



UNAUDITED GROUP  
FINANCIAL RESULTS  
AND CASH DIVIDEND  
DECLARATION

for the six-month period ended 31 December **2015**

**adcock ingram**   
*adding value to life*

# SALIENT FEATURES

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Turnover increased 7% to R2 752 million  
Gross profit improved 11% to R1 006 million  
Trading profit increased 20% to R293 million  
Dividend declared: 50 cents per share  
B-BBEE level 4 achieved

## INTRODUCTION

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The divisional reorganisation of Adcock Ingram's business, commenced early in the 2015 financial year, has in a sense been a contributing feature in maintaining the positive trend of performance during the interim period presently under review. In a period of economic uncertainty and intensifying currency devaluation, the Group's improved factory efficiencies, better customer relations, pleasing service level statistics and a concentrated marketing effort, yielded impressive market share gains, measured by IMS and Nielsen, particularly in the OTC and Consumer divisions.

## FINANCIAL PERFORMANCE OF CONTINUING OPERATIONS

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### TURNOVER AND PROFITS

Group turnover increased by 7.1% to R2 752 million, partly aided by the 7.5% SEP price increase in April 2015 on the segment of products to which those regulatory limitations apply. All segments, however, posted improvements in turnover over the prior period. Volume improvement was also encouraging, but the benefits therefrom were unfortunately offset by the discontinuation of certain uneconomic product lines in the Consumer Division and the repatriation of some MNC business in the Prescription division.

Given the adverse impact through currency devaluations, the collective gross margin improvement from 35.2% to 36.5% was more than encouraging, this substantially arising through increased and more streamlined factory throughput, including lower inventory impairments, and sales mix benefits when measured against the comparable period. The relatively high inventory holding in the current period provided some margin protection in the depreciating Rand environment.

Having regard to the relatively early stage of the divisional restructure in the period to 31 December 2014, a deliberately aggressive selling and marketing plan was carried out during the current reporting period. A well mounted and cost-effective marketing programme was implemented and the additional cost thereof is clearly evident in the statement of comprehensive income. What is particularly pleasing, however, is the expected outcome of the more disciplined control over fixed and administrative expenditure.

The overall advantages of the reorganised divisional management structure started to reveal themselves in this period with trading profits increasing by 20% from R243.8 million to R292.6 million.

### NON-TRADING EXPENSES

Non-trading expenses during the period includes share-based payments of R35.9 million of which R20.8 million relates to a once-off IFRS 2 charge, arising through the implementation of the July 2015 B-BBEE scheme.

### TAX AND HEADLINE EARNINGS

The effective tax rate of 32% is a consequence of certain expenditure being non-deductible for tax purposes.

Headline earnings from continuing operations for this interim period amounted to R164.8 million (Dec 2014: R157.9 million). This translates into headline earnings per share of 98.6 cents (Dec 2014: 93.6 cents). Excluding the once-off IFRS 2 charge of R20.8 million relating to the B-BBEE scheme, headline earnings from continuing operations would be R185.6 million (111.0 cents, an improvement of 19%).

### CASH FLOWS

Cash generated from operations was R269.7 million despite working capital utilisation increasing by R93.2 million.

# BUSINESS OVERVIEW

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Turnover in the **OTC** division increased by 9% to R761.5 million (Dec 2014: R698.6 million). According to IMS, the Division posted growth ahead of the market, with double digit ex-factory growth in Adco-dol, Allergex and Corenza-C, the top three brands. Despite increased throughput in the Clayville factory, the punitive impact of the exchange rate and a detectable change in consumer buying patterns, put margins under pressure. OTC trading profit of R128.6 million is reported, compared to R141.2 million in the comparable period.

**Prescription** turnover of R892.4 million is marginally ahead of the comparable period (Dec 2014: R880.9 million), this the result of static volumes in the Generics portfolio and the singular effect of a repatriation of certain products to multinational partners. A large percentage of the contributions arising from the SEP price increase and a much improved performance from ARV sales were unfortunately absorbed through the aforesaid circumstances. Gross margins, however, improved in this period due to better production recoveries, increased ARV sales volumes and lower inventory write-offs. Trading profits of R87.1 million are accordingly well ahead of the comparative performance of R57.9 million.

**Consumer** turnover of R328.1 million is 8% ahead of the comparable period (Dec 2014: R304.2 million) with Panado, Probiflora, Compral and Cepacol all posting healthy growth. Trading profit improved by 10% to R42.1 million (Dec 2014: R38.3 million).

