Ranbaxy South Africa Proprietary Limited

(Registration number 1993/001413/07)
Financial statements
for the year ended 31 March 2015

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(Registration number 1993/001413/07)
Financial Statements for the year ended 31 March 2015

General Information

Country of incorporation and domicile	South Africa
Directors	S Reddy R Chakravarti M Bharadwaj DW Brothers
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	PricewaterhouseCoopers Inc. Chartered Accountants (S.A.)
Secretary	Grant Thornton
Company registration number	1993/001413/07
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.)

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

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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 37, which have been prepared on the going concern basis, were approved by the board on ______________and were signed on their behalf by:

S Reddy	**DW Brothers**

Independent Auditor's Report

To the shareholders of Ranbaxy South Africa Proprietary Limited

Independent Auditor's Report

Opinion

In our opinion, the financial statements of Ranbaxy South Africa Proprietary Limited 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

31 May 2015
Per:
Additional description
Additional description

Directors' Report

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

1. 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.

2. Share capital

There have been no changes to the authorised or issued share 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	
R Chakravarti	
M Bharadwaj	
DW Brothers	
R Gulati	Resigned 14 November 2014
A Madan	Resigned 14 November 2014

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

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 its financial position as at 31 March 2015.

8. 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.

9. Auditors

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

Directors' Report

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

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 and equipment	3	23 564 163	24 056 125	2 520 907	2 951 096
Intangible assets	4	925 367	-	925 367	-
Investments in subsidiaries	5	-	-	905 342	905 342
Deferred tax	8	4 714 555	5 890 133	-	4 646 229
		29 204 085	**29 946 258**	**4 351 616**	**8 502 667**
Current Assets					
Inventories	10	72 868 567	68 662 532	39 835 810	50 632 148
Trade and other receivables	11	229 611 214	259 095 945	215 850 663	170 441 043
Current tax receivable		3 289 150	2 219 933	826 776	-
Cash and cash equivalents	12	72 424 431	33 756 006	34 166 878	18 311 773
		378 193 362	**363 734 416**	**290 680 127**	**239 384 964**
Total Assets		**407 397 447**	**393 680 674**	**295 031 743**	**247 887 631**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	13	17 511 923	17 511 923	17 511 923	17 511 923
Reserves		(211 831)	(211 831)	-	-
Retained income		62 494 070	87 703 957	72 610 029	89 018 675
		79 794 162	105 004 049	90 121 952	106 530 598
Non-controlling interest		4 157 601	4 157 601	-	-
		83 951 763	**109 161 650**	**90 121 952**	**106 530 598**
Liabilities					
Current Liabilities					
Trade and other payables	15	189 943 217	273 459 434	83 316 914	141 090 919
Loans from group companies	6	133 502 467	11 059 590	121 592 877	-
Current tax payable		-	-	-	266 114
		323 445 684	**284 519 024**	**204 909 791**	**141 357 033**
Total Equity and Liabilities		**407 397 447**	**393 680 674**	**295 031 743**	**247 887 631**

Ranbaxy South Africa Proprietary Limited

(Registration number 1993/001413/07)
Financial Statements for the year ended 31 March 2015

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Rand	Note(s)	12 months ended 31 March 2015	15 months ended 31 March 2014	12 months ended 31 March 2015	15 months ended 31 March 2014
Revenue	16	231 717 982	667 705 963	205 524 749	296 988 997
Cost of sales	17	(144 234 359)	(512 564 597)	(114 307 208)	(177 540 032)
Gross profit		**87 483 623**	**155 141 366**	**91 217 541**	**119 448 965**
Other income		111 170	716 764	111 170	716 764
Operating expenses		(110 690 613)	(168 642 348)	(104 989 959)	(138 320 777)
Operating loss		**(23 095 820)**	**(12 784 218)**	**(13 661 248)**	**(18 155 048)**
Investment revenue	18	682 320	174 018	2 531 288	3 180 745
Finance costs	19	(2 518 427)	(1 039 590)	(1 598 571)	-
Loss before taxation		**(24 931 927)**	**(13 649 790)**	**(12 728 531)**	**(14 974 303)**
Taxation	20	(277 960)	2 428 370	(3 680 115)	2 799 234
Loss for the period		**(25 209 887)**	**(11 221 420)**	**(16 408 646)**	**(12 175 069)**
Other comprehensive income		-	-	-	-
Total comprehensive loss for the period		**(25 209 887)**	**(11 221 420)**	**(16 408 646)**	**(12 175 069)**
Total comprehensive loss attributable to:					
Owners of the parent		(25 209 887)	(11 507 515)	(16 408 646)	(12 175 069)
Non-controlling interest		-	286 095	-	-
		(25 209 887)	**(11 221 420)**	**(16 408 646)**	**(12 175 069)**

