

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
The definitions and interpretations commencing on page 5 of this Circular apply, *mutatis mutandis*, to this cover page.



adcock ingram

ADCOCK INGRAM HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2007/016236/06)

Share code: AIP ISIN: ZAE000123436

("Adcock")

OFFEREE RESPONSE CIRCULAR TO ADCOCK SHAREHOLDERS

relating to:

the opinion of the Adcock Independent Board relating to the general offer, in terms of section 117(1)(c)(v) of the Act, by Bidvest to acquire the entire issued ordinary share capital of Adcock that it does not already own, excluding the Treasury Shares, for the Offer Consideration of R52.00 per Adcock Share in cash;

incorporating:

the opinion of the Independent Expert appointed by the Adcock Independent Board.

This Circular is available in English only. Copies of this Circular may be obtained during normal business hours from the registered office of Adcock, the Financial Adviser and Sponsor to Adcock and the Transfer Secretaries at the respective addresses set out in the "Corporate Information and Advisers" section of this Circular and Adcock's website www.adcock.co.za, from 20 April 2015 until the Closing Date, both days inclusive.

Date of issue: Monday, 20 April 2015

Financial Adviser and Sponsor to Adcock



**RAND
MERCHANT
BANK**

A division of FirstRand Bank Limited

Independent Expert to Adcock



PSG CAPITAL

Legal Adviser to Adcock

fluxmans

ATTORNEYS

Transfer Secretaries

Computershare

CORPORATE INFORMATION AND ADVISERS

Registered office of Adcock

Adcock Ingram Holdings Limited
(Registration number 2007/016236/06)
1 New Road
Midrand
1682
(Private Bag X69, Bryanston, 2012)

Company secretary

Ntando Simelane
1 New Road
Midrand
1682
(Private Bag x69, Bryanston, 2012)

Financial Adviser and Sponsor

Rand Merchant Bank (a division of
FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place
Corner Fredman Drive and Rivonia Road
Sandton
2196
(PO Box 786273, Sandton, 2146)

Independent Expert

PSG Capital Proprietary Limited
(Registration number 2006/015817/07)
First Floor, Building 8
Inanda Greens Business Park
54 Wierda Road West
Sandton
2196
(PO Box 650957, Benmore, 2010)

Legal Adviser

Fluxmans Inc
(Registration number 2000/024775/21)
30 Jellicoe Avenue
Rosebank
2196
(Private Bag x41, Saxonwold, 2132)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg
2001
(PO Box 61051, Marshalltown, 2107)

IMPORTANT INFORMATION

Foreign Adcock Shareholders

This Circular has been prepared for the purposes of complying with the Act and the Takeover Regulations and is published in terms thereof. The information disclosed may not be the same as that which would have been disclosed had the Circular been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa. The release, publication or distribution of this Circular in jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction. This Circular is not intended to, and does not constitute, or form part of, an offer to sell or subscribe for any securities or a solicitation of any vote or approval in any foreign jurisdiction.

Adcock Shareholders

This Circular does not constitute a prospectus or a prospectus equivalent document. Remaining Adcock Shareholders are advised to read this Circular in conjunction with the Bidvest Offer Circular, which contains the full terms and conditions of the Offer, with care. Any decision to accept the Offer should be made only on the basis of the information in this Circular.

ACTION REQUIRED BY ADCOCK SHAREHOLDERS

Action required

If you have disposed of all your Adcock Shares, then this Circular should be handed to the purchaser of such Adcock Shares or to the Broker, CSDP, banker or other agent through whom the disposal was effected.

If you are in any doubt as to the action you should take, please consult your Broker, CSDP, banker, legal adviser, accountant or other professional adviser immediately.

Adcock does not accept responsibility and will not be held liable for any failure on the part of the CSDP or Broker of any Dematerialised Adcock Shareholders to notify such Dematerialised Adcock Shareholders of the Offer set out in this Circular.

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IMPORTANT DATES AND TIMES

2015

Firm Intention Announcement released on SENS	Thursday, 12 March
Firm Intention Announcement published in the press	Friday, 13 March
Posting date of the Bidvest Offer Circular to Remaining Adcock Shareholders	Thursday, 19 March
Opening date of the Offer at 09:00	Friday, 20 March
Offeree response announcement released on SENS	Monday, 20 April
Offeree response Circular posted to Remaining Adcock Shareholders	Monday, 20 April
Last Day to Trade in order to be eligible to accept the Offer	Thursday, 30 April
Shares trade “ex” the Offer from commencement of trade	Monday, 4 May
Record date, being the final date upon which Remaining Adcock Shareholders must be recorded in the register in order to be eligible to accept the Offer	Friday, 8 May
Closing Date of the Offer at 12:00	Friday, 8 May
Results of the Offer released on SENS	Monday, 11 May
Offer Consideration posted to Offer Participants (once Documents of Title have been received)	Monday, 11 May
Results of the Offer published in the press	Tuesday, 12 May

Notes:

1. The above dates and times are based on information contained in the Bidvest Offer Circular. The above dates and times are subject to amendment at the discretion of the Offeror, which discretion includes the ability to extend the Closing Date of the Offer, subject to the prior written approval of the JSE and TRP being obtained. Any change will be released on SENS and published in the South African press.
2. The abovementioned dates and times are South African dates and times. All references to days are to Business Days.
3. Payment of the Offer Consideration will be made within 6 Business Days of acceptance of the Offer, with the final payment date being Monday, 11 May 2015.
4. Although the salient dates and times are subject to change, such statement may not be regarded as consent or dispensation for any change to the time period which may be required in terms of the Takeover Regulations, where applicable, and any such consent or dispensation must be specifically applied for and approved by the Takeover Regulation Panel.

DEFINITIONS AND INTERPRETATIONS

In this Circular and the annexures attached hereto, unless otherwise stated or the context indicates otherwise, the terms and expressions in the first column will bear the meanings stated opposite them in the second column, and related expressions will bear corresponding meanings; words in the singular will include the plural and *vice versa*; words denoting one gender will include the other genders; and words denoting natural persons will include juristic persons and *vice versa*.

“A” Ordinary Shares”	automatically convertible “A” Ordinary Shares in Adcock with a par value of 10 cents each;
“Act”	the Companies Act, No. 71 of 2008, as amended or re-enacted from time to time;
“Adcock” or “the Offeree”	Adcock Ingram Holdings Limited (registration number 2007/016236/06), a public company duly incorporated and registered in accordance with the laws of South Africa;
“Adcock “A” Ordinary Shareholder”	a registered holder of Adcock “A” Ordinary Shares;
“Adcock “B” Ordinary Shareholder”	a registered holder of Adcock “B” Ordinary Shares;
“Adcock Board”	those members of the board of directors of Adcock as at the Last Practicable Date whose names are set out in page 9 of this Circular;
“Adcock Independent Board”	those members of the Adcock Board who have been identified by the Adcock Board as being independent for the purposes of the consideration of the Offer in accordance with Regulation 108(8) of the Takeover Regulations;
“Adcock Phantom Cash Option”	Adcock’s Phantom Cash Option Scheme;
“Adcock Phantom Option(s)”	phantom options in respect of not more than 1 930 054 Cash Options created in terms of the Adcock Phantom Cash Option Scheme;
“Adcock Shares”	ordinary shares in Adcock with a par value of 10 cents each (it being recorded that such shares do not include the Adcock “A” Ordinary Shares or the Adcock “B” Ordinary Shares, which shares are of different classes), including Treasury Shares;
“Adcock Shareholders”	registered holders of Adcock Shares;
“Adcock Share Option(s)”	options in respect of not more than 1,640,700 Adcock Shares created in terms of the Adcock Share Option Scheme;
“Adcock Share Option Scheme”	the option scheme created by Adcock for executives, key management and other critical employees, approved by Adcock Shareholders in 2008;
“B” Ordinary Shares”	automatically convertible “B” Ordinary Shares in Adcock with a par value of 10 cents each;
“Bidvest” or “the Offeror”	The Bidvest Group Limited and/or its subsidiaries, (registration number 1946/021180/06), a public company duly incorporated and registered in accordance with the laws of South Africa;
“Bidvest Offer Circular”	the bound document dated Thursday, 19 March 2015, posted to the Remaining Adcock Shareholders, by Bidvest, including its annexures and attachments;
“Blue Falcon”	Blue Falcon 69 Trading Proprietary Limited (registration number 2009/016091/07), a private company duly incorporated and registered in accordance with the laws of South Africa, a participant in the Existing Adcock BEE Transaction and the shareholders of which are Kagiso Strategic Investments III Proprietary Limited, Kurisani Youth Development Trust (a trust established to benefit historically disadvantaged South African youth) and the Mookodi Pharma Trust (a trust established for the benefit of black medical doctors and/or health professionals);
“Broker”	any person registered as a broking member (equities) in terms of the rules of the JSE made in accordance with the provisions of the Financial Markets Act, No. 19 of 2012, as amended;