**Hospital** turnover increased by 12% to R626.2 million (Dec 2014: R557.8 million) notwithstanding an increasingly competitive environment and with good cost control, trading profit increased to R21.6 million (Dec 2014: R1.1 million).

The Group's revised B-BBEE structure was successfully implemented in July 2015. The level 4 rating achieved under the new B-BBEE codes, in contrast to the level 3 rating held previously, will hopefully contribute towards providing reciprocal advantage to the Company and stakeholders under this imperative modality for conducting business in South Africa.

## INDIA

Following the Board's decision to dispose of the Group's Indian operating subsidiary, this operation has been treated as an asset held-for-sale and is reflected in the financial statements as a discontinued operation. Amortisation and depreciation of assets in such subsidiary were accordingly suspended in the current period.

# CHANGES TO THE BOARD AND IN DIRECTORS' FUNCTIONS

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On 11 November 2015, Clifford Raphiri, the Company's lead independent director, was appointed Non-Executive Chairman. Former Non-executive Chairman, Brian Joffe assumed the role of Deputy Chairman. Kevin Wakeford resigned as Chief Executive Officer and Andrew Hall, the Company's Deputy Chief Executive Officer and Chief Financial Officer, was appointed Chief Executive Officer. Dorette Neethling, the Group Financial Executive was appointed Acting Chief Financial Officer. Lindsay Ralphs resigned as a Non-executive Director and was replaced by David Cleasby.

On 2 February 2016, Clifford Raphiri, now Non-executive Chairman, relinquished his chairmanship of the HR, Remuneration and Nominations Committee, but remains a member of this Committee. Mpho Makwana relinquished his membership of the Risk and Sustainability Committee and assumed chairmanship of the HR, Remuneration and Nominations Committee. David Cleasby assumed membership of the Risk and Sustainability Committee and the Chief Financial Officer will no longer be a member of the Social Ethics and Transformation Committee.

On 23 February 2016, Dorette Neethling was appointed to the Board as an executive director and Chief Financial Officer.

# PROSPECTS

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During calendar year 2015 and particularly during the period under review, the Group continued to make progress in restoring its status and regaining the respect of the broader South African pharmaceutical market. The trend of improvement in the Group's operating performance, in this and immediately past periods, bears testimony to the beneficial outcome arising from the refocused effort of management under the divisional restructure.

While the improvement in profits during the subject period would suggest a continuing level of growth going forward, stakeholders will be acutely aware of the economic challenges that lie ahead. Recent increases in interest rates, consequential inflation, continued under-recovery of currency losses under government's SEP reimbursement model and the potential further decline in disposable incomes, will surely have an effect on future sales volumes and profitability.

Notwithstanding these direct challenges, continued effort will be invested to enhance the quality and efficacy of brands, build customer relationships and maintain service levels within each of the operating divisions. The Group provides an excellent range of products into the market and management will continue to diligently apply themselves to maximise opportunities for optimal achievement. Concurrently with normal trading activities, there is a purposeful process in place to seek to expand the Group's non-regulated product portfolio, through partnerships and acquisitions.

# DIVIDEND DISTRIBUTION

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The Board has declared an interim gross dividend out of income reserves of 50 cents per share in respect of the six months ended 31 December 2015. The South African dividend tax ("DT") rate is 15% and the net dividend payable to shareholders who are not exempt from DT is 42.50 cents per share. Adcock Ingram currently has 175 748 048 ordinary shares in issue of which 149 902 758 qualify for dividends. The income tax reference number is 9528/919/15/3.

The salient dates for the distribution are detailed below:

Last date to trade <i>cum</i> distribution	Friday, 11 March 2016
Shares trade <i>ex</i> distribution	Monday, 14 March 2016
Record date	Friday, 18 March 2016
Payment date	Tuesday, 22 March 2016

Share certificates may not be dematerialised or rematerialised between Monday, 14 March 2016 and Friday, 18 March 2016, both dates inclusive.