The notes on pages 13 - 37 form an integral part of these financial statements.

Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Common control reserve	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Group								
Balance at 01 January 2013	**361 917**	**17 150 006**	**17 511 923**	**-**	**99 211 472**	**116 723 395**	**4 564 675**	**121 288 070**
Loss for the year	-	-	-	-	(11 507 515)	(11 507 515)	286 095	(11 221 420)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(11 507 515)**	**(11 507 515)**	**286 095**	**(11 221 420)**
Increase in investment in subsidiary	-	-	-	(211 831)	-	(211 831)	(693 169)	(905 000)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**(211 831)**	**-**	**(211 831)**	**(693 169)**	**(905 000)**
Balance at 01 April 2014	**361 917**	**17 150 006**	**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 31 March 2015	**361 917**	**17 150 006**	**17 511 923**	**(211 831)**	**62 494 070**	**79 794 162**	**4 157 601**	**83 951 763**
Note(s)	13	13	13					

Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Common control reserve	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Company								
Balance at 01 January 2013	**361 917**	**17 150 006**	**17 511 923**	**-**	**101 193 744**	**118 705 667**	**-**	**118 705 667**
Loss for the year	-	-	-	-	(12 175 069)	(12 175 069)	-	(12 175 069)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(12 175 069)**	**(12 175 069)**	**-**	**(12 175 069)**
Balance at 01 April 2014	**361 917**	**17 150 006**	**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 31 March 2015	**361 917**	**17 150 006**	**17 511 923**	**-**	**72 610 029**	**90 121 952**	**-**	**90 121 952**
Note(s)	13	13	13					

Statement of Cash Flows

		Group		Company	
Figures in Rand	Note(s)	12 months ended 31 March 2015	15 months ended 31 March 2014	12 months ended 31 March 2015	15 months ended 31 March 2014
Cash used in operating activities					
Cash used in operations	22	(71 658 282)	(42 805 318)	(98 839 223)	(12 709 667)
Interest income		682 320	174 018	2 531 288	3 180 745
Finance costs		(2 518 427)	(1 039 590)	(1 598 571)	-
Tax paid	23	(171 600)	(1 433 720)	(126 777)	(170 840)
Net cash used in operating activities		**(73 665 989)**	**(45 104 610)**	**(98 033 283)**	**(9 699 762)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(2 269 755)	(9 186 695)	(715 781)	(1 552 256)
Sale of property, plant and equipment	3	-	51 187	-	51 187
Purchase of other intangible assets	4	(5 395 831)	-	(5 395 831)	-
Increase in investment in subsidiaries		-	(905 000)	-	(905 000)
Net cash from investing activities		**(7 665 586)**	**(10 040 508)**	**(6 111 612)**	**(2 406 069)**
Cash flows from financing activities					
Proceeds from loans from group companies		120 000 000	-	120 000 000	-
Loans to group companies repaid		-	(65 205)	-	-
Net cash from financing activities		**120 000 000**	**(65 205)**	**120 000 000**	**-**
Total cash movement for the year		**38 668 425**	**(55 210 323)**	**15 855 105**	**(12 105 831)**
Cash at the beginning of the year		33 756 006	88 966 329	18 311 773	30 417 604
Total cash at end of the year	12	**72 424 431**	**33 756 006**	**34 166 878**	**18 311 773**

The notes on pages 13 - 37 form an integral part of these financial statements.