“Bophelo Trust”	the Mpho ea Bophelo Trust (master’s reference number IT330/2010) formed for the benefit of qualifying employees and a participant in the Existing Adcock BEE Transaction;
“Business Day”	any day other than a Saturday, a Sunday or an official public holiday in South Africa;
“Cent”	South African Cent in the official currency of South Africa;
“Certificated Adcock Share”	an Adcock Share, which has not been Dematerialised, and title to which is evidenced by a Document of Title;
“Certificated Adcock Shareholder”	an Adcock Shareholder who holds Certificated Adcock Shares;
“Circular”	this bound Offeree document dated Monday, 20 April 2015, including its annexures and attachments;
“Closing Date”	the last date on which the Remaining Adcock Shareholders will be able to accept the Offer being Friday, 8 May 2015;
“Competition Authorities”	the Competition Commission and/or the Competition Tribunal and/or the Competition Appeal Court, of South Africa created in terms of the Competition Act, No. 89 of 1998, and/or any other similar competition authorities in any other relevant jurisdiction;
“CSDP”	participant, as defined in section 1 of the Financial Markets Act, No. 19 of 2012;
“Dematerialise” or “Dematerialisation”	the process by which Certificated Adcock Shares are converted into electronic format as Dematerialised Adcock Shares and recorded in the uncertificated securities register;
“Dematerialised Adcock Share”	an Adcock Share that has been Dematerialised or has been issued in Dematerialised form, and recorded in the uncertificated securities register;
“Dematerialised Adcock Shareholder”	an Adcock Shareholder who holds Dematerialised Adcock Shares;
“Dividend Shares”	in aggregate 2 571 000 Adcock Shares which, if the Existing Adcock BEE Transaction is terminated, will be released by Adcock and disposed of by Blue Falcon and the Bophelo Trust to Bidvest in terms of the Dividend Share Disposal Undertakings. Given the restrictions that are currently in place the Dividend Shares are unable to be sold through the Bidvest Offer;
“Dividend Share Disposal Undertakings”	the written undertakings dated 20 February 2015 provided by Blue Falcon and the Bophelo Trust, respectively to Bidvest in terms of which Blue Falcon and the Bophelo Trust have undertaken to dispose of their Dividend Shares which, upon the termination of the Existing Adcock BEE Transaction, will be released by Adcock from the restrictions over such Adcock Shares under the terms of the Existing Adcock BEE Transaction;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts, or any other Documents of Title to Adcock Shares reasonably acceptable to Bidvest;
“Existing Adcock BEE Transaction”	Adcock’s black economic empowerment transaction implemented on the terms as set out in the circular to Adcock Shareholders dated 17 March 2010;
“Financial Adviser” or “Sponsor” or “RMB”	FirstRand Bank Limited (acting through its Rand Merchant Bank division), (registration number 1929/001275/06), a public company duly incorporated and registered in accordance with the laws of South Africa and registered as a bank in terms of the Banks Act, 1990;
“Firm Intention Announcement”	the announcement by Adcock setting out the terms of a firm intention by Bidvest or any of its subsidiaries to propose the Offer to the Remaining Adcock Shareholders, as released on SENS on Thursday, 12 March 2015 and published in the South African press on Friday, 13 March 2015;
“Firm Intention Letter”	the letter, dated 11 March 2015, submitted to the Adcock Board by Bidvest, in which Bidvest indicated its firm intention to make an offer to acquire the Remaining Adcock Shares;
“Foreign Adcock Shareholder”	an Adcock Shareholder who is a non-resident of South Africa as contemplated in the Exchange Control Regulations;

“Independent Expert” or “PSG”	PSG Capital Proprietary Limited (registration number 2006/015817/07), a private company duly incorporated and registered in accordance with the laws of South Africa and the Independent Expert appointed by the Adcock Independent Board in accordance with the Act;
“JSE”	the exchange licensed under the Financial Markets Act No. 19 of 2012, and operated by JSE Limited (registration number 2005/022939/06), a public company duly incorporated and registered under the laws of South Africa;
“JSE Listings Requirements”	the listings requirements issued by the JSE from time to time;
“Last Day to Trade”	the last day on which Adcock Shareholders may acquire Adcock Shares in order to be recorded in the register on the Closing Date and thereafter be able to accept the Bidvest Offer, which is expected to be Thursday, 30 April 2015;
“Last Practicable Date”	the Last Practicable Date prior to finalisation of this Circular, being Friday, 10 April 2015;
“Legal Adviser” or “Fluxmans”	Fluxmans Inc (registration number 2000/024775/21), a personal liability duly incorporated and registered in accordance with the laws of South Africa;
“Offer” or “Bidvest Offer”	the general offer to the Adcock Shareholders made in accordance with section 117(1)(c)(v) of the Act, to acquire all of the Remaining Adcock Shares for the Offer Consideration;
“Offer Consideration”	the cash consideration of R52.00 payable by the Offeror for each Adcock Share disposed of in terms of the Offer;
“Offer Payment Date”	date of payment of the Offer Consideration in respect of the Offer to those Remaining Adcock Shareholders who have elected to accept the Offer and dispose of their Adcock Shares to Bidvest which date will be within 6 Business Days of acceptance of the Offer, with the final payment date being Monday, 11 May 2015;
“Offer Period”	the period beginning at 09:00 on the Opening Date and ending at 12:00 on the Closing Date during which the Remaining Adcock Shareholders will be entitled to accept the Offer;
“Offer Shares”	all of the Adcock Shares but specifically excluding Treasury Shares, “A” Ordinary Shares, “B” Ordinary Shares and Adcock Shares already held by Bidvest;
“Offer Participants”	the Remaining Adcock Shareholders to whom/which the Offer is made and who validly and lawfully accept the Offer during the Offer Period;
“Opening Date”	the opening date in respect of the Offer, which is 09:00 on Friday, 20 March 2015;
“PIC”	the Public Investment Corporation (SOC) Limited;
“Pool Agreement”	the proposed Pool Agreement between Bidvest and the PIC in relation to 82 000 000 (eighty two million) Adcock ordinary shares (with Bidvest and the PIC each contributing 41 000 000 Adcock Shares) representing 47.82% of Adcock Shares excluding Treasury Shares as set out in more detail in paragraph 5.1.1 of the Circular;
“R” or “Rand(s)”	South African Rand, the official currency of South Africa;
“Register”	the securities register of Adcock Shareholders maintained by the Transfer Secretaries in accordance with sections 50(1) and 50(3) of the Act, including both Certificated Adcock Shareholders and Dematerialised Adcock Shareholders;
“Remaining Adcock Share(s)”	comprising 112 183 969 Adcock Shares, being the entire issued ordinary share capital of Adcock, which number excludes Treasury Shares, “A” Ordinary Shares, “B” Ordinary Shares and Adcock Shares already held by Bidvest;
“Remaining Adcock Shareholders”	holders of the Remaining Adcock Shares;
“SENS”	the Stock Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;

“Takeover Regulation Panel” or “TRP”	the Takeover Regulation Panel established pursuant to section 196 of the Act;
“Takeover Regulations”	the Takeover Regulations issued in terms of section 120 of the Act, as amended;
“Transfer Secretaries”	the Transfer Secretaries of Adcock, being Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company duly incorporated and registered in accordance with the laws of South Africa; and
“Treasury Shares”	4 285 163 Adcock Shares, which number excludes the Dividend Shares currently held as Treasury Shares, held by a subsidiary of Adcock and representing 2.44% of all Adcock Shares in issue.



adcock ingram

ADCOCK INGRAM HOLDINGS LIMITED

Incorporated in the Republic of South Africa

(Registration number 2007/016236/06)

Share code: AIP ISIN: ZAE000123436

("Adcock" or "the Offeree")

ADCOCK DIRECTORS

Non-executive

Mr Brian Joffe (*Chairman*)

Mr Lindsay Ralphs

Mr Roshan Morar

Dr Anna Mokgokong

Executive

Mr Kevin Wakeford (*Chief Executive Officer*)

Mr Andrew Hall (*Deputy CE and Financial Director*)

Independent non-executive

Mr Clifford Raphiri (*Lead Independent*)

Mr Mpho Makwana

Prof Matthias Haus

Dr Tlalane Lesoli

Dr Roger Stewart

Mr Michael (Motty) Sacks

INTRODUCTION AND PURPOSE OF CIRCULAR

- (i) Adcock Shareholders are referred to the Firm Intention Announcement released by Adcock on SENS on Thursday, 12 March 2015 and published in the press on Friday, 13 March 2015 whereby Adcock Shareholders were advised of Bidvest's Offer to acquire the Remaining Adcock Shares for the Offer Consideration in terms of section 117(1)(c)(v) of the Act.
- (ii) The Offer is an affected transaction as defined in section 117 of the Act and, as such, the Offer is regulated by the Act in terms of the Takeover Regulations and the JSE.
- (iii) As required by the TRP, an independent board must, after receipt of the Firm Intention Letter, consider the Bidvest Offer and provide Adcock Shareholders with its opinion and recommendation regarding the Bidvest Offer having, *inter alia*, obtained and given due consideration to the fair and reasonable opinion of an independent expert.
- (iv) The Adcock Board has appointed the Adcock Independent Board comprising, non-conflicted, non-executive directors to consider and assess the terms of the Bidvest Offer.
- (v) Accordingly, the purpose of this Circular is to provide Adcock Shareholders with the opinion of the Independent Expert and the opinion and recommendation of the Adcock Independent Board.
- (vi) For a full understanding of the detailed legal terms of the Offer, this entire Circular should be read in conjunction with the Bidvest Offer Circular.

