



Biotech Laboratories (Pty) Ltd
(Registration number 1990/007220/07)
Financial statements
for the year ended 31 March 2023
Issued 05 May 2023

Biotech Laboratories (Pty) Ltd

(Registration number 1990/007220/07)

Financial Statements for the year ended 31 March 2023

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Pharmaceutical products manufacturer, sales and marketing
Directors	Mapetla S.K. (Chairman) Barker S.G. (Director) Singh P.K. (Director) Chopra N.A.K. (Director)
Registered office	Block K West 400 16th Road, Central Park Randjespark Midrand 1685
Business address	Block K West 400 16th Road, Central Park Randjespark Midrand 1685
Postal address	Suite 150 Private Bag X65 Halfway House Gauteng 1685
Holding company	Unique Pharmaceutical Laboratories FZE incorporated in Dubai, United Arab Emirates
Ultimate holding company	J.B. Chemicals & Pharmaceuticals Limited incorporated in Mumbai, India
Auditor	Ngubane & Co. (Jhb) Inc Chartered Accountant (SA) Registered Auditors Building 13 Woodmead Estate Office Park 1 Woodmead Drive Woodmead Sandton 2191
Tax reference number	9040609845
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Biotech Laboratories (Pty) Ltd

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Financial Statements for the year ended 31 March 2023

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Published

05 May 2023

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Directors' Responsibilities and Approval

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

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

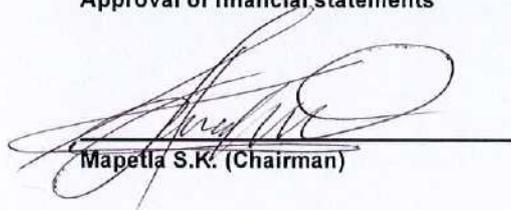
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control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

The directors have reviewed the company's cash flow forecast for the year to 31 March 2024 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

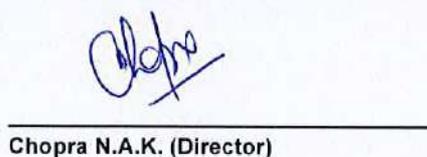
The external auditor is responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and their report is presented on page 6-8.

The financial statements set out on pages 9 to 46, which have been prepared on the going concern basis, were approved by the board on 05 May 2023 and were signed on their behalf by:

Approval of financial statements



Mapetla S.K. (Chairman)



Chopra N.A.K. (Director)

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Directors' Report

The directors have pleasure in submitting their report on the financial statements of Biotech Laboratories (Pty) Ltd for the year ended 31 March 2023.

1. Incorporation

The company was incorporated on 31 July 1990 and obtained its certificate to commence business on the same day.

The company is domiciled in South Africa where it is incorporated as a private company limited by shares under the Companies Act 71 of 2008. The address of the registered office is set out on page 1.

2. Nature of business

Biotech Laboratories (Pty) Ltd was incorporated in South Africa with interests in the pharmaceutical industry. The company operates in South Africa and sells to neighbouring countries.

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

3. Review of financial results and activities

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

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

4. Share capital

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

5. Dividends

There were no dividends declared in the current financial year.

6. Directorate

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

Directors	Office	Designation	Nationality
Mapetla S.K. (Chairman)	Chairperson	Non-executive	South African
Barker S.G. (Director)	Chief Executive Officer	Executive	South African
Singh P.K. (Director)	Director	Non-executive	Indian and Non Resident
Chopra N.A.K. (Director)	Director	Non-executive	Indian and Non Resident

7. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had a direct interest and which significantly affected the business of the company. Mr N.A.K Chopra is a director of the ultimate holding company.

8. Ultimate holding company

The company's holding company is Unique Pharmaceutical Laboratories FZE which holds 100% (2022: 95%) of the company's equity. Unique Pharmaceutical Laboratories FZE is incorporated in Dubai, United Arab Emirates, which in turn is wholly owned subsidiary of J.B. Chemicals & Pharmaceuticals Limited which is incorporated in Mumbai, India.

9. Events after the reporting period

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

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Directors' Report

10. Going concern

The directors believe that the company has adequate and access to 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.

11. Auditors

Ngubane & Co. (Jhb) Inc continued in office as auditors for the company for 2023 financial year.

