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

Annual Financial Statements
for the year ended 31 March 2020

These annual financial statements were prepared by:
M. Bester AGA (SA)
DNL Associates Inc.

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 30 June 2020

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Registration and marketing of pharmaceuticals
Directors	G.R.N. Simaan S. Kahanovitz V. Kumar A.J. Metha V.K. Singh
Registered office	106 16th Road Midrand Johannesburg South Africa 1686
Business address	106 16th Road Midrand Johannesburg South Africa 1686
Postal address	P.O. Box 68687 Bryanston Johannesburg South Africa 2021
Holding company	Strides Pharma Asia Pte Ltd incorporated in Singapore
Ultimate holding company	Strides Pharma Science Ltd (a company listed on the National Stock Exchange of India and the Bombay Stock Exchange) incorporated in India
Bankers	Bidvest Bank First National Bank
Auditors	DNL Associates Inc. Chartered Accountants (SA) Registered Auditors
Auditor's business address	280 Brooks Street Brooklyn Pretoria South Africa 0181
Tax reference number	9676714141

Contents

The reports and statements set out below comprise the annual financial statements presented to the shareholders:

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the 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 year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

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

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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 year to 31 March 2021 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external 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 pages 6 to 7.

The annual financial statements set out on pages 8 to 41, which have been prepared on the going concern basis, were approved by the board on 30 June 2020 and were signed on their behalf by:

Approval of financial statements

Director **Director**

Johannesburg

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Trinity Pharma (Pty) Ltd for the year ended 31 March 2020.

1. Nature of business

Trinity Pharma (Pty) Ltd was incorporated in South Africa with interests 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 Standards and the requirements of the Companies Act 71 of 2008. In the prior year the annual financial statements were prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities. Except for the matters disclosed in note 2 there were no significant changes in how the accounting policies have been applied.

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

	2020	2019	2020	2019
Issued	Percentage held		Number of shares	
Strides Pharma Asia Pte Ltd	51.76 %	51.76 %	748	748
Kahma Healthcare Group (Pty) Ltd	28.24 %	28.24 %	408	408
Asaco (Pty) Ltd	20.00 %	20.00 %	289	289
	100.00 %	**100.00 %**	**1,445**	**1,445**

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

4. Control over unissued shares

The unissued ordinary shares are under the control of the shareholders in terms of the Memorandum of Incorporation.

5. Dividends

No dividends were declared or paid to shareholders during the year.

6. Directorate

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

Directors	**Changes**
G.R.N. Simaan	
S.S. Sinha	Resigned 24 February 2020
S. Kahanovitz	
V. Kumar	
A.J. Metha	
V.K. Singh	Appointed 11 March 2020

7. Directors' interests in shares

As at 31 March 2020, the directors of the company held direct and indirect beneficial interests consisting of 20% (2019: 20%) 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.

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

Directors' Report

8. Interests in subsidiaries

Details of material interests in subsidiaries are presented in the annual financial statements in note 6.

9. Holding company

The company's holding company is Strides Pharma Asia Pte Ltd which holds 51.76% (2019: 51.76%) of the company's equity. Strides Pharma Asia Pte Ltd is incorporated in Singapore.

10. Ultimate holding company

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

11. Events after the reporting period

The outbreak of the COVID-19 coronavirus has resulted in disruption to business activity globally and recent market volatility, since mid-January 2020. On 11 March 2020, the World Health Organisation (WHO) declared COVID-19 to be a global pandemic. On 27 March 2020, South Africa’s sovereign credit rating was also downgraded to sub investment grade.
During this period, national governments and various private sector organisations have taken significant measures to contain the virus, including quarantines, business lockdowns and border closures. Consequences of the outbreak have also contributed to significant volatility in global stock markets since late February 2020.
The company has performed a re-forecast in light of the Coronavirus outbreak and have forecasted that the company will generate profits after taxation in the next financial year.
The impact of the coronavirus and the downgrade will be closely monitored and assessed for its impact on the business. Furthermore, the company has cash reserves as at 30 April 2020 of ZAR3,651,032 at its disposal. It should be further noted that the company is profitable and has no external financing for its working capital requirements, other than the R5,000,000 Reichmans' trade facility referred to in note 9 of the notes to the financial statements. At period end the facility had a balance of R nil (2019: R nil). The company is able to fund all liabilities as and when they fall due.

Management do not expect these events to have a material impact on the company's operations in the foreseeable future.

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

12. 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.

As mentioned in the aforementioned paragraph, management is of the view that the impact of COVID-19 does not cast significant doubt on the company's ability to continue as a going concern.

13. Consolidation

Consolidated financial statements are prepared by the ultimate holding company on a group level.