OFFEREE RESPONSE CIRCULAR TO ADCOCK SHAREHOLDERS

1. OPINIONS

1.1 Opinion of the Independent Expert

Adcock Shareholders are advised that the Independent Expert has provided its opinion to the Adcock Independent Board. Based on the results of the procedures performed, detailed valuation work and other considerations, the Independent Expert is of the opinion that the terms of the Bidvest Offer are fair and reasonable to Adcock Shareholders.

The detailed opinion letter of the Independent Expert is included in Annexure 1 of this Circular.

1.2 Adcock Independent Board comments and opinion regarding the Offer

1.2.1 Adcock Independent Board's views on the Bidvest Offer and Offer Consideration

The Adcock Independent Board has reviewed the terms and conditions of the Bidvest Offer and having considered the opinion of the Independent Expert, is of the unanimous view that the Bidvest Offer is fair and reasonable to Adcock Shareholders.

Mr M Sacks, a member of the Adcock Independent Board has requested the Adcock Independent Board to include the following additional observations in this Circular:

- Apart from being aware that individual circumstance may differ, amongst Adcock shareholders, other circumstantial factors should be drawn to the attention of Adcock Shareholders and taken into account when considering the Bidvest Offer.
- The Offer is not the result of a negotiation between counterparties nor is it a mandatory offer. It is a general offer, made and defined by a significant Adcock Shareholder (Bidvest) seeking *inter alia*, to “remove uncertainty surrounding Bidvest’s intention to acquire the Remaining Adcock Shares and provide Adcock Shareholders with certainty in this regard”.
- Adcock Shareholders should familiarise themselves with the content of Adcock’s SENS announcement on 23 February 2015, captioned, “Termination by Adcock of the existing BEE transaction, implementation of a new BEE transaction and cautionary”.
- The PIC, South Africa’s largest investment institution and a significant shareholder in Adcock, has already indicated that they will not be accepting the Bidvest Offer.

The only directors who hold Adcock Shares, Mr B Joffe and Mr R Morar, have both indicated that they will not be selling their Adcock Shares in terms of the Bidvest Offer.

To the Adcock Board’s knowledge, other than the Offer received from Bidvest, there have been no other offers received during the Offer Period or during the six-month period before the Bidvest Offer was received.

1.2.2 The Adcock Share Option Scheme and The Adcock Phantom Option Scheme

In terms of the Bidvest Offer and as required by the Takeover Regulations, Bidvest made a comparable offer to the Adcock Share Option Scheme and the Adcock Phantom Option Scheme.

The trustees of the Adcock Share Option Scheme and the Adcock Board in respect of the Adcock Phantom Option Scheme have resolved that they will not accept the comparable offer and accordingly both The Adcock Share Option Scheme and The Adcock Phantom Option Scheme, respectively, will remain in full force and effect in accordance with their terms.

The Adcock Independent Board is aware that individual Adcock Shareholders circumstances may differ and accordingly recommends that Adcock Shareholders seek the expert advice of their respective advisers before deciding whether to accept the offer or not.

2. HISTORICAL FINANCIAL INFORMATION

The annual financial statements of Adcock for the last three financial years and the latest interim results for the six months ended 31 December 2014 are set out in Annexure 2 of this Circular.

3. DIRECT AND INDIRECT BENEFICIAL INTERESTS OR HOLDINGS AND DEALINGS RELATED TO SUCH HOLDINGS

3.1 Beneficial interest and dealings between Offeree and Offeror

3.1.1 Beneficial interests of Adcock in Bidvest

At the last Practicable Date Adcock did not hold any direct or indirect holdings in Bidvest.

3.1.2 Details of any dealings with regard to interest of Adcock in Bidvest

Adcock has not traded in any Bidvest securities over the six-month period preceding the Offer.

3.2 Beneficial interest and dealings by the directors of Adcock in Bidvest securities

3.2.1 Beneficial interests of Adcock directors or equivalent in Bidvest securities

The direct and indirect beneficial interests of Adcock directors or equivalent in the share capital of Bidvest as at the Last Practicable Date have been set out below:

Adcock director	Direct beneficial	Indirect beneficial	Total	Percentage (%)
Mr B Joffe	–	145 158	145 158	0.04
Mr K Wakeford	15 000	–	15 000	0.00
Mr A Hall	–	–	–	–
Mr M Makwana	–	–	–	–
Prof M Haus	–	–	–	–
Dr T Lesoli	–	–	–	–
Mr C Raphiri	–	–	–	–
Dr R Stewart	–	–	–	–
Mr M Sacks	–	–	–	–
Mr L Ralphs	136 771	–	136 771	0.04
Mr R Morar	–	–	–	–
Dr A Mokgokong	–	–	–	–
Total	151 771	145 158	296 929	0.08

3.2.2 Details of any dealings by Adcock directors or equivalent in Bidvest securities

Adcock directors have not traded in any Bidvest securities over the six-month period preceding the Offer Date and as at the Last Practicable Date.

3.3 Beneficial interest and dealings by the directors of Adcock in Adcock Shares

3.3.1 Beneficial interests of Adcock directors or equivalent in Adcock Shares

The direct and indirect beneficial interests of Adcock directors or equivalent in the share capital of Adcock as at the Last Practicable Date have been set out below:

Adcock director	Direct beneficial	Indirect beneficial	Total	Percentage (%)
Mr B Joffe	19 200	–	19 200	0.01
Mr K Wakeford	–	–	–	–
Mr A Hall	–	–	–	–
Mr M Makwana	–	–	–	–
Prof M Haus	–	–	–	–
Dr T Lesoli	–	–	–	–
Mr C Raphiri	–	–	–	–
Dr R Stewart	–	–	–	–
Mr M Sacks	–	–	–	–
Mr L Ralphs	–	–	–	–
Mr R Morar	1 500	–	1 500	0.00
Dr A Mokgokong	–	–	–	–
Total	20 700	–	20 700	0.01

3.3.2 Details of any dealings by Adcock directors or equivalent in Adcock Shares

Adcock directors have not traded in any Adcock securities over the six-month period preceding the Offer and as at the Last Practicable Date.

3.4 Interest and dealings by the irrevocably committed person(s) in the Offeree and Offeror securities

3.4.1 Beneficial interests in Adcock Shares

Irrevocably committed person(s)	Direct beneficial	Indirect beneficial	Total	Percentage (%)
PIC	45 470 989	1 639 200	47 110 189	23.71

3.4.2 Beneficial interests in Bidvest securities

Irrevocably committed person(s)	Direct beneficial	Indirect beneficial	Total	Percentage (%)
PIC	48 092 065	5 788 112	53 880 177	16.08

3.5 Details of any dealings with regards to Offeree securities

3.5.1 PIC trading history in Adcock Shares on the JSE

The table below sets out the trades by the PIC and external managers on behalf of the PIC in Adcock Shares over the six-month period preceding the Offer:

Purchase/Sale	Date	Volume	Price per unit (R)
Sale	9 Feb 2015	366 683	43.73
Sale	6 Feb 2015	388 374	43.47
Sale	5 Feb 2015	162 615	44.65
Sale	3 Feb 2015	220 846	42.77
Purchase	10 Dec 2014	15 000	49.00
Purchase	3 Sep 2014	100 000	51.77
Purchase	2 Sep 2014	218 198	52.14
Purchase	2 Sep 2014	100 000	51.98
Purchase	1 Sep 2014	75 100	51.69
Purchase	29 Aug 2014	48 600	51.20

4. SERVICE CONTRACTS

There are no material provisions of an abnormal nature in respect of director service contracts or entered into between Adcock and its subsidiaries which require specific disclosure.

5. INFORMATION REGARDING AGREEMENTS

5.1 Agreements between the Offeree and the Offeror or any of the Offeror concert parties

5.1.1 Bidvest's Proposed Pool Agreement with the PIC

Reference is made to the SENS announcement released by Bidvest on 11 March 2015 detailing that, subsequent to Bidvest's announcement of the Bidvest Offer to acquire the Remaining Shares, Bidvest and the PIC have engaged in discussions with a view to entering into a pool agreement for joint control of Adcock in respect of 82 000 000 Adcock Shares (with Bidvest and the PIC each contributing 41 000 000 Adcock Shares), representing approximately 47.82% of Adcock's issued ordinary share capital excluding Treasury Shares. If these discussions result in the conclusion of the Pool Agreement it will be conditional upon receiving, *inter alia*, the requisite regulatory approvals, including that of the Competition Authorities. As part of the Pool Agreement, within the pool participants (ie Bidvest and the PIC) it is the contemplation of the parties that Bidvest will be responsible for the management of Adcock, subject to satisfactory performance. The PIC is not a concert party with Bidvest for the purpose of the Offer.

5.1.2 Bidvest has entered into agreements with:

5.1.2.1 Blue Falcon and the Bophelo Trust that, in the event of the Existing Adcock BEE Transaction being terminated and Adcock releasing the Dividend Shares from the call option under the terms of the Existing BEE Transaction, Blue Falcon and the Bophelo Trust will sell the Dividend Shares to Bidvest at R52.00 per Adcock Share in cash; and

- 5.1.2.2 the PIC that, in anticipation of the Pool Agreement as detailed above coming into force and effect, the PIC will not accept the Offer for any Adcock Shares for which it is the discretionary investment manager on behalf of the Government Employees Pension Fund. The Pool Agreement does not restrict the PIC from trading in the Adcock Shares which are the subject of the agreement.

