | - | - | - | - |
| **Balance at 01 April 2014** | **300** | **199,999,900** | **200,000,200** | **(2,248,383)** | **(128,654,467)** | **69,097,350** |
| Loss for the year - - - | - | - | - | - | (51,258,331) | (51,258,331) |
| Other comprehensive income | - | - | - | - | - | - |
| **Total comprehensive loss for the year** | - | - | - | - | **(51,258,331)** | **(51,258,331)** |
| **Balance at 31 March 2015** | **300** | **199,999,900** | **200,000,200** | **(2,248,383)** | **(179,912,798)** | **17,839,019** |

## Statement of Cash Flows

| | | Group | | Company | |
|---|---|---|---|---|---|
| Figures in Rand | Note(s) | 12 months ended | 15 months ended | 12 months ended | 15 months ended |
| **Cash flows from operating activities** | | | | | |
| Cash generated in operations | 23 | 50,852,303 | 47,217,309 | 50,905,972 | 38,847,787 |
| Interest income | | 18,925 | 102,568 | 16,945 | 93,041 |
| Finance costs | | (70,051,888) | (79,715,952) | (70,051,888) | (79,715,952) |
| **Net cash from operating activities** | | **(19,180,660)** | **(32,396,075)** | **(19,128,971)** | **(40,775,124)** |
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment | 3 | (43,214,048) | (71,903,001) | (43,214,048) | (71,903,001) |
| Purchase of other intangible assets | 4 | (710,486) | (2,283,542) | (710,486) | (2,283,542) |
| Proceeds from loans from group companies | | 69,779,130 | 99,278,215 | 68,293,106 | 106,900,597 |
| Government grant | | - | 50,675,676 | - | 50,675,676 |
| **Net cash from investing activities** | | **25,854,596** | **75,767,348** | **24,368,572** | **83,389,730** |
| **Cash flows from financing activities** | | | | | |
| **Total cash movement for the year** | | **6,673,936** | **43,371,273** | **5,239,601** | **42,614,606** |
| Cash at the beginning of the year | | 68,127,052 | 31,583,829 | 66,655,640 | 30,721,610 |
| **Total cash at end of the year** | 12 | **74,800,988** | **74,955,101** | **71,895,241** | **73,336,216** |

## 1. Presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. The 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.

### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 financial statements. Significant judgements include:

**Impairment testing**

The recoverable amounts of cash-generating units and individual assets 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 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. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

**Trade receivables**

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company 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 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 is made 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.

### 1.2 Property, plant and equipment

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 carried at cost less accumulated depreciation and accumulated impairment losses.

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.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

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

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

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

| Item | Depreciation method | Average useful life |
|---|---|---|
| Buildings | Straight line | 30 years |
| Plant and machinery | Straight line | 5 - 25 years |
| Furniture and fixtures | Straight line | 6 years |
| Motor vehicles | Straight line | 5 years |
| Office equipment | Straight line | 6 years |
| IT equipment | Straight line | 3 years |

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

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. The 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.

### 1.3 Intangible assets

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

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 | 5 years |
| Computer software | 2 years |

### 1.4 Interests in subsidiaries

**Company financial statements**

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.

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

**Group financial statements**

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.

Inter-company transaction, balances and unrealised gains on transactions between group companies are eliminated.

Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

**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.

**1.5 Financial instruments (continued)**

**Initial recognition and measurement**

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

**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.

**Fair value determination**

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

**Impairment of financial assets**

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

Impairment losses are recognised in profit or loss.

**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.

**Trade and other receivables**

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

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

Trade and other receivables are classified as loans and receivables.

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

**1.5 Financial instruments (continued)**

**Trade and other payables**

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

**Cash and cash equivalents**

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

**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.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**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 and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits 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.

**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 asset. This liability is not discounted.
Any contingent rents are expensed in the period they are incurred.

**1.8 Inventories**

Inventories are measured at the lower of cost and net realisable value on the weighted average cost basis.
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. It excludes borrowing costs.
When inventories are sold, the carrying amount of those inventories are 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, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**1.9 Impairment of assets**

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.
Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.

This impairment test is performed during the annual period and at the same time every period.
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.
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.
The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.
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 Share 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.

**1.11 Employee benefits**

**Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.
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 charged as an expense as they fall due.
Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.
For defined contribution plans, the groups pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

**1.12 Revenue**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
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.

Interest is recognised, in profit or loss, using the effective interest rate method.

**1.13 Borrowing costs**

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

**1.14 Translation of foreign currencies**

**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.
At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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 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:

**IFRIC 21 Levies**

The interpretation provides guidance on accounting for levies payable to government. It specifies that the obligating event

giving rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. A constructive obligation for levies that will be triggered by operating in future is not raised by virtue of the entity being economically compelled to operate in future or for being a going concern. Furthermore, if the obligating event occurs over a period of time, then the liability is recognised progressively. An asset is recognised if an entity has prepaid a levy before the obligating event. This accounting also applies to interim reporting.