Accounting Policies

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 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the group and all investees which are controlled by the group.

The group has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

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.

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.

Accounting Policies

1.2 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:

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 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

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 group, 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.

Accounting Policies

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	15 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	4 - 7 years
IT equipment	Straight line	3 years
Leasehold improvements	Straight line	Period of lease

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.

1.4 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

1.4 Financial instruments (continued)

Impairment of financial assets

(a) Assets carried at amortised cost

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

Evidence of impairment may include indications that the debtors or a group of debtors 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.

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.

Accounting Policies

1.4 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.

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.

1.5 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 recongised 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

1.5 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.

1.6 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.

1.7 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.

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.

1.8 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.

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

1.8 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.

1.9 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.

Ordinary shares are classified as equity.

1.10 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

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The group has no further payment obligations once the contributions have been paid.

Accounting Policies

1.11 Provisions and contingencies

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;
  - 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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 24.

1.12 Revenue

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 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.

Accounting Policies

1.14 Translation of foreign currencies

Functional and presentation currency

Items included in the 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 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 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.

Notes to the Financial Statements

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.

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.

Notes to the Financial Statements

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 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 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.

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.

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.

3. Property, plant and equipment

Group	2015			2014		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Plant and machinery	23 382 200	(3 981 950)	19 400 250	23 382 200	(2 422 050)	20 960 150
Furniture and fixtures	3 028 536	(1 974 673)	1 053 863	3 588 211	(2 248 948)	1 339 263
Motor vehicles	1 672 140	(679 758)	992 382	1 407 205	(717 337)	689 868
IT equipment	3 974 420	(3 410 728)	563 692	3 874 175	(2 807 333)	1 066 842
Leasehold improvements	623 289	(623 287)	2	2	-	2
Capital - Work in progress	1 553 974	-	1 553 974	-	-	-
Total	**34 234 559**	**(10 670 396)**	**23 564 163**	**32 251 793**	**(8 195 668)**	**24 056 125**

Company	2015			2014		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	2 832 901	(1 823 898)	1 009 003	3 394 614	(2 112 120)	1 282 494
Motor vehicles	1 543 280	(578 818)	964 462	1 278 345	(642 168)	636 177
IT equipment	3 854 070	(3 306 630)	547 440	3 751 787	(2 719 364)	1 032 423
Leasehold improvements	623 289	(623 287)	2	2	-	2
Total	**8 853 540**	**(6 332 633)**	**2 520 907**	**8 424 748**	**(5 473 652)**	**2 951 096**

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	(57 398)	(192 013)	992 382
IT equipment	1 066 842	107 430	-	(610 580)	563 692
Leasehold improvements	2	-	-	-	2
Capital - Work in progress	-	1 553 974	-	-	1 553 974
	24 056 125	**2 269 755**	**(57 398)**	**(2 704 319)**	**23 564 163**

Reconciliation of property, plant and equipment - Group - 2014

	Opening balance	**Additions**	**Disposals**	**Transfers**	**Depreciation**	**Closing balance**
Plant and machinery	10 350 327	7 594 314	-	4 990 946	(1 975 437)	20 960 150
Furniture and fixtures	1 581 754	195 502	-	-	(437 993)	1 339 263
Motor vehicles	543 281	399 123	(51 187)	-	(201 349)	689 868
IT equipment	746 389	997 756	-	-	(677 303)	1 066 842
Leasehold improvements	2	-	-	-	-	2
Capital - Work in progress	4 990 946	-	-	(4 990 946)	-	-
	18 212 699	**9 186 695**	**(51 187)**	**-**	**(3 292 082)**	**24 056 125**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2015

	Opening balance	Additions	Scrapping	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**

Reconciliation of property, plant and equipment - Company - 2014

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Furniture and fixtures	1 525 724	173 682	-	(416 912)	1 282 494
Motor vehicles	457 375	399 123	(51 187)	(169 134)	636 177
IT equipment	705 156	979 451	-	(652 184)	1 032 423
Leasehold improvements	2	-	-	-	2
	2 688 257	**1 552 256**	**(51 187)**	**(1 238 230)**	**2 951 096**

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.