With the exception of the agreements detailed in paragraphs 5.1 above, to the best of the Offeree's knowledge, the Offeree does not have any agreements or proposed agreements between itself, or any person acting in concert with the Offeree; and

- (i) Bidvest; or
- (ii) any of the Bidvest directors (with the exception of Brian Joffe and Lindsay Ralphs who are non-executive directors of Adcock); or
- (iii) persons who were directors of Bidvest within the preceding 12 months of the Bidvest Offer; or
- (iv) holders of Bidvest Shares, or persons who were holders thereof within the preceding 12 months that are considered to be material to a decision regarding the Offer to be taken by Remaining Adcock Shareholders.

6. **ADCOCK INDEPENDENT BOARD RESPONSIBILITY STATEMENT**

The Adcock Independent Board:

- (i) accepts responsibility for the information contained in this Circular to the extent that it relates to Adcock;
- (ii) states that, to the best of their knowledge and belief, the information contained in this Circular is true;
- (iii) confirms that, to the best of their knowledge and belief, this Circular does not omit anything likely to affect the importance of any information contained in this Circular; and
- (iv) none of the directors of the Adcock Independent Board are excluded from this Adcock Independent Board responsibility statement.

7. **MATERIAL CHANGE**

There have been no material changes to the proposed terms of the Offer as set out in the proposed offer announcement released by Bidvest on SENS on Monday, 23 February 2015 or to the terms as set out in the Firm Intention Announcement released by Adcock on SENS on Thursday, 12 March 2015.

8. **CONSENTS**

The Financial Adviser and Sponsor, Independent Expert, Legal Adviser and Transfer Secretaries, whose names are set out in the "Corporate information and advisers" section of this Circular, have consented in writing to act in the capacity stated and to their names being stated in this Circular and none of these parties have withdrawn their consent prior to the publication of this Circular.

9. **GOVERNING LAW**

This Circular, the Offer and any acceptance thereof, will be governed by and constituted in accordance with the laws of South Africa and will be subject to the exclusive jurisdiction of the South African courts.

10. **DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of Adcock from Monday, 20 April 2015 up to and including the Closing Date of the Offer:

- (i) the irrevocable undertaking by the PIC not to accept the Offer for any and all Adcock Shares for which it is the discretionary investment manager on behalf of the Government Employees Pension Fund and the Unemployment Insurance Fund;
- (ii) the memorandum of incorporation of Adcock;
- (iii) the audited financial statements of Adcock for the three financial years ending 30 September 2012, 30 September 2013 and 30 June 2014 as well as the unaudited interim results as at 31 December 2014;

- (iv) the consent of all the appointed advisers of Adcock;
- (v) the Dividend Share Disposal Undertakings;
- (vi) letters of approval from the TRP relating to this Circular and the Bidvest Offer Circular;
- (vii) the Existing Adcock BEE Transaction agreements;
- (viii) the Adcock Ingram Holdings Limited Employee Share (2008) Scheme agreement;
- (ix) the Adcock Ingram Holdings Limited Phantom Cash Option Scheme agreement; and
- (x) a signed copy of this Circular.

By order of the Adcock Independent Board

Clifford D Raphiri

Lead Independent non-executive director

Monday, 20 April 2015

Registered office

Adcock Ingram Holdings Limited
1 New Road
Midrand
South Africa
1682

OPINION LETTER OF THE INDEPENDENT EXPERT TO THE ADCOCK INDEPENDENT BOARD

The Directors
Adcock Ingram Holdings Limited
1 New Road
Midrand
1685

14 April 2015

Dear Sirs,

INDEPENDENT FAIR AND REASONABLE REPORT IN RESPECT OF THE GENERAL OFFER BY THE BIDVEST GROUP LIMITED TO ADCOCK INGRAM HOLDINGS LIMITED SHAREHOLDERS

1. INTRODUCTION

In an announcement on SENS dated 12 March 2015, Adcock Ingram Holdings Limited (“**Adcock**” or “**the Company**”) released a firm intention announcement setting out the details of the general offer by Bidvest in accordance with section 117(1)(c)(v) of the Companies Act, No. 71 of 2008 (“**the Companies Act**”), to acquire all outstanding Adcock ordinary shares, excluding treasury shares, not already owned by Bidvest (“**the Bidvest Offer**”) from Adcock ordinary shareholders (“**Adcock Shareholders**”). The purchase consideration payable in terms of the Bidvest Offer will be a cash consideration of R52.00 per Adcock ordinary share (“**Offer Consideration**”).

Bidvest has received written waivers from Blue Falcon 69 Trading Proprietary Limited and the Mpho ea Bophelo Trust, being the respective holders of the entire issued Adcock A ordinary shares and Adcock B ordinary shares to any entitlement requiring Bidvest to make a comparable offer to such shareholders in terms of section 125(2) of the Companies Act. The Takeover Regulation Panel has approved the waiver of the entitlement to a comparable offer for Adcock A ordinary shares and Adcock B ordinary shares on the basis that the beneficiaries voluntarily waived their entitlement to such offer.

In terms of section 125(2) of the Companies Act, as read with regulation 87 of the Companies Regulations, 2011 (“**Companies Regulations**”), Bidvest will make a comparable offer to:

- holders of any Adcock share options in terms of the Adcock Share Option Scheme in the event that the Bidvest Offer triggers an accelerated vesting and exercise of options in terms of the scheme (“**Adcock Share Option Offer**”). In terms of the Adcock Share Option Offer, Bidvest will either acquire the Adcock shares which participants may hold following the accelerated vesting and exercise of any options, or Bidvest may settle the net in the money portion thereof attributable to participants as may be agreed between Bidvest, Adcock and the relevant employees; and
- holders of any Adcock phantom options in terms of the Adcock Phantom Share Scheme in the event that the Bidvest Offer triggers an accelerated vesting of options in terms of the scheme (“**Adcock Phantom Share Offer**”). In terms of the Adcock Phantom Share Offer, Bidvest will, following the accelerated vesting of any options, settle the net in the money portion of any Adcock phantom options to the relevant participants.

Adcock Shareholders are referred to the Bidvest Offer circular dated 19 March 2015 for full particulars on the Bidvest Offer and the Adcock response circular, as required in terms of the Companies Regulations to be dated on or about 20 April 2015 which includes a copy of this opinion.

In terms of regulations 90 and 110 of the Companies Regulations, as read with section 117(c)(v) of the Companies Act, the independent subcommittee of the Adcock board of directors (“**the Board**”) is required to obtain a fair and reasonable opinion on the Bidvest Offer from an independent expert and include this opinion in the circular to Adcock Shareholders.

2. SCOPE

PSG Capital Proprietary Limited (“**PSG Capital**”) has been appointed by the Board as the independent expert to advise, in accordance with the Companies Act and the Companies Regulations on whether the terms and conditions of the Bidvest Offer are fair and reasonable as far as Adcock Shareholders, excluding Bidvest are concerned.

3. **RESPONSIBILITY**

Compliance with the Companies Act is the responsibility of the Board. PSG Capital's responsibility is to report on the terms and conditions of the Bidvest Offer as they relate to Adcock Shareholders.

We confirm that our fair and reasonable opinion has been provided to the Board for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of Adcock Shareholders excluding Bidvest, which opinion the Board will distribute to Adcock Shareholders. We understand that the results of our work will be used by the Board to satisfy the requirements of the Companies Act and the Companies Regulations.

4. **DEFINITION OF THE TERMS "FAIR" AND "REASONABLE"**

A transaction will generally be considered fair to a company's shareholders if the benefits received by shareholders, as a result of a corporate action, are equal to or greater than the value surrendered by shareholders.

The assessment of fairness is primarily based on quantitative considerations. The Bidvest Offer may be considered fair if the Offer Consideration, received by Adcock Shareholders, is greater than or equal to the fair value attributable to an Adcock share.

In terms of the Companies Regulations, a transaction will be considered reasonable if the offer consideration received by shareholders in terms of the corporate action is higher than the market price of the company's securities at the time that the corporate action was announced. In addition, other qualitative considerations were taken into account when considering the reasonableness of the corporate action.

We have applied the aforementioned principles in preparing our opinion on the Bidvest Offer. This fair and reasonable opinion does not purport to cater for an individual shareholder's position but rather the general body of shareholders subject to the Bidvest Offer. A shareholder's decision regarding the fairness and reasonableness of the terms of the Bidvest Offer may be influenced by their particular circumstances.

