



**TRINITY PHARMA (PTY) LTD**  
**(Registration number 2003/020397/07)**

**Annual Financial Statements**  
**for the 13 month period ended 31 March 2018**

These annual financial statements were prepared by:  
J.H. Coetzer  
Chartered Accountant (SA)

DNL Associates Inc.  
Chartered Accountants (SA)  
Registered Auditors

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

Issued \_\_\_\_\_

# Trinity Pharma (Pty) Ltd

(Registration number: 2003/020397/07)

Annual Financial Statements for the 13 month period ended 31 March 2018

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Registration and marketing of pharmaceuticals
<b>Directors</b>	G.R.N. Simaan S.S. Sinha S. Kahanovitz V. Kumar A.J. Metha
<b>Registered office</b>	106 16th Road Midrand Johannesburg South Africa 1686
<b>Business address</b>	106 16th Road Midrand Johannesburg South Africa 1686
<b>Postal address</b>	PO Box 68687 Bryanston Johannesburg South Africa 2021
<b>Holding company</b>	Strides Pharma Asia Pte Ltd incorporated in Singapore
<b>Ultimate holding company</b>	Strides Shasun Ltd (a company listed on the National Stock Exchange of India) incorporated in India
<b>Bankers</b>	Bidvest Bank First National Bank
<b>Auditors</b>	DNL Associates Inc. Chartered Accountants (SA) Registered Auditors 280 Brooks Street Brooklyn Pretoria, 0181
<b>Tax reference number</b>	9676714141
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
<b>Preparer</b>	The annual financial statements were independently compiled by: J.H. Coetzer Chartered Accountant (SA)

# Trinity Pharma (Pty) Ltd

(Registration number: 2003/020397/07)

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# Trinity Pharma (Pty) Ltd

(Registration number: 2003/020397/07)

Annual Financial Statements for the 13 month period ended 31 March 2018

## Directors' Responsibilities and Approval

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The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial 13 month period and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

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


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

The directors have reviewed the company's cash flow forecast for the 13 month period to 31 March 2019 and, in the light of this review and the current financial position, They are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.


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

The annual financial statements set out on pages 8 to 33, which have been prepared on the going concern basis, were approved by the board of directors on 06-07-2018 and were signed on its behalf by:

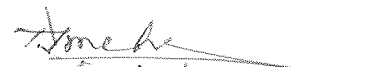
### Approval of annual financial statements

  
\_\_\_\_\_  
S.S. Sinha

  
\_\_\_\_\_  
G.R.N. Simaan

  
\_\_\_\_\_  
V. Kumar

  
\_\_\_\_\_  
S. Kahanovitz

  
\_\_\_\_\_  
A.J. Metha

Johannesburg

# Trinity Pharma (Pty) Ltd

(Registration number: 2003/020397/07)

Annual Financial Statements for the 13 month period ended 31 March 2018

## Directors' Report

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The directors have pleasure in submitting their report on the annual financial statements of Trinity Pharma (Pty) Ltd for the 13 month period ended 31 March 2018.

### 1. Nature of business

Trinity Pharma (Pty) Ltd was incorporated in South Africa and is engaged in the registration and marketing of pharmaceutical products.

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

### 2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior period.

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

### 3. Share capital

Issued	2018	2017	2018	2017
	%	%	Number of shares	
Strides Pharma Asia Pte Ltd	51.60	-	748	-
Kahma Healthcare Group (Pty) Ltd	28.40	-	408	-
Asaco (Pty) Ltd	20.00	-	289	-
Trium Investments (Pty) Ltd	-	59.48	-	809
G.R.N. Simaan	-	15.00	-	204
Generic Partners (Global) (Pty) Ltd	-	24.78	-	337
JCK Family Trust	-	0.74	-	10
	<u>100.00</u>	<u>100.00</u>	<u>1,445</u>	<u>1,360</u>

On 1 January 2018 all the existing shareholders sold their shares to Strides Pharma Asia Pte Ltd, Kahma Healthcare Group (Pty) Ltd and Asaco (Pty) Ltd for an amount of R85 million.

Refer to note 13 of the annual financial statements for detail of the movement in issued share capital.

### 4. Control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act 71 of 2008. As this general authority remains valid only until the next AGM, the shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares under the control of the directors until the next AGM.

### 5. Dividends

No dividends were declared or paid to shareholders for the reporting period.

### 6. Directors

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

#### Directors

G.R.N. Simaan  
S.S. Sinha  
S. Kahanovitz  
V. Kumar  
A.J. Metha  
A.G. Stürmer  
K. Nickson

#### Changes

Appointed 16 January 2018  
Appointed 16 January 2018  
Appointed 16 January 2018  
Appointed 16 January 2018  
Resigned 15 January 2018  
Resigned 15 January 2018

# Trinity Pharma (Pty) Ltd

(Registration number: 2003/020397/07)

Annual Financial Statements for the 13 month period ended 31 March 2018

## Directors' Report

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### 7. Directors interests in shares

As at 31 March 2018, the directors of the company held direct and indirect beneficial interests in 20% (2017: 15%) of its issued ordinary shares.

The register of interests of directors and others in shares of the company is available to the shareholders on request.

### 8. Interests in subsidiaries

Details of material interests in subsidiary companies are presented in the annual financial statements in note 5.

The company acquired the shares of the 75% majority shareholder in Apollo Life Sciences Holdings (Pty) Ltd for an estimated R21 million (pending future earn-out amounts) with effect from 01 January 2018. Apollo Life Sciences Holdings (Pty) Ltd operates in the pharmaceutical industry.

