Biotech Laboratories (Pty) Ltd
(Registration number 1990/007220/07)
Financial statements
for the year ended 31 March 2024
Issued 06 May 2024

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	RSM South Africa Inc Chartered Accountant (SA) Registered Auditors Executive City Corner of Cross St & Charmaine Avenue President Ridge Randburg 2210
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.

Contents

	Page
Directors' Responsibilities and Approval	3
Directors' Report	4 - 5
Independent Auditor's Report	9 - 8
Statement of Financial Position	9
Statement of Profit or Loss and Other Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Accounting Policies	13 - 25
Notes to the Financial Statements	25 - 46

Published

06 May 2024

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.

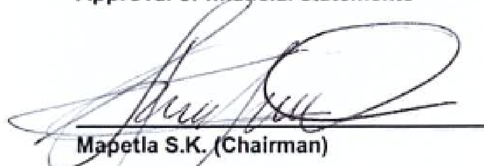
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control 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 2025 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 06 May 2024 and were signed on their behalf by:

Approval of financial statements



Mapetla S.K. (Chairman)

Chopra N.A.K. (Director)

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 2024.

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	Date of Appointment
Mapetla S.K. (Chairman)	Chairperson	Non-executive	South African	2004/12/14
Barker S.G. (Director)	Chief Executive Officer	Executive	South African	2007/11/01
Singh P.K. (Director)	Director	Non-executive	Indian and Non Resident	2007/04/26
Chopra N.A.K. (Director)	Director	Non-executive	Indian and Non Resident	2020/10/21

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% 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.

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

RSM South Africa Inc was appointed as auditors for the company for the 2024 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 Monday, 06 May 2024. No authority was given to anyone to amend the financial statements after the date of issue.

RSM

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Biotech Laboratories (Pty) Limited

Opinion

We have audited the financial statements of Biotech Laboratories (Pty) Ltd set out on pages 9 to 46, which comprise the statement of financial position as at 31 March 2024; and the statement of profit or loss and other comprehensive income; the statement of changes in equity; and the statement of cash flows for the year then ended; and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Biotech Laboratories (Pty) Ltd as at 31 March 2024, and its financial performance and cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for opinion

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). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Biotech Laboratories (Pty) Ltd Annual Financial Statements for the year ended 31 March 2024", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

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CEO N L Ashom **Regional CEO** PD Schulze **Directors** E Bergh, C D Betty, E Chapanduka, M G Q de Faria, M S Dolamo, B J Eaton, B Frey, A C Galloway, J Gondo, M Greisdorfer, H B Heymans, N C Hughes, J Jones, J Kitching, M P Malematsa, J P Mgiba, M M Ndlovu, R Rawoot, E K Ruiters, T P Singo, M Steenkamp, A D Young

RSM South Africa Inc. Registration No. 2016/324649/21, Practice No. 900435 is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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.

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.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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.

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.

RSM

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.

DocuSigned by:
RSM South Africa Inc.
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RSM South Africa Inc.

Takalani Portia Singo
Registered Auditor
Divisional Director

7 May 2024

Statement of Financial Position as at 31 March 2024

Figures in Rand	Notes	2024	2023
Assets			
Non-Current Assets			
Property, plant and equipment	4	95 407	159 161
Right-of-use assets	5	2 218 025	3 200 440
Intangible assets	6	49 475 783	44 451 839
Deferred tax	7	2 021 033	988 597
		53 810 248	**48 800 037**
Current Assets			
Inventories	8	86 909 902	86 849 203
Trade and other receivables	9	136 748 899	132 798 584
Current tax receivable		-	1 422 299
Cash and cash equivalents	10	52 532 432	39 838 132
		276 191 233	**260 908 218**
Total Assets		**330 001 481**	**309 708 255**
Equity and Liabilities			
Equity			
Share capital	11	27 598 117	27 598 117
Cashflow Hedge Reserves		(1 654 611)	-
Retained income		240 429 498	208 815 008
		266 373 004	**236 413 125**
Liabilities			
Non-Current Liabilities			
Lease liabilities	5	1 534 683	2 620 171
Current Liabilities			
Trade and other payables	13	56 237 122	65 966 647
Lease liabilities	5	1 085 488	943 213
Current tax payable		225 893	-
Provisions	12	4 545 291	3 765 099
		62 093 794	**70 674 959**
Total Liabilities		**63 628 477**	**73 295 130**
Total Equity and Liabilities		**330 001 481**	**309 708 255**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Notes	2024	2023
Revenue	14	540 210 756	647 643 571
Cost of sales	15	(346 662 813)	(456 066 933)
Gross profit		**193 547 943**	**191 576 638**
Sundry income	16	3 289 289	2 977 810
Other operating expenses		(159 011 071)	(147 009 944)
Operating profit	17&18	**37 826 161**	**47 544 504**
Investment income	20	5 794 964	2 605 904
Finance costs	21	(273 669)	(284 968)
Profit before taxation		**43 347 456**	**49 865 440**
Taxation	22	(11 732 968)	(12 731 586)
Profit for the year		**31 614 488**	**37 133 854**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Loss on cash flow hedges not subject to basis adjustments		(2 266 587)	-
Income tax relating to items that may be reclassified		611 979	-
Total items that may be reclassified to profit or loss		**(1 654 608)**	**-**
Other comprehensive income for the year net of taxation		**(1 654 608)**	**-**
Total comprehensive income for the year		**29 959 880**	**37 133 854**

Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Cash flow hedging reserve	Retained income	Total equity
Balance at 01 April 2022	**4 701**	**27 593 416**	**27 598 117**	**-**	**171 681 152**	**199 279 269**
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 01 April 2023	**4 701**	**27 593 416**	**27 598 117**	**-**	**208 815 010**	**236 413 127**
Profit for the year	-	-	-	-	31 614 488	31 614 488
Other comprehensive income	-	-	-	(1 654 611)	-	(1 654 611)
Total comprehensive income for the year	**-**	**-**	**-**	**(1 654 611)**	**31 614 488**	**29 959 877**
Balance at 31 March 2024	**4 701**	**27 593 416**	**27 598 117**	**(1 654 611)**	**240 429 498**	**266 373 004**
Note	11	11	11	17		

Statement of Cash Flows

Figures in Rand	Note(s)	2024	2023
Cash flows from operating activities			
Cash generated from operations	23	25 767 455	39 657 963
Interest income		5 794 964	2 605 904
Finance costs		(273 669)	(10 246)
Tax paid	24	(10 505 222)	(12 899 852)
Net cash from operating activities		**20 783 528**	**29 353 769**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(27 550)	(132 616)
Purchase of other intangible assets	6	(7 118 465)	(14 320 751)
Net cash from investing activities		**(7 146 015)**	**(14 453 367)**
Cash flows from financing activities			
Repayment of shareholders loan		-	(3 150 000)
Net movement in lease liabilities (lessee)		(943 213)	(1 089 280)
Net cash from financing activities		**(943 213)**	**(4 239 280)**
Total cash movement for the year		**12 694 300**	**10 661 122**
Cash at the beginning of the year		39 838 132	29 177 010
Total cash at end of the year	10	**52 532 432**	**39 838 132**

Accounting Policies

1. Material 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 criterial 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.

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 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.

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 12.

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.

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

Accounting Policies

1.3 Property, plant and equipment (continued)

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 a 20 years useful life over which the asset is expected to generate net cash inflows. Amortisation is provided for these intangible assets over the useful life of the intangible assets and they are tested for impairment whenever there is an indication that the asset may be impaired.

Item	Depreciation method	Average useful life
Dossiers	Straight line	5,00%

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.

This was implemented from the 2024 financial year.

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

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

Accounting Policies

1.5 Financial instruments (continued)

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 18).

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.

Accounting Policies

1.5 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 13), 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 21).

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 13).

Accounting Policies

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 21).

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.

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
- 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.

Accounting Policies

1.6 Hedge accounting (continued)

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 17.

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.

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.

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 18) 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 21).

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.

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:

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.

Accounting Policies

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.

Accounting Policies

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.

Notes to the Financial Statements

Figures in Rand	2024	2023

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

3.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2024 or later periods:

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.

Notes to the Financial Statements

3. New Standards and Interpretations (continued)

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

The company expects to adopt the amendment for the first time in the 2025 financial statements.

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.

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.

Lack of exchangeability - amendments to IAS 21

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency. Additional disclosures are also required to enable users of financial statements to understand the impact of the non-exchangeability on financial performance, financial position and cash flow.

The effective date of the amendment is for years beginning on or after 01 January 2025.

The company expects to adopt the amendment for the first time in the 2026 financial statements.

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

Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

3. New Standards and Interpretations (continued)

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

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

The company expects to adopt the amendment for the first time in the 2024 financial statements.