12. Secretary

The company had no secretary during the year, but all secretarial work was performed by S.G. Barker: BCompt, CA(SA), MBL.

13. Date of authorisation for issue of financial statements

The financial statements have been authorised for issue by the directors on Friday, 05 May 2023. No authority was given to anyone to amend the financial statements after the date of issue.

Independent Auditor's Report

To the Shareholder of Biotech Laboratories (Pty) Ltd

Report on the Audit of the Financial Statements

Opinion

1. We have audited the financial statements of Biotech Laboratories (Pty) Ltd set out on pages 9 to 45, which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of Biotech Laboratories (Pty) Ltd as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).
4. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

5. The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.
6. Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.
7. 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 on the other information obtained prior to the date of this auditor's report, 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

8. The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, 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.
9. 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

10. 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 ISAs 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.
11. As part of an audit in accordance with ISAs, 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.
 - 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.
12. 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.

Report on Other Legal and Regulatory Requirements

13. In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ngubane and Company (Jhb) Inc. has been the auditor of Biotech Laboratories (Pty) Ltd for 11 years.

Ngubane & CO.

Ngubane and Company (Johannesburg) Inc.

Takalani Portia Singo
Associate Director
Registered Auditor

8 May 2023

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Statement of Financial Position as at 31 March 2023

Figures in Rand	Notes	2023	2022
Assets			
Non-Current Assets			
Property, plant and equipment	4	159 161	172 746
Right-of-use assets	5	3 200 440	4 182 855
Intangible assets	6	44 451 839	30 131 089
Deferred tax	7	988 597	2 692 398
		48 800 037	37 179 088
Current Assets			
Inventories	8	86 849 203	92 961 407
Trade and other receivables	9	132 798 584	138 691 636
Current tax receivable		1 422 299	449 768
Cash and cash equivalents	10	39 838 132	29 177 010
		260 908 218	261 279 821
Total Assets		309 708 255	298 458 909
Equity and Liabilities			
Equity			
Share capital	11	27 598 117	27 598 117
Retained income		208 815 008	171 681 154
		236 413 125	199 279 271
Liabilities			
Non-Current Liabilities			
Lease liabilities	5	2 620 171	3 563 383
Current Liabilities			
Trade and other payables	14	65 966 647	86 552 026
Loans from shareholders	12	-	3 150 000
Lease liabilities	5	943 213	814 558
Provisions	13	3 765 099	5 099 671
		70 674 959	95 616 255
Total Liabilities		73 295 130	99 179 638
Total Equity and Liabilities		309 708 255	298 458 909

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Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Notes	2023	2022
Revenue	15	647 643 571	576 658 250
Cost of sales	16	(456 066 933)	(368 942 313)
Gross profit		191 576 638	207 715 937
Sundry income	17	2 977 810	2 503 399
Other operating expenses		(147 009 944)	(171 454 215)
Operating profit	18&19	47 544 504	38 765 121
Investment income	21	2 605 904	603 933
Finance costs	22	(284 968)	(334 412)
Profit before taxation		49 865 440	39 034 642
Taxation	23	(12 731 586)	(10 507 863)
Profit for the year		37 133 854	28 526 779
Other comprehensive income		-	-
Total comprehensive income for the year		37 133 854	28 526 779

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Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Retained income	Total equity
Balance at 01 April 2021	4 701	27 593 416	27 598 117	143 154 375	170 752 492
Profit for the year	-	-	-	28 526 779	28 526 779
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	28 526 779	28 526 779
Balance at 01 April 2022	4 701	27 593 416	27 598 117	171 681 154	199 279 271
Profit for the year	-	-	-	37 133 854	37 133 854
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	37 133 854	37 133 854
Balance at 31 March 2023	4 701	27 593 416	27 598 117	208 815 008	236 413 125
Note	11	11	11		