### 9. Holding company

The company's holding company is Strides Pharma Asia Pte Ltd which holds 51.60% (2017: Trium Investments (Pty) Ltd - 59.48 %) of the company's equity. Strides Pharma Asia Pte Ltd is incorporated in Singapore (2017: Trium Investments (Pty) Ltd).

### 10. Ultimate holding company

The company's ultimate holding company is Strides Shasun Ltd (a company listed on the National Stock Exchange of India) which is incorporated in India.

### 11. Special resolutions

In terms of a special resolution held on 30 January 2018 the company's Memorandum of Incorporation was replaced with a new Memorandum of Incorporation to be aligned with the Companies Act, 2008.

In terms of a special resolution held on 15 February 2018 the company's year end was changed from February to March to coincide with that of Strides Pharma Asia Pte Ltd, the new holding company.

### 12. Events after the reporting period

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

### 13. Going concern

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

### 14. Liquidity and solvency

The directors have performed the required liquidity and solvency tested as required by the Companies Act 71 of 2008.

# Independent Auditor's Report

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**To the shareholders of Trinity Pharma (Pty) Ltd**

## **Opinion**

We have audited the annual financial statements of Trinity Pharma (Pty) Ltd set out on pages 8 to 30, which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 13 month period then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Trinity Pharma (Pty) Ltd as at 31 March 2018, and its financial performance and cash flows for the 13 month period then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

## **Basis for opinion**

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

## **Other information**

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

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

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

## **Responsibilities of the directors for the Annual Financial Statements**

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

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

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# Independent Auditor's Report

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## Auditor's responsibilities for the audit of the Annual Financial Statements

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

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

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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**DNL Associates Inc.**  
**AJJ de Lange**  
**Director**  
**Chartered Accountant (SA)**  
**Registered Auditor**

**Date:** \_\_\_\_\_

**280 Brooks Street**  
**Brooklyn**  
**Pretoria, 0181**



# Trinity Pharma (Pty) Ltd

(Registration number: 2003/020397/07)

Annual Financial Statements for the 13 month period ended 31 March 2018

## Statement of Financial Position as at 31 March 2018

Figures in Rand	Note(s)	31 March 2018	28 February 2017
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	458,033	162,517
Intangible assets	4	11,032,812	14,074,062
Investments in subsidiaries	5	1,559,673	21,032
Loans to group companies	6	66,468	67,888
Other financial assets	7	87,500	-
Deferred tax	8	159,385	58,758
		<b>13,363,871</b>	<b>14,384,257</b>
<b>Current Assets</b>			
Inventories	9	37,221,465	23,058,960
Work in progress and receivables	10	2,292,253	1,987,424
Trade and other receivables	11	34,187,318	21,700,241
Current tax receivable	17	210,652	-
Cash and cash equivalents	12	12,271,449	4,778,522
		<b>86,183,137</b>	<b>51,525,147</b>
<b>Total Assets</b>		<b>99,547,008</b>	<b>65,909,404</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	13	24,032,227	19,032,227
Retained income		(15,537,959)	2,203,961
		<b>8,494,268</b>	<b>21,236,188</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Other financial liabilities	15	16,170,887	-
<b>Current Liabilities</b>			
Trade and other payables	14	74,489,053	41,156,069
Other financial liabilities	15	46,305	-
Current tax payable	17	-	128,238
Provisions	18	346,495	257,949
Trade facility	19	-	3,130,960
		<b>74,881,853</b>	<b>44,673,216</b>
<b>Total Liabilities</b>		<b>91,052,740</b>	<b>44,673,216</b>
<b>Total Equity and Liabilities</b>		<b>99,547,008</b>	<b>65,909,404</b>

# Trinity Pharma (Pty) Ltd

(Registration number: 2003/020397/07)

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## Statement of Comprehensive Income

Figures in Rand	Note(s)	13 months ended 31 March 2018	12 months ended 28 February 2017
Revenue	20	178,110,973	115,485,539
Cost of sales		(158,880,631)	(103,285,215)
<b>Gross profit</b>		<b>19,230,342</b>	<b>12,200,324</b>
Other income	21	570,624	-
Operating expenses		(16,770,655)	(9,710,254)
<b>Operating profit</b>	22	<b>3,030,311</b>	<b>2,490,070</b>
Investment revenue	23	281,057	152,587
Fair value adjustments	24	(19,461,359)	-
Finance costs	25	(867,467)	(273,012)
<b>(Loss) profit before taxation</b>		<b>(17,017,458)</b>	<b>2,369,645</b>
Taxation	26	(724,462)	(643,417)
<b>Profit for the period</b>		<b>(17,741,920)</b>	<b>1,726,228</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>(17,741,920)</b>	<b>1,726,228</b>

## Trinity Pharma (Pty) Ltd

(Registration number: 2003/020397/07)

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### Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Retained income	Total equity
<b>Balance at 01 March 2016</b>	<b>1,360</b>	<b>19,030,867</b>	<b>19,032,227</b>	<b>477,733</b>	<b>19,509,960</b>
Profit for the year	-	-	-	1,726,228	1,726,228
<b>Balance at 01 March 2017</b>	<b>1,360</b>	<b>19,030,867</b>	<b>19,032,227</b>	<b>2,203,961</b>	<b>21,236,188</b>
Loss for the 13 month period	-	-	-	(17,741,920)	(17,741,920)
Issue of shares	85	4,999,915	5,000,000	-	5,000,000
<b>Balance at 31 March 2018</b>	<b>1,445</b>	<b>24,030,782</b>	<b>24,032,227</b>	<b>(15,537,959)</b>	<b>8,494,268</b>
Note(s)	13	13	13		