Supplier finance arrangements - amendments to IAS 7 and IFRS 7

The amendment applies to circumstances where supplier finance arrangements exist. These are arrangements whereby finance providers pay the suppliers of the entity, thus providing the entity with extended payment terms or the suppliers with early payment terms. The entity then pays the finance providers based on their specific terms and conditions. The amendment requires the disclosure of information about supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows as well as on the entity's exposure to liquidity risk.

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

The company expects to adopt the amendment for the first time in the 2025 financial statements.

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

Non-current liabilities with covenants - amendments to IAS 1

The amendment applies to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least twelve months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exists at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non-current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period.

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

The company expects to adopt the amendment for the first time in the 2025 financial statements.

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

Notes to the Financial Statements

Figures in Rand	2024	2023

4. Property, plant and equipment

	2024			2023		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	1 077 009	(1 073 008)	4 001	1 082 266	(1 076 565)	5 701
IT equipment	557 113	(496 549)	60 564	624 230	(520 782)	103 448
Computer software	258 593	(234 507)	24 086	252 175	(212 597)	39 578
Leasehold improvements	934 070	(927 314)	6 756	934 070	(923 636)	10 434
Total	**2 826 785**	**(2 731 378)**	**95 407**	**2 892 741**	**(2 733 580)**	**159 161**

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	5 701	-	-	(1 700)	4 001
Computer equipment	103 448	7 390	(14)	(50 260)	60 564
Computer software	39 578	20 160	(2)	(35 650)	24 086
Leasehold improvements	10 434	-	-	(3 678)	6 756
	159 161	**27 550**	**(16)**	**(91 288)**	**95 407**

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**

Property, plant and equipment fully depreciated still in use

The assets that are fully depreciated and in use were R 2 597 328 (2023: R2 652 529).

Management consistently evaluates both the carrying amount and recoverable amount of these assets to prevent overstatement on the balance sheet.

Assets depreciated to R1.00 and are still in use as at 31 March 2024 are as follows:

	Cost	**Accumulated Depreciation**	**Net Book Value**
Computer Equipment	425 644	(425 595)	49
Computer Software	189 191	(189 175)	16
Furniture and Fittings	1 066 811	(1 066 754)	57
Leasehold Improvements	915 682	(915 668)	14
	2 597 328	**(2 597 192)**	**136**

Notes to the Financial Statements

Figures in Rand	2024	2023

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:

	2024	2023
Buildings-right of use asset cost	4 912 074	4 912 074
Accumulated depreciation	(2 694 049)	(1 711 634)
	2 218 025	**3 200 440**

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 18), as well as depreciation which has been capitalised to the cost of other assets.

	2024	2023
Leasehold property	936 864	936 864
Generator	45 551	45 551
	982 415	**982 415**

Right of use assets reconciliation	2024	2023
Opening balances	3 200 440	4 182 855
Depreciation on right of use	(982 415)	(982 415)
	2 218 025	**3 200 440**

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:

	2024	2023
Within one year	1 227 830	1 156 475
Two to five years	1 598 312	2 826 142
	2 826 142	3 982 617
Less finance charges component	(205 971)	(419 233)
	2 620 171	**3 563 384**
Non-current liabilities	1 534 683	2 620 171
Current liabilities	1 085 488	943 213
	2 620 171	**3 563 384**

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

6. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Dossiers registered	46 841 293	(2 094 521)	44 746 772	40 493 792	-	40 493 792
Dossiers in registration	2 875 297	-	2 875 297	2 539 297	-	2 539 297
Licence Agreements in Registration	1 853 714	-	1 853 714	1 418 750	-	1 418 750
Total	**51 570 304**	**(2 094 521)**	**49 475 783**	**44 451 839**	**-**	**44 451 839**

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Dossiers registered	40 493 792	6 347 501	(2 094 521)	44 746 772
Dossiers in registration	2 539 297	336 000	-	2 875 297
Licence Agreements in Registration	1 418 750	434 964	-	1 853 714
	44 451 839	**7 118 465**	**(2 094 521)**	**49 475 783**

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**

Biotech Laboratories elected to measure its Intangible assets (Registered Dossiers)as having a finite useful life over 20 years.