5. **SOURCES OF INFORMATION**

In the course of our valuation analysis, we relied upon financial and other information, including prospective financial information, obtained from Adcock directors and management ("**Adcock Management**"), their advisors and from various public, financial and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in preparing our opinion include:

- a draft of the circular to be sent to Adcock shareholders to be dated on or about 20 April 2015;
- the audited annual financial statements of Adcock and its joint ventures consisting of Adcock Ingram Limited (India) and National Renal Care Proprietary Limited ("**the Adcock Group**") for the years ended 30 September 2011 to 30 September 2013 and the nine-month period ended 30 June 2014;
- unaudited interim results of Adcock for the six-month period ended 31 December 2014;
- Adcock management accounts for the eight-month period ended 28 February 2015 and budgeted results for the 12-month period up to 30 June 2015;
- Adcock Management's forecast of financial information for the Adcock Group for the financial years ended 30 June 2016 to 30 June 2018;
- other financial and non-financial information and assumptions made by Adcock Management and discussions held with Adcock Management regarding the Company's operations;
- discussions with Adcock Management regarding the financial information relating to prevailing market, economic, legal and other conditions which may affect the underlying value attributable to Adcock and the Bidvest Offer;
- comparative publicly available financial information on suitable peer-listed companies;
- publicly available information relating to Adcock that we deemed to be relevant; and
- publicly available information relating to the industry in which Adcock operates that we deemed relevant, including company announcements, analysts' reports and media articles.

6. **ASSUMPTIONS**

We have arrived at our opinion based on the following assumptions:

- that reliance can be placed on the historical audited financial information and financial forecasts of the Adcock Group used in the analysis;
- the current economic, regulatory and market conditions, and business model of the Company will not change materially;

- that Adcock is not involved in any material legal proceedings;
- the Adcock Group has no outstanding disputes with any regulatory body, including the South African Revenue Service;
- there are no undisclosed contingencies that could affect the value of Adcock;
- the structure of the Bidvest Offer will not give rise to any undisclosed tax liabilities to Adcock or its shareholders; and
- reliance can be placed on the representations made by Adcock Management and their advisors during the course of forming this opinion.

7. **APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS**

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- conducting analytical analysis on historical and forecast information, such as trend and key ratio analyses; and
- determining the extent to which representations from Adcock Management and other industry experts were confirmed by documentary evidence as well as our understanding of Adcock and the economic environment in which it operates.

8. **PROCEDURES**

In arriving at our opinion, we relied upon financial and other information, obtained from Adcock Management together with industry-related and other information in the public domain. Our conclusion is dependent on such information being accurate in all material respects.

In arriving at our opinion we have, *inter alia*, undertaken the following procedures in evaluating the fair and reasonableness of the Bidvest Offer:

- reviewed and analysed the audited historical financial results for the financial years ended 30 September 2011 to 30 September 2013 and the nine-month period ended 30 June 2014;
- reviewed and analysed the unaudited interim financial results for the six-month period ended 31 December 2014;
- reviewed and analysed the Adcock management accounts for the eight-month period ended 28 February 2015;
- reviewed and analysed Adcock Management's financial budget for the financial year ended 30 June 2015;
- reviewed the reasonableness of the information made available by and from discussions held with Adcock Management, *inter alia*:
 - the events leading up to the Bidvest Offer, including approaches or offers made to acquire Adcock shares in the preceding two years;
 - such other matters as we considered necessary;
 - the forecast financial information of Adcock;
 - the assumptions used in preparing the forecast financial information; and
 - the current market conditions relating to Adcock;
- reviewed the terms and conditions of the Bidvest Offer;
- where relevant, corroborated representations made by Adcock Management to source documents;
- reviewed certain publicly available information relating to Adcock that we have deemed relevant;
- considered appropriate valuation discounts/premiums to be applied to a valuation of Adcock and performed a valuation of the Company;
- considered information on suitable peer-listed companies to develop appropriate valuation multiples and trading comparisons;
- obtained letters of representation from management asserting that we have been provided with all relevant information and that no material information was omitted and that all such information provided to us is accurate in all respects; and
- considered other relevant facts and information relevant to concluding this opinion.

9. VALUATION APPROACH

In considering the Bidvest Offer, we performed an independent valuation of Adcock to determine whether the Offer Consideration represents fair value.

For the purposes of our valuation in order to arrive at a range of appropriate fair value estimates our valuation methodology included:

- applied the income approach, consisting of a discounted cash flow (“**DCF**”) valuation as our primary approach to value Adcock; and
- applied the market approach as an alternative valuation approach to support the results of our DCF valuation.

Key external and internal valuation drivers were considered in our valuation. Key external value drivers considered were inflation rates, single exit price regulations, future GDP growth rates, future CPI rates and exchange rates. Key internal value drivers considered were revenue growth, earnings margins, factory recoveries, price/volume and sales mix. A sensitivity analysis was conducted where practical, utilising existing and forecast key value drivers.

10. REASONABILITY

In arriving at our opinion with respect to the reasonability of the Bidvest Offer, we considered, *inter alia*, the following:

- historic trading prices and trading liquidity of Adcock ordinary shares; and
- the effect of a potential controlling shareholder in Adcock going forward.

11. OPINION

We have considered the terms and conditions of the Bidvest Offer as set out above and based on the aforementioned, we are of the opinion, subject to the limiting conditions as set out below, that the indicative market value per Adcock share is between R51.50 and R58.64, with a likely core value, calculated as the midpoint of the range amounting to R55.07.

In considering the valuation range listed above, Adcock Shareholders should take particular notice of the following factors:

- (i) the actual market value achieved in a specific transaction may be higher or lower than our estimate of the market value depending upon the circumstances of the transaction (for example strategic considerations of the purchaser), the nature of the business (for example the purchaser’s perception of potential synergies); and
- (i) the above market value range represents the respective standalone valuation of Adcock under current management, strategies and business plans.

Subject to the foregoing assumptions, based on our analysis and after taking into account all financial and non-financial considerations, including considerations regarding reasonability as set out in paragraph 10 above, we are of the opinion that the Bidvest Offer is fair and reasonable to Adcock Shareholders.

12. LIMITING CONDITIONS

This opinion is provided to the Board in connection with and for the purpose of the Bidvest Offer for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of Adcock Shareholders. This opinion is prepared solely for the Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

The forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those forecast by Adcock Management.

We relied upon the accuracy of the information used by us in deriving our opinion, albeit that, where practicable, we have corroborated the reasonableness of such information and assumptions through, amongst other things, reference to historic precedent and our knowledge and understanding. Whilst our work has involved an analysis of the annual financial statements, forecasts and other information provided to us, our engagement does not constitute nor does it include an audit conducted in accordance with applicable auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us in respect of the Bidvest Offer.

The opinion expressed is necessarily based upon information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals required in connection with the Bidvest Offer have been or will be properly fulfilled. Subsequent developments may affect our opinion, however, we are under no obligation to update, revise or reaffirm such.

13. INDEPENDENCE AND ADDITIONAL REGULATORY DISCLOSURES

We confirm that PSG Capital holds no shareholding in Adcock or Bidvest, directly or indirectly. We have no interest, direct or indirect, beneficial or non-beneficial, and to the best of our knowledge we are not related to a person who has or has had such interest in Adcock within the immediately preceding two years or in the outcome of the Bidvest Offer.

The directors, partners, officers and employees of PSG Capital allocated to this assignment have the necessary qualifications, expertise and competencies to (i) understand the Bidvest Offer; (ii) evaluate the consequences of the Bidvest Offer; and (iii) assess the effect of the Bidvest Offer on the value of the shares and on the rights and interests of Adcock Shareholders and are able to express opinions, exercise judgement and make decisions impartially in carrying out this assignment.

Furthermore, we confirm that our professional fee for the opinion is R598 500 (including VAT), payable in cash, and is not contingent on the outcome of the Bidvest Offer.

In the event that any Adcock Shareholder accepts the Bidvest Offer, the Adcock Shareholder shall receive the Offer Consideration for its interest held in Adcock.

14. CONSENT

We hereby consent to the inclusion of this opinion and references thereto, in whole or in part, in the form and context in which they appear to be included in any required regulatory announcement or documentation regarding the Bidvest Offer.