DNL Associates Incorporated
Chartered Accountants (SA) & Registered Auditors

Registration Number: 2013/186618/21 • SAICA Firm Number: 08258422 • IRBA Practice Number: 902003
Directors: AJJ de Lange - B.Com(Hons), M.Com(Tax), CA(SA), RA • JH Coetzer - B.Com(Hons), CA(SA), RA
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Tel: +27 12 364 0180 • Fax: +27 12 364 0188 • Website: www.dnlinc.co.za • E-mail: info@dnlinc.co.za

Independent Auditor's Report

To the shareholders of Trinity Pharma (Pty) Ltd

Opinion

We have audited the annual financial statements of Trinity Pharma (Pty) Ltd (the company) set out on pages 8 to 37, which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year 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 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 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 sections 290 and 291 of the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. 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 and the Detailed Income Statement 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 Standards 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.

Independent Auditor's Report

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.

Date: 30 June 2020

DNL Associates Inc.
J.H. Coetzer
Director
Chartered Accountants (SA)
Registered Auditor

280 Brooks Street
Brooklyn
Pretoria
South Africa
0181

Statement of Financial Position as at 31 March 2020

Figures in Rand	Note(s)	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	4	285,942	350,544
Intangible assets	5	25,903,611	13,945,628
Investments in subsidiaries	6	1,559,673	1,559,673
Loans to group companies	7	221,468	187,648
Deferred tax	8	225,868	234,254
		28,196,562	**16,277,747**
Current Assets			
Inventories	9	50,626,100	39,179,895
Work in progress and receivables	10	2,127,528	2,080,886
Trade and other receivables	12	62,753,106	47,044,810
Current tax receivable	20	209,731	-
Cash and cash equivalents	13	5,940,569	11,253,950
		121,657,034	**99,559,541**
Total Assets		**149,853,596**	**115,837,288**
Equity and Liabilities			
Equity			
Share capital	14	24,032,227	24,032,227
Retained income		7,690,934	(9,680,451)
		31,723,161	**14,351,776**
Liabilities			
Non-Current Liabilities			
Loans from group companies	11	4,510,939	-
Other financial liabilities	15	68,261	13,422,114
		4,579,200	**13,422,114**
Current Liabilities			
Trade and other payables	18	99,736,680	78,686,277
Other financial liabilities	15	11,581,576	7,883,936
Contract liabilities	19	1,935,528	-
Current tax payable	20	-	907,756
Provisions	17	297,451	585,429
		113,551,235	**88,063,398**
Total Liabilities		**118,130,435**	**101,485,512**
Total Equity and Liabilities		**149,853,596**	**115,837,288**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	2020	2019
Revenue	21	244,471,795	207,993,711
Cost of sales		(209,210,480)	(181,283,166)
Gross profit		**35,261,315**	**26,710,545**
Other operating income	22	765,379	350,916
Other operating gains (losses)	23	5,009,947	(2,190,695)
Other operating expenses		(15,704,348)	(12,307,631)
Operating profit (loss)	24	**25,332,293**	**12,563,135**
Investment income	25	58,697	62,824
Finance costs	26	(1,968,640)	(2,474,040)
Profit (loss) before taxation		**23,422,350**	**10,151,919**
Taxation	27	(6,050,966)	(4,294,411)
Profit (loss) for the year		**17,371,384**	**5,857,508**
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		**17,371,384**	**5,857,508**

Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Retained income	Total equity
Balance at 01 April 2018	**1,445**	**24,030,782**	**24,032,227**	**(15,537,959)**	**8,494,268**
Profit for the year	-	-	-	5,857,508	5,857,508
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**5,857,508**	**5,857,508**
Balance at 01 April 2019	**1,445**	**24,030,782**	**24,032,227**	**(9,680,450)**	**14,351,777**
Profit for the year	-	-	-	17,371,384	17,371,384
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**17,371,384**	**17,371,384**
Balance at 31 March 2020	**1,445**	**24,030,782**	**24,032,227**	**7,690,934**	**31,723,161**
Note(s)	14	14	14		

Statement of Cash Flows

Figures in Rand	Note(s)	2020	2019
Cash flows from operating activities			
Cash receipts from customers		229,170,053	197,387,391
Cash paid to suppliers and employees		(210,637,471)	(191,862,081)
Cash generated from operations	28	18,532,582	5,525,310
Interest income		58,697	62,824
Finance costs		(1,968,634)	(246,336)
Tax paid	29	(7,160,068)	(3,250,872)
Net cash from operating activities		**9,462,577**	**2,090,926**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(109,696)	(45,776)
Sale of property, plant and equipment	4	25,356	5,416
Purchase of other intangible assets	5	(12,561,561)	(2,973,218)
Loans advanced to group companies		(33,820)	(33,680)
Net cash from investing activities		**(12,679,721)**	**(3,047,258)**
Cash flows from financing activities			
Proceeds from loans from shareholders (note 11)		4,510,939	-
Repayment of other financial liabilities (note 15)		(6,607,176)	(40,788)
Finance lease payments		-	(20,379)
Net cash from financing activities		**(2,096,237)**	**(61,167)**
Total cash movement for the year		**(5,313,381)**	**(1,017,499)**
Cash at the beginning of the year		11,253,950	12,271,449
Total cash at end of the year	13	**5,940,569**	**11,253,950**

Accounting Policies

Corporate information

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

1. Significant accounting policies

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

1.1 Basis of preparation

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

These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in South African Rand, which is the company's functional currency.

