

PHARMA DYNAMICS PROPRIETARY LIMITED

AUDITED ANNUAL FINANCIAL STATEMENTS

AT

31 MARCH 2021

(This copy of the Summary Financial Statements is consistent in all respects with the Audited Annual Financial Statements which is dated 5 May 2021, except that the prescribed officers' remuneration disclosure has been excluded)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF PHARMA DYNAMICS PROPRIETARY LIMITED

Report on the Summary Financial Statements

Opinion

The summary financial statements, which comprise the summary statement of financial position as at 31 March 2021, the summary statement of comprehensive income, summary statement of changes in equity and summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of Pharma Dynamics Proprietary Limited for the year ended 31 March 2021.

In our opinion, the accompanying summary financial statements, are consistent, in all material respects with the audited financial statements in accordance with the International Financial Reporting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 44-page document titled "Pharma Dynamics Proprietary Limited Audited Annual Financial Statements at 31 March 2021", which includes the Directors Report and the Company Secretary Statement as required by the Companies Act of South Africa as well as the unaudited supplementary schedule. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the summary financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the summary financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Summary financial statements

The summary financial statements do not contain all the disclosure required for annual financial statements by the Companies Act of South Africa. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated 5 May 2021.

Director's responsibility for the summary financial statements

The company's directors are responsible for the preparation of the summary financial statements in accordance with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

Ernst & Young Inc.
Director: Tina Lesley Rookledge
Registered Auditor
Chartered Accountant (SA)
Cape Town
5 May 2021

PHARMA DYNAMICS PROPRIETARY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 R	2020 R
Revenue	2	<u>1 297 069 736</u>	<u>1 262 221 769</u>
Turnover	2	1 294 996 943	1 218 835 169
Cost of sales		<u>(583 942 562)</u>	<u>(479 905 196)</u>
Gross profit		711 054 381	738 929 973
Other income		2 089 717	1 092 448
Operating costs		<u>(481 295 895)</u>	<u>(482 468 187)</u>
Profit from operations	3	231 848 203	257 554 234
Interest income	2	2 072 793	43 386 600
Interest expense on lease liabilities		(481 703)	(698 291)
Interest expense		<u>(307 175)</u>	<u>(2 765)</u>
Profit before taxation		233 132 118	300 239 778
Taxation	4	<u>(65 830 552)</u>	<u>(83 627 770)</u>
Profit for the year		167 301 566	216 612 008
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>167 301 566</u></u>	<u><u>216 612 008</u></u>

PHARMA DYNAMICS PROPRIETARY LIMITED
STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2021

		2021	2020
	Note	R	R
ASSETS			
Non-current assets			
Property, plant and equipment	5	3 159 733	5 986 904
Right of use asset	6	7 786 587	4 471 917
Investments	8	8 500 000	8 500 000
Intangible assets	7	37 405 253	28 704 186
Deferred tax	9	3 404 016	4 030 254
		<u>60 255 589</u>	<u>51 693 261</u>
Current assets			
Inventories	10	311 569 009	195 546 820
Trade and other receivables	11	319 374 453	331 374 010
Tax receivable		-	5 807 757
Cash and cash equivalents	12	152 303 299	141 435 286
Derivative financial instruments	17	-	2 141 961
		<u>783 246 761</u>	<u>676 305 834</u>
Total assets		<u><u>843 502 350</u></u>	<u><u>727 999 095</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	13	100 000	100 000
Retained earnings		636 816 068	469 514 502
		<u>636 916 068</u>	<u>469 614 502</u>
Non-current liabilities			
Lease liability	14	5 036 655	2 450 050
		<u>5 036 655</u>	<u>2 450 050</u>
Current liabilities			
Interest bearing loan and borrowings		-	36 428 299
Trade and other payables	15	187 189 477	202 974 075
Tax payable		1 488 546	-
Lease liability	14	3 708 860	4 106 366
Derivative financial instruments	17	481 449	-
Provisions	16	8 681 295	12 425 803
		<u>201 549 627</u>	<u>255 934 543</u>
Total equity and liabilities		<u><u>843 502 350</u></u>	<u><u>727 999 095</u></u>

PHARMA DYNAMICS PROPRIETARY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Ordinary share capital	Retained earnings	Total
	R	R	R
Balance at 31 March 2019	100 000	902 902 494	903 002 494
Total comprehensive income for the year	-	216 612 008	216 612 008
Dividends	-	(650 000 000)	(650 000 000)
Balance at 31 March 2020	100 000	469 514 502	469 614 502
Total comprehensive income for the year	-	167 301 566	167 301 566
Balance at 31 March 2021	100 000	636 816 068	636 916 068

PHARMA DYNAMICS PROPRIETARY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021	2020
		R	R
Cash flows from operating activities			
Cash generated from operations	21.1	242 981 040	278 562 397
Movements in working capital	21.2	<u>(126 962 671)</u>	<u>(95 265 262)</u>
		116 018 369	183 297 135
Interest received		5 915 317	43 547 437
Interest paid		(788 816)	(701 056)
Taxation paid	21.3	<u>(57 908 011)</u>	<u>(87 207 376)</u>
Net cash inflow from operating activities		<u>63 236 859</u>	<u>138 936 140</u>
Cash flow from investing activities			
Purchase of property, plant and equipment		(2 973 540)	(4 436 933)
Proceeds from disposal of property, plant and equipment		-	500 000
Purchase of intangible assets		<u>(7 860 285)</u>	<u>(3 525 185)</u>
Net cash outflow from investing activities		<u>(10 833 825)</u>	<u>(7 462 118)</u>
Cash flow from financing activities			
Repayment of lease liability		(5 106 722)	(5 478 782)
Short term borrowings		-	36 428 299
Repayment of short term borrowings		(36 428 299)	-
Dividends paid		<u>-</u>	<u>(650 000 000)</u>
Net cash outflow from financing activities		<u>(41 535 021)</u>	<u>(619 050 483)</u>
Net movement in cash and cash equivalents		10 868 013	(487 576 461)
Cash and cash equivalents at beginning of year		<u>141 435 286</u>	<u>629 011 747</u>
Cash and cash equivalents at end of year	21.4	<u>152 303 299</u>	<u>141 435 286</u>

PHARMA DYNAMICS PROPRIETARY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021****1 ACCOUNTING POLICIES**

The principal accounting policies applied in the presentation of these financial statements are set out below:

1.1 Statement of compliance

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of South Africa.

Basis of preparation

The annual financial statements are prepared on the going concern and historical cost basis, except where stated otherwise in the accounting policies below.