Yours faithfully

Riaan van Heerden
PSG Capital

John-Paul Dicks
PSG Capital

HISTORICAL FINANCIAL INFORMATION OF ADCOCK

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Unaudited 6 months ended 31 December 2014 R'000	Audited 9 months ended 30 June 2014 R'000	Audited Restated year ended 30 September 2013 R'000	Audited Restated year ended 30 September 2012 R'000
REVENUE	2 717 083	3 640 780	5 229 308	4 447 227
TURNOVER	2 699 331	3 615 287	5 195 185	4 403 996
Cost of sales	(1 706 304)	(2 475 723)	(3 091 486)	(2 389 944)
Gross profit	993 027	1 139 564	2 103 699	2 014 052
Selling, distribution and marketing expenses	(518 979)	(727 671)	(877 956)	(779 910)
Drug management and regulatory expenses	(60 759)	(81 096)	(104 941)	(81 601)
Fixed and administrative expenses	(196 042)	(337 887)	(311 831)	(255 640)
Trading profit/(loss)	217 247	(7 090)	808 971	896 901
Non-trading expenses	(16 977)	(967 645)	(25 689)	(80 788)
Operating profit/(loss)	200 270	(974 735)	783 282	816 113
Finance income	13 795	18 987	21 510	16 359
Finance costs	(57 392)	(98 620)	(80 018)	(18 592)
Dividend income	3 957	6 506	12 613	26 872
Equity-accounted earnings	32 511	31 895	72 193	27 875
Profit/(Loss) for the period/year	193 141	(1 015 967)	809 580	868 627
Taxation	(48 189)	53 811	(213 127)	(152 628)
Profit/(Loss) for the period/year	144 952	(962 156)	596 453	715 999
Other comprehensive income which will subsequently be recycled to profit or loss	40 562	51 792	370	(37 896)
Exchange differences on translation of foreign operations	40 516	52 967	(772)	(26 181)
Net profit on available-for-sale asset, net of tax	-	350	247	-
Movement in cash flow hedge accounting reserve, net of tax	46	(1 525)	895	(11 715)
Other comprehensive income which will not be recycled to profit or loss				
Actuarial loss on post-retirement medical liability	-	(6 880)	-	-
Total comprehensive income for the period/year, net of tax	185 514	(917 244)	596 823	678 103
Profit/(Loss) attributable to:				
Owners of the parent	141 892	(965 343)	587 844	705 641
Non-controlling interests	3 060	3 187	8 609	10 358
	144 952	(962 156)	596 453	715 999
Total comprehensive income attributable to:				
Owners of the parent	181 142	(914 826)	587 203	670 434
Non-controlling interests	4 372	(2 418)	9 620	7 669
	185 514	(917 244)	596 823	678 103
Basic earnings/(loss) per ordinary share (cents)	84.1	(572.3)	348.6	417.8
Diluted basic earnings/(loss) per ordinary share (cents)	84.0	(571.9)	348.3	417.2
Headline earnings/(loss) per ordinary share (cents)	83.8	(179.5)	350.4	422.4
Diluted earnings/(loss) earnings per ordinary share (cents)	83.8	(179.3)	350.2	421.8

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited 31 December 2014 R'000	Audited 30 June 2014 R'000	Audited Restated 30 September 2013 R'000	Audited Restated 30 September 2012 R'000
ASSETS				
Property, plant and equipment	1 540 308	1 554 420	1 648 709	1 450 815
Intangible assets	827 632	836 178	1 435 716	710 954
Deferred tax	4 891	7 959	7 829	5 097
Other financial assets	138 349	138 955	139 646	139 751
Other non-financial asset	–	–	36 987	–
Investment in joint ventures	239 835	202 237	174 237	124 397
Loans receivable	–	–	–	10 571
Non-current assets	2 751 015	2 739 749	3 443 124	2 441 585
Inventories	1 032 932	1 106 261	1 523 076	931 149
Trade and other receivables	1 383 248	1 235 674	1 548 059	1 255 511
Cash and cash equivalents	459 429	247 852	153 733	434 087
Taxation receivable	79 678	76 306	86 368	85 173
Current assets	2 955 287	2 666 093	3 311 236	2 705 920
Total assets	5 706 302	5 405 842	6 754 360	5 147 505
EQUITY AND LIABILITIES				
Capital and reserves				
Issued share capital	16 884	16 878	16 832	16 872
Share premium	512 107	510 920	504 064	547 400
Non-distributable reserves	477 162	426 415	364 996	356 229
Retained income	1 926 549	1 784 688	2 750 097	2 502 510
Total shareholders' funds	2 932 702	2 738 901	3 635 989	3 423 011
Non-controlling interests	122 850	118 578	127 917	125 500
Total equity	3 055 552	2 857 479	3 763 906	3 548 511
Long-term borrowings	1 015 332	1 004 861	4 841	101 404
Post-retirement medical liability	22 194	22 034	15 108	15 341
Deferred tax	51 788	21 047	121 564	93 113
Non-current liabilities	1 089 314	1 047 942	141 513	209 858
Trade and other payables	1 266 310	1 115 563	1 295 168	901 851
Bank overdraft	228 719	319 613	1 364 134	–
Short-term borrowings	10 693	5 132	100 483	402 922
Cash-settled options	16 362	14 782	39 150	39 983
Provisions	39 352	45 331	50 006	44 380
Current liabilities	1 561 436	1 500 421	2 848 941	1 389 136
Total equity and liabilities	5 706 302	5 405 842	6 754 360	5 147 505

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to holders of the parent

	Issued share capital R'000	Share premium R'000	Retained income R'000	Non- distributable reserves R'000	Total attributable to ordinary shareholders R'000	Non- controlling interests R'000	Total R'000
Balance at 1 October 2011 (audited)	16 888	765 288	1 932 212	371 368	3 085 756	137 625	3 223 381
Share issue	57	7 011			7 068		7 068
Movement in treasury shares	(73)	(45 610)			(45 683)		(45 683)
Share-based payment expense				20 068	20 068		20 068
Share of other changes in equity of joint ventures			11 279		11 279		11 279
Acquisition of non-controlling interests in Ayrton Drug Manufacturing Limited			(2 148)		(2 148)	(8 912)	(11 060)
Total comprehensive income		705 641	705 641	(35 207)	670 434	7 669	678 103
Profit for the year			705 641	(35 207)	705 641	10 358	715 999
Other comprehensive income					(35 207)	(2 689)	(37 896)
Dividends			(144 474)		(144 474)	(10 882)	(155 356)
Distribution out of share premium		(179 289)			(179 289)		(179 289)
Balance at 30 September 2012 (audited)	16 872	547 400	2 502 510	356 229	3 423 011	125 500	3 548 511
Share issue	39	5 060			5 099		5 099
Movement in treasury shares	(79)	(48 396)			(48 475)		(48 475)
Movement in share-based payment reserve				13 077	13 077		13 077
Acquisition of non-controlling interests in Ayrton Drug Manufacturing Limited			(119)		(119)	(223)	(342)
Total comprehensive income			587 844	(641)	587 203	9 620	596 823
Profit for the year			587 844	(641)	587 844	8 609	596 453
Other comprehensive income			(340 138)		(340 138)	(6 980)	(347 118)
Dividends				(3 669)	(3 669)		(3 669)
Share issue expenses incurred by subsidiary				(3 669)			
Balance at 30 September 2013 (audited)	16 832	504 064	2 750 097	364 996	3 635 989	127 917	3 763 906
Share issue	46	6 856			6 902		6 902
Movement in share-based payment reserve				10 902	10 902		10 902
Acquisition of non-controlling interests in Ayrton Drug Manufacturing Limited			(66)		(66)	(175)	(241)
Total comprehensive income			(965 343)	50 517	(914 826)	(2 418)	(917 244)
Loss for the period			(965 343)		(965 343)	3 187	(962 156)
Other comprehensive income				50 517	50 517	(5 605)	44 912
Dividends						(6 746)	(6 746)
Balance at 30 June 2014 (audited)	16 878	510 920	1 784 688	426 415	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			141 892	39 250	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
Balance at 31 December 2014 (unaudited)	16 884	512 107	1 926 549	477 162	2 932 702	122 850	3 055 552

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited 6 months ended 31 December 2014 R' 000	Audited 9 months ended 30 June 2014 R' 000	Audited Restated year ended 30 September 2013 R' 000	Audited Restated year ended 30 September 2012 R' 000
Cash flows from operating activities				
Operating profit before working capital changes	354 250	59 574	1 074 282	1 010 352
Working capital changes	39 493	358 527	(576 688)	(287 821)
Cash generated from operations	393 743	418 101	497 594	722 531
Finance income, excluding receivable	16 120	17 287	18 699	17 561
Finance costs, excluding accrual	(60 592)	(101 480)	(71 230)	(14 877)
Dividend income	3 957	20 504	34 990	27 035
Dividends paid	–	(6 746)	(347 118)	(155 356)
Taxation paid	(18 053)	(36 869)	(189 861)	(186 333)
Net cash inflow/(outflow) from operating activities	335 175	310 797	(56 926)	410 561
Cash flows from investing activities				
Decrease in other financial assets	606	–	409	457
Acquisition of Cosme business, net of cash	–	–	(821 593)	–
Purchase of intangible assets	–	–	–	(13 109)
Purchase of property, plant and equipment				
– Expansion	(20 216)	(12 278)	(65 262)	(267 929)
– Replacement	(32 988)	(83 187)	(254 315)	(226 722)
Proceeds on disposal of property, plant and equipment	573	54	377	1 451
Increase in loans receivable	–	–	–	(11 221)
Net cash outflow from investing activities	(52 025)	(95 411)	(1 140 384)	(517 073)
Cash flows from financing activities				
Acquisition of non-controlling interests in Ayrton Drug Manufacturing Limited	(131)	(241)	(342)	(11 060)
Proceeds from issue of share capital	1 193	6 902	5 099	7 068
Purchase of treasury shares	–	–	(48 475)	(45 683)
Distribution out of share premium	–	–	–	(179 289)
Share issue expenses incurred by subsidiary	–	–	(3 669)	–
Increase in borrowings	15 278	1 004 635	3 924	5 842
Repayment of borrowings (outflow)	–	(100 000)	(402 980)	(303 252)
Net cash inflow/(outflow) from financing activities	16 340	911 296	(446 443)	(526 374)
Net increase in cash and cash equivalents	299 490	1 126 682	(1 643 753)	(632 886)
Net foreign exchange difference on cash and cash equivalents	2 981	11 958	(735)	(353)
Cash and cash equivalents at beginning of period/year	(71 761)	(1 210 401)	434 087	1 067 326
Cash and cash equivalents at end of period/year	230 710	(71 761)	(1 210 401)	434 087

SIGNIFICANT ACCOUNTING POLICIES

Change in year end

The Company's financial year end has been changed from September to June in 2014. Therefore, amounts presented in the financial statements are not entirely comparable.