In the prior year the annual financial statements were prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities. Except for the matters disclosed in note 2 there were no significant change in how the accounting policies have been applied.

1.2 Significant judgements and sources of estimation uncertainty

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

Critical judgements, key assumptions and other sources of estimation uncertainty in applying accounting policies

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

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Intangible assets

Indefinite useful life intangible assets
Significant judgement is needed by management when determining the classification of intangible assets as finite or indefinite useful life assets. An indefinite useful life intangible asset is an intangible asset where there is no foreseeable limit to the period over which the asset is expected to generate future economic benefits for the company.

In the current year, management transferred all previous indefinite useful life intangible assets to finite useful life intangible assets as part of their adoption of International Financial Reporting Standards and to be in line with the Strides Group's policies.

Useful lives
The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product lifecycles and maintenance programmes.
Management has made certain estimates with regards to the determination of estimated useful lives of intangible assets, as disclosed further in accounting policy note 1.4 - Intangible assets.

Impairment
Finite useful life intangible assets are reviewed annually, but only assessed for impairment when there are impairment indicators. Impairment testing is performed by comparing the recoverable amount to the carrying amount of the intangible asset. The recoverable amounts of the intangible assets are determined as the higher of value-in-use and fair value less costs to sell.

Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value-in-use. Future cash flows are estimated based on the most recent budgets and forecasts approved by management covering a period of up to eight years and are extrapolated over the useful life of the asset to reflect the long-term plans of the company using the estimated growth rate for the specific business or product. The estimated future cash flows and discount rates used are pre-tax based on an assessment of the current risks applicable to the specific asset and/or entity and country in which it operates or the product is sold.
Management determines the expected performance of the assets based on the following:
• an assessment of existing products against past performance and market conditions;
• an assessment of existing products against existing market conditions; and
• the pipeline of products under development, applying past experiences of launch success and existing market conditions.

Amortisation rates and residual values
The Group amortises its assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product lifecycles and maintenance programmes.
Significant judgement is applied by management when determining the residual values for intangible assets. Only in the event of contractual obligations in terms of which a termination consideration is payable to the company will management apply a residual value to the intangible asset.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Impairment of investments held at cost

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determines the recoverable amount which is 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 after-tax discount rate that reflects current market assessments of the time value of money and the risks spesific to the asset/CGU. Fair value is the price that would be received to sell and 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 transaction 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 asset's performance, whereas anticipated enhancements to assets are included in FVLCD calculations.

For the key model inputs used in determining the recoverable amount refer to note 6. Impairment losses of investments are recognised in the statement of profit or loss and other comprehensive income.

1.3 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:

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

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

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

Accounting Policies

1.3 Property, plant and equipment (continued)

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.

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

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

1.4 Intangible assets

An intangible asset is 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.

Finite intangible assets are recognised at cost and amortised on a straight-line basis over their estimated remaining useful lives. Estimated useful lives are reviewed annually.

Development costs: expenditure on acquired patents, trademarks, dossiers, licences and know-how is capitalised. Expenditure incurred to extend the term of the patents or trademarks is capitalised. All other expenditure is charged to the statement of comprehensive income when incurred.
Development costs are amortised from the commencement of the commercial sale of the product to which they relate, being the date at which all regulatory requirements necessary to commercialise the product are met.

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

Item	Useful life
Trademarks	20 years
Dossiers	20 years
Business models	10 years
Computer software	3 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.

1.5 Investments in subsidiaries

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

The company is not required to prepare consolidated annual financial statements because the ultimate parent company, Strides Pharma Science Ltd (formerly Strides Shasun Limited), publishes consolidated annual financial statements in accordance with Generally Accepted Accounting Practice in India.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Accounting Policies

1.6 Financial instruments (continued)

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. Except for trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policy 1.12 - Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are solely payments of principal and interest (SPPI)' on the principal amount outstanding.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in several categories, of which financial assets at amortised cost (debt instruments) is the most relevant to the Company.

The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

  And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, intercompany funds to group companies, other receivables and cash and cash equivalents.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not generally track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a single loss rate based on historical losses over the last 3 financial years, adjusted to include a loss allowance for a specific debtor where indicators of individual credit risk exist.

The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Accounting Policies

1.6 Financial instruments (continued)

Provision for expected credit losses of trade receivables and contract assets

The Company uses a single loss rate derived from historical losses to recognise a loss allowance based on lifetime ECLs for trade receivables. The aforementioned loss allowance is increased where credit risk is known to exist for specific individual debtors.