The effective date of the interpretation is for years beginning on or after 01 January 2014.

The group has adopted the interpretation for the first time in the 2015 financial statements.

The impact of the interpretation is not material.

**Amendments to IFRS 10, IFRS 12 and IAS 27: Investment Entities**

The amendments define an investment entity and introduce an exception to consolidating particular subsidiaries for investment

entities. These amendments require an investment entity to measure those subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments in its consolidated and separate financial statements. The amendments also introduce new disclosure requirements for investment entities in IFRS 12 and IAS 27.

The effective date of the amendments is for years beginning on or after 01 January 2014.

The group has adopted the amendments for the first time in the 2015 financial statements.

The impact of the amendment is not material.

**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 expects to adopt the amendment for the first time in the 2016 financial statements.

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

**2. New Standards and Interpretations (continued)**

**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 2015 or later periods:

**Amendments 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 expects to adopt the amendment for the first time in the 2016 financial statements.

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

**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 expects to adopt the amendment for the first time in the 2016 financial statements.

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

**Amendment to IAS 38: Intangible Assets: Annual improvements project**

The amendment adjusts the option to proportionately restate accumulated amortisation when an intangible asset is revalued.

Instead, the gross carrying amount is to be adjusted in a manner consistent with the revaluation of the carrying amount. The accumulated amortisation 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 expects to adopt the amendment for the first time in the 2016 financial statements.

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

**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 expects to adopt the amendment for the first time in the 2016 financial statements.

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

**2. New Standards and Interpretations (continued)**

**Amendment to IAS 40: Investment Property: Annual improvements project**

The amendment requires an entity to determine whether the acquisition of investment property is the acquisition of an asset or

a business combination, in which case the provisions of IFRS 3 Business Combinations applies.

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

The group expects to adopt the amendment for the first time in the 2016 financial statements.

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

**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 financial statements.

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

**2.3 Standards and interpretations not yet effective or relevant**

The following standards and interpretations have been published and are mandatory for the group’s accounting periods

beginning on or after 01 April 2015 or later periods but are not relevant to its operations:

**IFRS 9 Financial Instruments**

This new standard is the result of a three phase project to replace IAS 39 Financial Instruments: Recognition and

Measurement. To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities as well as new hedging requirements. The following are main changes from IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.

- For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the group changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.

• Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.

• IFRS 9 does not allow for investments in equity instruments to be measured at cost.

• The classification categories for financial liabilities remains unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss.

• The new hedging provisions align hedge accounting more closely with the actual risk management approach.

• Certain non-derivative financial instruments are now allowed as hedging instruments.

• Additional exposures are allowed as hedged items. These exposures include risk components of non-financial items, net positions and layer components of items, aggregated exposures combining derivative and non-derivative exposures and equity instruments at fair value through other comprehensive income.

• The hedge effectiveness criteria have been amended, including the removal of the 80%-125% "bright line test" to qualify for hedge accounting.

**2. New Standards and Interpretations (continued)**

• The concept of rebalancing has been introduced when the hedging relationship is ineffective because the hedge ratio is no longer appropriate. When rebalancing is required, and provided the risk management objective remains the same, the hedge ratio is adjusted rather than discontinuing the hedging relationship.

• Additional disclosure requirements have been introduced for hedging.

The effective date has not yet been established as the project is currently incomplete. The IASB has communicated that the

effective date will not be before years beginning on or after 01 January 2018. IFRS 9 may be early adopted. If IFRS 9 is early adopted, the new hedging requirements may be excluded until the effective date.

The group does not envisage the adoption of the standard until such time as it becomes applicable to the group's operations.

It is unlikely that the standard will have a material impact on the group's financial statements.

**IAS 19 Employee Benefits Revised**

• Require recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements

• Introduce enhanced disclosures about defined benefit plans

• Modify accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits

t estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features

The effective date of the amendment is for years beginning on or after 01 January 2013.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the company's financial statements.

**Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)**

Amendment requires additional disclosures for financial assets and liabilities which are offset and for financial instruments subject to master netting arrangements.

The effective date of the amendment is for years beginning on or after 01 January 2013.

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

It is unlikely that the amendment will have a material impact on the company's financial statements.

**Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities**

Clarification of certain aspects concerning the requirements for offsetting financial assets and financial liabilities.

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

The group does not envisage the adoption of the amendment until such time as it becomes applicable to the group's operations.