# Trinity Pharma (Pty) Ltd

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## Statement of Cash Flows

Figures in Rand	Note(s)	13 months ended 31 March 2018	12 months ended 28 February 2017
<b>Cash flows from operating activities</b>			
Cash receipts from customers		165,882,400	108,324,397
Cash paid to suppliers and employees		(151,609,508)	(111,392,201)
Cash generated from (used in) operations	28	14,272,892	(3,067,804)
Interest income		281,057	152,587
Finance costs		(844,582)	(273,012)
Tax (paid) received	29	(1,163,979)	152,416
<b>Net cash from/(utilised in) operating activities</b>		<b>12,545,388</b>	<b>(3,035,813)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(482,169)	(80,468)
Sale of property, plant and equipment	3	34,646	-
Purchase of intangible assets	4	(1,582,205)	(1,074,710)
Acquisition of businesses (incl subs, JVs & Assocs)	30	-	(87,500)
Movement in loans advanced to group companies		1,420	(1,420)
Increase of financial assets		(87,500)	-
<b>Net cash (utilised in) investing activities</b>		<b>(2,115,808)</b>	<b>(1,244,098)</b>
<b>Cash flows from financing activities</b>			
Proceeds from other financial liabilities		217,192	-
Movement in trade facility		(3,130,960)	3,130,960
Finance lease payments		(22,885)	-
<b>Net cash (utilised in)/from financing activities</b>		<b>(2,936,653)</b>	<b>3,130,960</b>
<b>Total cash movement for the period</b>		<b>7,492,927</b>	<b>(1,148,951)</b>
Cash at the beginning of the period		4,778,522	5,927,473
<b>Total cash at end of the period</b>	12	<b>12,271,449</b>	<b>4,778,522</b>

# Trinity Pharma (Pty) Ltd

(Registration number: 2003/020397/07)

Annual Financial Statements for the 13 month period ended 31 March 2018

## Accounting Policies

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### General information

Trinity Pharma (Pty) Ltd is a company incorporated and domiciled in South Africa.

### 1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

### 1.1 Significant judgements and sources of estimation uncertainty

#### Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

#### Key sources of estimation uncertainty

##### Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated selling price less costs to complete and sell. Where an impairment is necessary, inventory items are written down to selling price less costs to complete and sell.

##### Impairment testing

The company reviews and tests the carrying value of investments in subsidiaries when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount which is the higher of an asset's or cash generating unit's (CGU) fair value less cost of disposal (FVLCD) and its value in use (VIU). These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

In calculating VIU, 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/CGU. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining FVLCD, recent market transactions (where available) are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies, or other available fair value indicators. VIU does not reflect future cash flows associated with improving or enhancing an assets performance, whereas anticipated enhancements to assets are included in FVLCD calculations.'

The following were the key model inputs used in determining the recoverable amount:

- assumed discount rate of 20%;
- assumed long-term sustainable growth rate of 7%.

Impairment losses of investments are recognised in the statement of profit or loss and other comprehensive income.

#### Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

#### Interest rates

Prime overdraft rate at year end: 10.25% (2017: 10.50%)

# Trinity Pharma (Pty) Ltd

(Registration number: 2003/020397/07)

Annual Financial Statements for the 13 month period ended 31 March 2018

## Accounting Policies

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### 1.1 Significant judgements and sources of estimation uncertainty (continued)

#### Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted

### 1.2 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount.

Where major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to the components and they are depreciated separately over each component's useful life.

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

# Trinity Pharma (Pty) Ltd

(Registration number: 2003/020397/07)

Annual Financial Statements for the 13 month period ended 31 March 2018

## Accounting Policies

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### 1.2 Property, plant and equipment (continued)

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

### 1.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses.

Research and development costs are recognised as an expense in the period incurred.

Amortisation is provided to write down the intangible assets, on a straight-line basis, as follows:

<b>Item</b>	<b>Useful life</b>
Trademarks	20 years; refer to note below
Dossiers	10 years; refer to note below
Business models	10 years
Computer software	3 years

#### **Trademarks and dossiers:**

The cost capitalised during the year represents directly attributable costs of preparing the intangibles for their intended use. The directors showed their intention to maintain trade marks and dossiers in a condition which will maintain the future streams of cashflow to the company, that will give it an indefinite life and maintain its residual value in excess of its cost. Such necessary maintenance costs will be undertaken on a regular basis and be charged to the income statement. Capital costs incurred subsequent to add to or to enhance the asset will be capitalised.

In cases where management is unable to make a reliable estimate of the useful life of an intangible asset, its best estimate is applied, limited to 10 years.

The residual value, amortisation period and amortisation method for intangible assets are reassessed when there is an indication that there is a change from the previous estimate.

### 1.4 Investments in subsidiaries

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

The company does not prepare consolidated annual financial statements because it is itself a subsidiary and its parent prepares consolidated annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities.

### 1.5 Financial instruments

#### **Initial measurement**

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

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## Accounting Policies

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### 1.5 Financial instruments (continued)

#### Financial instruments at amortised cost

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

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

#### Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

All financial assets whose fair value cannot otherwise be measured reliably, and which do not meet the criteria to be designated as instruments measured at amortised cost, are measured at cost less impairment.

#### Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

### 1.6 Tax

#### Current tax assets and liabilities

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

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

#### Deferred tax assets and liabilities

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

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

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

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

#### Tax expenses

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



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## Accounting Policies

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### 1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

#### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

### 1.8 Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

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

### 1.9 Work in progress and receivables

Where the outcome of a contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by completion of a physical proportion of the contract work.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

### 1.10 Impairment of assets

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

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

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior 13 month periods. A reversal of impairment is recognised immediately in profit or loss.