The information about the ECLs on the Company's trade receivables is disclosed in Note 12.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate:

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

The Company's financial liabilities include trade and other payables and intercompany funds from group companies.

Subsequent measurement

The measurement of financial liabilities depends on their classification.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR 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 EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

1.7 Tax

Current tax assets and liabilities

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

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

Accounting Policies

1.7 Tax (continued)

Deferred tax assets and liabilities

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

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

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:
- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

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

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

Withholding taxes

Witholding taxes are withheld by 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.

1.8 Leases

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:
- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the company has the right to direct the use of the asset. The company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

This policy is applied to contracts entered into, or changed, on or after 1 April 2019.

At inception or on reassessment of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

As a lessee, the company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Accounting Policies

1.8 Leases (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of- use assets are determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

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

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

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

The cost of inventory acquired from Heraeus Medical GmbH (Germany) is measured on the retail method in terms of an Exclusive Distribution Agreement whereby the cost of inventory is adjusted every year based on actual sales and related costs for that year.

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.

A provision for obsolete inventories is established when there is evidence that no future economic benefits will be obtained for such inventories. Such judgement would take into account the following:
• change in technology;
• regulatory requirements; and
• stock nearing expiry dates.

1.10 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 the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

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.

1.11 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired.

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Accounting Policies

1.11 Impairment of assets (continued)

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

1.12 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the loss in which they are declared.

1.13 Employee benefits

Short-term employee benefits

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.14 Provisions and contingencies

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

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

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

Provisions are not recognised for future operating losses.

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

Contingent assets and contingent liabilities are not recognised.

1.15 Revenue from contracts with customers

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

Accounting Policies

1.15 Revenue from contracts with customers (continued)

Revenue is recognised based on the completion of performance obligations and an assessment of when control is transferred to the customer.
The following indicators are used by the company in determining when control has passed to the customer:
• the company has a right to payment for the product or service;
• the customer has legal title to the product;
• the company has transferred physical possession of the product to the customer;
• the customer has the significant risk and rewards of ownership of the product; and
• the customer has accepted the product.

Revenue is measured based on the consideration specified in a contract with a customer and in compliance with legislated pricing. The company evaluates the following control indicators among others when determining whether it is acting as a principal or agent in the transactions with customers and recording revenue on a net basis:
• the company is primarily responsible for fulfilling the promise to provide the specified goods or service;
• the company has inventory risk before the specified goods or service has been transferred to a customer or after transfer of control to the customer; and
• the company has discretion in establishing the price for the specified goods or service, excluding pricing set according to regulations.

No significant element of financing is deemed present as the sales are made with credit terms less than one year.

The company recognises revenue from the following major sources:

Sale of goods

Revenue is recognised at a point in time when control of the products supplied has transferred, being when the products are delivered to the customer. Delivery occurs when the products has been dispatched to the specific location, the risks of obsolescence and loss have been transferred and the customer accepted the products in accordance with the sales contract. Revenue is recorded at the price specified in the contract in compliance with regulated pricing in regulated markets, net of discounts and value added tax. Revenue and receivables are recorded when control of the products are transferred as this is the point in time that the consideration is unconditional as only the passage of time is required before payment is due.

Co-marketing fees

Co-marketing fees are revenue that the company receives in exchange for providing a service to arrange specified sales of speciality, branded and generic pharmaceuticals to a customer. Revenue is based on an upfront agreed upon fee driven by sales volumes. The sales volumes are products delivered at a point in time to customers.
Revenue and receivables are recorded on co-marketing fees when performance obligations according to the contract for arranging sales to customers have been met and the products have been delivered to the customer. Delivery occurs when the products have been dispatched to the specific location, the risks of obsolescence and loss have been transferred and the customer accepted the goods in accordance with the co-marketing agreement.

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.

1.17 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Accounting Policies

1.18 Foreign exchange

Foreign currency transactions

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

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

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

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

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

Exchange rates at year end were:
1 USD = R17,866
1 EUR = R19.699
1 GBP = R22.155
1 INR = R 0.237

Notes to the Annual Financial Statements

2. First-time adoption of International Financial Reporting Standards

The company has applied IFRS 1, First-time adoption of International Financial Reporting Standards, to provide a starting point for the reporting under International Reporting and Accounting Standards. On principle these standards have been applied retrospectively, however there were no material changes from the accounting policies previously applied under International Financial Reporting Standard for Small and Medium-sized Entities.