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

**3. Property, plant and equipment**

**Group**

| | ############################## | | | | 2014 | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated Depreciation | Carrying value | Cost | Accumulated Depreciation | Carrying value |
| Land | 16,420,902 | - | 16,420,902 | 16,420,902 | - | 16,420,902 |
| Buildings | 117,797,311 | (17,638,212) | 100,159,099 | 116,097,257 | (13,824,108) | 102,273,149 |
| Plant and machinery | 211,750,513 | (71,669,516) | 140,080,997 | 208,779,870 | (59,439,468) | 149,340,402 |
| Furniture and fixtures | 7,289,055 | (4,622,494) | 2,666,561 | 7,187,388 | (3,650,825) | 3,536,563 |
| Motor vehicles | 1,192,497 | (688,315) | 504,182 | 687,067 | (601,701) | 85,366 |
| Office equipment | 758,209 | (284,385) | 473,824 | 392,047 | (202,769) | 189,278 |
| IT equipment | 1,673,428 | (1,449,474) | 223,954 | 1,628,013 | (1,192,064) | 435,949 |
| Capital - Work in progress | 723,731 | - | 723,731 | - | - | - |
| **Total** | **357,605,646** | **(96,352,396)** | **261,253,250** | **351,192,544** | **(78,910,935)** | **272,281,609** |

**Company**

| | | 2015 | | | 2014 | |
|---|---|---|---|---|---|---|
| | Cost | Accumulated Depreciation | Carrying value | Cost | Accumulated Depreciation | Carrying value |
| Land | 16,420,902 | - | 16,420,902 | 16,420,902 | - | 16,420,902 |
| Buildings | 117,797,311 | (17,638,212) | 100,159,099 | 116,097,257 | (13,824,108) | 102,273,149 |
| Plant and machinery | 211,750,513 | (71,669,516) | 140,080,997 | 208,779,870 | (59,439,468) | 149,340,402 |
| Furniture and fixtures | 7,289,055 | (4,622,494) | 2,666,561 | 7,187,388 | (3,650,825) | 3,536,563 |
| Motor vehicles | 1,192,497 | (688,315) | 504,182 | 687,067 | (601,701) | 85,366 |
| Office equipment | 758,209 | (284,385) | 473,824 | 392,047 | (202,769) | 189,278 |
| IT equipment | 1,673,428 | (1,449,474) | 223,954 | 1,628,013 | (1,192,064) | 435,949 |
| Capital - Work in progress | 723,731 | - | 723,731 | - | - | - |
| **Total** | **357,605,646** | **(96,352,396)** | **261,253,250** | **351,192,544** | **(78,910,935)** | **272,281,609** |

**Reconciliation of property, plant and equipment - Group - 2015**

| | Opening balance | Additions | Depreciation | Closing Balance |
|---|---|---|---|---|
| Land | 16,420,902 | - | - | 16,420,902 |
| Buildings | 102,273,149 | 1,700,054 | (3,814,104) | 100,159,099 |
| Plant and machinery | 149,340,402 | 4,979,558 | (14,238,963) | 140,080,997 |
| Furniture and fixtures | 3,536,563 | 123,675 | (993,677) | 2,666,561 |
| Motor vehicles | 85,366 | 505,430 | (86,614) | 504,182 |
| Office equipment | 189,278 | 366,162 | (81,616) | 473,824 |
| IT equipment | 435,949 | 45,415 | (257,410) | 223,954 |
| Capital - Work in progress | - | 723,731 | - | 723,731 |
| | **272,281,609** | **8,444,025** | **(19,472,384)** | **261,253,250** |

**Reconciliation of property, plant and equipment - Group - 2014**

| balance | Opening Balance | Additions | Disposals | Government | Depreciation | Closing Balance |
|---|---|---|---|---|---|---|
| Land | 95,588,401 | - | - | - | - | 92,460,034 |
| Buildings | 586,430,034 | 18,411,008 | - | (3,128,367) | (28,978,716) | 575,862,325 |
| Plant and machinery | 956,121,396 | 44,882,624 | (411,898) | (47,547,309) | (112,164,172) | 840,880,642 |
| Furniture and fixtures | 19,887,185 | 6,601,762 | (16,644) | - | (6,559,223) | 19,913,080 |
| Motor vehicles | 1,179,955 | - | (11) | - | (699,279) | 480,664 |
| Office equipment | 1,525,845 | - | (197) | - | (459,893) | 1,065,755 |
| IT equipment | 2,749,741 | 2,007,607 | (2,359) | - | (2,300,321) | 2,454,668 |
| | **1,663,482,556** | **71,903,001** | **(431,109)** | **(50,675,676)** | **(151,161,605)** | **1,533,117,168** |