The accounting policies below have been applied consistently to all periods presented in the annual financial statements, except where the Company has adopted IFRS and IFRIC interpretations and amendments that became effective during the period.

1.2 Revenue recognition

The Company recognises revenue to depict the transfer of promised goods to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The following specific recognition criteria must also be met before revenue is recognised:

Finance income

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts the future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Revenue from the sale of goods

The Company recognise revenue when it has satisfied a performance obligation by transferring goods to a customer.

Performance obligations and timing of revenue recognition

The Company's revenue is derived from the sale of pharmaceuticals to wholesalers and to direct customers. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer that reflects the consideration which the Company expects to be entitled in exchange for those goods. Revenue is recognised at a point in time when control of the goods has transferred to the customer.

The point at which control passes depends on the terms and conditions of the contract and is effective either once physical delivery or receipt of the products at the agreed location has occurred.

Determining the transaction price

The majority of the Company's revenue is derived from contracts which define a fixed price per unit sold. In certain contracts the consideration includes a variable element in the form of volume rebates and discounts, clawbacks and returns.

PHARMA DYNAMICS PROPRIETARY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)****1 ACCOUNTING POLICIES (Continued)****1.2 Revenue recognition (continued)**

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Historical experience enables the Company to estimate reliably the value of discounts to be granted, rebates to be paid or clawbacks and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognised revenue when goods are returned.

Certain contracts provide a customer with a right to return the goods within a specified period.

The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled.

The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a provision for sale returns. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Assets and liabilities arising from rights of return*Right of return assets*

Right of return Assets represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Provision for sale returns

Provision for sale returns is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer.

The Company updates its estimates of provision for sales returns (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Practical expedients applied

The Company's contracts with customers are short term in nature (less than 12 months).

Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of the consideration for the effects of a significant financing component if it expects at contract inception that the period between the transfer of the promised goods to the customer and when the customer pays for the goods will be one year or less.

PHARMA DYNAMICS PROPRIETARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2021 (Continued)

1 ACCOUNTING POLICIES (Continued)

1.3 Property, plant and equipment

Property, plant and equipment are initially recognised at cost, being the cash price equivalent at the recognition date. The cost of an asset comprises any costs incurred in bringing the asset to the location and condition necessary for it to operate as intended by management.

Property, plant and equipment are subsequently stated at cost, less accumulated depreciation and any accumulated impairment in value.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only 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. All other repairs and maintenance expenditures are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation commences when the assets are available for their intended use. Property, plant and equipment are depreciated on the straight-line basis over the expected useful lives of the various classes of assets, after taking into account residual values.

Useful lives of the property, plant and equipment, the depreciation method, depreciation rates, and residual values are reviewed on an annual basis, and adjusted prospectively, if appropriate.

Plant and equipment	20.00%
Motor vehicles	20.00%
Furniture and fittings	16.67%
Office equipment	20.00%
Computer equipment	33.33%
Computer software	50.00%
Advertising equipment	20.00%
Leasehold improvements	20.00%
SAP Software	50.00%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

Improvements to leasehold property are capitalised and depreciated over the period of the relevant lease agreements if there is no reasonable certainty that the lessee will obtain ownership of the asset at the end of the lease term.

1.4 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against the profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

PHARMA DYNAMICS PROPRIETARY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)**

1 ACCOUNTING POLICIES (Continued)

1.4 Intangible assets (continued)

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income.

The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use or more frequently when an indication of impairment arises during the reporting year.

The expected useful lives are as follows:

- Trademarks	10 years
- Dossiers purchased / Licence agreements	10 years

The useful life of the intangible assets is reviewed annually and if the expected useful life differs from previous estimates the amortisation period is changed accordingly.

1.5 Impairment of non-financial assets

At each reporting date the Company assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount, with the impairment loss being recognised in the statement of comprehensive income.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such a reversal is recognised in profit or loss.

1.6 Leases

The Company is party to lease contracts for:

- Buildings; and
- Motor vehicles.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

PHARMA DYNAMICS PROPRIETARY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)**

1 ACCOUNTING POLICIES (Continued)

1.6 Leases (continued)

i) Right-of-use asset

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over lease term. The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

1.7 Inventories

Inventory is valued at the lower of cost, determined on the weighted average basis and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale. Where necessary a provision is made for obsolete, slow moving or defective inventory.

1.8 Financial instruments

Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

PHARMA DYNAMICS PROPRIETARY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)**

1 ACCOUNTING POLICIES (Continued)

1.8 Financial instruments (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section 1.2 Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in the following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Company's financial assets at amortised cost includes trade receivables and cash and cash equivalents.

Cash and cash equivalents

Bank balances and cash in the statement of financial position comprise cash at banks and on hand and short term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, bank balances and cash consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

PHARMA DYNAMICS PROPRIETARY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)**

1 ACCOUNTING POLICIES (Continued)

1.8 Financial instruments (continued)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of comprehensive income.

This category includes derivative instruments and investments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of Financial Assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. ECL has been measured on a collective basis as the various customers segments have similar loss patterns.

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

PHARMA DYNAMICS PROPRIETARY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)****1 ACCOUNTING POLICIES (Continued)****1.8 Financial instruments (continued)****iii) Financial liabilities*****Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables as well as loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Trade and other payables

Trade payables are obligations to pay for goods that have been acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within 1 year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

PHARMA DYNAMICS PROPRIETARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2021 (Continued)

1 ACCOUNTING POLICIES (Continued)

1.9 Provisions

Provisions are recognised where there is a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

1.10 Foreign currency translations

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (functional currency). The Company's functional and presentation currency is South African Rands and all amounts, unless otherwise indicated, are stated in South African Rands.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income. Exchange differences on non-monetary items are accounted for based on the classification of the underlying item.

1.11 Taxes

Current tax

Income tax and capital gains tax on the profit or loss for the year comprise current and deferred tax. Current tax represents the expected tax payable on taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustments to tax payable in respect of previous years.

Deferred tax

Deferred income tax and deferred capital gains tax are provided for on the comprehensive basis, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates enacted at the statement of financial position date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets and liabilities are not discounted.

Deferred tax relating to items which are charged or credited directly to equity, is also charged or credited directly to equity and is subsequently recognised in the statement of comprehensive income together with the deferred gain or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax liabilities are recognised for all taxable temporary differences.

Value added tax ("VAT")

Revenues, expenses and assets are recognised excluding VAT except:

PHARMA DYNAMICS PROPRIETARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2021 (Continued)

1 ACCOUNTING POLICIES (Continued)

1.11 Taxes (continued)

- Where VAT incurred on a purchase of assets or services is not recoverable from the South African Revenue Service, the VAT is recognised as a part of the cost of acquisition of the asset or as a part of the expense item as applicable and
- Trade receivables and payables are stated inclusive of VAT.