**CD Raphiri**  
Chairman

23 February 2016

**AG Hall**  
Chief Executive Officer

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Unaudited six months ended 31 December 2015 R'000	Change	Unaudited six months ended 31 December 2014 R'000	Audited year ended 30 June 2015 R'000
<b>Continuing operations</b>					
<b>REVENUE</b>	2	<b>2 758 393</b>		2 583 395	5 294 511
<b>TURNOVER</b>	2	<b>2 752 416</b>	7%	2 568 814	5 270 697
Cost of sales		<b>(1 746 768)</b>		(1 664 128)	(3 359 850)
<b>Gross profit</b>		<b>1 005 648</b>	11%	904 686	1 910 847
Selling, distribution and marketing expenses		<b>(499 377)</b>		(444 279)	(970 435)
Drug management and regulatory expenses		<b>(57 836)</b>		(60 759)	(119 288)
Fixed and administrative expenses		<b>(155 853)</b>		(155 818)	(311 997)
<b>Trading profit</b>		<b>292 582</b>	20%	243 830	509 127
Non-trading expenses	3	<b>(42 135)</b>		(16 977)	(26 350)
<b>Operating profit</b>		<b>250 447</b>	10%	226 853	482 777
Finance income	2	<b>1 483</b>		10 624	13 144
Finance costs		<b>(44 723)</b>		(57 189)	(100 525)
Dividend income	2	<b>4 494</b>		3 957	10 670
Equity-accounted earnings		<b>26 177</b>		32 511	65 608
<b>Profit before taxation</b>		<b>237 878</b>	10%	216 756	471 674
Taxation		<b>(67 461)</b>		(55 274)	(141 031)
<b>Profit for the period/year from continuing operations</b>		<b>170 417</b>	6%	161 482	330 643
Profit/(Loss) after taxation for the period/year from discontinued operation	4	<b>2 075</b>		(16 530)	(131 834)
<b>Profit for the period/year</b>		<b>172 492</b>		144 952	198 809
<b>Other comprehensive income which will subsequently be recycled to profit or loss</b>		<b>204 043</b>		40 562	61 722
Exchange differences on translation of foreign operations:					
– Continued operations		<b>65 969</b>		14 673	10 581
– Discontinued operation		<b>127 189</b>		25 843	50 661
Movement in cash flow hedge accounting reserve, net of tax		<b>9 818</b>		46	77
Other		<b>1 067</b>		–	403
<b>Other comprehensive income which will not be recycled to profit or loss</b>					
Actuarial loss on post-retirement medical liability		–		–	(442)
<b>Total comprehensive income for the period/year, net of tax</b>		<b>376 535</b>		185 514	260 089
<b>Profit attributable to:</b>					
Owners of the parent		<b>166 662</b>		141 892	197 932
Non-controlling interests		<b>5 830</b>		3 060	877
		<b>172 492</b>		144 952	198 809
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		<b>367 363</b>		181 142	260 419
Non-controlling interests		<b>9 172</b>		4 372	(330)
		<b>376 535</b>		185 514	260 089
<b>Continuing operations</b>					
Basic earnings per ordinary share (cents)		<b>98.4</b>	5%	93.9	195.3
Diluted basic earnings per ordinary share (cents)		<b>98.3</b>	5%	93.8	195.3
Headline earnings per ordinary share (cents)		<b>98.6</b>	5%	93.6	192.8
Diluted headline earnings per ordinary share (cents)		<b>98.4</b>	5%	93.5	192.8
<b>Discontinued operation</b>					
Basic earnings/(loss) per ordinary share (cents)		<b>1.2</b>		(9.8)	(78.1)
Diluted basic earnings/(loss) per ordinary share (cents)		<b>1.2</b>		(9.8)	(78.1)
Headline earnings/(loss) per ordinary share (cents)		<b>1.2</b>		(9.8)	(32.7)
Diluted headline earnings/(loss) per ordinary share (cents)		<b>1.2</b>		(9.8)	(32.7)