The date of transition was 1 April 2019 and the effect of the transition was as follows:

Reconciliation of equity at 31 March 2019

	As reported under previous IFRS for SME	IFRS
Property, plant and equipment	350,544	350,544
Investments in subsidiaries	1,559,673	1,559,673
Intangible assets	13,945,628	13,945,628
Loans to group companies	187,648	187,648
Deferred tax	234,254	234,254
Total non-current assets	**16,277,747**	**16,277,747**
Inventories	39,179,895	39,179,895
Trade and other receivables	47,044,810	47,044,810
Work in progress and receivables	2,080,886	2,080,886
Cash and cash equivalents	11,253,950	11,253,950
Total current assets	**99,559,541**	**99,559,541**
Other financial liabilities	21,254,780	21,254,780
Other financial liabilities	51,270	51,270
Provisions	585,429	585,429
Trade and other payables	78,686,276	78,686,276
Current tax liability	907,756	907,756
Total liabilities	**101,485,511**	**101,485,511**
Total assets less total liabilities	**14,351,777**	**14,351,777**
Share capital	24,032,227	24,032,227
Retained income	(9,680,450)	(9,680,450)
Total equity	**14,351,777**	**14,351,777**

Notes to the Annual Financial Statements

2. First-time adoption of International Financial Reporting Standards (continued)

Reconciliation of profit (loss) for 2019

	As reported under previous IFRS for SME	IFRS
Revenue	207,993,711	207,993,711
Cost of sales	(181,283,166)	(181,283,166)
Gross profit	26,710,545	26,710,545
Other income	1,082,542	1,082,542
Operating expenses	(12,307,631)	(12,307,631)
Investment revenue	62,824	62,824
Finance costs	(2,474,040)	(2,474,040)
Fair value adjustments	(2,922,321)	(2,922,321)
Net profit before tax	10,151,919	10,151,919
Taxation	(4,294,411)	(4,294,411)
Net profit	**5,857,508**	**5,857,508**

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Long-term Interests in Joint Ventures and Associates - Amendments to IAS 28	01 January 2019	The impact of the standard is not material, because it is not applicable to the company.
• Prepayment Features with Negative Compensation - Amendment to IFRS 9	01 January 2019	The impact of the standard is not material, because it is not applicable to the company.
• Amendments to IFRS 3 Business Combinations: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	The impact of the standard is not material, because it is not applicable to the company.
• Amendments to IFRS 11 Joint Arrangements: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	The impact of the standard is not material, because it is not applicable to the company.
• Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	The impact of the standard is not material, because it is not applicable to the company.
• Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 - 2017 cycle	01 January 2019	The impact of the standard is not material, because it is not applicable to the company.

Notes to the Annual Financial Statements

3. New Standards and Interpretations (continued)

• Uncertainty over Income Tax Treatments	01 January 2019	The impact of the standard is not material, because it is not applicable to the company.
• IFRS 16 Leases	01 January 2019	The impact of the standard is set out in note 4 Changes in accounting policy.

3.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01 January 2099	Unlikely there will be a material impact
• Definition of a business - Amendments to IFRS 3	01 January 2020	Unlikely there will be a material impact
• Presentation of Financial Statements: Disclosure initiative	01 January 2020	Unlikely there will be a material impact
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	01 January 2020	Unlikely there will be a material impact
• IFRS 17 Insurance Contracts	01 January 2021	Unlikely there will be a material impact

4. Property, plant and equipment

	2020			2019		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	68,893	(48,216)	20,677	68,894	(42,342)	26,552
Motor vehicles	304,064	(179,494)	124,570	304,064	(118,627)	185,437
Office equipment	233,798	(185,738)	48,060	229,503	(164,592)	64,911
IT equipment	283,500	(228,861)	54,639	234,171	(178,069)	56,102
Leasehold improvements	50,884	(12,895)	37,989	21,480	(3,945)	17,535
Text books	21,327	(21,320)	7	21,327	(21,320)	7
Total	**962,466**	**(676,524)**	**285,942**	**879,439**	**(528,895)**	**350,544**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	26,552	-	-	(5,875)	20,677
Motor vehicles	185,437	-	-	(60,867)	124,570
Office equipment	64,911	4,295	-	(21,146)	48,060
IT equipment	56,102	75,997	(20,769)	(56,691)	54,639
Leasehold improvements	17,535	29,404	-	(8,950)	37,989
Text books	7	-	-	-	7
	350,544	**109,696**	**(20,769)**	**(153,529)**	**285,942**

Notes to the Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	33,522	4,037	(2,525)	(8,482)	26,552
Motor vehicles	246,250	-	-	(60,813)	185,437
Office equipment	95,122	-	(2,891)	(27,320)	64,911
IT equipment	78,235	25,156	-	(47,289)	56,102
Leasehold improvements	4,897	16,583	-	(3,945)	17,535
Text books	7	-	-	-	7
	458,033	**45,776**	**(5,416)**	**(147,849)**	**350,544**

Property, plant and equipment encumbered as security

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

5. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and impairments	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Trademarks	8,040	(1,461)	6,579	8,040	(905)	7,135
Business models	600,000	(485,209)	114,791	600,000	(425,096)	174,904
Computer software	14,400	(14,399)	1	14,400	(14,399)	1
Dossiers	26,325,149	(542,909)	25,782,240	13,763,588	-	13,763,588
Total	**26,947,589**	**(1,043,978)**	**25,903,611**	**14,386,028**	**(440,400)**	**13,945,628**