The net amount of VAT recoverable or payable to the South African Revenue Service is included as a part of other payables or receivables.

Withholdings Tax (“DWT”)

Dividend withholding tax is a tax on shareholders when dividends are paid to them. Dividends is paid over to the governing body by the entity paying the dividend. Due to double tax treaty agreement the Company does not pay dividend tax on dividends paid to it’s holding company.

1.12 Equity-Settled Employee Share Scheme

Share options in Lupin Limited are granted to directors and key employees of Pharma Dynamics. The scheme in operation is classified as equity-settled. The equity-settled scheme allows certain employees the option to acquire ordinary shares in Lupin Limited. Such equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at grant date of the equity-settled share-based payment is charged as an employee-share option expense on a straight-line basis over the period that the employee becomes unconditionally entitled to the options, based on management of Lupin Limited’s estimate of the shares that will vest and adjusted for the effect of non-market vesting conditions. These share options are not subsequently revalued.

Fair value is determined using the black scholes model where applicable. The fair value takes into account the terms and conditions on which the incentives are granted and the extent to which the employees have rendered services at the reporting date.

1.13 Significant accounting judgements and estimates

Judgements

In the process of applying the Company’s accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Depreciation rates

At the beginning of each financial year management reviews the assets for their expected remaining useful life and residual values and base their depreciation rates for the year on these inputs. Management takes into account factors such as the condition of the asset, manner of recovery and relevant market information when making this assessment.

Amortisation rates

At the beginning of each financial year management reviews the assets for their expected remaining useful life and residual values and base their amortisation rates for the year on these inputs. Management takes into account factors such as the forecasted sales, the profitability of the asset and relevant market information when making this assessment.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

PHARMA DYNAMICS PROPRIETARY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)**

1 ACCOUNTING POLICIES (Continued)

1.13 Significant accounting judgements and estimates (continued)

Impairment of Intangibles

Impairment exists when the carrying value of the intangible asset exceeds its recoverable amount, which is the higher of its fair value and its value in use. Value in use is calculated by way of a net present value calculation taking into account current gross margins, medium term budgeted sales based on market data and discount rates. In addition, impairments may be considered as a result of delays in final registration at the South African Health Products Regulatory Authority (SAHPRA).

Incremental Borrowing Rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Bonus provision

Management base the bonus provision on estimated bonus payouts taking into account whether the Company achieves its financial targets, individual staff performance and is at the directors' final discretion. Bonuses will be paid out once the annual financial statements have been approved.

Stock obsolescence provision

Stock items are reviewed on a line by line basis by management and any stock that is due to expire in four months is provided for. Slow moving items expected to realise less than cost have a provision raised or the difference between selling price less selling cost and original cost.

Customer returns

For the sale of goods, the Company recognises revenue net of returns and records a separate liability for expected returns as provisions. The Company estimates the amount of returns based on historical data for specific products.

Expected credit loss (ECL)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast to economic conditions may also not be representative of customer's actual default in the future.

1.14 Standards issued but not yet effective

IFRS, Amendments and IFRIC interpretations issued but not yet effective

The following IFRS and amendments that are relevant to the group have been issued but are not yet effective for the current financial year. The Company will adopt these no later than their effective dates, to the extent that they are applicable to its activities.

PHARMA DYNAMICS PROPRIETARY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)****1 ACCOUNTING POLICIES (Continued)****1.14 Standards issued but not yet effective (continued)****Amendments to IAS 8: Definition of Material**

Effective for annual periods beginning on or after 1 January 2020, the amendments clarify and align the definition of “material” and provide guidance to help improve the consistency in the application of the concept of materiality whenever it is used in IFRS. The amendments clarify that materiality will depend on that nature and magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The amendment has no significant impact on the financial statements of the company.

Amendments to IAS 1: Classification of liabilities as Current or Non-current

Effective for annual periods beginning on or after 1 January 2023, the classification of liabilities as current or non-current; Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current. This amendment has no significant impact on the financial statements of the Company.

The Conceptual Framework for Financial Reporting

Effective for annual periods beginning on or after 1 January 2020. The revised Conceptual Framework for Financial Reporting (the Concept Framework) is not a standard, and none of the concepts override those in any other standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. The changes to the Conceptual Framework may affect the application of IFRS in situations where no standard applies to a particular transaction or event. This amendment has no significant impact on the financial statements of the Company.

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

	2021	2020
	R	R
2 REVENUE		
Revenue comprises the following:		
Turnover	1 294 996 943	1 218 835 169
Interest income	2 072 793	43 386 600
	<u>1 297 069 736</u>	<u>1 262 221 769</u>

Revenue from contracts with customers is made up as follows:

Gross sales	1 320 867 755	1 233 825 852
Sales returns, volume discounts and clawbacks	(25 870 812)	(14 990 683)
	<u>1 294 996 943</u>	<u>1 218 835 169</u>

2.1 Disaggregated Revenue Information

Set out below is the disaggregation of the company's revenue from contracts with customers.

Types of Customers

Wholesalers	1 052 917 460	983 518 177
Direct customers	242 079 483	235 316 992
	<u>1 294 996 943</u>	<u>1 218 835 169</u>

Revenue from direct customers is derived from the sale of goods to pharmacies, hospitals, government enterprises and other local and foreign customers.

Types of goods

Cardiovascular	598 295 287	590 625 412
Over-the-counter	360 591 370	297 552 510
Central nervous system	208 878 987	189 616 263
Intravenous therapy	96 055 335	99 523 982
Family healthcare	24 067 005	37 347 813
Anti-Tuberculosis	7 108 959	4 169 189
Total revenue from contracts with customers	<u>1 294 996 943</u>	<u>1 218 835 169</u>

2.2 Contract Balances

Trade receivables (note 11)	295 306 596	314 171 958
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Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

2 REVENUE (Continued)

2.3 Performance Obligations

Information about the company's performance information is summarised below:

Sales of goods to customers

The performance obligations are either satisfied upon delivery of the goods to the customers or once the invoice is raised depending on the terms and conditions of the contract or invoice. Payment is generally due within 30 to 90 days from delivery. Sales to wholesalers are made at the SEP (single exit price), to government at tender price and exports are sold at contract price. Some contracts provide customers with a right of return, volume discounts and clawbacks which results in contract liabilities i.e. in the case of returns and variable consideration in respect of volume discounts and clawbacks.