4. Intangible assets

Group	2015			2014		
	Cost	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
Patents, trademarks and other rights	1 043 030	(117 663)	925 367	-	-	-
License fees	4 352 801	(4 352 801)	-	-	-	-
Total	**5 395 831**	**(4 470 464)**	**925 367**	**-**	**-**	**-**

Company	2015			2014		
	Cost	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
Patents, trademarks and other rights	1 043 030	(117 663)	925 367	-	-	-
License fees	4 352 801	(4 352 801)	-	-	-	-
Total	**5 395 831**	**(4 470 464)**	**925 367**	**-**	**-**	**-**

Reconciliation of intangible assets - Group & Company - 2015

	Opening balance	Additions	Amortisation	Closing balance
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**

	Group		Company	
Figures in Rand	2015	2014	2015	2014

5. Interests in subsidiaries including consolidated structured entities

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

Name of company	**Carrying amount 2015 0%**	**Carrying amount 2014 0%**	**Carrying amount 2015 70%**	**Carrying amount 2014 70%**
Sonke Pharmaceuticals Proprietary Limited	-	-	905 342	905 342

6. Loans to (from) group companies

Holding company

Fellow subsidiaries

Ranbaxy Netherlands BV	(133 502 467)	(11 059 590)	(121 592 877)	-

The loan is unsecured, bears interest at prime less 0.5% 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 - 2015

	Loans and receivables	**Total**
Related party receivable	165 183 568	165 183 568
Trade and other receivables	61 190 152	61 190 152
Cash and cash equivalents	72 424 431	72 424 431
	298 798 151	**298 798 151**

Group - 2014

	Loans and receivables	**Total**
Related party receivable	174 066 648	174 066 648
Trade and other receivables	62 507 154	62 507 154
Cash and cash equivalents	33 756 006	33 756 006
	270 329 808	**270 329 808**

Company - 2015

	Loans and receivables	**Total**
Related party receivable	156 634 853	156 634 853
Trade and other receivables	57 750 890	57 750 890
Cash and cash equivalents	34 166 878	34 166 878
	248 552 621	**248 552 621**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

7. Financial assets by category (continued)

Company - 2014

	Loans and receivables	Total
Related party receivable	107 432 812	107 432 812
Trade and other receivables	52 053 658	52 053 658
Cash and cash equivalents	18 311 773	18 311 773
	177 798 243	**177 798 243**

8. Deferred tax

Deferred tax liability

Accelerated capital allowance for tax	(85 079)	(59 553)	(85 079)	(59 553)
Lease straightlining	-	182 183	-	182 183
Total deferred tax liability	**(85 079)**	**122 630**	**(85 079)**	**122 630**

Deferred tax asset

Provisions	673 967	2 442 464	-	1 198 560
Tax losses available for set off against future taxable income	4 125 667	3 325 039	85 079	3 325 039
Total deferred tax asset	**4 799 634**	**5 767 503**	**85 079**	**4 523 599**

Deferred tax liability	(85 079)	122 630	(85 079)	122 630
Deferred tax asset	4 799 634	5 767 503	85 079	4 523 599
Total net deferred tax asset	**4 714 555**	**5 890 133**	**-**	**4 646 229**

Reconciliation of deferred tax asset / (liability)

At beginning of year	5 890 133	2 131 357	4 646 229	956 542
Timing differences	(1 175 578)	3 758 776	(4 646 229)	3 689 687
	4 714 555	**5 890 133**	**-**	**4 646 229**

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 company contribution to the scheme in the current year was R 2,716,298 (2014: R 3,525,314) for the company and R 2,883,992 (2014: R 3,786,834) for the group.