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## Accounting Policies

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### 1.11 Employee benefits

#### Short-term employee benefits

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

### 1.12 Provisions and contingencies

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

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

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

### 1.13 Revenue

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

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The Stage of completion is determined by surveys of work performed. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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

### 1.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.15 Foreign exchange

#### Foreign currency transactions

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

The foreign exchange component of a non-monetary item is recognised consistently with any other gains or losses on those items, in other comprehensive income or in profit or loss.

All transactions in foreign currencies are initially recorded in Rand, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in profit or loss.

### 1.16 Cost of sales

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

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

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## Notes to the Annual Financial Statements

Figures in Rand	13 months ended 31 March 2018	12 months ended 28 February 2017
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### 2. Changes in accounting policy

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities on a basis consistent with the prior period except for the following:

#### Impairment of capitalised expenditure on dossiers

During the 13 month period, the company changed its accounting policy with respect to the treatment of capitalised expenditure on dossiers. The company now only capitalise licence and regulatory body registration costs incurred, to be in line with the new shareholder's corporate policy (refer to note 4).

The aggregate effect of the changes in accounting policy on the annual financial statements for the 13 month period ended 31 March 2018 is as follows:

#### Statement of Financial Position

##### Intangible assets

Previously stated	15,348,529	13,766,324
Adjustment: write off of previously capitalised development cost and time	(4,558,159)	-
	<b>10,790,370</b>	<b>13,766,324</b>

### 3. Property, plant and equipment

	2018			2017		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Leasehold property	4,897	-	4,897	-	-	-
Furniture and fixtures	70,995	(37,473)	33,522	95,529	(65,461)	30,068
Motor vehicles	304,064	(57,814)	246,250	-	-	-
Office equipment	236,954	(141,832)	95,122	166,734	(105,999)	60,735
IT equipment	209,014	(130,779)	78,235	186,495	(114,788)	71,707
Text books	21,327	(21,320)	7	21,327	(21,320)	7
<b>Total</b>	<b>847,251</b>	<b>(389,218)</b>	<b>458,033</b>	<b>470,085</b>	<b>(307,568)</b>	<b>162,517</b>

#### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Leasehold property	-	4,897	-	-	4,897
Furniture and fixtures	30,068	30,404	(9,304)	(17,646)	33,522
Motor vehicles	-	304,064	-	(57,814)	246,250
Office equipment	60,735	70,221	-	(35,834)	95,122
IT equipment	71,707	72,583	(18,051)	(48,004)	78,235
Text books	7	-	-	-	7
	<b>162,517</b>	<b>482,169</b>	<b>(27,355)</b>	<b>(159,298)</b>	<b>458,033</b>

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### 3. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	45,993	-	(15,925)	30,068
Office equipment	78,658	14,244	(32,167)	60,735
IT equipment	39,831	66,224	(34,348)	71,707
Text books	6	-	-	6
<b>Total</b>	<b>164,488</b>	<b>80,468</b>	<b>(82,440)</b>	<b>162,516</b>

#### Property, plant and equipment encumbered as security

Refer to note 15 & 16 for details of property, plant and equipment encumbered as security for borrowings.

### 4. Intangible assets

	2018			2017		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Trademarks	8,040	(503)	7,537	8,040	(303)	7,737
Business models	600,000	(365,096)	234,904	600,000	(300,000)	300,000
Computer software	14,400	(14,399)	1	14,400	(14,399)	1
Dossiers	10,790,370	-	10,790,370	13,766,324	-	13,766,324
<b>Total</b>	<b>11,412,810</b>	<b>(379,998)</b>	<b>11,032,812</b>	<b>14,388,764</b>	<b>(314,702)</b>	<b>14,074,062</b>

#### Reconciliation of intangible assets - 2018

	Opening balance	Additions	Disposals	Amortisation	Total
Trademarks	7,737	-	-	(200)	7,537
Business models	300,000	-	-	(65,096)	234,904
Computer software, other	1	-	-	-	1
Dossiers	13,766,324	1,582,205	(4,558,159)	-	10,790,370
<b>Total</b>	<b>14,074,062</b>	<b>1,582,205</b>	<b>(4,558,159)</b>	<b>(65,296)</b>	<b>11,032,812</b>

#### Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Trademarks	7,902	-	(165)	7,737
Business models	360,000	-	(60,000)	300,000
Computer software, other	1,211	-	(1,210)	1
Dossiers	12,691,614	1,074,710	-	13,766,324
<b>Total</b>	<b>13,060,727</b>	<b>1,074,710</b>	<b>(61,375)</b>	<b>14,074,062</b>

#### Impairment of capitalised expenditure on dossiers

In line with the new shareholder's corporate policy only license and regulatory body registration costs are to be capitalised against dossiers. As a result all other costs were written off and expensed. (refer to 2).

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### 5. Investments in subsidiaries

Name of subsidiary	% holding 2018	% holding 2017	Carrying amount 2018	Carrying amount 2017
Apollo Life Sciences Holdings (Pty) Ltd	100.00 %	25.00 %	21,021,032	21,032
Impairment of investment in subsidiaries			21,021,032 (19,461,359)	21,032 -
			<b>1,559,673</b>	<b>21,032</b>

All the entities are incorporated in South Africa and share the year end of the company.

The carrying amounts of subsidiaries are shown gross of impairment losses.

On 1 November 2016 Trinity Pharma (Pty) Ltd acquired a 25% interest in Apollo Life Sciences Holdings (Pty) Ltd for a consideration of R 21,032 (previously incorrectly stated on the 2017 financial statements as R87,500; however this total amount included a loan now disclosed under note 6).

On 12 December 2017 Trinity Pharma (Pty) Ltd obtain an additional 75% interest in Apollo Life Sciences Holdings (Pty) Ltd for a consideration subject to future earnout clauses. Management's estimate of the acquisition price on acquisition date was R21,000,000. R5,000,000 of the acquisition price was financed through an issue of its own shares (refer to note 13 ).