Statement of compliance

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), its interpretations adopted by the Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the Companies Act.

Basis of preparation

These financial statements have been prepared on the historical cost basis, except for available-for-sale financial assets, financial assets and liabilities which are at fair value through profit or loss; liabilities for cash-settled share-based payments that are measured at fair value; and post-employment benefit obligations are measured in terms of the projected unit credit method.

The Group has elected in terms of IFRS for cumulative gains and losses recognised in other comprehensive income (OCI) in terms of a cash flow hedge relationship to be transferred from OCI and included in the initial measurement of the non-financial asset or liability.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries, joint ventures, associates and structured entities deemed to be controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement in the entity and has the ability to affect those returns through its power over the investee.

The financial results of the subsidiaries are prepared for the same reporting period using consistent accounting policies and are included in the consolidated financial statements from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Foreign currencies

Functional and presentation currency

The consolidated financial statements are presented in South African Rands which is the Company's functional and the Group's presentational currency. Each foreign entity in the Group determines its own functional currency.

Foreign currency transactions

Transactions in foreign currencies are recorded at the rates of exchange ruling at the transaction date.

Foreign currency balances

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. Exchange differences are taken to profit or loss, except for differences arising on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to other comprehensive income until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to such exchange differences are also accounted for in other comprehensive income.

If non-monetary items measured in a foreign currency are carried at historical cost, the exchange rate used is the rate applicable at the initial transaction date. If they are carried at fair value, the rate used is the rate at the date when the fair value was determined.

The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item.

Foreign operations

At the reporting date, the assets and liabilities of the foreign operations are translated into the presentation currency of the Group (Rands) at the exchange rate ruling at the date of the statement of financial position. Items of profit or loss are translated at the weighted average exchange rate for the year. Exchange differences are taken directly to a separate component of other comprehensive income. On disposal of a foreign operation, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments relating to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of that foreign operation, and are translated at the closing rate.

Interest in Group companies

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a charge to other comprehensive income, as appropriate. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

Equity-accounted investments

The equity-accounted investments are the Group's investments in associates and joint ventures.

An associate is an investment over which the Group exercises significant influence through participation in the financial and operating policy decisions, but not control.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement.

Under the equity method, investments are carried in the statement of financial position at cost, plus post-acquisition changes in the Group's share of the profit or loss of these investments. Goodwill relating to equity-accounted investments is included in the carrying amount of the investment and is not tested separately for impairment.

Associates and joint ventures are accounted for from the date that significant influence or joint control is obtained to the date that the Group ceases to have significant influence or joint control.

The statement of comprehensive income reflects the Group's share of these investments' profit or loss. However, losses in excess of the Group's interest are not recognised. Additional losses are provided for and a liability is recognised, only to the extent that a legal or constructive obligation exists. Where an associate or joint venture recognises an entry directly in other comprehensive income, the Group in turn recognises its share as other comprehensive income in the consolidated statement of comprehensive income. Profits and losses resulting from transactions between the Group and equity-accounted investments are eliminated to the extent of the interest in the underlying associate or joint venture.

After application of the equity method, each investment is assessed for indicators of impairment. If applicable, the impairment is calculated as the difference between the carrying value and the higher of its value in use or fair value less costs to dispose. Impairment losses are recognised in profit or loss, as part of the equity accounted earnings.

Upon loss of significant influence over the associate or loss of joint control over the joint venture, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Where the equity accounted investment's accounting policies differ from those of the Group, appropriate adjustments are made to conform to the accounting policies of the Group.

Property, plant and equipment

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate assets. Expenditure incurred on major inspection and overhaul, or to replace an item is also accounted for separately if the recognition criteria are met. All other repairs and maintenance expenditures are charged to profit or loss during the financial period in which they are incurred.

Each part of an item of property, plant and equipment with a cost that is significant is depreciated separately.

Depreciation is calculated on a straight-line basis, on the difference between the cost and residual value of an asset, over its useful life. Depreciation starts when the asset is available for use. An asset's residual value, useful life and depreciation method are reviewed at least at each financial year end.

Any adjustments to residual value, useful life or depreciation method applied are accounted for prospectively.

The following useful lives have been estimated:

Freehold land:	Not depreciated
Freehold buildings:	General purpose: 40 years Specialised: 20 – 50 years

Leasehold improvements:

	The lease term or useful life, whichever is the shorter period
Plant, equipment and vehicles:	3 – 15 years
Furniture and fittings:	3 – 15 years
Computer equipment:	3 years

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

Goodwill and intangible assets

Goodwill

Goodwill is initially measured at cost, being the excess of the consideration transferred, the amount of any non-controlling interest and in a business combination achieved in stages, the acquisition date fair value of any previously held equity interest in the acquiree, over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. Goodwill relating to subsidiaries and joint ventures is recognised as an asset and is subsequently measured at cost less accumulated impairment losses.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is the fair value at the date of acquisition. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are either finite or indefinite.

Intangible assets with finite lives are amortised over their useful life and assessed for impairment when there is an indication that the asset may be impaired. The amortisation period and the amortisation method are reviewed at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The following useful lives have been estimated:

Trademarks:	15 years or indefinite
Customer, supplier and licence-related intangibles:	1 – 15 years

Amortisation is recognised in the statement of comprehensive income through profit or loss in fixed and administrative expenses. Intangible assets with indefinite useful lives are not amortised but are tested biannually for impairment. The useful lives are also reviewed in each period to determine whether the indefinite life assessment continues to be supported. If not, the change in the useful life assessment to a finite life is accounted for prospectively.

Certain trademarks have been assessed to have indefinite useful lives, as presently there is no foreseeable limit to the period over which the assets can be expected to generate cash flows for the Group.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income through profit or loss when the asset is derecognised.

Research and development costs

Research costs, being costs from the investigation undertaken with the prospect of gaining new knowledge and understanding, are recognised in profit or loss as they are incurred.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If such an indication exists, or when annual impairment testing is required, as is the case with goodwill and intangible assets with indefinite useful lives, the Group estimates the recoverable amount. An asset's recoverable amount is the higher of the fair value less costs of disposal and its value in use. Recoverable amount is determined for individual assets, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying value exceeds the recoverable amount, the asset is considered impaired and is written down to the recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's cash generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of 10 years. Ten years are used in instances where the Group believes that assets have a value in use of more than 10 years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the 10th year.

Impairment losses of continuing operations, including impairment of inventories, are recognised in the statement of profit or loss in non-trading expenses.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually at the reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit or group thereof to which the goodwill relates. When the recoverable amount of the cash generating unit is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as the reporting date at the cash generating unit level or individually, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

The Group's classification of financial assets is as follows:

Description of asset classification

Amounts owing by Group companies	Loans and receivables
Trade and other receivables	Loans and receivables
Cash and cash equivalents	Loans and receivables
Investments	Available for sale
Other financial assets	Loans and receivables/Available for sale

All financial assets are recognised initially at fair value plus, in the case of instruments not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in fixed and administrative expenses.

Available-for-sale financial assets

Available-for-sale financial assets could include equity investments. Equity investments classified as available-for-sale are those which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains and losses recognised as other comprehensive income until the investment is derecognised, at which time the cumulative gain or loss is recognised in fixed and administrative expenses, or determined to be impaired, at which time the cumulative loss is reclassified from the available-for-sale reserve to profit or loss in the statement of comprehensive income.

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired by a significant amount or for a prolonged period of time, the cumulative impairment loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss even though the financial asset has not been derecognised.

Derecognition

Financial assets or parts thereof are derecognised when the right to receive the cash flows has expired; or the Group transfers the right to receive the cash flows, and also transfers either all the risks and rewards, or control over the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and the loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

The Group assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the assets is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original costs of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less an impairment loss on that investment previously recognised in the statement of comprehensive income) is reclassified from other comprehensive income to profit or loss. Increases in fair value after impairment are recognised directly in other comprehensive income. Impairment losses on available-for-sale equity instruments are not reversed through profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

The Group has classified financial liabilities, as follows:

Description of liability Classification

Loans payable and borrowings	Loans and borrowings
Trade and other payables	Loans and borrowings
Loans from subsidiaries	Loans and borrowings
Bank overdraft	Loans and borrowings
Amounts owing to Group companies	Loans and borrowings

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income through profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of comprehensive income.

Derecognition

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

Fair value of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and at banks, short-term deposits with an original maturity of three months or less and highly liquid investments. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as detailed above, net of outstanding bank overdrafts.

Derivative instruments

Derivatives are financial instruments whose value changes in response to an underlying factor, require no initial or little net investment and are settled at a future date. Derivatives, other than those arising on designated hedges, are measured at fair value with changes in fair value being recognised in profit or loss.

Hedge accounting

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Fair value hedges

Fair value hedges cover the exposure to changes in the fair value of a recognised asset or liability, or an unrecognised firm commitment (except for foreign currency risk). Foreign currency risk of an unrecognised firm commitment is accounted for as a cash flow hedge.