10. Inventories

Raw materials, components	9 720 927	5 908 554	20 131	20 131
Finished goods	41 233 189	49 815 136	33 824 945	39 330 531
Merchandise	21 299	106 573	21 299	106 573
Goods in transit	21 893 152	12 832 269	5 969 435	11 174 913
	72 868 567	**68 662 532**	**39 835 810**	**50 632 148**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

11. Trade and other receivables

Trade receivables	57 389 597	70 012 206	51 826 115	53 777 709
Provision for impairment	(2 923 149)	(7 505 052)	(615 876)	(1 724 051)
	54 466 448	62 507 154	51 210 239	52 053 658
Employee costs in advance	290 830	250 634	245 030	219 634
Prepayments	5 677 012	8 361 909	5 536 696	8 316 393
VAT	2 946 664	12 874 777	1 177 153	1 383 723
Amounts due from related parties	165 183 568	174 066 648	156 634 853	107 432 812
Other receivables	1 046 692	1 034 823	1 046 692	1 034 823
	229 611 214	**259 095 945**	**215 850 663**	**170 441 043**

Trade and other receivables

Trade and other receivables past due and impaired amounted to R 2 923 149 (2014: R 7 505 052) for the group and R 615 876 (2014: R 1 724 051) for the company.

Current receivables for the group is impaired by R 92 156 (2014: Rnil) and Rnil for the company.

The ageing of amounts is as follows:

Current	30 680 497	41 892 954	27 332 136	39 127 710
1 month past due	20 923 065	9 898 017	20 768 891	9 704 031
2 months past due	1 633	3 776 997	-	2 741 117
3 months past due	82 108	742 009	-	-
More than 3 months past due	5 702 294	6 197 177	3 725 088	2 204 851
	57 389 597	**62 507 154**	**51 826 115**	**53 777 709**

Reconciliation of provision for impairment of trade and other receivables

Opening balance	7 505 052	5 851 933	1 724 051	1 001 687
Provision for impairment raised	-	1 653 119	-	722 364
Provision for impairment utilised	(4 581 903)	-	(1 108 175)	-
	2 923 149	**7 505 052**	**615 876**	**1 724 051**

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	7 438	8 500	7 438	8 500
Bank balances	72 416 993	33 747 506	34 159 440	18 303 273
	72 424 431	**33 756 006**	**34 166 878**	**18 311 773**

13. Share capital

Authorised				
1,004,000 Ordinary shares of R1 each	1 004 000	1 004 000	1 004 000	1 004 000
Issued				
361,917 Ordinary shares of R1 each	361 917	361 917	361 917	361 917
Share premium	17 150 006	17 150 006	17 150 006	17 150 006
	17 511 923	**17 511 923**	**17 511 923**	**17 511 923**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

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 - 2015

	Financial liabilities at amortised cost	Total
Loans from group company	133 502 467	133 502 467
Trade and other payables	49 499 887	49 499 887
Amounts due to related party	135 935 264	135 935 264
	318 937 618	**318 937 618**

Group - 2014

	Financial liabilities at amortised cost	Total
Loans from group company	11 059 590	11 059 590
Trade and other payables	50 203 201	50 203 201
Amounts due to related parties	215 698 122	215 698 122
	276 960 913	**276 960 913**

Company - 2015

	Financial liabilities at amortised cost	Total
Loans from group companies	121 592 877	121 592 877
Trade and other payables	32 930 651	32 930 651
Amounts due to related parties	46 182 177	46 182 177
	200 705 705	**200 705 705**

Company - 2014

	Financial liabilities at amortised cost	Total
Trade and other payables	25 575 658	25 575 658
Amounts due to related parties	97 556 582	97 556 582
	123 132 240	**123 132 240**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

15. Trade and other payables

Trade payables	11 322 829	30 563 902	8 321 293	29 148 683
Amounts due to related parties	135 935 264	215 698 122	46 182 177	97 556 582
Other accrued expenses	1 999 997	1 116 288	1 878 299	1 074 360
Other payables and trade accruals	40 685 127	26 081 122	26 935 145	13 311 294
	189 943 217	**273 459 434**	**83 316 914**	**141 090 919**

16. Revenue

Sale of goods	231 717 982	667 705 963	205 524 749	296 988 997

17. Cost of sales

Sale of goods				
Cost of goods sold	144 234 359	512 564 597	114 307 208	177 540 032

18. Investment revenue

Interest revenue				
Bank	682 320	174 018	2 531 288	3 180 745

19. Finance costs

Group companies	2 470 822	1 039 590	1 598 571	-
Bank	47 605	-	-	-
	2 518 427	**1 039 590**	**1 598 571**	**-**

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through profit or loss amounted to R 2 518 427 (2014: R 1 039 590) for the group and R 1,598,571 (2014: Rnil) for the company.