#### Impairment testing: investment in Apollo Life Sciences Holdings (Pty) Ltd - information about key sources of estimation uncertainty

The company based its impairment calculation on detailed budgets and forecasts based on management's and the group's expectations of revenue and growth. The estimated cash flows are based on expected future contracted revenue, operating costs, staff costs and capital expenditure. At year end the company assessed the investment and found carrying amount to be reasonable.

The following were the key model inputs used in determining the recoverable amount:

- assumed discount rate of 20%;
- assumed long-term sustainable growth rate of 7%.

An impairment charge of R19,461,359 arose on the investment in Apollo Life Sciences Holdings (Pty) Ltd resulting in its carrying amount of R21,021,032 being written down to a recoverable amount of R1,559,673.

### 6. Loans to (from) group companies

#### Subsidiaries

Apollo Life Sciences Holdings (Pty) Ltd	66,468	66,468
The loan is unsecured and interest free with no fixed terms of repayment. Repayment has been deferred for at least 12 months.		
The loan has been subordinated in favour of Apollo Life Sciences Holdings (Pty) Ltd's creditors until such time that its fairly valued assets exceeds its fairly valued liabilities.		

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<b>7. Other financial assets</b>		
<b>At amortised cost</b>		
Loan to director: G.R.N. Simaan	87,500	-
The loan is unsecured and interest free with no fixed terms of repayment. Repayment has been deferred for at least 12 months.		
<b>Non-current assets</b>		
At amortised cost	87,500	-
<b>8. Deferred tax</b>		
Deferred tax liability	(112,191)	(25,609)
Deferred tax asset	271,576	84,367
<b>Total net deferred tax asset</b>	<b>159,385</b>	<b>58,758</b>
The major components of the deferred tax balance are as follows:		
<b>Deferred tax liability</b>		
<b>Arising as a result of temporary differences on:</b>		
Prepayments	(26,839)	(25,609)
Work in progress	(85,352)	-
<b>Total deferred tax liability</b>	<b>(112,191)</b>	<b>(25,609)</b>
<b>Deferred tax asset</b>		
<b>Arising as a result of temporary differences on:</b>		
Deferred income	37,564	-
Provisions	97,019	84,367
Stock provisions	136,993	-
<b>Total deferred tax asset</b>	<b>271,576</b>	<b>84,367</b>
<b>Reconciliation of deferred tax asset/(liability)</b>		
At beginning of period	58,758	26,005
<b>Recognised in profit or loss:</b>		
Movement in temporary differences	100,627	32,753
<b>At end of period</b>	<b>159,385</b>	<b>58,758</b>

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Figures in Rand	13 months ended 31 March 2018	12 months ended 28 February 2017
<b>9. Inventories</b>		
Pharmaceutical products - Trinity Pharma	14,825,306	6,783,743
Pharmaceutical products - Heraeus Medical	22,885,419	16,275,217
	<u>37,710,725</u>	<u>23,058,960</u>
Inventories (write-downs)	(489,260)	-
	<u><b>37,221,465</b></u>	<u><b>23,058,960</b></u>
<b>Inventory pledged as security</b>		
Movable assets were pledged as security for the Reichmans' trade facility of in terms of a General Notarial Bond (refer to note 19).		
<b>10. Work in progress and receivables</b>		
Work in progress and receivables	<u>2,292,253</u>	<u>1,987,424</u>
Advances received in excess of work completed are included in trade and other payables.		
<b>11. Trade and other receivables</b>		
Trade receivables	31,567,653	20,977,673
Prepayments	95,855	178,520
Deposits	211,640	122,213
VAT	2,302,470	420,335
Staff loans	9,700	1,500
	<u><b>34,187,318</b></u>	<u><b>21,700,241</b></u>
Trade and other receivables were pledged as security for the Reichman's trade facility in terms of a 1st cession of the debtors book (refer to note 19).		
<b>12. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	8	928
Bank balances	<u>12,271,441</u>	<u>4,777,594</u>
	<u><b>12,271,449</b></u>	<u><b>4,778,522</b></u>
Bank balances includes the following foreign denominated bank accounts:		
USD	\$ 13,320 (2017: \$ 2,117)	
GBP	£ 255 (2017: £ 255)	

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## Notes to the Annual Financial Statements

Figures in Rand	13 months ended 31 March 2018	12 months ended 28 February 2017
<b>13. Share capital</b>		
<b>Authorised</b>		
4,000 Ordinary shares of R1 each	4,000	4,000
<b>Reconciliation of number of shares issued:</b>		
Reported at the beginning of the period	1,360	1,360
Issue of shares – ordinary shares	85	-
	<b>1,445</b>	<b>1,360</b>
Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
<b>Issued</b>		
1,445 (2016: 1,360) Ordinary shares of R1 each	1,445	1,360
Share premium	24,030,782	19,030,867
	<b>24,032,227</b>	<b>19,032,227</b>
85 Ordinary shares of R1 each valued at R5,000,000 was issued as purchase consideration for the acquisition of 75% interest in Apollo Life Sciences Holdings (Pty) Ltd (refer to note 5).		
<b>14. Trade and other payables</b>		
Trade payables	69,326,755	39,538,714
Amounts received in advance	561,215	-
Employee taxes	187,416	213,310
Accrued expense	4,398,622	1,404,045
Amounts due to related parties	15,045	-
	<b>74,489,053</b>	<b>41,156,069</b>
<b>15. Other financial liabilities</b>		
<b>At amortised cost</b>		
WesBank finance - motor vehicle	217,192	-
The loan bears interest at the prime rate and is repayable in 49 monthly instalments of R 5,656.34 each.		
Secured by motor vehicle with a book value of R 246,250 (refer to note 3).		
Deferred purchase creditor: GRN Simaan	16,000,000	-
On 12 December 2017 Trinity Pharma (Pty) Ltd obtain an additional 75% interest in Apollo Life Sciences Holdings (Pty) Ltd for a consideration subject to future earnout clauses (refer to note 5).		
Management's estimate of the acquisition price on acquisition date as R21,000,000. R5,000,000 of the acquisition price was financed through an issue of its own shares (refer to note 13).		
The remaining balance is to be paid in two further tranches subject to changes based on the financial results of the company in 2019 and 2020.		
The liability is unsecured and interest free - no payments were due at year end.		
	<b>16,217,192</b>	<b>-</b>