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Statement of Cash Flows

Figures in Rand	Note(s)	2023	2022
Cash flows from operating activities			
Cash generated from operations	24	39 657 963	58 850 918
Interest income		2 605 904	603 933
Finance costs		(10 246)	(93 256)
Tax paid	25	<u>(12 899 852)</u>	<u>(14 882 012)</u>
Net cash from operating activities		<u>29 353 769</u>	<u>44 479 583</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(132 616)	(51 388)
Purchase of other intangible assets	6	<u>(14 320 751)</u>	<u>(1 697 710)</u>
Net cash from investing activities		<u>(14 453 367)</u>	<u>(1 749 098)</u>
Cash flows from financing activities			
Repayment of shareholders loan		(3 150 000)	-
Net movement in lease liabilities (lessee)		<u>(1 089 280)</u>	<u>(1 095 869)</u>
Net cash from financing activities		<u>(4 239 280)</u>	<u>(1 095 869)</u>
Total cash movement for the year		10 661 122	41 634 616
Cash at the beginning of the year		29 177 010	(12 457 606)
Total cash at end of the year	10	<u>39 838 132</u>	<u>29 177 010</u>

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Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Companies Act 71 of 2008 of South Africa, as amended.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency and all numbers were rounded off to the nearest R1.

These accounting policies are consistent with the previous period except where stated otherwise.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Significant judgement utilised to determine control on agency-principal relationship

The entity has applied the principles of IFRS 15.B34 to B37 in assessing the certain business relationship in assessing control in revenue recognition. Terms and conditions of certain contracts were assessed to confirm if the following control assessment critical lies with Biotech Laboratories (Pty) Ltd:

- The primary responsibility for fulfilling the promise to provide the specified good or service;
- The inventory risk before the specified good or service has been transferred to a customer; and
- The discretion in establishing the price for the specified good or service lies with the entity.

Key sources of estimation uncertainty

Impairment of financial assets

The allowance for expected credit losses for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the expected credit losses calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in cost of sales.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

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Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on company replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 13.

1.3 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

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 statement of profit or loss and other comprehensive income in the year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and 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. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	16,67%
Computer equipment	Straight line	33,33%
Computer software	Straight line	50%
Leasehold improvements	Straight line	Shorter of 20%/lease period

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

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

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Accounting Policies

1.3 Property, plant and equipment (continued)

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

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.

1.4 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

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

Item	Depreciation method	Average useful life
Dossiers	Infinite	Infinite

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.5 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or

Financial liabilities:

- Amortised cost; or

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Financial Statements for the year ended 31 March 2023

Accounting Policies

1.5 Financial instruments (continued)

Note 28 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 9).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Loss allowance

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date. A simplified method has been utilised in the assessment of the loss allowance.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 9.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss, if any is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 19).

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

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Accounting Policies

1.5 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 14), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 22).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 28 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the trade and other payables note (note 14).

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1.5 Financial instruments (continued)

Financial liabilities at fair value through profit or loss

Classification

Financial liabilities which are held for trading are classified as financial liabilities mandatorily at fair value through profit or loss.

When a financial liability is contingent consideration in a business combination, the company classifies it as a financial liability at fair value through profit or loss.

The company, does, from time to time, designate certain financial liabilities as at fair value through profit or loss. The reason for the designation is to reduce or significantly eliminate an accounting mismatch which would occur if the instruments were not classified as such; or if the instrument forms part of a group of financial instruments which are managed and evaluated on a fair value basis in accordance with a documented management strategy; or in cases where it forms part of a contract containing an embedded derivative and IFRS 9 permits the entire contract to be measured at fair value through profit or loss.

Recognition and measurement

Financial liabilities at fair value through profit or loss are recognised when the company becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

For financial liabilities designated at fair value through profit or loss, the portion of fair value adjustments which are attributable to changes in the company's own credit risk, are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of liabilities, rather than in profit or loss. However, if this treatment would create or enlarge an accounting mismatch in profit or loss, then that portion is also recognised in profit or loss.

Interest paid on financial liabilities at fair value through profit or loss is included in finance costs (note 22).

Financial liabilities denominated in foreign currencies

When a financial liability at fair value through profit or loss is denominated in a foreign currency, the fair value of the instrument is determined in the foreign currency. The fair value is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised as part of the fair value adjustment in profit or loss. To the extent that the foreign exchange gain or loss relates to the portion of the fair value adjustment recognised in other comprehensive income, that portion of foreign exchange gain or loss is included in the fair value adjustment recognised in other comprehensive income.

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 28).