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

20. Taxation

Major components of the tax expense (income)

Current				
Local income tax - current period	-	1 330 406	-	890 452
Local income tax - recognised in current tax for prior periods	(966 113)	-	(966 113)	-
	(966 113)	**1 330 406**	**(966 113)**	**890 452**
Deferred				
Deferred tax	1 244 073	(3 758 776)	4 646 228	(3 689 686)
	277 960	**(2 428 370)**	**3 680 115**	**(2 799 234)**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit (loss)	(24 931 927)	(13 649 790)	(12 728 531)	(14 974 303)
Tax at the applicable tax rate of 28% (2014: 28%)	(6 980 940)	(3 821 941)	(3 563 989)	(4 192 805)
Tax effect of adjustments on taxable income				
Prior period deferred tax asset reversed	4 646 226	-	4 646 226	-
Current year deferred tax asset not recognised	3 563 991	-	3 563 991	-
Other	14 796	-	-	(110 122)
Adjustments in respect of prior periods	(966 113)	1 503 693	(966 113)	1 503 693
	277 960	**(2 318 248)**	**3 680 115**	**(2 799 234)**

21. Auditors' remuneration

Fees	961 444	1 672 539	901 444	1 257 016

22. Cash (used in) generated from operations

Loss before taxation	(24 931 927)	(13 649 790)	(12 728 531)	(14 974 303)
Adjustments for:				
Depreciation and amortisation	7 174 756	3 292 082	5 559 009	1 238 230
Net profit on disposal of property, plant and equipment	57 423	-	57 423	-
Interest received - investment	(682 320)	(174 018)	(2 531 288)	(3 180 745)
Finance costs	2 518 427	1 039 590	1 598 571	-
Changes in working capital:				
Inventories	(4 206 035)	27 806 414	10 796 338	7 167 717
Trade and other receivables	29 484 730	(113 151 360)	(45 409 622)	(43 857 734)
Trade and other payables	(81 073 336)	(75 793 366)	(56 181 123)	(17 525 227)
Related party receivables	-	127 825 130	-	58 422 395
	(71 658 282)	**(42 805 318)**	**(98 839 223)**	**(12 709 667)**

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

23. Tax paid

Balance at beginning of the year	2 219 933	2 116 619	(266 114)	453 498
Current tax for the year recognised in profit or loss	966 113	(1 330 406)	966 113	(890 452)
Prior year overprovision	(68 496)	-	-	-
Balance at end of the year	(3 289 150)	(2 219 933)	(826 776)	266 114
	(171 600)	**(1 433 720)**	**(126 777)**	**(170 840)**

24. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due				
- within one year	4 368 159	4 044 591	4 368 159	4 044 591
- in second to fifth year inclusive	16 282 602	5 079 920	16 282 602	5 079 920
- later than five years	3 729 943	-	3 729 943	-
	24 380 704	**9 124 511**	**24 380 704**	**9 124 511**

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

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

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	A Madan R Chakravarti M Bharadwaj DW Brothers R Gulati S Reddy