	2021	2020
	R	R
3 PROFIT FROM OPERATIONS		
Profit from operations is stated after taking the following items into account:		
Expenses		
Amortisation of intangible assets	1 475 221	3 882 403
Impairment of intangible assets	556 742	737 720
Auditor's remuneration	1 176 278	2 155 953
- current year	973 978	2 103 165
- non audit service	202 300	52 788
Depreciation		
- Property, plant and equipment	2 925 549	2 829 748
- Leases	3 882 085	3 658 161
Write-off of property, plant and equipment	101 482	4 521
Direct selling	170 661 862	163 195 964
Distribution	39 957 197	37 483 229
Promotion	24 026 660	28 053 299
(Profit)/loss on foreign exchange	(1 531 705)	7 318 437
Employee costs		
Directors' emoluments		
- Executive	12 077 275	8 759 542
- Salaries and wages	106 769 729	100 576 039
- Commissions	10 396 585	10 977 622
- Motor vehicle allowances	12 294 320	13 468 386
- Staff recruitment fees	104 757	895 141
- Staff training and welfare	1 763 446	3 866 308
- Employee Stock Ownership Plan (ESOP)	1 055 186	1 738 124

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

	2021	2020
	R	R
3 PROFIT FROM OPERATIONS (Continued)		
Income		
Dossier sale	-	500 000
Management fee	-	175 955
4 TAXATION		
Current income tax charge	65 204 314	85 461 167
Current year	64 723 572	85 507 386
Prior year under/(over) provision	480 742	(46 219)
Deferred tax		
Relating to origination and reversal of temporary differences	626 238	(1 833 397)
	65 830 552	83 627 770
Tax rate reconciliation	%	%
Normal rate of taxation	28.00	28.00
Prior year (over)/under provision	0.21	-
Non-deductible expenses	0.09	2.18
Allowances not claimed through profit and loss	(0.06)	(2.33)
Effective rate	28.24	27.85

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

5 PROPERTY, PLANT AND EQUIPMENT

	2021									
	Leasehold improvements	Motor vehicles	Furniture and fittings	Advertising equipment	Office equipment	Computer equipment	Computer software	Computer software under construction	Library	Total
	R	R	R	R	R	R	R	R	R	R
Beginning of year										
assets at cost	-	-	2 549 591	-	1 282 630	3 368 599	4 965 199	-	-	12 166 019
Accumulated depreciation	-	-	(1 790 253)	-	(203 074)	(2 451 147)	(1 734 641)	-	-	(6 179 115)
Carrying value	-	-	759 338	-	1 079 556	917 452	3 230 558	-	-	5 986 904
Current year movements										
- additions	-	-	5 298	-	11 998	1 882 233	1 074 011	-	-	2 973 540
- disposals	-	-	(2 416)	-	-	-	-	-	-	(2 416)
- depreciation	-	-	(247 530)	-	(41 401)	(1 204 795)	(1 431 823)	-	-	(2 925 549)
- reclassification	-	-	(26 553)	-	(944 549)	971 102	(2 872 746)	-	-	(2 872 746)
Balance at end of year	-	-	488 137	-	105 604	2 565 992	-	-	-	3 159 733
Made up as follows:										
Balance at end of year										
- assets at cost	-	-	1 402 499	-	205 736	4 512 706	-	-	-	6 120 941
- accumulated depreciation	-	-	(914 362)	-	(100 132)	(1 946 714)	-	-	-	(2 961 208)
Carrying value	-	-	488 137	-	105 604	2 565 992	-	-	-	3 159 733

During the current year, the Company reclassified computer software to intangible assets. See note 7.

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

5 PROPERTY, PLANT AND EQUIPMENT (Continued)

2020

	Leasehold improvements	Motor vehicles	Furniture and fittings	Advertising equipment	Office equipment	Computer equipment	Computer software	Computer software under construction	Library	Total
	R	R	R	R	R	R	R	R	R	R
Beginning of year assets at cost										
assets at cost	722 195	787 009	2 327 007	23 336	205 416	3 368 599	1 832 585	327 018	9 333	9 602 497
Accumulated depreciation	(272 882)	(491 783)	(1 463 608)	(5 662)	(88 506)	(1 271 232)	(526 021)	-	(9 333)	(4 129 027)
Carrying value	449 313	295 226	863 399	17 674	116 910	2 097 367	1 306 564	327 018	-	5 473 470
Current year movements										
- additions	-	-	227 105	-	1 077 214	-	2 805 597	-	-	4 109 915
- disposals	-	-	(4 521)	-	-	-	-	-	-	(4 521)
- depreciation	-	-	(326 645)	-	(114 568)	(1 179 915)	(1 208 620)	-	-	(2 829 748)
- reclassification	(449 313)	(295 226)	-	(17 674)	-	-	327 018	(327 018)	-	(762 212)
Balance at end of year	-	-	759 338	-	1 079 556	917 452	3 230 558	-	-	5 986 904
Made up as follows:										
Balance at end of year										
- assets at cost	-	-	2 549 591	-	1 282 630	3 368 599	4 965 199	-	-	12 166 019
- accumulated depreciation	-	-	(1 790 253)	-	(203 074)	(2 451 147)	(1 734 641)	-	-	(6 179 115)
Carrying value	-	-	759 338	-	1 079 556	917 452	3 230 558	-	-	5 986 904

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

6 RIGHT OF USE ASSET

	2021		
	Property	Motor vehicles	Total
	R	R	R
Beginning of year			
- assets at cost	8 155 880	787 009	8 942 889
- accumulated depreciation	(3 826 122)	(644 850)	(4 470 972)
Carrying value	4 329 758	142 159	4 471 917
Current year movements			
- additions	7 295 821	-	7 295 821
- disposals	(57 628)	(41 438)	(99 066)
- depreciation	(3 781 364)	(100 721)	(3 882 085)
Balance at end of year	<u><u>7 786 587</u></u>	<u><u>-</u></u>	<u><u>7 786 587</u></u>
	2020		
	Property	Motor vehicles	Total
	R	R	R
Beginning of year			
-assets at cost	-	-	-
-accumulated depreciation	-	-	-
Carrying value	-	-	-
Current year movements			
- reclassification on transition of IFRS16	449 313	295 226	744 539
- recognition of assets on transition of IFRS16	6 598 076	-	6 598 076
- additions	787 463	-	787 463
- depreciation	(3 505 094)	(153 067)	(3 658 161)
Balance at end of year	<u><u>4 329 758</u></u>	<u><u>142 159</u></u>	<u><u>4 471 917</u></u>