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Figures in Rand	13 months ended 31 March 2018	12 months ended 28 February 2017
<b>15. Other financial liabilities (continued)</b>		
<b>Non-current liabilities</b>		
At amortised cost	16,170,887	-
<b>Current liabilities</b>		
At amortised cost	46,305	-
	<b>16,217,192</b>	<b>-</b>
<b>16. Finance lease liabilities</b>		
<b>Minimum lease payments which fall due</b>		
- within one year	67,876	-
- in second to fifth year inclusive	209,285	-
	277,161	-
Less: future finance charges	(59,968)	-
<b>Present value of minimum lease payments</b>	<b>217,193</b>	<b>-</b>

It is company policy to lease certain motor vehicles and equipment under finance leases.

The average lease term is 5 years and the average effective borrowing rate is 10.25%

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for renewal clauses, purchase options, escalation clauses, contingent rent or subleases. There are no restrictions imposed by the leases.

The company's obligations under finance leases are secured by the leased motor vehicle. Refer note 3 and 15.

### 17. Current tax payable (receivable)

The current tax asset include taxes withheld from foreign countries on foreign-sourced income. Excess foreign tax credits may be carried forward to the succeeding year in which it will be available for set-off against taxable income from foreign sources in that year. (refer to the tax computation).

### 18. Provisions

#### Reconciliation of provisions - 2018

	Opening balance	Additions	Total
Employee related provisions	257,949	88,546	346,495

#### Reconciliation of provisions - 2017

	Opening balance	Additions	Total
Employee related provisions	166,743	91,206	257,949

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### 19. Trade facility

Reichmans' trade facility	-	3,130,960
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Facilities of R 7,500,000 are available to the company. Interest charged at prime plus 2.5% for ZAR; Interbank rate 5% for foreign currencies. Expiring 12 months after commencement date but renewable.

Secured by:

- cession of company's debtors book (refer to note 11); and
- a General Notarial Covering Bond for R 5 000 000 over all moveable assets (refer to note 9).

### 20. Revenue

Sale of goods	127,250,674	74,327,155
Rendering of services	2,410,943	2,789,429
Sales as agent for Heraeus Medical GmbH (Germany)	48,449,356	38,368,955
	<u>178,110,973</u>	<u>115,485,539</u>

Revenue and cost of sales includes transactions incurred as agent for Heraeus Medical GmbH (Germany) in terms of an Exclusive Distribution Agreement signed by the parties in terms of which the company only earns an administration fee. All other costs and profits are for Heraeus' account. Refer to the break down below.

Revenue on Heraeus transactions	(48,449,356)	(38,368,955)
Purchases and other costs	48,908,481	30,332,235
Opening Heraeus stock	16,275,217	16,944,974
Closing Heraeus stock	(22,885,419)	(16,275,217)
Interest received on Heraeus funds	(109,310)	(110,475)
Other expenses	6,260,387	7,477,438
Net income from Heraeus activities	-	-
Administration fees earned	(561,000)	(495,000)
Regulatory fees earned	(111,782)	(304,348)
<b>Total fees earned from agency agreement</b>	<u>(672,782)</u>	<u>(799,348)</u>

### 21. Other income

Profit and loss on sale of assets	7,291	-
Bad debts recovered	6,663	-
Recovery of marketing expenses	556,670	-
	<u>570,624</u>	<u>-</u>

## Trinity Pharma (Pty) Ltd

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### Notes to the Annual Financial Statements

Figures in Rand	13 months ended 31 March 2018	12 months ended 28 February 2017
<b>22. Operating profit</b>		
Operating profit for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	646,259	523,939
Profit on sale of property, plant and equipment	(7,291)	-
Impairment on intangible assets	4,558,159	-
Loss on exchange differences	83,786	153,738
Amortisation on intangible assets	65,296	61,375
Depreciation on property, plant and equipment	159,298	82,440
Employee costs	8,228,156	6,639,995
<b>23. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	90,747	42,112
Interest received - Heraeus Medical GmbH (Germany)	190,310	110,475
	<b>281,057</b>	<b>152,587</b>
<b>24. Fair value adjustments</b>		
Investment in subsidiaries (refer to note 5)	(19,461,359)	-
<b>25. Finance costs</b>		
Non-current borrowings	844,168	272,140
Trade and other payables	27	288
Finance leases	22,885	-
Bank	387	584
	<b>867,467</b>	<b>273,012</b>

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## Notes to the Annual Financial Statements