The gain or loss on the hedged item adjusts the carrying amount of the hedged item and is recognised immediately in profit or loss. The gain or loss from remeasuring the hedging instrument at fair value is also recognised in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the change in the fair value of the firm commitment is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The change in the fair value of the hedging instrument is also recognised in profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation.

Cash flow hedges

Cash flow hedges cover the exposure to variability in cash flows that are attributable to a particular risk associated with a recognised asset or liability; or a highly probable forecast transaction; or the foreign currency risk in an unrecognised firm commitment.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income, while any ineffective portion is recognised in profit or loss.

Amounts taken to other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged income or financial asset or liability is recognised or when the forecast sale or purchase occurs. Where the hedged item is the cost of a non-financial asset or liability, the amount deferred in other comprehensive income is transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to profit or loss.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for similarly to cash flow hedges. Gains or losses on the hedging

instrument relating to the effective portion of the hedge are recognised in other comprehensive income, while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative gains or losses recognised in other comprehensive income are transferred to profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials	Purchase cost on a first-in, first-out basis
Finished goods and work in progress	Cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity.

Consumables are written down with regard to their age, condition and utility.

Costs of inventories include the transfer from other comprehensive income of gains and losses on qualifying cash flow hedges in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated completion and selling costs.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income through profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Leases

At inception date an arrangement is assessed to determine whether it is, or contains, a lease. An arrangement is accounted for as a lease where it is dependent on the use of a specific asset and it conveys the right to use that asset.

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred from the lessor to the Group as lessee. Finance lease assets and liabilities are recognised at the lower of the fair value of the leased property or the present value of the minimum lease payments. Finance lease payments are allocated, using the effective interest rate method, between the lease finance cost, which is included in financing costs, and the capital repayment, which reduces the liability to the lessor.

Capitalised lease assets are depreciated in line with the Group's stated depreciation policy. If there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of its estimated useful life and lease term.

Operating leases are those leases which do not fall within the scope of the above definition.

Operating lease rentals are charged against trading profit on a straight-line basis over the lease term.

Revenue

Revenue comprises turnover, dividend income and finance income. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received/receivable excluding value-added tax, normal discounts, rebates, settlement discounts, promotional allowances, and internal revenue which is eliminated on consolidation.

The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Turnover from the sale of goods (including notional interest on those sales) is recognised when the significant risks and rewards of ownership have passed to the buyer. Dividend income is recognised when the Group's right to receive payment is established. Finance income is accrued on a time basis recognising the effective rate applicable on the underlying assets.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Income taxes

The income tax expense represents the sum of current income tax, deferred tax and Dividends Tax.

Current income tax

The current income tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the reporting date. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- except in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, where it is probable that the asset will be utilised in the foreseeable future:

- except where the asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- except in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, only to the extent that it is probable that the differences will reverse in the foreseeable future, and taxable profit will be available against which these differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is charged to profit or loss, except to the extent that it relates to a transaction that is recognised outside profit or loss or a business combination that results from an acquisition. In this case, the deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and they relate to income taxes levied by the same taxation authority.

Dividends Tax

A Dividends Tax of 15% of dividend distributions is withheld from shareholders and paid to the South African Revenue Service for dividends paid on or after 1 April 2012, where applicable.

Value-Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Employee benefits

Short-term employee benefits

All short-term benefits, including leave pay, are fully provided in the period in which the related service is rendered by the employees. A liability is recognised when an employee has rendered services for benefits to be paid in the future, and an expense when the entity consumes the economic benefit arising from the service provided by the employee.

Defined contribution plans

In respect of defined contribution plans, the contribution paid by the Group is recognised as an expense. If the employee has rendered the service, but the contribution has not yet been paid, the amount payable is recognised as a liability.

Defined benefit plans

The present value of the defined benefit obligation, the related current service costs and, where applicable, past service costs, are calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on quality government bonds.

Remeasurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding entry through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Current service costs are recognised in the statement of comprehensive income through profit or loss in those expense categories consistent with the function of the employee cost. Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits vest immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised immediately.

Post-retirement medical obligations

The Group provides post-retirement healthcare benefits to certain of its retirees and one employee still in service. The expected costs of these benefits are accrued over the period of employment, using the projected unit credit method. Actuarial gains or losses are recognised in the same manner as those of the defined benefit obligation.

Share-based payments

Certain employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions") or share appreciation rights ("cash-settled transactions").

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted and valued using the Black-Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting date). The cumulative expense recognised reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge in the statement of comprehensive income in profit or loss for a period represents the movement in the cumulative expense between the beginning and end of that period.

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a modified version of the Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the period until vesting with recognition of a corresponding liability. The liability is remeasured to its fair value at each reporting date up to and including the settlement date with changes in fair value recognised in profit or loss.

Accounting for BEE transactions

Where equity instruments are issued to a Black Economic Empowerment (BEE) party at less than fair value, the instruments are accounted for as equity settled share-based payments in terms of the stated accounting policy.

Any difference between the fair value of the equity instrument issued and the consideration received is accounted for as an expense in the statement of comprehensive income through profit or loss.

A restriction on the BEE party to transfer the equity instrument subsequent to its vesting is not treated as a vesting condition, but is factored into the fair value determination of the instrument.

Treasury shares

Shares in Adcock Ingram Holdings Limited held by the Group, including shares held by structured entities deemed to be controlled by the Group, are classified within total equity as treasury shares. Treasury shares are treated as a deduction from the issued and weighted average number of shares for earnings per share and headline earnings per share purposes and the cost price of the shares is reflected as a reduction in capital and reserves in the statement of financial position. Dividends received on treasury shares are eliminated on consolidation. No gain or loss is recognised in the statement of comprehensive income through profit or loss on the purchase, sale, issue or cancellation of treasury shares. The consideration paid or received with regard to treasury shares is recognised in equity.

Contingent assets and contingent liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised as assets.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Group. Alternatively it may be a present obligation that arises from past events but is not recognised because an outflow of economic benefits to settle the obligation is not probable, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities unless they are acquired as part of a business combination.

TRADING HISTORY OF ADCOCK SHARES

Set out below is a table showing the aggregate volumes and values and the highest and lowest prices traded in Adcock Shares for:

- each day over the 30 days preceding the Last Practicable Date; and
- each month over the 12 months prior to the date of issue of this Circular.

	Volume	Value Rand	High Rand	Low Rand
Daily				
26 Feb 2015	289 898	15 237 050	53.00	52.45
27 Feb 2015	339 181	17 806 270	53.20	52.31
2 Mar 2015	276 707	14 563 370	53.50	52.15
3 Mar 2015	215 079	11 238 750	53.00	52.00
4 Mar 2015	290 338	15 161 530	52.49	51.54
5 Mar 2015	154 805	8 073 386	52.20	52.00
6 Mar 2015	191 430	9 951 560	52.20	51.90
9 Mar 2015	375 561	19 497 190	52.00	50.51
10 Mar 2015	345 061	17 911 520	52.00	51.80
11 Mar 2015	598 616	31 129 030	53.00	51.86
12 Mar 2015	410 049	21 544 590	53.25	51.90
13 Mar 2015	225 155	11 856 920	53.50	52.12
16 Mar 2015	276 161	14 490 020	52.98	52.00
17 Mar 2015	291 474	15 301 820	52.83	52.40
18 Mar 2015	120 330	6 312 575	52.75	52.00
19 Mar 2015	134 924	7 079 402	52.96	52.00
20 Mar 2015	163 974	8 538 488	52.49	51.90
23 Mar 2015	2 116 540	109 881 698	52.84	51.01
24 Mar 2015	690 534	36 081 136	53.64	51.90
25 Mar 2015	219 590	11 547 716	53.85	52.14
26 Mar 2015	354 569	18 475 632	52.50	51.90
27 Mar 2015	1 213 885	63 064 808	52.46	51.86
30 Mar 2015	1 158 315	60 410 316	52.85	51.91
31 Mar 2015	570 516	29 626 365	52.47	51.50
1 Apr 2015	343 108	17 912 537	52.50	51.91
2 Apr 2015	135 167	7 080 195	52.69	52.00
7 Apr 2015	473 390	24 975 802	53.60	52.33
8 Apr 2015	109 678	5 743 187	52.80	52.00
9 Apr 2015	1 136 108	59 141 850	52.68	51.90
10 Apr 2015	148 983	7 740 475	52.32	51.90
Monthly				
Mar 2015	10 393 613	541 737 798	53.85	50.51
Feb 2015	11 506 000	550 190 345	53.50	42.58
Jan 2015	6 205 931	274 595 324	48.70	40.46
Dec 2014	3 138 064	154 303 155	52.85	46.16
Nov 2014	4 388 333	221 091 723	54.34	47.31
Oct 2014	5 881 392	287 334 041	50.00	47.51
Sep 2014	8 573 564	432 228 419	53.58	51.37
Aug 2014	15 938 587	813 481 926	52.93	46.16
Jul 2014	20 843 019	1 116 770 861	55.65	50.51
Jun 2014	4 228 333	229 727 029	56.59	52.33
May 2014	5 152 509	307 188 727	63.06	55.01
Apr 2014	11 130 709	671 115 923	64.80	57.50