**Reconciliation of property, plant and equipment - Company - 2015**

| | Opening Balance | Additions | Depreciation | Closing balance |
|---|---|---|---|---|
| Land | 84,037,369 | - | - | 84,037,369 |
| Buildings | 523,404,038 | 8,700,379 | (19,519,468) | 512,584,949 |
| Plant and machinery | 764,280,461 | 25,483,920 | (72,870,844) | 716,893,536 |
| Furniture and fixtures | 18,099,094 | 632,932 | (5,085,348) | 13,646,679 |
| Motor vehicles | 436,878 | 2,586,643 | (443,265) | 2,580,256 |
| Office equipment | 968,669 | 1,873,910 | (417,687) | 2,424,893 |
| IT equipment | 2,231,059 | 232,421 | (1,317,349) | 1,146,131 |
| Capital - Work in progress | - | 3,703,843 | - | 3,703,843 |
| | 1,393,457,569 | **43,214,048** | **(99,653,961)** | **1,337,017,656** |

**Reconciliation of property, plant and equipment - Company - 2014**

| | Opening balance | Additions | Disposals - | Government | Depreciation - | Closing balance |
|---|---|---|---|---|---|---|
| Land | 95,588,401 | - | - | (3,128,367) | - | 92,460,034 |
| Buildings | 586,430,034 | 18,411,008 | - | - | (28,978,716) | 575,862,325 |
| Plant and machinery | 956,121,396 | 44,882,624 | (411,898) | (47,547,309) | (112,164,172) | 840,880,642 |
| Furniture and fixtures | 19,887,185 | 6,601,762 | (16,644) | - | (6,559,223) | 19,913,080 |
| Motor vehicles | 1,179,955 | - | (11) | - | (699,279) | 480,664 |
| Office equipment | 1,525,845 | - | (197) | - | (459,893) | 1,065,755 |
| IT equipment | 2,749,741 | 2,007,607 | (2,359) | - | (2,300,321) | 2,454,668 |
| | **1,663,482,556** | **71,903,001** | **(431,109)** | **(50,675,676)** | **(151,161,605)** | **1,533,117,168** |

**Assets under construction**

Property, plant and equipment includes assets under construction as detailed below:

| | GROUP | | COMPANY | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Plant and | 3,703,843 | 5,206,565 | 3,703,843 | 5,206,565 |

**3. Property, plant and equipment (continued)**

* A grant was received from the South African Department of Trade and Industry and allocated to the relevant classes as required.

Erf 2 Stormill Extension 1, Gauteng, with improvements thereon

Erf 15 Stormill Extension 1, Gauteng, with improvements thereon Erf 16 Stormill Extension 1, Gauteng, with improvements thereon Erf 18 Stormill Extension 1, Gauteng, with improvements thereon

Erf 19 & 20 Stormill Extension 1, Gauteng, with improvements thereon Erf 9 & 10 Lea Glen Township, Gauteng

Erf 75 Robertville, Gauteng

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

**4. Intangible assets**

| Group | 2015 Cost | Accum Amort | Carrying Value | 2014 Cost | Accum Amort | Carrying Value |
|---|---|---|---|---|---|---|
| Patents, trademarks and other rights | 8,611,207.78 | (7,361,064.48) | 1,250,143.30 | 8,911,204.95 | (6,906,182.43) | 2,005,022.52 |
| | | | | - | - | - |
| Computer software, other | 2,858,213.92 | (1,696,228.25) | 1,161,985.67 | 2,926,041.67 | (642,471.85) | 2,283,569.82 |
| **Total** | **11,469,421.70** | **(9,057,292.73)** | **2,412,128.97** | **11,837,246.62** | **(7,548,654.28)** | **4,288,592.34** |

| Company | 2015 Cost | Accum Amort | Carrying Value | 2014 Cost | Accum Amort | Carrying Value |
|---|---|---|---|---|---|---|
| Patents, trademarks and other rights | 8,611,208 | (7,361,064) | 1,250,143 | 8,911,205 | (6,906,182) | 2,005,023 |
| | - | - | - | - | - | - |
| Computer software, other | 2,858,214 | (1,696,228) | 1,161,986 | 2,926,042 | (642,472) | 2,283,570 |
| **Total** | **11,469,422** | **(9,057,293)** | **2,412,129** | **11,837,247** | **(7,548,654)** | **4,288,592** |

**Reconciliation of intangible assets - Group - 2015**

| | Group | | Company | |
|---|---|---|---|---|
| | Opening Balance | Additions | Amort | Closing Balance |
| Patents, trademarks and other rights | 1,822,374.62 | 511,770.73 | (1,084,002.05) | 1,250,143.30 |
| Computer software, other | 2,075,547.59 | 198,715.46 | (1,112,277.38) | 1,161,985.67 |
| | 3,897,922.21 | 710,486.18 | (2,196,279.43) | 2,412,128.97 |

**Reconciliation of intangible assets - Group - 2014**

| | Opening Balance | Additions | Amort | Closing Balance |
|---|---|---|---|---|
| Patents, trademarks and other rights | 3,437,179.05 | - | (1,432,156.53) | 2,005,022.52 |
| Computer software, other | 4,177.93 | 2,283,541.67 | (4,149.77) | 2,283,569.82 |
| | 3,441,356.98 | 2,283,541.67 | (1,436,306.31) | 4,288,592.34 |