Figures in Rand	13 months ended 31 March 2018	12 months ended 28 February 2017
<b>26. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Current taxation</b>		
South African normal tax - current period	784,920	676,170
South African normal tax - prior period under provision - withholding tax	40,169	-
	<b>825,089</b>	<b>676,170</b>
<b>Deferred taxation</b>		
South African deferred tax - current period	(100,627)	(32,753)
	<b>724,462</b>	<b>643,417</b>
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting profit and tax expense.		
Accounting (loss) profit	(17,017,458)	2,369,645
Tax at the applicable tax rate of 28% (2017: 28%)	(4,764,888)	663,501
<b>Non-deductible expenses</b>		
Section 6quat withholding taxes expired	-	(20,084)
	<b>-</b>	<b>(20,084)</b>
<b>Other</b>		
Prior period (over) under provisions in current tax - withholding tax	40,169	-
Adjustments to comply with IFRS: Impairment of investment in subsidiary	5,449,181	-
	<b>5,489,350</b>	<b>-</b>
	<b>724,462</b>	<b>643,417</b>
<b>27. Auditor's remuneration</b>		
Fees	65,000	57,000
Accounting, tax, secretarial and other services	27,165	24,190
	<b>92,165</b>	<b>81,190</b>

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## Notes to the Annual Financial Statements

Figures in Rand	13 months ended 31 March 2018	12 months ended 28 February 2017
<b>28. Cash generated from (used in) operations</b>		
(Loss) profit before taxation	(17,017,458)	2,369,645
<b>Adjustments for:</b>		
Depreciation and amortisation	224,594	143,815
Profit on sale of assets	(7,291)	-
Interest received	(281,057)	(152,587)
Finance costs	867,467	273,012
Fair value adjustments	19,461,359	-
Impairment loss	4,558,159	-
Movements in provisions	88,546	91,206
<b>Changes in working capital:</b>		
Inventories	(14,162,505)	(2,401,835)
Trade and other receivables	(12,487,077)	(6,276,722)
Work in progress	(304,829)	682,892
Trade and other payables	33,332,984	2,202,770
	<b>14,272,892</b>	<b>(3,067,804)</b>
<b>29. Tax (paid) refunded</b>		
Balance at beginning of the period	(128,238)	700,348
Current tax for the period recognised in profit (loss) or loss	(825,089)	(676,170)
Balance at end of the period	(210,652)	128,238
	<b>(1,163,979)</b>	<b>152,416</b>
<b>30. Acquisition of businesses</b>		
<b>Fair value of assets acquired</b>		
Apollo Life Sciences Holdings (Pty) Ltd	21,087,500	350,000
Outside shareholders	-	(262,500)
Total net assets acquired	21,087,500	87,500
Less: Existing share of net assets before acquisition	(87,500)	-
	<b>21,000,000</b>	<b>87,500</b>
<b>Consideration paid</b>		
Cash	-	(87,500)
Equity - 85 ordinary shares in Trinity Pharma (Pty) Limited	(5,000,000)	-
Purchase creditor - repayable in terms of earnout clause	(16,000,000)	-
	<b>(21,000,000)</b>	<b>(87,500)</b>
<b>Net cash outflow on acquisition</b>		
Cash consideration paid	-	(87,500)

Refer to Note 5 for acquisition of Apollo Life Sciences Holdings (Pty) Ltd.

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## Notes to the Annual Financial Statements

Figures in Rand	13 months ended 31 March 2018	12 months ended 28 February 2017
<b>31. Related parties</b>		
Relationships		
Ultimate holding company	Strides Shasun Ltd (a company listed on the National Stock Exchange of India)	
Holding company	Strides Pharma Asia Pte Ltd (Singapore)	
Subsidiaries	Refer to note 5	
Other shareholders	Kahma Healthcare Group (Pty) Ltd	
	Asaco (Pty) Ltd	
Fellow subsidiary of holding company	Generic Partners (Pty) Ltd	
Common control of directors	Gabina Health & Beauty (Pty) Ltd (G.R.N. Simaan - till March 2018)	
Members of key management	Refer to directors' report	
<b>Related party balances</b>		
<b>Loan accounts - Owing (to) by related parties</b>		
Purchase Creditor: GRN Simaan (for interest in Apollo Life Sciences Holdings (Pty) Ltd)	(16,000,000)	-
GRN Simaan	87,500	-
Apollo Life Sciences Holdings (Pty) Ltd	66,468	66,468
<b>Amounts included in Trade receivable (Trade Payable) regarding related parties</b>		
Intercompany Account - Generic Partners (Pty) Ltd	17,362	17,362
Intercompany Account - Apollo Life Sciences Holdings (Pty) Ltd	(15,045)	1,420
GRN Simaan	(6,816)	(72,226)
Apollo Life Sciences Holdings (Pty) Ltd	789	610,287
Generic Partners (Pty) Ltd	3,901	-
Gabina Health & Beauty (Pty) Ltd	38,267	-
Apollo Life Sciences Holdings (Pty) Ltd	(434)	-
Generic Partners (Pty) Ltd	(99,870)	-
Gabina Health & Beauty (Pty) Ltd	(3,665)	-
Generic Partners (Pty) Ltd (USD)	(141,448)	-
Generic Partners UK Ltd (EUR)	145,880	-
Generic Partners (Pty) Ltd (accrued profit share at year end)	(233,491)	-
<b>Related party transactions</b>		
<b>Purchases from (sales to) related parties</b>		
Generic Partners (Pty) Ltd (profit share, products and dossiers)	7,198,805	335,302
Generic Partners (Pty) Ltd (recovery of time and expenses)	(46,141)	-
Apollo Life Sciences Holdings (Pty) Ltd (profit share)	468,627	47,341
Apollo Life Sciences Holdings (Pty) Ltd (recovery of time and expenses and sale of products)	(158,363)	(109,139)
<b>Administration fees paid to (received from) related parties</b>		
Apollo Life Sciences Holdings (Pty) Ltd	-	(450,000)

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### Notes to the Annual Financial Statements

Figures in Rand	13 months ended 31 March 2018	12 months ended 28 February 2017
<b>32. Directors' remuneration</b>		
<b>Executive</b>		
<b>2018</b>		
G.R.N. Simaan	Emoluments 2,081,985	Total 2,081,985
<b>2017</b>		
G.R.N. Simaan	Emoluments 1,885,200	Total 1,885,200