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to holders of the parent							
	Non-distributable reserves				Total			
	Issued share capital	Share premium	Continuing operations	Discontinued operation held-for-sale	Retained income	attributable to ordinary shareholders	Non-controlling interests	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>As at 1 July 2014</b>	16 878	510 920	426 415		1 784 688	2 738 901	118 578	2 857 479
Share issue	6	1 187				1 193		1 193
Movement in share-based payment reserve			11 497			11 497		11 497
Acquisition of non-controlling interests in Ayrton Drug Manufacturing Limited					(31)	(31)	(100)	(131)
Total comprehensive income			39 250		141 892	181 142	4 372	185 514
Profit for the period					141 892	141 892	3 060	144 952
Other comprehensive income			39 250			39 250	1 312	40 562
<b>Balance at 31 December 2014 (unaudited)</b>	16 884	512 107	477 162		1 926 549	2 932 702	122 850	3 055 552
Share issue	4	831				835		835
Movement in share-based payment reserve			4 601			4 601		4 601
Acquisition of non-controlling interests in Ayrton Drug Manufacturing Limited							(1)	(1)
Total comprehensive income			23 237		56 040	79 277	(4 702)	74 575
Profit for the period					56 040	56 040	(2 183)	53 857
Other comprehensive income			23 237			23 237	(2 519)	20 718
Disposal of non-controlling interest in Bioswiss (Pty) Limited							(14 101)	(14 101)
Dividends							(4 537)	(4 537)
<b>Balance at 30 June 2015 (audited)</b>	16 888	512 938	505 000	–	1 982 589	3 017 415	99 509	3 116 924
Share issue	1	188				189		189
Discontinued operation			(252 688)	252 688		–		–
Movement in share-based payment reserve			14 369			14 369		14 369
Implementation of BEE scheme	258	153 746	(5 624)		(44 587)	103 793	(79 883)	23 910
Total comprehensive income			200 701		166 662	367 363	9 172	376 535
Profit for the period					166 662	166 662	5 830	172 492
Other comprehensive income			200 701			200 701	3 342	204 043
Dividends					(117 952)	(117 952)		(117 952)
<b>Balance at 31 December 2015 (unaudited)</b>	17 147	666 872	461 758	252 688	1 986 712	3 385 177	28 798	3 413 975

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Unaudited 31 December 2015 R'000	Unaudited 31 December 2014 R'000	Audited 30 June 2015 R'000
<b>ASSETS</b>				
Property, plant and equipment		1 471 029	1 540 308	1 490 828
Intangible assets		283 934	827 632	743 156
Deferred tax		3 542	4 891	12 091
Other financial assets		84 420	138 349	91 106
Investment in joint ventures		337 907	239 835	279 135
<b>Non-current assets</b>		<b>2 180 832</b>	<b>2 751 015</b>	<b>2 616 316</b>
Inventories		1 292 841	1 032 932	1 207 581
Trade and other receivables		1 394 038	1 383 248	1 408 728
Cash and cash equivalents		192 115	459 429	147 379
Taxation receivable		63 987	79 678	77 948
<b>Current assets</b>		<b>2 942 981</b>	<b>2 955 287</b>	<b>2 841 636</b>
Assets classified as held-for-sale	4	828 560	–	–
<b>Total current assets</b>		<b>3 771 541</b>	<b>2 955 287</b>	<b>2 841 636</b>
<b>Total assets</b>		<b>5 952 373</b>	<b>5 706 302</b>	<b>5 457 952</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Issued share capital		17 147	16 884	16 888
Share premium		666 872	512 107	512 938
Non-distributable reserves: Continuing operations		461 758	477 162	505 000
Discontinued operation held-for-sale	4	252 688	–	–
Retained income		1 986 712	1 926 549	1 982 589
Total shareholders' funds		3 385 177	2 932 702	3 017 415
Non-controlling interests		28 798	122 850	99 509