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

7 INTANGIBLE ASSETS	2021				2020		
	Cost R	Accumulated amortisation R	Reclassification * R	Carrying value R	Cost R	Accumulated amortisation R	Carrying value R
Purchase dossiers/licence agreements	60 717 857	(26 185 350)	-	34 532 507	53 792 647	(25 088 461)	28 704 186
Computer software	-	-	2 872 746	2 872 746	-	-	-
	<u>60 717 857</u>	<u>(26 185 350)</u>	<u>2 872 746</u>	<u>37 405 253</u>	<u>53 792 647</u>	<u>(25 088 461)</u>	<u>28 704 186</u>

*During the current year, the Company reclassified computer software to intangible assets. See note 5.
The carrying amounts of intangible assets can be reconciled as follows:

	Carrying value at beginning of year R	Additions R	Impairment R	Amortisation * R	Reclassification	Carrying value at end of year
2021						
Purchase dossiers/licence agreements	28 704 186	7 860 284	(556 742)	(1 475 221)	-	34 532 507
Computer software	-	-	-	-	2 872 746	2 872 746
	<u>28 704 186</u>	<u>7 860 284</u>	<u>(556 742)</u>	<u>(1 475 221)</u>	<u>2 872 746</u>	<u>37 405 253</u>
2020						
Purchase dossiers/licence agreements	29 799 124	3 525 185	(737 720)	(3 882 403)	-	28 704 186
	<u>29 799 124</u>	<u>3 525 185</u>	<u>(737 720)</u>	<u>(3 882 403)</u>	<u>-</u>	<u>28 704 186</u>

*During the current year, the Company reassessed the useful life of intangible assets and an adjustment of R1 726 668 was made to amortisation.

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

	2021	2020
	R	R
8 INVESTMENTS		
Investment	8 500 000	8 500 000

The Company has an Investment in an investment entity that invests mainly in BBEEE companies. The fair value is determined with regards to the fair value of the underlying investments and is included in Level 3 of the fair value hierarchy. The unobservable inputs are those of the underlying investments of which are not listed.

	Statement of financial position		Statement of comprehensive income	
	2021	2020	2021	2020
	R	R	R	R
9 DEFERRED TAX				
Analysis of deferred tax				
Deferred tax assets/(liabilities)				
Property, plant and equipment	-	(39 804)	39 804	42 859
Trademarks	-	-	-	(16 241)
Intangibles	(880 846)	(470 003)	(410 843)	1 263 585
Expected credit losses	161 580	253 802	(92 222)	180 153
Provision for sales return	156 186	597 896	(441 710)	97 838
Provision for obsolete stock	1 245 635	1 426 993	(181 358)	719 258
Prepaid expenses	(3 400 618)	(3 563 802)	163 184	(1 407 624)
Provisions	5 713 539	5 261 132	452 407	1 567 878
Right-of-use asset	(2 040 204)	(1 320 536)	(719 668)	652 733
Lease liability	2 448 744	1 854 395	594 349	(1 269 115)
Employee Stock Ownership Plan (ESOP)	-	30 181	(30 181)	2 073
	<u>3 404 016</u>	<u>4 030 254</u>	<u>(626 238)</u>	<u>1 833 397</u>
			2021	2020
			R	R

10 INVENTORIES

The amounts attributable to the different categories are as follows:

Raw materials	712 388	1 740 664
Work in progress	2 888 113	23 017 684
Finished goods	<u>307 968 508</u>	<u>170 788 472</u>
	<u>311 569 009</u>	<u>195 546 820</u>

The amount of write-downs of inventory recognised as expenses R3 762 010 (2020: R 5 156 816) which is recognised in cost of sales. During the period, the provision for obsolete stock amounts to R4 448 695 (2020: R 5 096 405). Inventory is written off due to the goods being damaged or expired.

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

	2021	2020
	R	R
11 TRADE AND OTHER RECEIVABLES		
Interest receivable	229 130	4 071 716
Trade receivables	295 306 596	312 963 377
Deposits	1 180 601	451 939
Prepayments	22 658 126	13 886 978
	<u>319 374 453</u>	<u>331 374 010</u>
Trade receivables is made up as follows:		
Gross trade receivables	296 076 024	314 171 958
Expected credit losses	(769 428)	(1 208 581)
Net trade receivables	<u>295 306 596</u>	<u>312 963 377</u>
Information about the credit exposures are disclosed in note 19.		
Set out below is the movement in the allowance for expected credit losses.		
Opening balance	(1 208 581)	(350 711)
Provision for expected credit losses	-	(1 016 506)
Reversal of prior year provision	337 709	-
Write-off	101 444	158 636
Closing balance	<u>(769 428)</u>	<u>(1 208 581)</u>
12 CASH AND CASH EQUIVALENTS		
Bank and cash	13 785 052	9 780 598
Short term deposits	138 518 247	131 654 688
Cash and cash equivalents	<u>152 303 299</u>	<u>141 435 286</u>
13 SHARE CAPITAL		
Authorised		
1 000 000 ordinary shares of R1 each	<u>1 000 000</u>	<u>1 000 000</u>
Issued		
100 000 ordinary shares of R1 each	<u>100 000</u>	<u>100 000</u>
Reconciliation of number of shares in issue:		
Issued shares at 1 April	100 000	100 000
Shares issued	-	-
Issued shares at 31 March	<u>100 000</u>	<u>100 000</u>

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

	2021	2020
	R	R
14 LEASES		
Long Term Lease Liability		
- Property	5 036 655	2 450 050
	<u>5 036 655</u>	<u>2 450 050</u>
Short Term Lease Liability		
- Motor vehicles	-	133 936
- Property	3 708 860	3 972 430
	<u>3 708 860</u>	<u>4 106 366</u>

	2021		2020	
	Minimum	Present	Minimum	Present
	payments	value of	payments	value of
	R	payments	R	payments
		R		R
Within one year	4 216 954	3 708 860	4 333 523	4 008 361
After one year but not more than five years	<u>5 356 454</u>	<u>5 036 655</u>	<u>2 686 686</u>	<u>2 548 055</u>
Total minimum lease payments	9 573 408	8 745 515	7 020 209	6 556 416
Less amounts representing finance charges	<u>(827 893)</u>	-	<u>(463 793)</u>	-
Present value of minimum lease payments	<u>8 745 515</u>	<u>8 745 515</u>	<u>6 556 416</u>	<u>6 556 416</u>
			2021	2020
			R	R

The following are the amounts recognised in profit or loss:

Depreciation expense of right of use of asset	3 882 085	3 658 161
Interest expense on lease liability	481 641	698 291
Total amount recognised in profit or loss	<u>4 363 726</u>	<u>4 356 452</u>

Set out below are the carrying amounts of lease and the movements during the period:

Opening balance	6 556 416	-
Recognition in terms of IFRS 16	-	11 155 393
Additions	7 295 821	181 514
Interest	481 641	698 291
Payments	<u>(5 588 363)</u>	<u>(5 478 782)</u>
	<u>8 745 515</u>	<u>6 556 416</u>

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

	2021	2020
	R	R
15 TRADE AND OTHER PAYABLES		
Trade payables *	96 465 264	97 928 754
Other payables	7 116 285	6 717 868
Accruals ^	78 575 839	87 973 776
VAT	5 032 089	10 353 677
	<u>187 189 477</u>	<u>202 974 075</u>

* Included in trade payables is amounts owing to related parties. Refer to note 18 for details.