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation and impairments	Total
Trademarks	7,135	-	(556)	6,579
Business models	174,904	-	(60,113)	114,791
Computer software	1	-	-	1
Dossiers	13,763,588	12,561,561	(542,909)	25,782,240
	13,945,628	**12,561,561**	**(603,578)**	**25,903,611**

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Trademarks	7,537	-	(402)	7,135
Business models	234,904	-	(60,000)	174,904
Computer software	1	-	-	1
Dossiers	10,790,370	2,973,218	-	13,763,588
	11,032,812	**2,973,218**	**(60,402)**	**13,945,628**

Notes to the Annual Financial Statements

5. Intangible assets (continued)

Capitalised expenditure on dossiers

In line with Strides' group policy, only license and regulatory body registration costs are to be capitalised against dossiers and all other costs are expensed when incurred.

A number of dossiers have not yet been brought into use at year end and therefore no amortisation has been provided on these intangible assets.

6. Investments in subsidiaries

Name of subsidiary	% holding 2020	% holding 2019	Carrying amount 2020	Carrying amount 2019
Apollo Life Sciences Holdings (Pty) Ltd	100.00 %	100.00 %	1,559,673	1,559,673

The subsidiary is incorporated in South Africa and shares the year end of the company.

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

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%.

In 2018 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.

7. Loans to related parties

Subsidiaries		
Apollo Life Sciences Holdings (Pty) Ltd 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.	221,468	66,468
Directors		
G.R.N. Simaan The loan is unsecured and interest free. The loan was settled in the current year.	-	121,180
Split between non-current and current portions		
Non-current assets	221,468	187,648

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

8. Deferred tax

Deferred tax liability

Allowance for future expenditure (s24C)	(460,656)	(669,348)
Work in progress	-	(26,169)
Prepayments	(47,154)	(21,618)
Total deferred tax liability	**(507,810)**	**(717,135)**

Deferred tax asset

Employee provisions	82,913	82,048
Deferred income	541,948	787,468
Expense provisions	-	81,873
Provision for stock impairments	7,655	-
Work in progress (excluding prior portion not provided)	101,162	-
Total deferred tax asset	**733,678**	**951,389**

Deferred tax liability	(507,810)	(717,135)
Deferred tax asset	733,678	951,389
Total net deferred tax asset	**225,868**	**234,254**

Reconciliation of deferred tax asset / (liability)

At beginning of year	234,254	159,385
Movement in temporary differences	(21,965)	74,869
Prior year correction	13,579	-
	225,868	**234,254**

9. Inventories

Pharmaceutical products - third parties	26,325,445	28,376,986
Pharmaceutical products - Trinity Pharma	16,403,691	10,802,909
Goods in transit	7,924,304	-
Inventories (write-downs)	(27,340)	-
	50,626,100	39,179,895
	50,626,100	**39,179,895**

Inventory held for third parties

The inventory held for third parties are owned by the company. They are however separately managed and controlled in terms of the agreement with third parties on whose behalf the inventory is sold.

Inventory pledged as security

Inventory was pledged as security for the Reichmans' trade facility in terms of a General Notarial Bond. At period end the facility had a balance of R nil (2019: R nil). The total facility available is R5,000,000.

10. Work in progress and receivables

Work in progress and receivables	2,127,528	2,080,886

Advances received in excess of work completed are included in trade and other payables.

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

11. Loans from related parties

Shareholders

Strides Pharma Asia Pte Ltd	2,396,381	-
Kahma Healthcare Group (Pty) Ltd	1,316,871	-
Asaco (Pty) Ltd	797,687	-
	4,510,939	**-**

During July 2019 the company obtained loan funding from its shareholders in order to meet its business requirements. These loans are unsecured and bears interest at the prime rate (between 10.25% and 8.75% during the year). The loans are repayable within 2 years of the Effective Date; no repayment is due within the next 12 months. The loan from Strides Pharma Asia Pte Ltd was approved by the South African Reserve Bank.

Split between non-current and current portions

Non-current liabilities	4,510,939	-

12. Trade and other receivables

Financial instruments:		
Trade receivables	60,846,754	45,447,983
Creditors with debit balances	931,274	134,529
Loss allowance	-	-
Trade receivables at amortised cost	61,778,028	45,582,512
Deposits	400,542	209,568
Staff loans	6,500	1,200
Non-financial instruments:		
VAT	399,628	1,145,617
Prepayments	168,408	105,913
Total trade and other receivables	**62,753,106**	**47,044,810**

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

Customer credit risk is managed according to the Company’s established policy, procedures and controls relating to customer credit risk management. Outstanding customer receivables are regularly monitored and followed up. At year end 4.5% of the total balances outstanding were outstanding for longer than 60 days with no balance greater than R660,000 and no doubt exist regarding the collectibility of these balances.