<b>Total equity</b>		<b>3 413 975</b>	<b>3 055 552</b>	<b>3 116 924</b>
Long-term borrowings		507 260	1 015 332	513 753
Post-retirement medical liability		22 935	22 194	22 796
Deferred tax		78 213	51 788	81 854
<b>Non-current liabilities</b>		<b>608 408</b>	<b>1 089 314</b>	<b>618 403</b>
Trade and other payables		1 296 475	1 266 310	1 328 431
Bank overdraft		421 008	228 719	304 210
Short-term borrowings		16 636	10 693	13 273
Cash-settled options		6 973	16 362	6 519
Provisions		61 588	39 352	70 192
<b>Current liabilities</b>		<b>1 802 680</b>	<b>1 561 436</b>	<b>1 722 625</b>
Liabilities classified as held-for-sale	4	127 310	–	–
<b>Total current liabilities</b>		<b>1 929 990</b>	<b>1 561 436</b>	<b>1 722 625</b>
<b>Total equity and liabilities</b>		<b>5 952 373</b>	<b>5 706 302</b>	<b>5 457 952</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited six months ended 31 December 2015 R'000	Unaudited six months ended 31 December 2014 R'000	Audited year ended 30 June 2015 R'000
<b>Cash flows from operating activities</b>			
Operating profit from continuing operations	250 447	226 853	482 777
Operating loss from discontinued operation	(1 110)	(26 583)	(138 119)
<b>Operating profit</b>	<b>249 337</b>	200 270	344 658
Non-cash items	113 628	153 980	379 892
<b>Operating profit before working capital changes</b>	<b>362 965</b>	354 250	724 550
Working capital changes	(93 249)	39 493	(126 423)
<b>Cash generated from operations</b>	<b>269 716</b>	393 743	598 127
Finance income, excluding receivable	4 504	16 120	14 409
Finance costs, excluding accrual	(44 050)	(60 592)	(103 871)
Dividend income	19 150	3 957	10 670
Dividends paid	(117 952)	–	(4 537)
Taxation paid	(52 075)	(18 053)	(87 312)
<b>Net cash inflow from operating activities</b>	<b>79 293</b>	335 175	427 486
<b>Cash flows from investing activities</b>			
Decrease in other financial assets	6 686	606	37 962
Disposal of business	–	–	(2 663)
Purchase of property, plant and equipment – Expansion	(25 454)	(20 216)	(23 560)
– Replacement	(18 762)	(32 988)	(56 304)
Proceeds on disposal of property, plant and equipment	137	573	2 243
Disposal of non-controlling interest in Blue Falcon Trading (Pty) Limited	(11 616)	–	–
<b>Net cash outflow from investing activities</b>	<b>(49 009)</b>	(52 025)	(42 322)
<b>Cash flows from financing activities</b>			
Acquisition of non-controlling interests in Ayrton Drug Manufacturing Limited	–	(131)	(132)
Proceeds from issue of share capital	189	1 193	2 028
Proceeds from sale of investment	30 410	–	–
Increase in borrowings	–	15 278	23 915
Repayment of borrowings	(2 932)	–	(506 031)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>27 667</b>	16 340	(480 220)
Net increase/(decrease) in cash and cash equivalents	57 951	299 490	(95 056)
Net foreign exchange difference on cash and cash equivalents	19 984	2 981	9 986
Cash and cash equivalents at beginning of period/year	(156 831)	(71 761)	(71 761)
<b>Cash and cash equivalents at end of period/year*</b>	<b>(78 896)</b>	230 710	(156 831)
* Made up as follows:			
Cash and cash equivalents	192 115	459 429	147 379
Bank overdraft	(421 008)	(228 719)	(304 210)
Net cash position per statement of financial position	(228 893)	230 710	(156 831)
Cash at banks and short-term deposits attributable to discontinued operation	149 997	–	–
<b>Cash and cash equivalents at end of period/year</b>	<b>(78 896)</b>	230 710	(156 831)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 BASIS OF PREPARATION