**Reconciliation of intangible assets - Company - 2015**

| Opening balance Closing balance | Opening Balance | Additions | Amort | Closing Balance |
|---|---|---|---|---|
| Patents, trademarks and other rights | 1822374.616 | 511770.7267 | -1084002.047 | 1250143.296 |
| Computer software, other | 2075547.595 | 198715.4555 | -1112277.38 | 1161985.67 |
| | **3,897,922** | **710,486** | **(2,196,279)** | **2,412,129** |

**Reconciliation of intangible assets - Company - 2014**

| Opening balance Closing balance | Opening Balance | Additions | Amort | Closing Balance |
|---|---|---|---|---|
| Patents, trademarks and other rights | 3437179.054 | 0 | -1432156.532 | 2005022.523 |
| Computer software, other | 4177.927928 | 2283541.667 | -4149.774775 | 2283569.82 |
| | **3,441,357** | **2,283,542** | **(1,436,306)** | **4,288,592** |

**5. Interests in subsidiaries including consolidated structured entities**
**Company**
**Name of company**

Be-Tabs Investments Proprietary Limited

**6. Loans to (from) group companies**
**Subsidiaries**

Be-Tabs Investments Proprietary Limited
The loan from Be-Tabs Investment Proprietary Limited is unsecured, bears no interest and has no fixed terms of repayment.
**Holding company**
Ranbaxy Netherlands BV
The loan from Ranbaxy Netherlands BV is unsecured and bears interest between JIBAR+2.5% and prime -0.5%.

| Figures in Rand | 2015 | 2014 | 2015 | 2014 |
|---|---|---|---|---|

**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 - 2015** | **Loans and receivables** | **Total** |
|---|---|---|
| Trade and other receivables | 385,597,078 | 385,597,078 |
| Cash and cash equivalents | 74,800,988 | 74,800,988 |
| | **460,398,066** | **460,398,066** |
| **Group-2014** | | |
| Trade and other receivables | 624,008,834 | 624,008,834 |
| Cash and cash equivalents | 74,955,101 | 74,955,101 |
| | **698,963,936** | **698,963,936** |
| **Company-2015** | | |
| Trade and other receivables | 385,597,078 | 385,597,078 |
| Cash and cash equivalents | 71,895,241 | 71,895,241 |
| | **457,492,318** | **457,492,318** |
| **Company-2014** | | |
| Trade and other receivables | 623,675,411 | 623,675,411 |
| Cash and cash equivalents | 73,336,216 | 73,336,216 |
| | **697,011,627** | **697,011,627** |

| | Group | | Company | |
|---|---|---|---|---|
| Figures in INR | 2015 | 2014 | 2015 | 2014 |
| **8.Deferred tax** | | | | |
| **Deferred tax liability** | | | | |
| Capital allowances | (273,745,159) | (267,584,296) | (273,745,159) | (267,584,296) |
| **Deferred tax asset** | | | | |
| Provisions | 3,776,914 | 2,476,554 | 3,776,914 | 2,476,554 |
| | 269,968,245 | 265,107,742 | 269,968,245 | 265,107,742 |
| **Total deferred taxasset** | **273,745,159** | **267,584,296** | **273,745,159** | **267,584,296** |

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

| | | | | |
|---|---|---|---|---|
| Deferred tax liability | (273,745,159) | (267,584,296) | (273,745,159) | (267,584,296) |
| Deferred tax asset | 273,745,159 | 267,584,296 | 273,745,159 | 267,584,296 |
| **Total net deferred tax asset** | **-** | **-** | **-** | **-** |

**9.Retirement benefits**
Defined contribution plans
It is the policy of the group to provide retirement benefits to all its full-time employees. Two defined contribution provident funds,which is subject to the Pensions Fund Act exists for this purpose.The funds are funded both by member and by group contributions which are charged as they are incurred.The total group contribution to the fund in the current year was R3,522,585 (2014:R4,433,574) for the group and company.

| | | | | |
|---|---|---|---|---|
| **10.Inventories** | | | | |
| Rawmaterials,components | 128,316,991 | 163,922,382 | 128,316,991 | 163,922,382 |
| Work in progress | 33,615,384 | 34,548,164 | 33,615,384 | 34,548,164 |
| Finished goods | 183,938,009 | 144,733,789 | 183,938,009 | 144,733,789 |
| Packaging materials | 43,508,685 | 36,866,655 | 43,508,685 | 36,866,655 |
| Goods in transit | 3,035,235 | 52,884,955 | 3,035,235 | 52,884,955 |
| | **392,414,304** | **432,955,946** | **392,414,304** | **432,955,946** |
| **11.Trade and other receivables** | **-** | **-** | **-** | **-** |
| Trade receivables | 385,825,102 | 620,164,634 | 385,825,102 | 620,164,634 |
| Provision for impairment | (228,025) | (937,005) | (228,025) | (937,005) |
| | 385,597,078 | 619,227,630 | 385,597,078 | 619,227,630 |
| Employee costs in advance | 276,894 | 531,565 | 276,894 | 531,565 |
| Prepayments | 739,145 | 2,995,625 | 739,145 | 2,995,625 |
| Deposits | 867,252 | 1,105,242 | 564,202 | 771,819 |
| VAT | - | 1,165,805 | - | - |
| Advance to suppliers | - | 148,773 | - | 148,773 |
| | **387,480,368** | **625,174,640** | **387,177,318** | **623,675,411** |