An impairment analysis is performed at each reporting date using a single loss rate based on an assessment of the Group's historical bad debts and the company's own historical bad debts. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 30. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as it has a large number of unrelated customers from various industries, operating independently in the market.

Based on this and the historical data which reflects that no amounts have been impaired on trade receivables over the past 5 years, the single loss rate were determined as nil% and as a result the Expected Credit Loss allowance is Rnil.

There have not been any notable observable changes in payment behaviour nor to the economic environment of our customers.

Trade and other receivables pledged as security

Trade and other receivables were pledged as security for the Reichman's trade facility in terms of a first cession of the debtors book. At period end the facility had a balance of R nil (2019: R nil). The total facility available is R5,000,000.

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

13. Cash and cash equivalents

Cash and cash equivalents consist of:

	2020	2019
Cash on hand	5,906	1,111
Bank balances	5,934,663	11,252,839
	5,940,569	**11,253,950**

Bank balances includes the following foreign denominated bank accounts:

	2020	2019
USD	$ 265	$ 263
GBP	£ 258	£ 256

14. Share capital

	2020	2019
Authorised		
4,000 Ordinary shares of R1 each	4,000	4,000
Issued		
1,445 Ordinary shares of R1 each	1,445	1,445
Share premium	24,030,782	24,030,782
	24,032,227	**24,032,227**

15. Other financial liabilities

	2020	2019
At amortised cost		
Deferred purchase creditor: GRN Simaan On 12 December 2017 Trinity Pharma (Pty) Ltd obtained an additional 75% interest in Apollo Life Sciences Holdings (Pty) Ltd for a consideration subject to future earnout clauses. Management's estimate of the acquistion price on acquisition date was R21,000,000. R5,000,000 of the acquisition price was financed through an issue of its own shares. The remaining balance was to be paid in two further tranches subject to changes based on the audited financial statements of the company in 2019 and 2020. In the current year the liability was adjusted in terms of the earnout estimates. The liability is unsecured and interest free. Repayment is due once the financial statements for the year ended 31 March 2020 is finalised and issued.	11,524,767	21,129,646
WesBank finance - motor vehicle The loan bears interest at the prime rate and is repayable in 25 monthly instalments (2019: 37 instalments) of R5,618.84 (2019: R5,656.34). Secured by a motor vehicle with a book value of R124,570 (2019: R185,437 (refer to note 4).	125,070	176,404
	11,649,837	**21,306,050**

Split between non-current and current portions

	2020	2019
Non-current liabilities	68,261	13,422,114
Current liabilities	11,581,576	7,883,936
	11,649,837	**21,306,050**

Figures in Rand	2020	2019

16. Finance lease liabilities

	2020	2019
Minimum lease payments due		
- within one year	67,605	67,830
- in second to fifth year inclusive	73,239	141,312
	140,844	209,142
less: future finance charges	(15,759)	(32,738)
Present value of minimum lease payments	**125,085**	**176,404**

The finance lease is in respect of a motor vehicle with a lease term of 5 years and the borrowing rate is linked to prime at the contract date.

17. Provisions

Reconciliation of provisions - 2020

	Opening balance	Additions	Utilised during the year	Total
Employee related provisions	293,027	297,451	(293,027)	297,451
Provision for contractual marketing spent	292,402	-	(292,402)	-
	585,429	**297,451**	**(585,429)**	**297,451**

Reconciliation of provisions - 2019

	Opening balance	Additions	Utilised during the year	Total
Employee related provisions	346,495	293,027	(346,495)	293,027
Provision for contractual marketing spent	-	292,402	-	292,402
	346,495	**585,429**	**(346,495)**	**585,429**

18. Trade and other payables

	2020	2019
Financial instruments:		
Trade payables	89,059,227	63,821,247
Amounts due to related parties	1,688	14,948
Accrual for stock received not yet invoiced	3,475,208	724,536
Employees taxes	252,939	199,643
Accrued expenses	1,349,460	2,037,193
Royalties fees	5,540,245	8,928,098
Employee expenses	-	10,185
Other payables	57,913	138,040
Non-financial instruments:		
Amounts received in advance	-	2,812,387
	99,736,680	**78,686,277**

19. Contract liabilities

Summary of contract liabilities

	2020	2019
Unearned revenue	1,935,528	-

Notes to the Annual Financial Statements

Figures in Rand		2020	2019

20. Current tax payable (receivable)

The current tax asset includes 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 on page 38).