^ Included in accruals is an amount of R48 394 279 (2020: R 53 458 203) relating to stock in transit.

16 PROVISIONS

Opening balance	12 425 803	9 276 869
Utilised	(10 290 461)	(7 732 133)
Additions	6 545 953	10 881 067
	<u>8 681 295</u>	<u>12 425 803</u>

Provisions consist of:

Incentive bonus

Incentive bonuses are based on year end audited results. These bonuses are paid out once the annual financial statements have been signed off. During the current financial year R8 234 823 has been utilised against the 2020 financial year provision and R7 145 277 has been added to the 2021 provision.

Provision for sale returns

Provision for sale returns is based on the total sales amount and is measured at the amount the Company ultimately expects it will return to the customer. During the current financial year R2 135 242 was utilised against the 2020 financial year provision and R557 808 has been added to the 2021 provision.

17 DERIVATIVE FINANCIAL INSTRUMENTS

All foreign exchange contracts are derivative financial instruments and are classified at fair value through profit and loss. Foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs and are classified in Level 2 of the fair value hierarchy.

Foreign exchange contract	(481 449)	2 141 961
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PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

18 RELATED PARTIES

The following companies and other entities are regarded as related parties:

Ultimate holding Company

Lupin Ltd (Incorporated in India)

Holding Company

Nanomi B.V. (incorporated in the Netherlands)

Subsidiaries of ultimate holding Company

Lupin Atlantis Holdings

Lupin Middle East

Entities controlled by Pharma Dynamics directors

Pharma Disease Management Solutions (Pty) Ltd (PDMS) – T. J. Scott (resigned 31 December 2020)

Compensation paid to key management personnel are disclosed in note 22.

Transactions with related parties are in the ordinary course of business and has been concluded on normal market terms.

	2021				
	Lupin Ltd	Lupin Atlantis Holdings SA	Lupin Middle East	Nanomi B.V	PDMS
	R	R	R	R	R
Expenditure					
- Rental paid	-	-	-	-	3 730 551
- Management fee	-	1 512 220	-	-	-
- Inventory purchases	69 703 995	-	-	-	-
Reimbursement by related party					
- Equity settled employee share scheme	1 055 186	-	-	-	-
- IT expenses	729 282	-	-	-	-
- Consultancy fees	431 981	-	-	-	-
Reimbursement to related party					
- Recovery of travel expenses	132 406	-	-	-	-
- Samples	1 444 574	-	-	-	-
- Consultancy fees	2 414 692	-	-	-	-
Assets/Liabilities					
- Amount owing by related parties	3 991 672	-	-	-	-
- Amount owing to related parties	20 288 694	285 884	-	-	-

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

18 RELATED PARTIES (Continued)

	2020				
	Lupin Ltd	Lupin Atlantis Holdings SA	Lupin Middle East	Nanomi B.V	PDMS
	R	R	R	R	R
Income					
- Management Fee	-	-	175 955	-	-
Expenditure					
- Rental paid	-	-	-	-	3 621 042
- Management fee	-	2 126 575	-	-	-
- Inventory purchases	44 140 248	-	-	-	-
- Dividend paid	-	-	-	650 000 000	-
Reimbursement by related party					
- Recovery of travel expenses	113 052	-	-	-	-
- Equity settled employee share scheme	1 738 124	-	-	-	-
- Samples	-	-	191 656	-	-
- IT expenses	2 264 970	-	-	-	-
- Compliance consulting	-	52 183	-	-	-
Reimbursement to related party					
- Recovery of travel expenses	1 344 795	-	-	-	-
Assets/Liabilities					
- Amount owing by related parties	1 344 802	-	191 650	-	-
- Amount owing to related parties	17 918 873	230 519	-	-	-

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise trade receivables, cash and cash equivalents and trade payables which arise directly from operations.

The Company has various other financial assets and liabilities such as investments and derivative instruments. The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk.

In assessing risk, the Company classifies financial assets and liabilities as follows:

Assets	Note	At amortised cost R	Fair value through profit and loss R	Non-financial assets R	Total R
2021					
Trade and other receivables	11	296 716 327	-	22 658 126	319 374 453
Cash and cash equivalents	12	152 303 299	-	-	152 303 299
Investments		-	8 500 000	-	8 500 000
Total		449 019 626	8 500 000	22 658 126	480 177 752
2020					
Trade and other receivables	11	317 487 032	-	13 886 978	331 374 010
Cash and cash equivalents	12	141 435 286	-	-	141 435 286
Investments		-	8 500 000	-	8 500 000
Foreign exchange contracts	17	-	2 141 961	-	2 141 961
Total		458 922 318	10 641 961	13 886 978	483 451 257
Liabilities	Note	At amortised cost R	Fair value through profit and loss R	Non-financial assets R	Total R
2021					
Trade and other payables	15	151 975 828	-	35 213 649	187 189 477
Lease liabilities	14	8 745 515	-	-	8 745 515
Foreign exchange contracts	17	-	481 449	-	481 449
Total		160 721 343	481 449	35 213 649	196 416 441
2020					
Trade and other payables	15	158 104 825	-	44 869 250	202 974 075
Lease liabilities	14	6 556 416	-	-	6 556 416
Interest bearing loans	19	36 428 299	-	-	36 428 299
Total		201 089 540	-	44 869 250	245 958 790

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

19.1 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. Potential concentrations of credit risk consist principally of trade receivables and short term cash and cash equivalents.

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debt is not significant. The Company only deposits short term cash surpluses with major banks of high quality credit standing. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Company uses a provision matrix to calculate ECLs for trade receivables.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates, such as regulated price increases and various other economic factors impacting the business, are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The concentration of cash and cash equivalents with the major banks are as follows:

	2021	2020
	R	R
Investec	0%	78%
Standard Bank	100%	22%

The Company did not consider there to be any significant credit risk exposure which has not been adequately provided for.