**11.Trade and other receivables(continued)**

Trade and other receivables for the company and the group which are less than 3months past due are not considered to be impaired.At 31March2015,R48,787,166(2014:R44,974,514) are considered to be fully performing andR 9932599(2014:R11456359)were past due but not impaired.

| | | | | |
|---|---|---|---|---|
| Notpastdue(fullyperforming) | 249,678,434 | 253,234,876 | 249,678,434 | 253,234,876 |
| 1monthpastdue | 15,825,860 | 13,734,645 | 15,825,860 | 13,734,645 |
| 2monthspastdue | 18,520,241 | 12,532,140 | 18,520,241 | 12,532,140 |
| +3monthspastdue | 16,486,034 | 38,239,741 | 16,486,034 | 38,239,741 |
| | **300,510,568** | **317,741,402** | **300,510,568** | **317,741,402** |

**Tradeandotherreceivablesimpaired**

As of 31 March2015,trade and other receivables of R44556(2014:R166412) were impaired and provided for.

12.Cashandcashequivalents

| | | | | |
|---|---|---|---|---|
| Cashonhand | 39,672 | 39,414 | 39,672 | 39,414 |
| Bankbalances | 74,761,315 | 74,915,687 | 71,855,568 | 73,296,802 |
| | **74,800,988** | **74,955,101** | **71,895,241** | **73,336,216** |

**13.Sharecapital**

| | | | | |
|---|---|---|---|---|
| Authorised | | | | |
| 1000 Ordinary shares of R1 each | 5,118 | 5,631 | 5,118 | 5,631 |
| Issued | | | | |
| 300 Ordinary shares of R1each | 1,535 | 1,689 | 1,535 | 1,689 |
| Share premium | 1,023,540,942 | 1,126,125,563 | 1,023,540,942 | 1,126,125,563 |
| | **1,023,542,477** | **1,126,127,252** | **1,023,542,477** | **1,126,127,252** |

**14.Common control reserve**

Effective 3 August2010, Be-Tabs Pharmaceuticals Proprietary Limited purchased the shares in Be-Tabs Investments

Proprietary Limited from Ranbaxy Netherlands BV.The business combination arises from a transaction that transfers interest in an entity that is under common control of thes shareholder and to the extent that the purchase consideration exceeded the value of the identifiable net assets purchase it was allocated to reserves.

On25May2011,Be-TabsInvestments Proprietary Limited declared an in species dividend,of property of R97598617 to Be-Tabs Pharmaceuticals Proprietary Limited.The group however carried property at a net book value of R95350234 at the time of the distribution.As Be-Tabs Investments Proprietary Limited is an investment under the common control of the company,the principles as adopted for common control transactions has been applied and to the extent at the dividend exceeded the value of the group's net book value it was allocated to equity.

| | | | | |
|---|---|---|---|---|
| Common control reserve | (16,911,807) | (18,606,796) | (11,506,566) | (12,659,814) |

**15.Financial liabilities by category**

Financial liabilities 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-2015**

| | | |
|---|---|---|
| Loans from group companies | 960,596,699 | 960,596,699 |
| Trade and other payables | 985,405,706 | 985,405,706 |
| | **1,946,002,405** | **1,946,002,405** |

**Group-2014**

| | | |
|---|---|---|
| Loans from group companies | 980,099,961 | 980,099,961 |
| Trade and other payables | 1,285,356,486 | 1,285,356,486 |
| | **2,265,456,447** | **2,265,456,447** |

**Company-2015**

| | | |
|---|---|---|
| Loans from group companies | 977,026,300 | 977,026,300 |
| Trade and other payables | 985,054,115 | 985,054,115 |
| | **1,962,080,415** | **1,962,080,415** |