## Trinity Pharma (Pty) Ltd

(Registration number: 2003/020397/07)

Annual Financial Statements for the 13 month period ended 31 March 2018

### Detailed Income Statement

Figures in Rand	Note(s)	13 months ended 31 March 2018	12 months ended 28 February 2017
<b>Revenue</b>	20	<b>178,110,973</b>	<b>115,485,539</b>
<b>Cost of sales</b>			
Opening stock		(23,058,960)	(22,644,549)
Purchases		(173,043,136)	(103,699,626)
Closing stock		37,221,465	23,058,960
		<b>(158,880,631)</b>	<b>(103,285,215)</b>
<b>Gross profit</b>		<b>19,230,342</b>	<b>12,200,324</b>
<b>Other income</b>			
Bad debts recovered		6,663	-
Recovery of marketing expenses		556,670	-
Interest received	23	281,057	152,587
Gains on disposal of assets		7,291	-
		<b>851,681</b>	<b>152,587</b>
<b>Expenses (Refer to page 32)</b>		<b>(16,770,655)</b>	<b>(9,710,254)</b>
<b>Operating profit</b>	22	<b>3,311,368</b>	<b>2,642,657</b>
Finance costs	25	(867,467)	(273,012)
Fair value adjustments	24	(19,461,359)	-
		<b>(20,328,826)</b>	<b>(273,012)</b>
<b>(Loss) profit before taxation</b>		<b>(17,017,458)</b>	<b>2,369,645</b>
Taxation	26	(724,462)	(643,417)
<b>(Loss) profit for the period</b>		<b>(17,741,920)</b>	<b>1,726,228</b>



## Trinity Pharma (Pty) Ltd

(Registration number: 2003/020397/07)

Annual Financial Statements for the 13 month period ended 31 March 2018

### Detailed Income Statement

Figures in Rand	Note(s)	13 months ended 31 March 2018	12 months ended 28 February 2017
<b>Operating expenses</b>			
Administration and management fees		239,000	311,000
Advertising		1,145,505	666,600
Auditors remuneration	27	92,165	81,190
Bank charges		44,136	27,940
Cleaning		15,681	11,446
Computer expenses		132,628	112,235
Consulting and professional fees		113,847	103,588
Depreciation, amortisation and impairments		4,782,753	143,815
Employee costs		8,228,156	6,639,995
Entertainment		9,003	20,269
Insurance		168,634	56,814
Lease rentals on operating lease		646,259	523,939
Municipal expenses		102,353	87,605
Other expenses		134,574	98,855
Postage		33,270	45,324
Printing and stationery		105,241	66,670
Profit and loss on exchange differences		83,786	153,738
Repairs and maintenance		17,508	11,266
Security		11,050	2,719
Staff welfare		75,992	62,129
Subscriptions		85,321	45,602
Telephone and fax		92,762	77,370
Training		56,119	35,989
Travel - local		240,958	156,913
Travel - overseas		113,954	95,514
Withholding taxes expired		-	71,729
		<b>16,770,655</b>	<b>9,710,254</b>

## Trinity Pharma (Pty) Ltd

(Taxpayer reference number 9676714141)

(Registration number: 2003/020397/07)

Annual Financial Statements for the 13 month period ended 31 March 2018

### Tax Computation

Figures in Rand	2018	2017
Net loss per income statement	(17,017,458)	2,369,645
<b>Permanent differences (Non-deductible/Non taxable items)</b>		
Section 6quat withholding taxes expired	-	71,729
Accounting profit on disposal of fixed assets	(7,291)	-
Wear and tear recouped (s8(4))	7,291	-
	<u>-</u>	<u>71,729</u>
<b>Temporary differences</b>		
Adjustments to comply with IFRS: Impairment of investment in subsidiary	19,461,359	-
Amounts received in advance - current year	611,215	-
Allowance for future expenditure (s24C)	(477,053)	-
Provision for stock impairments not deductible current year	489,260	-
Work in progress not yet invoiced/accrued	(2,292,253)	-
Work in progress - prior years - not adjusted for tax	1,987,424	-
Depreciation according to financial statements	224,594	143,815
Wear and tear allowance (s11(e))	(224,594)	(143,815)
Prepaid expenditure not limited by s23H	(95,855)	(91,462)
Reversal of prepaid expenditure allowed in prior year	91,462	73,871
Provision for commissions not deductible current year	29,426	43,361
Reversal of provision for commissions previously raised	(43,361)	-
Provision for leave pay not deductible current year	317,069	257,949
Reversal of provision for leave pay previously raised	(257,949)	(166,743)
	<u>19,820,744</u>	<u>116,976</u>
<b>Taxable income for 2018</b>	<u>2,803,286</u>	<u>2,558,350</u>
<b>Tax thereon @ 28% in the Rand</b>	<u>784,920</u>	
<b>Reconciliation of tax balance</b>		
Amount owing/(prepaid) at the beginning of the period	128,238	
Prior year adjustment - error on tax calculation relating to section 6quat credits	40,169	
Payments made	(184,432)	
<b>Amount owing/(prepaid) in respect of the prior period</b>	<u>(16,025)</u>	
<b>Tax owing/(prepaid) for the current period:</b>		
<b>Normal tax</b>		
Per calculation	784,920	
1st provisional payment	(338,225)	
2nd provisional payment	(631,762)	
	<u>(185,067)</u>	
<b>Withholding Tax</b>		
Charge	(9,560)	
<b>Amount owing/(prepaid) at the end of the period</b>	<u>(210,652)</u>	