The short-term credit ratings per Moody's rating agency as at 31 March 2021 for Standard Bank and Investec is P-1.za.

Interest bearing loans

	2021	2020
	R	R
Opening balance	36 428 299	-
Additional loans	-	36 428 299
Repayment of loan	(36 428 299)	-
Closing balance	<u>-</u>	<u>36 428 299</u>

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

19.1 Credit risk (continued)

Set out below is the information about the credit risk exposure on the Company's trade receivables.

31 March 2021	Outstanding Total	Current	Days past due			More than 121 Days
			31 -60 Days	61 -90 Days	91 -120 Days	
Expected credit loss rate		0.0351%	0.6816%	4.0940%	29.8730%	12.1029%
Estimated total gross carrying amount at default	296 076 024	288 445 072	3 073 382	1 134 773	1 049 009	2 373 788
Expected credit loss	769 428	101 355	20 948	46 458	313 370	287 297

31 March 2020	Outstanding Total	Current	Days past due			More than 121 Days
			31 -60 Days	61 -90 Days	91 -120 Days	
Expected credit loss rate		0.1610%	0.2769%	0.4662%	7.8023%	43.7041%
Estimated total gross carrying amount at default	314 171 958	282 838 651	25 154 285	4 187 893	573 943	1 417 186
Expected credit loss	1 208 581	455 255	69 651	19 525	44 781	619 369

The Company's maximum exposure to credit risk is as follows:

	2021 R	2020 R
Trade receivables, deposits and interest receivable	296 716 327	317 487 032
Short term deposits (refer note 12)	138 518 247	131 654 688
Bank and cash	13 785 052	9 780 598
	<u>449 019 626</u>	<u>458 922 318</u>

19.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

19.2 Liquidity risk (continued)

	Weighted average interest rate %	Carrying amount R	Contractual cash flows R	6 months or less R	More than 6 months R
2021					
Non-interest bearing liabilities					
- trade payables	-	151 975 828	(151 975 828)	(150 519 769)	(1 456 059)
Interest bearing liabilities					
- lease liability	7.21	9 573 408	(8 745 515)	(2 797 813)	(6 775 595)
- FEC liability		481 449	(481 449)	(481 449)	-
		<u>162 030 685</u>	<u>(161 202 792)</u>	<u>(156 115 395)</u>	<u>(8 231 654)</u>
2020					
Non interest bearing liabilities					
- trade payables	-	158 104 825	(158 104 825)	(158 104 825)	-
Interest bearing liabilities					
- lease liability	7.75	7 020 209	(6 556 416)	(3 095 268)	(3 924 941)
- interest bearing loan		36 428 299	(36 428 299)	(36 428 299)	-
		<u>201 553 333</u>	<u>(201 089 540)</u>	<u>(197 628 392)</u>	<u>(3 924 941)</u>

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

19.2 Liquidity risk (continued)

The company has substantial banking and borrowing capacity which has not been fully utilised due to the cash surpluses available. Total banking facilities are as follows:

	2021	2020
	R	R
Total facilities at the date of this report:		
Credit card	1 520 000	1 520 000
Foreign exchange contracts	18 000 000	18 000 000
Fleet management	400 000	400 000
Vehicle and asset finance	2 500 000	2 500 000
Letter of credit	5 000 000	5 000 000
Lending	<u>100 000 000</u>	<u>110 000 000</u>
	<u><u>127 420 000</u></u>	<u><u>137 420 000</u></u>

Unutilised Borrowing Facility:

Credit card	1 440 003	1 486 655
Foreign exchange contracts	17 518 551	15 858 039
Fleet management	51 807	122 789
Vehicle and asset finance	2 500 000	2 401 995
Letter of credit	5 000 000	5 000 000
Lending	<u>100 000 000</u>	<u>73 571 701</u>
	<u><u>126 510 361</u></u>	<u><u>98 441 179</u></u>

The R 100 000 000 lending facility (2021) was structured as a bank overdraft. This facility expired on 1 April 2021 and has not been renewed.

19.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of market prices. Market prices comprise three types of risk: Interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include trade receivables, trade payables, loans and borrowings, cash and cash equivalents, deposits and derivative financial instruments.

19.3.1 Foreign currency risk management

The Company undertakes certain transactions in foreign currencies, hence exposure to exchange rate fluctuations arise.

The Company had foreign liabilities at 31 March 2021 amounting to EUR 2 629 807, USD 1 517 729 and GBP 189 563. These amounts total R 72 202 366 and are included as part of trade and other payables per the statement of financial position.

The Company measures sensitivity to foreign exchange rates as the effect of a change in the foreign currency exchange rate on profit before tax based on the Company's exposure at 31 March. The Company regards a 15% change in the foreign exchange rate as being reasonably possible at 31 March.

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

19.3.1 Foreign currency risk management (continued)

The sensitivity of the Company's profit before tax due to a reasonably possible change in exchange rates, with all other variables held constant, through the impact on foreign purchases is as follows:

	Movement in foreign currency rate *	Effect on profit before tax (and equity) R
2021		
EURO	15%	1 551 528
Pound Sterling	15%	583 095
US Dollar	15%	2 787 534

*A weakening of the exchange rate will have an equal and opposite effect on profit before tax (and equity).

	Movement in foreign currency rate *	Effect on profit before tax (and equity) R
2020		
EURO	15%	3 917 172
US Dollar	15%	2 902 889

The Company has trade payables that have foreign currency exposures that result from purchases of generic medicines in a currency basis that is different to the Company's functional currency. In order to mitigate the risk of these foreign currency transactions, these transactions are covered by forward exchange contracts.

All open foreign exchange contracts are valued at current market rates and resultant profits or losses as recognised in the statement of comprehensive income.

There were FEC contracts of R481 449 as at 31 March 2021 (2020: R2 141 961) with a nominal value of R40 671 169 (2020: R14 833 736).

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

19 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

19.3.2 Interest rate risk management

The Company finances its operations through a mixture of excess cash and bank borrowings. As part of the process of managing the Company's interest rate risk, interest rate characteristics of new borrowings and the re-financing of existing borrowings are positioned according to expected movements in the interest rates.

The Company measures sensitivity to interest rates as the effect of a change in the Reserve Bank repo rate on profit before tax based on the Company's exposure at period end. The Company regards a 1% (2020: 1%) change in the Reserve Bank repo rate as being reasonably possible at period end. The sensitivity of the Company's profit before tax due to a reasonably possible change in interest rates, with all other variables held constant, through the impact on cash and cash equivalents is therefore as follows:

	Movement in basis points	Effect on profit before tax (and equity)
	R	R
2021	+100	1 385 182
	-100	(1 385 182)
2020	+100	216 546
	-100	(216 546)

19.4 Capital risk management

The Company manages its capital to ensure that the Company will be able to continue to operate as a going concern while maximising the return to stakeholders.