**Company-2014**

| | | |
|---|---|---|
| Loans from group companies | 999,811,182 | 999,811,182 |
| Trade and other payables | 1,284,969,651 | 1,284,969,651 |
| | **2,284,780,833** | **2,284,780,833** |

| | Group | | Company | |
|---|---|---|---|---|
| Figures in Rand | 2,015 | 2,014 | 2,015 | 2,014 |
| **16.Trade and other payables** | | | | |
| Trade payables | 985,108,966 | 1,078,275,163 | 984,757,375 | 1,077,888,328 |
| VAT | 12,577,247 | 7,698,823 | 13,635,619 | 7,698,823 |
| Accrued expenses | 136,783,081 | 207,081,323 | 136,783,081 | 207,081,323 |
| Other payables | 296,740 | - | 296,740 | - |
| | **1,134,766,034** | **1,293,055,310** | **1,135,472,815** | **1,292,668,474** |

| | | | | |
|---|---|---|---|---|
| **17.Revenue** | **-** | **-** | **-** | **-** |
| Sale of goods | 1,326,503,572 | 2,184,003,007 | 1,326,503,572 | 2,184,003,007 |
| **18.Cost of sales** | **-** | **-** | **-** | **-** |
| **Sale of goods** | 800,388,096 | 1,440,847,140 | 800,388,096 | 1,440,847,140 |
| | - | - | - | - |
| | - | - | - | - |
| **19.Other income** | **-** | **-** | **-** | **-** |
| Insurance claim received | 1,395,015 | 4,100,839 | 1,395,015 | 3,731,458 |
| Other income | 19,543,854 | 24,806,875 | 19,543,854 | 16,780,755 |
| | **20,938,869** | **28,907,714** | **20,938,869** | **20,512,213** |
| **20.Investment revenue** | **-** | **-** | **-** | **-** |
| Interest revenue Bank | 18,925 | 102,568 | 16,945 | 93,041 |
| **21.Finance costs** | **-** | **-** | **-** | **-** |
| Group companies | 70,051,888 | 79,715,952 | 70,051,888 | 79,715,952 |
| **22.Taxation** | | | | |
| Current Local income tax-current period | - | 2,348,958 | - | - |

**Reconciliation of the tax expense**

Reconciliation between applicable tax rate and average effective tax rate.

| | | | | |
|---|---|---|---|---|
| Applicable tax rate | 0 | 0 | 0 | 0 |
| Tax losses not recognised | (28.00)% | (27.39)% | (28.00)% | (28.00)% |
| | **-%** | **0** | **-%** | **-%** |

No provision has been made for 2015 tax as the group has no taxable income.The estimated tax loss available for set off against future taxable income is R424,985,590 (2014:R385165841).

| | | | | |
|---|---|---|---|---|
| **23.Cash generated from (used in) operations** | | | | |
| Loss before taxation Adjustments for: | (262,378,050) | (382,326,976) | (262,325,133) | (390,716,115) |
| Depreciation and amortisation | 101,850,241 | 152,597,911 | 101,850,241 | 152,597,911 |
| Net profit on disposal of property,plant and equipment | - | 13,516,087 | - | 13,516,087 |
| Interest received-investment | (18,925) | (102,568) | (16,945) | (93,041) |
| Financecosts | 70,051,888 | 79,715,952 | 70,051,888 | 79,715,952 |
| Changes in working capital: | - | - | - | - |
| Inventories | 1,101,438 | 187,987,190 | 1,101,438 | 187,987,190 |
| Trade and other receivables | 180,743,869 | (325,384,212) | 179,684,263 | (325,374,122) |
| Trade and other payables | (40,498,158) | 321,213,925 | (39,439,780) | 321,213,925 |
| | **50,852,303** | **47,217,309** | **50,905,972** | **38,847,787** |
| **24.Commitments** | | | | |
| within one year | 506,244 | 6,496,182 | 506,244 | 6,496,182 |
| in second to fifth year inclusive | 658,700 | 7,525,310 | 658,700 | 7,525,310 |
| | **1,164,944** | **14,021,492** | **1,164,944** | **14,021,492** |

Operating lease payments represent rentals payable by the group for certain of its office properties.Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years.No contingentrent is payable.

Thegroupandcompanyhavenoothercommitmentsforthecurrentyear.

**25.Guarantees**

ThebankhasissuedguaranteesinfavourofthecompanyamountingtoR326,000(2014:R326,000).

GroupCompany

FiguresinRand2015201420152014

**26.Related parties**

**Relationships**

| | |
|---|---|
| Ultimate holding company Sun Pharmaceutical Industries | |
| Holding company | Ranbaxy Netherlands BV |
| Subsidiaries | Be-Tabs Investments Proprietary Limited |
| Fellow subsidiaries | Ranbaxy South Africa Proprietary Limited Sonke Pharmaceuticals Proprietary Limited |

