

Zydus Healthcare SA (Pty) Ltd

(Registration number 1998/14338/07)

**Financial statements
for the year ended 31 December 2017**



Zydus Healthcare SA (Pty) Ltd

(Registration number: 1998/14338/07)

Trading as Zydus Healthcare SA (Pty) Ltd

Financial Statements for the year ended 31 December 2017

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Pharmaceutical industry
Directors	I F Oliver S R Gadhia V Shiva
Registered office	22 Karee Street Southdowns office park Centurion, Gauteng South Africa 0157
Postal address	Postnet Suite 100 Private Bag X32 Highveld Park 0169
Bankers	Standard Chartered Bank Standard Bank
Auditors	GNR Auditors Chartered Accountants (SA) Registered Auditors
Company registration number	1998/14338/07
Tax reference number	9167/004/61/4



Zydus Healthcare SA (Pty) Ltd

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Financial Statements for the year ended 31 December 2017

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

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The following supplementary information does not form part of the financial statements and is unaudited:	
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Level of assurance

These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, 71 of 2008.





Chartered Accountants (SA)
Registered Auditors

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Independent Auditor's Report

To the shareholder of Zydus Healthcare SA (Pty) Ltd

Opinion

We have audited the financial statements of Zydus Healthcare SA (Pty) Ltd set out on pages 7 to 19, which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Zydus Healthcare SA (Pty) Ltd as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa, 71 of 2008, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 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.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors



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Independent Auditor's Report

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GMR Auditors
CR Rademeyer CA(SA)
Partner
Chartered Accountants (SA)
Registered Auditors

21 May 2018

Zydus Healthcare SA (Pty) Ltd

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Trading as Zydus Healthcare SA (Pty) Ltd

Financial Statements for the year ended 31 December 2017

Directors' Responsibilities and Approval

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


The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

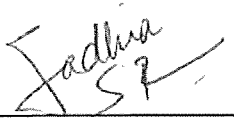
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2018 and, in the light of this review and the current financial position, They are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.


Approval of financial statements



I F Oliver



S R Gadhia



V Shiva

Monday, 21 May 2018



Zydus Healthcare SA (Pty) Ltd

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Financial Statements for the year ended 31 December 2017

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Zydus Healthcare SA (Pty) Ltd for the year ended 31 December 2017.

1. Nature of business

Zydus Healthcare SA (Pty) Ltd was incorporated in South Africa with interests in the pharmaceutical industry. The company operates in South Africa.

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, 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 company are set out in these financial statements.

3. Share capital

Refer to note 8 of the financial statements for detail of the movement in authorised and issued share capital.

4. Directors

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

Directors	Nationality
I F Oliver	RSA
S R Gadhia	India
V Shiva	India

5. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

6. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

7. Auditors

GNR Auditors will continue in office in accordance with section 90 of the Companies Act of South Africa, 71 of 2008.

8. Secretary

The company had no secretary during the year.

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Statement of Financial Position as at 31 December 2017

Figures in Rand	Note(s)	2017	2016
Assets			
Non-Current Assets			
Property, plant and equipment	2	565,029	450,752
Investments in subsidiaries	3	63,997,517	63,997,517
Loans to group companies	4	90,117,511	90,117,511
Deferred tax		40,432	59,002
		154,720,489	154,624,782
Current Assets			
Inventories	5	21,440,784	16,419,671
Trade and other receivables	6	55,221,764	43,097,266
Cash and cash equivalents	7	10,321,024	906,485
		86,983,572	60,423,422
Total Assets		241,704,061	215,048,204
Equity and Liabilities			
Equity			
Share capital	8	140,504,149	140,504,149
Reserves		(23,534,792)	(22,341,157)
Accumulated Profit		8,234,983	4,451,142
		125,204,340	122,614,134
Liabilities			
Non-Current Liabilities			
Loans from group companies	4	44,957,806	43,764,171
Current Liabilities			
Trade and other payables	12	70,843,882	37,585,414
Current tax payable		291,622	442,404
Provisions	10	406,411	399,789
Other liability	11	-	10,242,292
		71,541,915	48,669,899
Total Liabilities		116,499,721	92,434,070
Total Equity and Liabilities		241,704,061	215,048,204

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2017	2016
Revenue	13	234,161,214	188,921,272
Cost of sales	14	(115,216,449)	(97,595,797)
Gross profit		118,944,765	91,325,475
Other income	15	3,102,608	5,341,126
Operating expenses		(113,818,702)	(89,319,485)
Operating profit		8,228,671	7,347,116
Investment revenue	16	36,377	178,416
Finance costs	17	(1,642,518)	(2,040,227)
Profit before taxation		6,622,530	5,485,305
Taxation	18	(2,158,689)	(897,230)
Profit for the year		4,463,841	4,588,075
Other comprehensive income		-	-
Total comprehensive income for the year		4,463,841	4,588,075