Based on brands' history, current market shares and other pharma companies report where the life of the major brands considered as perpetual indicating lifelong cash flow to the company. However, on technical evaluation considering the current market share of the dossier and its potential we have considered the limited life of the dossier/intangibles as 20 years for amortisation purpose. Further for considering any changes in future the same dossier/intangibles will be tested for impairment on annual basis and such changes will be accounted." Refer to note 26 for the effects of the change in accounting estimates.

Figures in Rand	2024	2023

7. Deferred tax

Deferred tax asset

	2024	2023
Right of use asset	(598 867)	(864 119)
Lease liability	707 446	962 114
Prepayments	(439 434)	(485 093)
Provisions	2 255 731	1 279 539
Change in Rate (Opening Balance)	96 157	96 157
Total deferred tax asset	**2 021 033**	**988 598**

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:

	2024	2023
Deferred tax asset	2 021 033	988 598

Reconciliation of deferred tax asset / (liability)

	2024	2023
At beginning of year	988 598	2 692 398
Taxable/ (deductible) temporary difference movement on right of use of assets	265 252	265 252
Taxable/ (deductible) temporary difference on provision	976 191	(1 540 222)
Taxable/ (deductible) temporary difference on prepayments	45 659	(208 900)
Taxable / (deductible) temporary difference movement on lease liability	(254 667)	(219 930)
	2 021 033	**988 598**

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

	2024	2023
Raw materials, components	1 511 040	1 085 251
Finished goods	88 865 265	86 364 987
	90 376 305	87 450 238
Provision for obsolete and slow-moving stock	(3 466 403)	(601 035)
	86 909 902	**86 849 203**

Reconciliation of provision for obsolete and slow moving stock

	2024	2023
Opening balance	601 035	5 008 425
Less: Inventory written-off	(6 552 232)	(6 703 995)
Change in provision	9 417 600	2 296 605
Closing balance	**3 466 403**	**601 035**

Included in the Finished goods is Consignment stock of R 2 245 537.

Notes to the Financial Statements

Figures in Rand	2024	2023

9. Trade and other receivables

	2024	2023
Financial instruments:		
Trade receivables	133 909 108	124 297 114
Loss allowance	(457 150)	(497 198)
Trade receivables at amortised cost	133 451 958	123 799 916
Other receivable	441 627	6 198 991
Non-financial instruments:		
VAT	1 118 906	893 625
Employee costs in advance	108 875	109 410
Prepayments	1 627 533	1 796 642
Total trade and other receivables	**136 748 899**	**132 798 584**

Split between non-current and current portions

	2024	2023
Current assets	136 748 899	132 798 584

Financial instrument and non-financial instrument components of trade and other receivables

	2024	2023
At amortised cost	133 893 585	129 998 907
Non-financial instruments	2 855 314	2 799 677
	136 748 899	**132 798 584**

Trade and other receivables pledged as security

No trade receivables were pledged as security by the company.

Ageing for Trade and other Receivables	**Current**	**30 Days**	**60 Days**	**90 Days**	**120+ Days**	**Total**
	59 628 620	28 077 333	17 912 029	4 488 651	26 642 266	136 748 899

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.

Notes to the Financial Statements

Figures in Rand	2024	2023

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:

	2024	2023
Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	(497 199)	(447 284)
Opening balance in accordance with IFRS 9	**(497 199)**	**(447 284)**
Remeasurement of loss allowance - comparative	40 049	(49 915)
Closing balance	**(457 150)**	**(497 199)**

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	2024	2023
US Dollar	-	719 513

10. Cash and cash equivalents

Cash and cash equivalents consist of:

	2024	2023
Cash on hand	13 000	10 000
Bank balances	52 519 432	39 828 132
	52 532 432	**39 838 132**

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

	2024	2023
Cession of debtors	136 748 899	132 798 584
Letter of undertaking or comfort	5 000 000	5 000 000

11. Share capital

Authorised	2024	2023
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	2024	2023
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**

Notes to the Financial Statements

Figures in Rand	2024	2023

12. Provisions

Reconciliation of provisions - 2024

	Opening balance	Additions	Utilised during the year	Total
Provision for leave pay	1 229 964	2 281 852	(2 270 994)	1 240 822
Provision for bonuses	2 535 135	4 843 178	(4 073 844)	3 304 469
	3 765 099	**7 125 030**	**(6 344 838)**	**4 545 291**

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**

13. Trade and other payables

	2024	2023
Financial instruments:		
Trade payables	35 648 206	58 855 607
Other accrued expenses	20 588 916	7 111 040
Non-financial instruments:		
VAT	-	-
	56 237 122	**65 966 647**

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.