### 1.1 Introduction

The abridged unaudited interim results for the six months ended 31 December 2015 have been prepared in compliance with the Listings Requirements of the JSE Limited, International Financial Reporting Standards (IFRS), the requirements of the International Accounting Standards, IAS 34: Interim financial reporting, SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act, No. 71 of 2008. The Board of directors take full responsibility for this set of financial results which have been prepared by Ms Dorette Neethling, Chief Financial Officer.

### 1.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

	Unaudited six months ended 31 December 2015 R'000	Unaudited six months ended 31 December 2014 R'000	Audited year ended 30 June 2015 R'000
<b>2 REVENUE</b>			
Turnover	<b>2 752 416</b>	2 568 814	5 270 697
Finance income	<b>1 483</b>	10 624	13 144
Dividend income	<b>4 494</b>	3 957	10 670
	<b>2 758 393</b>	2 583 395	5 294 511
<b>3 NON-TRADING EXPENSES</b>			
Impairments	<b>1 356</b>	–	5 351
Transaction costs	<b>4 881</b>	–	13 678
Share-based payment expenses	<b>35 898</b>	16 977	15 081
Lease cancellation expenses	–	–	500
Profit on disposal of business	–	–	(8 260)
	<b>42 135</b>	16 977	26 350



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	<b>Unaudited six months ended 31 December 2015 R'000</b>	Unaudited six months ended 31 December 2014 R'000	Audited year ended 30 June 2015 R'000
<b>DISCONTINUED OPERATION</b>			
The Board has resolved to dispose of Adcock Ingram Private Limited (India). The results of India are presented below and the net assets were reclassified as held-for-sale as completion of this disposal is expected by year-end.			
<b>REVENUE</b>	<b>118 096</b>	133 688	264 415
<b>TURNOVER</b>	<b>114 614</b>	130 517	257 672
Cost of sales	<b>(40 280)</b>	(42 176)	(86 864)
<b>Gross profit</b>	<b>74 334</b>	88 341	170 808
Selling, distribution and marketing expenses	<b>(59 041)</b>	(74 700)	(144 796)
Fixed and administrative expenses	<b>(11 103)</b>	(40 224)	(84 156)
<b>Trading profit/(loss)</b>	<b>4 190</b>	(26 583)	(58 144)
Non-trading expenses	<b>(5 300)</b>	–	(79 975)
<b>Operating loss</b>	<b>(1 110)</b>	(26 583)	(138 119)
Finance income	<b>3 482</b>	3 171	6 743
Finance costs	<b>(297)</b>	(203)	(458)
<b>Profit/(Loss) before taxation</b>	<b>2 075</b>	(23 615)	(131 834)
Taxation	–	7 085	–
<b>Profit/(Loss) for the period/year</b>	<b>2 075</b>	(16 530)	(131 834)
<b>ASSETS</b>			
Property, plant and equipment	<b>14 798</b>		
Intangible assets	<b>556 060</b>		
Inventories	<b>39 840</b>		
Trade and other receivables	<b>67 865</b>		
Cash and cash equivalents	<b>149 997</b>		
<b>Total assets</b>	<b>828 560</b>		
<b>LIABILITIES</b>			
Long-term borrowings	<b>5 868</b>		
Trade and other payables	<b>118 126</b>		
Provisions	<b>3 316</b>		
<b>Total liabilities</b>	<b>127 310</b>		
Foreign currency translation reserve related to assets classified as held-for-sale	<b>252 688</b>		
<b>Net assets</b>	<b>448 562</b>		
Included in the Group's consolidated statement of cash flows are cash flows from the India discontinued operation. These cash flows are included in operating, investing and financing activities as follows:			
Cash inflow from operating activities	<b>4 358</b>		
Cash outflow from investing activities	<b>(445)</b>		
Cash outflow from financing activities	<b>(208)</b>		
<b>Net cash inflow</b>	<b>3 705</b>		

	Unaudited six months ended 31 December 2015 R'000	Unaudited six months ended 31 December 2014 R'000	Audited year ended 30 June 2015 R'000
<b>5 SEGMENT REPORTING</b>			
As at December 2014 the assets and liabilities of the OTC, Consumer and Prescription products were integrated and managed as the Pharmaceutical division in Southern Africa. The Group regarded this as a single primary business segment for statement of financial position purposes. The prior year figures have now been restated in line with the current group structure.			
<b>Turnover</b>			
<i>Continuing operations:</i>			
Southern Africa	<b>2 608 213</b>	2 441 439	5 022 770
OTC	<b>761 465</b>	698 568	1 454 224
Consumer	<b>328 122</b>	304 152	628 991
Prescription	<b>892 380</b>	880 914	1 812 735
Hospital	<b>626 246</b>	557 805	1 126 820
Rest of Africa and India*	<b>159 117</b>	134 731	270 761
Less: Intercompany sales	<b>(14 914)</b>	(7 356)	(22 834)
	<b>2 752 416</b>	2 568 814	5 270 697
<i>Discontinued operation:</i>			
India	<b>114 614</b>	130 517	257 672
	<b>2 867 030</b>	2 699 331	5 528 369
<b>Trading and operating profit</b>			
<i>Continuing operations:</i>			
Southern Africa	<b>279 318</b>	238 518	520 894
OTC	<b>128 642</b>	141 174	260 717
Consumer	<b>42 050</b>	38 298	79 301
Prescription	<b>87 054</b>	57 909	148 099
Hospital	<b>21 572</b>	1 137	32 777
Rest of Africa and India*	<b>13 264</b>	5 312	(11 767)
Trading profit	<b>292 582</b>	243 830	509 127
Less: Non-trading expenses	<b>(42 135)</b>	(16 977)	(26 350)
Operating profit	<b>250 447</b>	226 853	482 777
<b>Total assets</b>			
<i>Continuing operations:</i>			
Southern Africa	<b>4 199 702</b>	3 936 264	4 064 031
OTC	<b>1 442 263</b>	1 346 847	1 419 863
Consumer	<b>350 916</b>	441 509	393 820
Prescription	<b>1 318 918</b>	1 112 274	1 209 513
Hospital	<b>1 087 605</b>	1 035 634	1 040 835
Rest of Africa	<b>260 529</b>	218 025	193 171
India joint venture	<b>228 624</b>	145 388	171 787
Other – shared services	<b>434 958</b>	678 580	348 597
	<b>5 123 813</b>	4 978 257	4 777 586
<i>Discontinued operation:</i>			
India	<b>828 560</b>	728 045	680 366
	<b>5 952 373</b>	5 706 302	5 457 952