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Statement of Changes in Equity

Figures in Rand	Share capital	FCTR Reserve	Accumulated (Loss) / Profit	Total equity
Balance at 01 January 2016	140,504,149	(30,093,905)	(136,933)	110,273,311
Profit for the year	-	-	4,588,075	4,588,075
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	4,588,075	4,588,075
Revaluation of interest on ZIPL loan	-	7,752,748	-	7,752,748
Total changes	-	7,752,748	-	7,752,748
Balance at 01 January 2017	140,504,149	(22,341,157)	4,451,142	122,614,134
Profit for the year	-	-	4,463,841	4,463,841
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	4,463,841	4,463,841
Prior year adjustment	-	-	(680,000)	(680,000)
Revaluation of interest on ZIPL loan	-	(1,193,635)	-	(1,193,635)
Total changes	-	(1,193,635)	(680,000)	(1,873,635)
Balance at 31 December 2017	140,504,149	(23,534,792)	8,234,983	125,204,340
Note(s)	8	9		

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Statement of Cash Flows

Figures in Rand	Note(s)	2017	2016
Cash flows from operating activities			
Cash receipts from customers		223,883,843	180,694,663
Cash paid to suppliers and employees		(201,116,100)	(163,397,664)
Cash generated from operations	20	22,767,743	17,296,999
Interest income		36,377	178,416
Finance costs		(1,642,518)	(2,040,227)
Tax paid		(2,290,901)	-
Net cash from operating activities		18,870,701	15,435,188
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(408,682)	(59,890)
Sale of property, plant and equipment	2	1,177	-
Movement on loans to/from group companies		1,193,635	(7,752,748)
Net cash from investing activities		786,130	(7,812,638)
Cash flows from financing activities			
Movement in other liability		(10,242,292)	10,242,292
Net cash from financing activities		(10,242,292)	10,242,292
Total cash movement for the year		9,414,539	17,864,842
Cash at the beginning of the year		906,485	(16,958,357)
Total cash at end of the year	7	10,321,024	906,485

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Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa, 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 Property, plant and equipment

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

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

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

Item	Depreciation method	Average useful life
Leasehold property	Straight line	3 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6 years
IT equipment	Straight line	3 years

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.2 Investments in subsidiaries

Investments in subsidiaries are measured at cost less any accumulated impairment losses.



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Accounting Policies

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

1.4 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.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits.

Deferred tax assets and liabilities are measured at an amount that includes the effect of the possible outcomes of a review by the tax authorities using tax rates that, on the basis of enacted or substantively enacted tax law at the end of the reporting period, are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax asset balances are reviewed at every reporting date. When necessary, a valuation allowance is recognised against the deferred tax assets so that the net amount equals the highest amount that is more likely than not to be realised on the basis of current or future taxable profit.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.5 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the weighted average cost basis.

1.6 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired.

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Financial Statements for the year ended 31 December 2017

Accounting Policies

1.6 Impairment of assets (continued)

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.7 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 recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

1.8 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.9 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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

1.10 Other liability

Zydus Healthcare SA (Pty) Ltd (Distributor) entered into supply and distribution agreement with Cadila Healthcare Limited(ultimate holding company)(Principal).

The agreement stipulates that the price of the products supplied to the distributor by the principle shall be readjusted on a quarterly basis to bring the EBITA of the distributor in line with the arm's length margin earned by comparable uncontrolled companies in the territory of the distributor.

The adjustment to be made in the form of overall price (True up) will be worked out mutually in order to maintain the EBITA outcome for the distributor to be within the range of comparable companies in a manner which satisfies the arm's length criteria under the transfer pricing regulations of both India and South Africa.

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Notes to the Financial Statements

Figures in Rand 2017 2016

2. Property, plant and equipment

	2017			2016		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Leasehold Improvements	389,177	(347,177)	42,000	338,777	(338,777)	-
Furniture and fixtures	573,310	(369,300)	204,010	380,061	(280,064)	99,997
Motor vehicles	485,925	(335,907)	150,018	485,925	(243,922)	242,003
Office equipment	150,627	(144,507)	6,120	150,627	(116,249)	34,378
IT equipment	360,662	(197,781)	162,881	195,629	(121,255)	74,374
Total	1,959,701	(1,394,672)	565,029	1,551,019	(1,100,267)	450,752

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Closing balance
Leasehold Improvements	-	50,400	(8,400)	42,000
Furniture and fixtures	99,997	193,249	(89,236)	204,010
Motor vehicles	242,003	-	(91,985)	150,018
Office equipment	34,378	-	(28,258)	6,120
IT equipment	74,374	165,033	(76,526)	162,881
	450,752	408,682	(294,405)	565,029