Rand Amount	2024	2023
British Pounds	1 964 718	-
US Dollar	14 506 867	35 724 139
Euro	-	182 987
	16 471 585	**35 907 126**

Ageing for Trade and other payables	**Current**	**30 Days**	**60 Days**	**90 Days**	**120+ Days**	**Total**
	51 120 056	1 626 356	872 258	156 930	2 461 522	56 237 122

Notes to the Financial Statements

Figures in Rand	2024	2023

14. Revenue

	2024	2023
Revenue from contracts with customers		
Sale of pharmaceutical products	540 210 756	647 643 571

15. Cost of sales

	2024	2023
Sale of goods	340 110 581	449 362 938
Inventories lost or written off	6 552 232	6 703 995

16. Other operating income

	2024	2023
Sundry income	3 289 289	2 977 810

17. Other operating gains (losses)

	2024	2023
Foreign exchange gains (losses)		
Foreign exchange gains (losses) through Profit or Loss	4 685 228	7 013 769
Foreign exchange gains (losses) through OCI	(1 654 611)	-
	3 030 617	**7 013 769**

Notes to the Financial Statements

Figures in Rand	2024	2023

18. Operating profit (loss)

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

Auditor's remuneration - External	647 819	759 318
Consulting and professional services	10 858 853	7 967 864
	11 506 672	**8 727 182**

Depreciation and amortisation		
Depreciation of property, plant and equipment	91 286	146 201
Depreciation of right-of-use assets	982 415	982 415
Write-off of intangible assets	2 094 521	-
Total depreciation and amortisation	**3 168 222**	**1 128 616**

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 [1]	37 576 858	33 161 812
Depreciation, amortisation and impairment	3 383 471	1 128 614
Other expenses	31 675 811	31 675 811
Distribution fees	24 395 791	33 535 629
Fuel Levy	7 129 291	8 223 222
Marketing expenses	40 436 950	33 692 062
Logistic Fees	25 002 360	20 829 783
	169 600 532	**162 246 933**

[1] Included in the employee cost is pension fund contributions of R 3 863 138 (2023 : R 3 407 347).

Notes to the Financial Statements

Figures in Rand	2024	2023

19. Depreciation, amortisation and impairment losses

	2024	2023
Depreciation		
Property, plant and equipment	91 286	146 201
Right-of-use assets	982 415	982 415
	1 073 701	**1 128 616**
Amortisation		
Intangible assets	2 094 521	-
Total depreciation, amortisation and impairment		
Depreciation	1 073 701	1 128 616
Amortisation	2 094 521	-
	3 168 222	**1 128 616**

20. Investment income

	2024	2023
Interest income		
Investments in financial assets:		
Bank and other cash	5 794 964	2 605 904

21. Finance costs

	2024	2023
Interest bank	60 407	10 246
Other interest paid	213 262	274 722
Total finance costs	**273 669**	**284 968**

22. Taxation

Major components of the tax expense

	2024	2023
Current		
Local income tax - current period	12 153 414	11 027 785
Deferred		
Originating and reversing temporary differences	(1 032 425)	1 703 801
	11 120 989	**12 731 586**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2024	2023
Accounting profit	43 347 456	49 865 440
Tax at the applicable tax rate of 27% (2023: 27%)	11 703 813	13 463 670
Tax effect of adjustments on taxable income		
Deferred tax effect income	(582 824)	(732 084)
	11 120 989	**12 731 586**

Notes to the Financial Statements

Figures in Rand	2024	2023

23. Cash generated from operations

	2024	2023
Profit before taxation	43 347 456	49 865 440
Adjustments for:		
Depreciation and amortisation	3 168 232	1 128 616
Loss on foreign exchange	(2 266 587)	-
Interest income	(5 794 964)	(2 605 904)
Finance costs	273 669	284 969
Movements in provisions	780 191	(1 334 572)
Changes in working capital:		
Inventories	(60 700)	6 112 204
Trade and other receivables	(3 950 314)	6 786 678
Trade and other payables	(9 729 528)	(20 579 468)
	25 767 455	**39 657 963**

24. Tax paid

	2024	2023
Balance at beginning of the year	1 422 299	(449 768)
Current tax for the year recognised in profit or loss	(12 153 414)	(11 027 785)
Balance at end of the year	225 893	(1 422 299)
	(10 505 222)	**(12 899 852)**