\* Research and development services in India.

	Unaudited six months ended 31 December 2015 R'000	Unaudited six months ended 31 December 2014 R'000	Audited year ended 30 June 2015 R'000
6	<b>INVENTORY</b>		
	The amount of inventories written down recognised as an expense in profit or loss:		
	17 992	31 906	97 800
	–	–	(8 375)
	<b>17 992</b>	<b>31 906</b>	<b>89 425</b>
7	<b>CAPITAL COMMITMENTS</b>		
	12 460	21 140	7 000
	13 083	10 841	33 026
	<b>25 543</b>	<b>31 981</b>	<b>40 026</b>
8	<b>HEADLINE EARNINGS</b>		
	<b>Headline earnings is determined as follows:</b>		
	<b>Continuing operations</b>		
	166 662	141 892	197 932
	<i>Adjusted for:</i>		
	(2 075)	16 530	131 834
	164 587	158 422	329 766
	<i>Adjusted for:</i>		
	255	(475)	(1 750)
	(7)	–	(227)
	–	–	7 390
	–	–	(1 819)
	–	–	(8 260)
	–	–	412
	<b>164 835</b>	<b>157 947</b>	<b>325 512</b>
	<b>Discontinued operation</b>		
	2 075	(16 530)	(131 834)
	<i>Adjusted for:</i>		
	–	–	74 432
	–	–	2 241
	<b>2 075</b>	<b>(16 530)</b>	<b>(55 161)</b>
	<b>'000</b>	<b>'000</b>	<b>'000</b>
9	<b>SHARE CAPITAL</b>		
	175 748	201 652	201 685
	(9 454)	(32 800)	(32 800)
	<b>166 294</b>	<b>168 852</b>	<b>168 885</b>
	Headline earnings and basic earnings per share are based on:		
	167 219	168 795	168 834
	167 492	168 844	168 841

## CORPORATE INFORMATION

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### ADCOCK INGRAM HOLDINGS LIMITED

Incorporated in the Republic of South Africa  
Registration number 2007/016236/06  
Income tax number 9528/919/15/3  
Share code: AIP ISIN: ZAE000123436  
("Adcock Ingram" or "the Company" or "the Group")

### Directors

Mr D Cleasby (Non-executive Director)  
Mr A Hall (Chief Executive Officer)  
Prof M Haus (Independent Non-executive Director)  
Mr B Joffe (Deputy Chairman)  
Dr T Lesoli (Independent Non-executive Director)  
Mr M Makwana (Independent Non-executive Director)  
Dr A Mokgokong (Non-executive Director)  
Mr R Morar (Non-executive Director)  
Mr C Raphiri (Independent Non-executive Chairman)  
Mr M Sacks (Independent Non-executive Director)  
Dr R Stewart (Independent Non-executive Director)

### Company secretary

NE Simelane

### Registered office

1 New Road, Midrand, 1682

### Postal address

Private Bag X69, Bryanston, 2021

### Transfer secretaries

Computershare Investor Services Proprietary Limited  
70 Marshall Street, Johannesburg, 2001  
PO Box 61051, Marshalltown, 2107

### Auditors

Ernst & Young Inc.  
102 Rivonia Road, Sandton, 2146

### Sponsor

Rand Merchant Bank (A division of FirstRand Bank Limited)  
1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196

### Bankers

Nedbank Limited, 135 Rivonia Road, Sandown, Sandton, 2146  
Rand Merchant Bank, 1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196

### Forward-looking statements

Adcock Ingram may, in this document, make certain statements that are not historical facts and relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our future prospects, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, statements regarding exchange rate fluctuations, volume growth, increases in market share, total shareholder return and cost reductions. Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "endeavour" and "project" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.