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	157,059	-	(57,062)	99,997
Motor vehicles	339,188	-	(97,185)	242,003
Office equipment	58,927	-	(24,549)	34,378
IT equipment	58,609	59,890	(44,125)	74,374
	613,783	59,890	(222,921)	450,752

3. Investments in subsidiaries

Name of subsidiary	% holding 2017	% holding 2016	Carrying amount 2017	Carrying amount 2016
Unlisted Investment - Simayla Pharmaceuticals (Pty) Ltd	100.00 %	100.00 %	63,697,517	63,697,517
Unlisted investment - Script Management Services (Pty) Ltd	100.00 %	100.00 %	300,000	300,000
			63,997,517	63,997,517

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Figures in Rand	2017	2016
4. Loans to (from) group companies		
Subsidiaries		
Simayla Pharmaceuticals (Pty) Ltd	90,117,511	90,117,511
No fixed terms of repayment exist at year end.		
Zydus International PVT Ltd	(44,957,806)	(43,764,171)
The loan has no fixed repayment terms and interest rates are linked to EURO LIBOR.		
	45,159,705	46,353,340
Non-current assets	90,117,511	90,117,511
Non-current liabilities	(44,957,806)	(43,764,171)
	45,159,705	46,353,340
5. Inventories		
Finished goods	21,562,239	16,478,347
	21,562,239	16,478,347
Inventories (write-downs)	(121,455)	(58,676)
	21,440,784	16,419,671
6. Trade and other receivables		
Trade receivables	42,245,521	28,996,333
Deposits	369,182	107,649
VAT	1,387,434	2,696,121
Other receivables	234,102	343,482
Prepaid expenses	31,844	-
Interest receivable	10,953,681	10,953,681
	55,221,764	43,097,266

Zydus Healthcare SA (Pty) Ltd

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Notes to the Financial Statements

Figures in Rand	2017	2016
18. Taxation		
Major components of the tax expense		
Current taxation		
South African normal tax - year	1,749,218	442,404
Security transfer tax	390,901	-
	2,140,119	442,404
Deferred taxation		
South African deferred tax - current year	18,570	454,826
	2,158,689	897,230
19. Auditor's remuneration		
Fees	182,130	162,180
20. Cash generated from operations		
Profit before taxation	6,622,530	5,485,305
Adjustments for:		
Depreciation and amortisation	294,405	222,921
Profit on sale of assets	(1,177)	-
Interest received	(36,377)	(178,416)
Finance costs	1,642,518	2,040,227
Movements in provisions	6,622	23,221
Other non-cash movement on ZIPL Loan	(1,193,635)	7,752,748
Other non-cash items	(680,000)	(2)
Changes in working capital:		
Inventories	(5,021,113)	(1,732,968)
Trade and other receivables	(12,124,498)	(11,032,030)
Trade and other payables	33,258,468	14,715,993
	22,767,743	17,296,999

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Figures in Rand	2017	2016
21. Related parties		
Related party balances and transactions with entities over which the company has control, joint control or significant influence		
Related party balances		
Loan accounts - Owing (to) by related parties		
Simayla Pharmaceuticals (Pty) Ltd	90,117,511	90,117,511
Zydus International PVT Ltd	(44,957,806)	(43,764,171)
Amounts included in Trade Receivable (Trade Payable) regarding related parties		
Cadila Healthcare Limited	(36,482,727)	(10,826,000)
Script Management Services (Pty) Ltd	(684,864)	(625,607)
Amounts included in Interest Receivable (Interest Payable) regarding related parties		
Simayla Pharmaceuticals (Pty) Ltd	10,953,681	10,953,681
Zydus International PVT Ltd	(8,464,674)	(8,024,676)
Investments in		
Script Management Services (Pty) Ltd	300,000	300,000
Simayla Pharmaceuticals (Pty) Ltd	63,697,517	63,697,517
Share capital		
Zydus International PVT Ltd	(140,504,149)	(140,504,149)
True up adjustment (payable)/receivable		
Cadila Healthcare Limited	760,137	(10,242,292)
Related party transactions		
Interest paid to (received from) related parties		
Zydus International PVT Ltd	228,501	914,004
Purchases from (sales to) related parties		
Cadila Healthcare Limited - Products	77,112,089	42,598,961
Guarantee fees paid to (received from) related parties		
Cadila Healthcare Limited	669,540	744,542
Data fees paid to (received from) related parties		
Script Management Services (Pty) Ltd	21,439,101	14,983,393
Administration fee paid to (received from) related parties		
Script Management Services (Pty) Ltd	48,400	43,980

22. Comparative figures

Certain comparative figures have been reclassified.