The directors meet regularly to review the capital structure. As part of this review the directors consider the availability of funding to fund the Company's capital requirements. The directors also consider the cost of capital and the associated risks.

The Company's overall risk management strategies remain unchanged from 2020.

20 COMMITMENTS	2021	2020
	R	R
2020	-	3 972 175
2021	2 888 061	6 713 094
2022	9 247 066	4 127 292
2023	1 608 699	1 932 410
2024	5 163 270	1 897 434
2025	3 389 092	3 040 173
	<u>22 296 188</u>	<u>21 682 578</u>

Commitments relates to the contractual obligations of future milestone payments for intangible assets. No securities were provided by the Company for these future commitments.

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

	2021	2020
	R	R
21 NOTES TO THE STATEMENT OF CASH FLOWS		
21.1 Cash generated from operations		
Reconciliation of profit before taxation to cash generated from operations		
Profit before taxation	233 132 118	300 239 778
Adjusted for:		
Depreciation	6 807 634	6 487 909
Write off of property, plant and equipment	101 482	4 521
Interest income	(2 072 731)	(43 386 600)
Interest expense	788 878	701 056
Discounts and rebates allowed	-	100 290
Movement in provision for bad debts	(337 709)	1 016 506
Movement in provisions	(3 797 116)	3 148 934
Impairment of intangible assets	556 742	737 720
Amortisation	1 475 221	3 882 403
Write down of inventory	3 762 010	5 156 816
Movement in derivatives	2 623 409	2 007 761
Profit on sale of intangible assets	-	(500 000)
Bad debt recovered	(409 083)	(156 636)
Other non-cash flow items	350 185	(878 061)
Operating profit before working capital changes	<u>242 981 040</u>	<u>278 562 397</u>
21.2 Movement in working capital changes		
(Increase) in inventory	(119 784 197)	(38 714 559)
Decrease/(increase) in trade and other receivables	8 606 124	(98 311 834)
(Decrease)/increase in trade and other payables	(15 784 598)	41 761 131
	<u>(126 962 671)</u>	<u>(95 265 262)</u>
21.3 Reconciliation of taxation paid during year		
Balance at beginning of the year	5 807 757	4 061 548
Current tax recognised in the statement of comprehensive income	(65 204 314)	(85 461 167)
Balance at end of the year	<u>1 488 546</u>	<u>(5 807 757)</u>
Total tax paid	<u>(57 908 011)</u>	<u>(87 207 376)</u>
21.4 Cash and Cash Equivalents		
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:		
Cash and cash equivalents	<u>152 303 299</u>	<u>141 435 286</u>

PHARMA DYNAMICS PROPRIETARY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2021 (Continued)

22 DIRECTORS' EMOLUMENTS

	Executive Director Cornelius Frederik Roos		Executive Director Thomas Scott *	
	2021	2020	2021	2020
	R	R	R	R
Normal payroll				
Cash salary	3 211 809	3 176 790	1 424 384	1 688 215
Medical aid	49 646	45 365	65 822	70 046
Provident fund	528 775	522 910	211 292	278 402
Trauma	18 319	16 595	7 269	8 819
Bonuses and performance related payments	2 113 517	1 928 524	512 281	543 568
Other allowances	46 364	57 611	25 968	23 696
Car allowances	240 000	240 000	121 500	159 000
Payment for severance benefit	-	-	3 298 568	-
Employee Stock Ownership Plan (ESOP)	-	-	201 761	-
	<u>6 208 430</u>	<u>5 987 795</u>	<u>5 868 845</u>	<u>2 771 746</u>

Refer to page 1 for list of directors of the company. All individuals not listed as a director are considered prescribed officers of the Company

* On 31 December 2020 Thomas Scott resigned as Executive Director and the employment of the company.

23 EVENTS SUBSEQUENT TO YEAR END

No material facts or circumstances have occurred between the accounting date and the date the financial statements were issued.

PHARMA DYNAMICS PROPRIETARY LIMITED
UNAUDITED SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
Expenditure	R	R
Advertising	11 818 362	14 359 885
Amortisation of intangible assets	1 475 221	3 882 403
Auditor's remuneration	1 176 278	2 155 953
Bad debts	101 444	1 016 506
Bank charges	615 359	308 958
B-BBEE charges	48 195 864	36 439 514
Broker administration costs	151 904	151 225
Cell phones	1 255 620	1 071 496
Commissions	10 396 585	10 977 622
Computer expenses	3 728 642	4 050 827
Conferences and meetings	-	2 618 427
Consulting fees	3 589 350	2 580 594
Courier and postage	929 745	1 315 516
Depreciation – Property, plant and equipment	2 925 549	2 829 748
Depreciation – Leases	3 882 085	3 658 161
Direct selling	170 661 862	163 195 964
Donations	-	2 500
Discount and rebates allowed	-	100 290
Distribution	39 957 197	37 483 229
Employee Stock Ownership Plan (ESOP)	1 055 186	1 738 124
Electricity and water	142 130	205 997
Entertainment	93 082	-
Forex management fee	-	282 999
Group life and disability	1 291 094	791 775
Human resources	1 218 959	1 129 530
Impairment of intangible assets	556 742	737 720
Insurance	1 526 669	2 001 903
Interest on leased building	-	283 935
Legal fees	616 261	109 650
Licences	6 409	-
Loss on foreign exchange	-	7 318 437
Write-off of property, plant and equipment	101 482	4 521
Motor vehicle expenses	3 925 591	4 741 073
Office renovation	-	6 293
Relocation costs	17 239	194 374
Printing and stationery	265 721	802 843
Project development costs	-	506
Promotion	24 026 660	28 053 299
Rates	219 026	232 083
Recruitment fees	104 757	895 141
Refreshments	243 295	520 105
Rent	817 115	535 674
Repairs and maintenance	504 498	592 751
Regulatory expenses	2 772 540	2 985 128
Salaries and wages (including directors emoluments)	131 141 324	122 803 967
Samples	384 835	731 087
Staff training	1 763 446	3 270 324
Staff welfare	-	602 526
Subscriptions	560 000	325 619
Telephone and fax	624 742	729 778
Trademark and patent	515 351	649 380
Trauma cover	438 752	407 608
Travel	663 803	4 317 421
Quality assurance	4 838 119	6 267 798
Total	481 295 895	482 468 187