Cash and cash equivalents

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

Bank overdrafts

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

1.6 Hedge accounting

At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and

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Accounting Policies

1.6 Hedge accounting (continued)

- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the company actually hedges and the quantity of the hedging instrument that the company actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The company designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income, in which case it is recognised in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at fair value through other comprehensive income, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at fair value through other comprehensive income, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument. The net gains (losses) on fair value hedges which are recognised in profit or loss are included in other operating gains (losses) note 18.

The company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

1.7 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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Accounting Policies

1.7 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.8 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

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Accounting Policies

1.8 Leases (continued)

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense (note 19) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the company has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the company is a lessee are presented in note 5 Leases (company as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 5).

The lease liability is presented as a separate line item on the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 22).

The company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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Accounting Policies

1.8 Leases (continued)

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

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

1.9 Inventories

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

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

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value, foreign gains and losses, and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Impairment of non-financial assets

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

Irrespective of whether there is any indication of impairment, the company also:

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Accounting Policies

1.10 Impairment of non-financial assets (continued)

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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

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

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

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

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

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

1.11 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 company in which they are declared.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

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

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

1.13 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

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1.13 Provisions and contingencies (continued)

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

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

1.14 Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and in compliance with legislated pricing in the various regulated markets. The entity recognises revenue when it transfers control over a good and monthly as the services are performed. Medicine prices charged are regulated. Fee per medicine per script is indicated in the contract.

The company recognises revenue from the following source:

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

Sale of Pharmaceutical goods

For sales of pharmaceutical goods, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the specific location. A receivable is recognised by the company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

The entity evaluates the following control indicators among others when determining whether it is acting as a principal or agent in the transactions with customers and recording revenue on a net basis:

- the entity is primarily responsible for fulfilling the promise to provide registered pharmaceutical medicines;
- the entity has inventory risk before registered pharmaceutical medicines has been transferred to a customer or after transfer of control to the customer; and
- the entity has discretion in establishing the price for registered pharmaceutical medicines, excluding pricing set according to regulations.

1.15 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. Other borrowing costs are expensed.

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1.17 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

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

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

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

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

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2. Changes in accounting policy

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year.

3. New Standards and Interpretations

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

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

The effective date of the amendment is to be determined by the IASB.

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

Lease liability in a sale and leaseback

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The effective date of the amendment is for years beginning on or after 01 January 2024.

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

Initial application of IFRS 17 and IFRS 9 - Comparative information

A narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time. The amendment regards financial assets for which comparative information is presented on initial application of IFRS 17 and IFRS 9, but where this information has not been restated for IFRS 9. Under the amendment, an entity is permitted to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. The option is available on an instrument-by-instrument basis. In applying the classification overlay to a financial asset, an entity is not required to apply the impairment requirements of IFRS 9. The effective date of the amendment is for years beginning on or after 01 January 2023.

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

Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences. The effective date of the amendment is for years beginning on or after 01 January 2023.

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

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3. New Standards and Interpretations (continued)

Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2

- IAS 1 was amended to require that only material accounting policy information shall be disclosed in the financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.
- The effective date of the amendment is for years beginning on or after 01 January 2023.
- It is unlikely that the amendment will have a material impact on the company's financial statements.

Definition of accounting estimates: Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in financial statements that are subject to measurement uncertainty.

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

The effective date of the amendment is for years beginning on or after 01 January 2023.

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

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4. Property, plant and equipment

	2023		2022			
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	1 082 266	(1 076 565)	5 701	1 082 266	(983 032)	99 234
IT equipment	624 230	(520 782)	103 448	547 065	(500 442)	46 623
Computer software	252 175	(212 597)	39 578	221 244	(208 467)	12 777
Leasehold improvements	934 070	(923 636)	10 434	934 070	(919 958)	14 112
Total	2 892 741	(2 733 580)	159 161	2 784 645	(2 611 899)	172 746

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4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	99 234	-	-	(93 533)	5 701
Computer equipment	46 623	83 376	(6 211)	(20 340)	103 448
Computer software	12 777	49 240	(18 309)	(4 130)	39 578
Leasehold improvements	14 112	-	-	(3 678)	10 434
	172 746	132 616	(24 520)	(121 681)	159 161

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Write-offs	Depreciation	Total
Furniture and fixtures	261 304	3 677	-	(165 747)	99 234
Computer equipment	41 422	31 808	(10)	(26 597)	46 623
Computer software	18 863	15 903	-	(21 989)	12 777
Leasehold improvements	77 634	-	-	(63 522)	14 112
	399 223	51 388	(10)	(277 855)	172 746

Property, plant and equipment fully depreciated still in use

The assets that are fully depreciated and in use were R 2 652 529 (2022: R566 307).