Related party balances

Loan accounts - Owing to related parties				
Ranbaxy Netherlands BV	133 502 467	11 059 590	121 592 877	-
Amounts included in Trade receivable (Trade Payable) regarding related parties				
Sonke Pharmaceuticals Proprietary Limited	-	-	(233 806)	(177 743)
Sonke Pharmaceuticals Proprietary Limited	-	-	382 735	30 237 259
Ranbaxy Laboratories Limited	(110 709 091)	(162 119 968)	(37 230 484)	(97 223 262)
Ranbaxy Laboratories Limited	2 700 000	-	-	-
Ranbaxy Pharmaceuticals Proprietary Limited	(16 644 125)	(53 578 154)	(135 836)	(155 578)
Ranbaxy Pharmaceuticals Proprietary Limited	162 483 569	174 066 648	156 252 118	77 195 553
Daiichi Sankyo Co Limited	(8 582 049)	-	(8 582 049)	-
	29 248 304	**(41 631 474)**	**110 452 678**	**9 876 229**

Related party transactions

Interest paid to (received from) related parties				
Ranbaxy Netherlands BV	2 470 822	1 059 590	1 620 822	-
Sonke Pharmaceuticals Proprietary Limited	-	-	1 865 787	(3 097 206)
	2 470 822	**1 059 590**	**3 486 609**	**(3 097 206)**
Purchases from (sales to) related parties				
Ranbaxy Laboratories Limited	106 092 423	280 265 213	80 755 220	188 319 206
Ranbaxy Laboratories Limited	(2 981 200)	(141 880)	(2 965)	-
Ranbaxy Pharmaceuticals Proprietary Limited	13 649 033	162 204 987	-	-
Ranbaxy Pharmaceuticals Proprietary Limited	(1 375 367)	(87 387 473)	-	-
Sonke Pharmaceuticals Proprietary Limited	-	-	(2 510 778)	(48 552 066)
Daiichi Sankyo Co. Limited	14 583 679	21 009 789	14 583 679	21 009 789
	129 968 568	**375 950 636**	**92 825 156**	**160 776 929**

26. Directors' emoluments

Executive

2015

	Emoluments	**Total**
S Reddy	620 426	620 426
M Bharadwaj	3 311 972	3 311 972
DW Brothers	2 406 464	2 406 464
A Madan	1 769 713	1 769 713
	8 108 575	**8 108 575**

2014

	Emoluments	**Total**
M Bharadwaj	3 198 299	3 198 299
DW Brothers	2 482 582	2 482 582
A Madan	2 526 274	2 526 274
	8 207 155	**8 207 155**

27. 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.

Notes to the Financial Statements

	Group		Company	
Figures in Rand	2015	2014	2015	2014

27. Risk management (continued)

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 2015	Less than 1 year
Loans from group company	133 502 467
Trade and other payables	49 499 887
Amounts due to related parties	135 935 264

At 31 March 2014	Less than 1 year
Loans from group company	11 059 590
Trade and other payables	50 203 201
Amounts due to related parties	215 698 122

Company

At 31 March 2015	Less than 1 year
Loans from group company	121 592 877
Trade and other payables	32 930 651
Amounts due to related parties	46 182 177

At 31 March 2014	Less than 1 year
Trade and other payables	25 575 658
Amounts due to related parties	97 556 582

Interest rate risk

As the group has no significant interest-bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates.

At 31 March 2015, 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 650,000 (2014: R 55,298) lower/higher for the group and R 600,000 (2014: Rnil) for the company, mainly as a result of higher/lower interest expense on floating rate borrowings.

	Group		Company	
Figures in Rand	2015	2014	2015	2014

27. Risk management (continued)

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.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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 2015, 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 Rnil (2014: R 45,157) 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 2015, 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 858,550 (2014: R 162,873) 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

Non-current assets				
Uncovered foreign assets group USDnil, company USDnil (2014: group USD 43,459, company USD 43,459)	-	461 286	-	461 286
Liabilities				
Uncovered foreign liabilities,USDnil (2014 : USD 915)	-	9 713	-	9 713
Uncovered foreign liabilities,EUR 654,837 (2014 : EUR 111,630)	8 585 502	1 628 726	8 585 502	1 628 726

Exchange rates used for conversion of foreign items were:

USD	12.0833	10.6143	12.0833	10.6143
Euro	13.1109	13.1109	13.1109	14.5904

Price risk

The group is not exposed to price risk.

28. 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.

Notes to the Financial Statements

29. 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 its financial position as at 31 March 2015.