Notes to the Financial Statements

Figures in Rand	2024	2023

25. 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

	2024	2023
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Unique Pharmaceuticals Laboratories a division of J.B Chemical & Pharmaceuticals	(9 107 385)	(32 443 064)
Unique Pharmaceuticals Laboratories a division of J.B Chemical & Pharmaceuticals	11 716	-
iPharma (Pty) Ltd	(4 630 303)	(12 046 089)
iPharma (Pty) Ltd	355 649	2 496 815
Consulting fees balances in trade and other payables		
Unique Pharmaceuticals Laboratories a division of J.B Chemical & Pharmaceuticals	-	(3 281 075)

Related party transactions

	2024	2023
Purchases from (sales to) related parties		
Unique Pharmaceutical Laboratories a division of J.B Chemicals & Pharmaceuticals	179 138 549	204 124 705
iPharma (Pty) Ltd	70 665 393	69 250 077
Post implementation testing		
Unique Pharmaceutical Laboratories a division of J.B Chemicals & Pharmaceuticals	184 463	465 230
Consulting Fees		
Unique Pharmaceutical Laboratories a division of J.B Chemicals & Pharmaceuticals	3 768 793	4 453 360
Margin Earned		
iPharma (Pty) Ltd	16 431 367	11 438 731
Board Fees Paid		
Forever Africa	(150 000)	(85 000)

Notes to the Financial Statements

Figures in Rand	2024	2023

26. Changes in Accounting Estimates

Intangible Assets

In terms of the requirements of IAS 38 Intangible Assets, the useful lives of all intangible assets were reviewed by management at year end. The remaining useful life expectations of asset items differs from previous estimates. This resulted in a revision of some of the previous estimates which was accounted for as a change in estimate. The effect of this revision is an increase in amortisation for the current period of 2024.

Based on brands' history, current market shares and other pharma companies report where the life of the major brands considered as perpetual indicating lifelong cash flow to the company. However, on technical evaluation considering the current market share of the dossier and its potential we have considered the limited life of the dossier/intangibles as 20 years for amortisation purpose. Further for considering any changes in future the same dossier/intangibles will be tested for impairment on annual basis and such changes will be accounted.

Impact on amortisation	Amortisation using the old useful lives	Amortisation using the revised useful lives	Total
	-	2 096 541	2 096 541

Impact on carrying amount	Carrying amount based on old useful lives	Carrying amount based on revised useful lives	Total
	-	(2 096 541)	(2 096 541)

Effects of amortisation on future periods	Effects of changes in amortisation on future periods	Total
	44 746 772	44 746 772

27. Directors' emoluments

Executive

2024

	Emoluments	Bonus	Travel Allowance	Company Contributions	Total
Barker S.G. (Director)	4 269 650	2 872 515	144 000	829 855	8 116 020

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

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

Notes to the Financial Statements

Figures in Rand		2024	2023

28. Financial instruments and risk management

Capital risk management

	Note	2024	2023
Trade and other payables	13	56 237 122	65 966 647
Cash and cash equivalents	10	(52 532 432)	(39 838 132)
Net borrowings		**3 704 690**	**26 128 515**
Equity		266 373 004	236 413 127
Gearing ratio		1 %	11 %

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.

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.

2024

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	13	56 237 122	56 237 122	56 237 122
				(56 237 122)

2023

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	13	65 966 645	65 966 645	65 966 645
		(65 966 645)	**(65 966 645)**	**(65 966 645)**

Notes to the Financial Statements

Figures in Rand	2024	2023

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:

	2024				2023	
US Dollar exposure:	USD	Rand			USD	Rand
Prepayments	-	-	-	-	39 710	719 513
Trade and other payables	752 376	14 506 867	-	-	(1 971 722)	(35 726 027)
	752 376	**14 506 867**	**-**	**-**	**(1 932 012)**	**(35 006 514)**

	2024				2023	
Euro Exposure	Euro	Rand			Euro	Rand
Trade and other payables	-	-	-	-	(9 278)	(182 987)

	2024				2023	
GBP Exposure	GBP	Rand			GBP	Rand
Trade and other payables	80 235	1 964 718	-	-	-	-
Subtotal	80 235	1 964 718	-	-	-	-
	80 235	**1 964 718**	**-**	**-**	**-**	**-**

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	19,281	18,119
Euro	20,939	19,723

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.

Notes to the Financial Statements

Figures in Rand	2024	2023

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 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.