5. Leases (company as lessee)

Details pertaining to leasing arrangements, where the company is lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

Buildings-right of use asset cost	4 182 855	4 912 074
Accumulated depreciation	(982 415)	(759 444)
	3 200 440	4 152 630

Additions to right-of-use assets

Leasehold property	-	4 684 319
Generator	-	227 755
	-	4 912 074

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5. Leases (company as lessee) (continued)

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 19), as well as depreciation which has been capitalised to the cost of other assets.

Leasehold property	936 864	977 985
Generator	45 551	26 571
	982 415	1 004 556

Lease reconciliation

Opening balances	4 182 855	275 337
New leases	-	4 912 074
Depreciation on right of use	(982 415)	(1 004 556)
	3 200 440	4 182 855

Lease liabilities

Lease liabilities have been included in the borrowings line item on the statement of financial position.

The maturity analysis of lease liabilities is as follows:

Within one year	1 156 475	1 089 279
Two to five years	2 826 142	3 982 616
	3 982 617	5 071 895
Less finance charges component	(419 233)	(693 954)
	3 563 384	4 377 941
Non-current liabilities	2 620 171	3 563 383
Current liabilities	943 213	814 558
	3 563 384	4 377 941

The company entered into a five year lease agreement expiring on 30 June 2026.

6. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Dossiers registered	40 493 792	-	40 493 792	27 420 647	-	27 420 647
Dossiers in registration	2 539 297	-	2 539 297	1 772 441	-	1 772 441
Licence Agreements in Registration	1 418 750	-	1 418 750	938 000	-	938 000
Total	44 451 839	-	44 451 839	30 131 088	-	30 131 088

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6. Intangible assets (continued)

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Transfers	Total
Dossiers registered	27 420 647	13 000 000	73 145	40 493 792
Dossiers in registration	1 772 441	840 001	(73 145)	2 539 297
Licence Agreements in Registration	938 000	480 750	-	1 418 750
	30 131 088	14 320 751	-	44 451 839

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Disposals	Total
Dossiers registered	27 271 794	171 710	(22 857)	27 420 647
Dossiers in registration	1 184 441	588 000	-	1 772 441
Licence Agreements in Registration	-	938 000	-	938 000
	28 456 235	1 697 710	(22 857)	30 131 088

The following factors are considered when this classification is made: Indefinite Useful life

Historical product sales, volume and profitability trends as well as the expected uses for the asset further evident from budgets, future growth and plans to invest in each of the assets over the long-term are taken into account when this is being assessed.

The period of the entity's control over the asset and any legal or other restriction on its ability to use the asset.

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7. Deferred tax		
Deferred tax asset		
Right of use asset	(864 119)	(1 171 199)
Lease liability	962 114	1 225 823
Prepayments	(485 093)	(286 423)
Provisions	1 279 539	2 924 197
Change in Rate (Opening Balance)	96 157	-
Total deferred tax asset	988 598	2 692 398

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

Deferred tax asset	988 598	2 692 398
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Reconciliation of deferred tax asset / (liability)

At beginning of year	2 692 398	2 554 992
Taxable/ (deductible) temporary difference movement on right of use of assets	265 252	(1 094 105)
Taxable / (deductible) temporary difference on provision	(1 540 222)	163 936
Taxable / (deductible) temporary difference on prepayments	(208 900)	(68 487)
Taxable / (deductible) temporary difference movement on lease liability	(219 930)	1 136 062
	988 598	2 692 398

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

8. Inventories

Raw materials, components	1 085 251	1 276 328
Finished goods	86 364 987	96 693 505
	87 450 238	97 969 833
Provision for obsolete and slow-moving stock	(601 035)	(5 008 426)
	86 849 203	92 961 407

Reconciliation of provision for obsolete and slow moving stock

Opening balance	5 008 425	2 396 601
Less: Inventory written-off	(6 703 995)	(10 438 123)
Change in provision	2 296 605	13 049 947
Closing balance	601 035	5 008 425