| | | | | |
|---|---|---|---|---|
| Relatedpartybalances | | | | |
| Ranbaxy Netherlands BV | 960,596,699 | 980,099,961 | 960,596,699 | 980,099,961 |
| Be-Tabs Investments (Pty) Ltd | . | . | 16,429,601 | 19,711,222 |
| | **960,596,699** | **980,099,961** | **977,026,300** | **999,811,182** |
| | - | - | - | - |
| Ranbaxy South Africa (Pty) Ltd | (799,652,600) | (434,659,645) | (799,652,600) | (434,659,645) |
| Sonke Pharmaceuticals (Pty) Ltd | (31,890,737) | (545,445,355) | (31,890,737) | (545,445,355) |
| Sonke Pharmaceuticals (Pty) Ltd | 84,484,585 | 300,575,614 | 84,484,585 | 300,575,614 |
| Ranbaxy South Africa (Pty) Ltd | 695,169 | 876,002 | 695,169 | 876,002 |
| Ranbaxy Laboratories Limited | (7,230,312) | 34,617 | (7,230,312) | 34,617 |
| | **(753,593,895)** | **(678,618,767)** | **(753,593,895)** | **(678,618,767)** |
| **Related party transactions** | **-** | **-** | **-** | **-** |
| | 70,051,888 | 79,199,060 | 70,051,888 | 79,199,060 |
| | **70,051,888** | **79,199,060** | **70,051,888** | **79,199,060** |
| Purchasesofinventory | 19,521,116 | - | 19,521,116 | - |
| Sonke Pharmaceuticals (Pty) Ltd | - | 492,046,639 | - | 492,046,639 |
| | **19,521,116** | **492,046,639** | **19,521,116** | **492,046,639** |
| | - | - | - | - |
| Sales to SonkePharmaceuticals(Pty)Ltd | 69,986,525 | 913,316,368 | 69,986,525 | 913,316,368 |

**27.Directors' emoluments**

No emoluments were paid to the directors or any individuals holding a prescribed office during the year by Ranbaxy Pharmaceuticals Proprietary Limited.

**28.Risk management**

**Liquidity risk**

Cash flow forecasting is performed in the operating entities of the group in and aggregated by management.Management monitors rolling forecasts of the group's liquidity requirements to ensure it as sufficient cash to meet operational needs.

**Group**

| | |
|---|---|
| **At 31 March 2015** | **Lessthan1year** |
| Trade and other payables | 985,405,706 |
| Loan from group company | 95,704,171 |
| **At 31 March 2014 Less than1** | **Lessthan1year** |
| Trade and other payables | 1,285,356,486 |
| Loan from group company | 980,099,961 |

**Company**

| | |
|---|---|
| **At 31 March 2015 Less than 1** | **Lessthan1year** |
| Trade and other payables | 985,405,706 |
| Loan from group company | 95,704,171 |
| Loan from subsidiary | 16,429,601 |
| **At 31 March 2014 Less than 1** | **Lessthan1year** |
| Trade and other payables | 1,284,969,651 |
| Loan from group company | 980,099,961 |
| Loan from subsidiary | 19,711,222 |

**Interest rate risk**

At 31 March 2015,if interest rates on Rand-denominated borrowings for had been 1% higher/lower with all other variables held constant,post-tax profit for the year would have been R1,600,000 lower/higher for group and company(2014:R1,740,658).

**Credit risk**

Credit risk consists mainly of cash deposits,cash equivalents, derivative financial instruments and trade debtors.The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at earend were as follows:

| **Financial instrument** | Group-2015 | Group-2014 | Company-2015 | Company-2014 |
|---|---|---|---|---|
| Trade and other receivables | 385,597,078 | 624,008,834 | 385,597,078 | 623,675,411 |
| Cash and cash equivalents | 74,800,988 | 74,955,101 | 71,895,241 | 73,336,216 |

| | Group | | Company | |
|---|---|---|---|---|
| **28.Risk management (continued)** | 2,015 | 2,014 | 2,015 | 2,014 |

**Foreign exchange risk**

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

At 31 March 2015,if the currency had weakened/strengthened by 10% against the US dollar with all other variables held constant,post-tax profit for they are would have been R1,277,896 (2014:R101,122) lower/higher as a result of foreign exchange gains or losses on translation of US dollar denominated trader eceivables.

| Foreign currency exposure at the end of the reporting period | | | | |
|---|---|---|---|---|
| Uncovered foreign liabilities USD 1,057,572 | 65,398,966 | - | 65,398,966 | 5,693,829 |
| **Exchangeratesusedforconversionofforeignitemswere:** | **62** | **57** | **62** | **57** |

USD

**Price risk**

The company is not exposed to price risk.

**29. Going concern**

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

The immediate holding company, Ranbaxy (Netherlands) B.V. has agreed to provide the company with financial assistance, so as to continue as a going concern.

**30. Events after the reporting period**

The directors have made a decision to merge the Be-Tabs Investments (Pty) Ltd into the records of Ranbaxy Pharmaceuticals (Pty) Ltd during the next financial period, thus results of Be-Tabs Investments (Pty) Ltd will be included in Ranbaxy Pharmaceuticals (Pty) Ltd stand alone.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report, that might have an impact on the financial statements.

| | |
|---|---|
| Closing rate | 0.1953 |
| Opening rate | 0.1757 |