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9. Trade and other receivables		
Financial instruments:		
Trade receivables	124 297 114	134 403 905
Loss allowance	(497 198)	(447 284)
Trade receivables at amortised cost	123 799 916	133 956 621
Other receivable	6 198 991	2 529 253
Non-financial instruments:		
VAT	893 625	-
Employee costs in advance	109 410	104 500
Prepayments	1 796 642	2 101 262
Total trade and other receivables	132 798 584	138 691 636
Split between non-current and current portions		
Current assets	132 798 584	138 691 636
Financial instrument and non-financial instrument components of trade and other receivables		
At amortised cost	129 998 907	136 485 874
Non-financial instruments	2 799 677	2 205 762
	132 798 584	138 691 636

Trade and other receivables pledged as security

Trade and other receivables were pledged as security for overdraft facilities of the company.

Ageing for Trade and other Receivables	Current	30 Days	60 Days	90 Days	120+ Days	Total
	106 453 144	6 270 537	6 654 179	3 627 913	9 792 812	132 798 584

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. There is no significant change in the assessment of credit risk.

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9. Trade and other receivables (continued)

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for lease receivables:

Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	(447 284)	(447 284)
Opening balance in accordance with IFRS 9	(447 284)	(2 615 309)
Remeasurement of loss allowance - comparative	(49 915)	2 168 025
Closing balance	(497 199)	(447 284)

Exposure to currency risk

The net carrying amounts, in Rand, of trade and other receivables, excluding non-financial instruments, are denominated in other currencies. Refer to note 28

Rand Amount

US Dollar	719 513	1 013 657
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10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	10 000	10 000
Bank balances	39 828 132	29 167 010
	39 838 132	29 177 010

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates.

Collateral First Rand Bank Limited

Cession of debtors	132 798 584	138 691 636
Letter of undertaking or comfort	5 000 000	5 000 000

11. Share capital

Authorised

5 000 000 Ordinary shares of one tenth of a cent each	5 000	5 000
5 000 000 Non-redeemable convertible preference shares of one tenth of a cent each	5 000	5 000
	10 000	10 000

Issued

4 701 492 Ordinary shares of one tenth of a cent each	4 701	4 701
Share premium	27 593 416	27 593 416
	27 598 117	27 598 117

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12. Loans from shareholder

Unique Pharmaceutical Laboratories FZE	-	3 150 000
The loan was interest free, the loan was repaid on 24 May 2022 and on 29 June 2022.		

Split between non-current and current portions

Current liabilities	-	3 150 000
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13. Provisions

Reconciliation of provisions - 2023

	Opening balance	Additions	Utilised during the year	Total
Provision for leave pay	1 030 656	2 223 919	(2 024 611)	1 229 964
Provision for bonuses	4 069 015	2 906 619	(4 440 499)	2 535 135
	5 099 671	5 130 538	(6 465 110)	3 765 099

Reconciliation of provisions - 2022

	Opening balance	Additions	Utilised during the year	Total
Provision for Leave pay	1 093 965	1 688 426	(1 751 735)	1 030 656
Provision for bonuses	4 406 027	5 353 790	(5 690 802)	4 069 015
	5 499 992	7 042 216	(7 442 537)	5 099 671

14. Trade and other payables

Financial instruments:

Trade payables	58 855 607	75 470 637
Other accrued expenses	7 111 040	10 522 426

Non-financial instruments:

VAT	-	558 963
	65 966 647	86 552 026

Exposure to currency risk

The net carrying amounts, in Rand, of trade and other payables, excluding non-financial instruments, are denominated in other currencies. The amounts have been presented in Rand by converting the foreign currency amount at the closing rate at the reporting date.

Trade and other payables were aged using 31 days in March 2023, 59 days in February 2023, 90 days in January 2023, 121 days in December 2022

Rand Amount

US Dollar	35 724 139	39 156 392
Euro	182 987	442 841
	35 907 126	39 599 233

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14. Trade and other payables (continued)						
Ageing for Trade and other payables	Current	30 Days	60 Days	90 Days	120+ Days	Total
	61 821 076	3 282 963	619 594	85 347	157 664	65 966 644
15. Revenue						
Revenue from contracts with customers						
Sale of pharmaceutical products					647 643 571	576 658 250
16. Cost of sales						
Sale of goods					449 362 938	358 504 190
Inventories lost or written off					6 703 995	10 438 123
17. Other operating income						
Sundry income					2 977 810	2 503 399
18. Other operating gains (losses)						
Foreign exchange gains (losses)						
Net foreign exchange gains (losses)					7 013 769	(6 544 290)

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19. Operating profit (loss)

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - External	759 318	387 399
Consulting and professional services	7 967 864	8 312 758
	8 727 182	8 700 157

Depreciation and amortisation

Depreciation of property, plant and equipment	146 201	277 836
Depreciation of right-of-use assets	982 415	1 004 556
Write-off of intangible assets	-	22 857
Total depreciation and amortisation	1 128 616	1 305 249

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

Employee costs	33 161 812	33 941 987
Write-off of intangible assets	-	22 857
Depreciation, amortisation and impairment	1 128 614	1 282 411
Other expenses	31 675 811	20 648 794
Distribution fees	33 535 629	41 080 616
Marketing expenses	33 692 062	34 271 942
Logistic Fees	20 829 783	33 661 318
	154 023 711	164 909 925

Re-classification of net foreign exchange loss for financial year 2022 to Note 18 Other operating gains (losses)

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Figures in Rand	2023	2022
20. Depreciation, amortisation and impairment losses		
Depreciation		
Property, plant and equipment	146 201	277 855
Right-of-use assets	982 415	1 004 556
	1 128 616	1 282 411
Amortisation		
Intangible assets	-	22 857
Total depreciation, amortisation and impairment		
Depreciation	1 128 616	1 282 411
Write-off	-	22 857
	1 128 616	1 305 268
21. Investment income		
Interest income		
Investments in financial assets:		
Bank and other cash	2 605 904	603 933
22. Finance costs		
Interest bank	10 246	93 256
Other interest paid	274 722	241 156
Total finance costs	284 968	334 412
23. Taxation		
Major components of the tax expense		
Current		
Local income tax - current period	11 027 785	10 645 262
Deferred		
Originating and reversing temporary differences	1 703 801	(137 399)
	12 731 586	10 507 863
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	49 865 440	39 034 642
Tax at the applicable tax rate of 27% (2022: 28%)	13 463 670	10 929 700
Tax effect of adjustments on taxable income		
Deferred tax effect income	(732 084)	(421 835)
	12 731 586	10 507 865

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24. Cash generated from operations		
Profit before taxation	49 865 440	39 034 642
Adjustments for:		
Depreciation and amortisation	1 128 616	1 282 411
Write-off of intangible assets	-	22 857
Interest income	(2 605 904)	(603 933)
Finance costs	284 968	334 412
Movements in provisions	(1 334 572)	(400 321)
Changes in working capital:		
Inventories	6 112 204	24 492 794
Trade and other receivables	6 786 679	(26 762 000)
Trade and other payables	(20 579 468)	21 450 056
	39 657 963	58 850 918
25. Tax paid		
Balance at beginning of the year	(449 768)	(3 786 981)
Current tax for the year recognised in profit or loss	(11 027 785)	(10 645 263)
Balance at end of the year	(1 422 299)	(449 768)
	(12 899 852)	(14 882 012)

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26. Related parties		
Relationships		
Ultimate holding company	J.B. Chemicals & Pharmaceuticals Limited	
Holding company	Unique Pharmaceutical Laboratories FZE	
Members of key management	Barker S.G.	
Relation with key Management of Biotech	iPharma (Pty) Ltd	
Chairman of Biotech	Forever Africa	
Related party balances		
Loan accounts - Owing (to) by related parties		
Unique Pharmaceutical Laboratory FZE	-	(3 150 000)
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Unique Pharmaceuticals Laboratories a division of J.B Chemical & Pharmaceuticals	(32 443 064)	(34 256 981)
iPharma (Pty) Ltd	(12 046 089)	(7 651 748)
iPharma (Pty) Ltd	2 496 815	-
Consulting fees balances in trade and other payables		
Unique Pharmaceuticals Laboratories a division of J.B Chemical & Pharmaceuticals	(3 281 075)	(3 210 139)
Related party transactions		
Purchases from (sales to) related parties		
Unique Pharmaceutical Laboratories a division of J.B Chemicals & Pharmaceuticals	204 124 705	169 913 772
iPharma (Pty) Ltd	69 250 077	58 776 628
Post implementation testing		
Unique Pharmaceutical Laboratories a division of J.B Chemicals & Pharmaceuticals	465 230	50 458
Consulting Fees		
Unique Pharmaceutical Laboratories a division of J.B Chemicals & Pharmaceuticals	4 453 360	4 130 814
Margin Earned		
iPharma (Pty) Ltd	11 438 731	8 182 460
Board Fees Paid		
Forever Africa	(85 000)	(100 000)

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27. Directors' emoluments

Executive

2023

	Emoluments	Bonus	Travel Allowance	Company Contributions	Total
Barker S.G. (Director)	4 072 133	3 122 771	144 000	757 563	8 096 467

2022

	Emoluments	Bonus	Travel Allowance	Company Contributions	Total
Barker S.G. (Director)	2 915 849	4 160 000	144 000	664 833	7 884 682

No directors emoluments were paid to other directors as they are non-executive directors. Refer to note 6 on the directors' report.

28. Financial instruments and risk management

Capital risk management

Loans from shareholders	12	-	3 150 000
Trade and other payables	14	65 966 645	86 552 026
Total borrowings		65 966 645	89 702 026
Cash and cash equivalents	10	(39 838 132)	(29 177 010)
Net borrowings		26 128 513	60 525 016
Equity		236 413 127	199 279 270
Gearing ratio		11 %	30 %

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28. Financial instruments and risk management (continued)

Financial risk management

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company is exposed to credit risk on trade and other receivables, and cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The company only deals with reputable counterparties with consistent payment histories. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

Where necessary, the assessment for a significant increase in credit risk is made on a collective basis. Management typically adopt this approach when information relevant to the determination of credit risk is not available on an individual instrument level. Often, the only information available on individual instruments which could indicate an increase in credit risk, is "past due" information. It is typical that more forward-looking information is generally more readily available on a collective basis. Therefore, making the determination on a collective basis, helps to ensure that credit loss allowances are determined on the basis of lifetime expected credit losses before they reach the point of being past due. Forward looking, macro-economic information is applied on a collective basis when it is readily available without undue cost or effort. When loss allowances are determined on a collective basis, management determines the loss allowances by grouping financial instruments on the basis of shared credit risk characteristics.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

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28. Financial instruments and risk management (continued)

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings.

There have been no significant changes in the liquidity risk management policies and processes since the prior reporting period.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2023

	Less than 1 year	Total	Carrying amount
Current liabilities			
Trade and other payables	65 966 645	65 966 645	65 966 644
			(65 966 644)

2022

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	14	86 552 026	86 552 026	85 993 062
Loans from shareholders	12	3 150 000	3 150 000	3 150 000
		(89 702 026)	(89 702 026)	(89 143 062)

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28. Financial instruments and risk management (continued)

Foreign currency risk

Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

	2023				2022	
	USD	Rand	2023	2023	USD	Rand
US Dollar exposure:						
Prepayments	39 710	719 513	-	-	67 859	1 013 657
Trade and other payables	(1 971 722)	(35 726 027)	-	-	(2 621 313)	(39 156 392)
	(1 932 012)	(35 006 514)	-	-	(2 553 454)	(38 142 735)

	2023				2022	
	Euro	Rand	2023	2023	Euro	Rand
Euro Exposure						
Trade and other payables	(9 278)	(182 987)	-	-	(26 692)	(442 841)

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

Exchange rates

The following closing exchange rates were applied at reporting date:

Rand per unit of foreign currency:

US Dollar	18,119	14,940
Euro	19,723	16,590

29. Hedging

Foreign currency exposure

The company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The company enters into forward foreign exchange contracts to manage the foreign currency risk associated with anticipated sales and purchase transactions up to 6 months within 40% to 50% of the exposure generated. Basis adjustments are made to the initial carrying amounts of inventories when the anticipated purchases take place.

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30. Going concern

The directors believe that the company has adequate and access to 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 have assessed the impact of covid-19 on the entity's operations and performance in assessing the ability to continue operating in future. The operations were not significantly affected by the covid-19 pandemic. 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.

31. Events after the reporting period

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

The directors are not aware of any 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 any pending changes to legislation which may affect the company.

32. Commitments and Contingencies

There were no material commitments entered into and/or contingent liabilities against the entity.