21. Revenue

Revenue from contracts with customers			
Sale of goods		197,720,374	154,322,836
Rendering of services		4,291,190	1,755,785
Sales as agent for third parties		42,460,231	51,915,090
		244,471,795	**207,993,711**

22. Other income

Skills development refunds		23,021	12,362
Recovery of marketing expenses		742,358	338,554
		765,379	**350,916**

23. Other operating gains (losses)

Gains (losses) on disposals, scrappings and settlements			
Property, plant and equipment	4	4,587	-
Fair value gains (losses)			
Financial liability - Deferred purchase creditor: GRN Simaan	15	3,049,037	(2,922,321)
Total other operating gains (losses)		**5,009,947**	**(2,190,695)**

24. Operating profit (loss)

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

Auditor's remuneration - external			
Fees (current year includes interim fee)		157,773	142,330
Accounting, tax, secreterial and other services		72,689	23,272
		230,462	**165,602**
Employee costs			
Salaries, wages, bonuses and other benefits		10,149,011	8,531,468
Leases			
Short term leases		409,139	282,036
Total lease expenses		**409,139**	**282,036**
Depreciation and amortisation			
Depreciation of property, plant and equipment		153,529	147,849
Amortisation of intangible assets		603,577	60,402
Total depreciation and amortisation		**757,106**	**208,251**

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

25. Investment income

Interest income		
Investments in financial assets:		
Bank	43,915	62,824
SARS - overpayment of taxes	14,782	-
Total interest income	**58,697**	**62,824**

26. Finance costs

Shareholders	299,452	-
Non-current borrowings (present value of interest free loan)	1,276,824	2,207,325
Trade and other payables	-	190
Finance leases	15,508	20,379
Current borrowings (trade financing and debtors discounting)	376,856	246,146
Total finance costs	**1,968,640**	**2,474,040**

27. Taxation

Major components of the tax expense

Current		
Local income tax - current period	6,042,581	4,369,280
Deferred		
South African deferred tax - current year	21,964	(74,869)
Arising from prior period adjustments	(13,579)	-
	8,385	**(74,869)**
	6,050,966	**4,294,411**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting (loss) profit	23,422,350	10,151,919
Tax at the applicable tax rate of 28% (2019: 28%)	6,558,258	2,842,537
Tax effect of adjustments on taxable income		
Depreciation on leasehold improvements	2,506	1,105
Donation	-	889
Unwinding of contingent consideration payable (interest)	(496,220)	618,051
Impairment of investment	-	818,250
Prior year corrections	(13,578)	13,579
	6,050,966	**4,294,411**
Unused capital tax losses for which no deferred tax asset has been recognised	19,461,360	19,461,360

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

28. Cash generated from operations

	2020	2019
(Loss) profit before taxation	23,422,350	10,151,919
Adjustments for:		
Depreciation and amortisation	757,106	208,251
Gains on disposals, scrappings and settlements of assets and liabilities	(4,587)	-
Gains on foreign exchange	(1,956,323)	(731,626)
Interest income	(58,697)	(62,824)
Finance costs	1,968,640	2,474,040
Fair value (gains) losses	(3,049,037)	2,922,321
Movements in provisions	(287,978)	238,934
Changes in working capital:		
Inventories	(11,446,205)	(1,958,430)
Trade and other receivables	(15,708,296)	(12,857,492)
Work in progress and receivables	(46,642)	211,367
Trade and other payables	23,006,723	4,928,850
Contract liabilities	1,935,528	-
	18,532,582	**5,525,310**

29. Tax paid

	2020	2019
Balance at beginning of the year	(907,756)	210,652
Current tax for the year recognised in profit or loss	(6,042,581)	(4,369,280)
Balance at end of the year	(209,731)	907,756
	(7,160,068)	**(3,250,872)**

30. Directors' and prescribed officers' remuneration

There are no individuals who can be considered as prescribed officers of the Company other than the directors.

Executive

2020

	Emoluments	Expense re-imbursements	Total
G.R.N. Simaan	2,013,390	77,922	2,091,312

2019

	Emoluments	Total
G.R.N. Simaan	1,941,929	1,941,929

31. Related parties

Relationships	
Ultimate holding company	Strides Pharma Science Ltd (a company listed on the National Stock Exchange of India and the Bombay Stock Exchange)
Holding company	Strides Pharma Asia Pte Ltd
Subsidiaries	Refer to note 6
Common control of directors	Kahma Healthcare Group (Pty) Ltd (S. Kahanovitz) Asaco (Pty) Ltd (GRN Simaan)
Fellow subsidiaries and associates	Other entities related to Strides Group Other entities related to Kahma Group
Members of key management	Refer to directors' report

Notes to the Annual Financial Statements

Figures in Rand	2020	2019

31. Related parties (continued)

Related party balances

Loan accounts - Owing (to) by related parties		
Purchase Creditor: GRN Simaan (for interest in Apollo Life Sciences Holdings (Pty) Ltd)	(11,524,767)	(21,129,646)
GRN Simaan	-	121,180
Apollo Life Sciences Holdings (Pty) Ltd	221,468	66,468
Strides Pharma Asia Pte Ltd	(2,396,381)	-
Kahma Healthcare Group (Pty) Ltd	(1,316,871)	-
Asaco (Pty) Ltd	(797,687)	-
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Apollo Life Sciences Holdings (Pty) Ltd - trade payable	(952)	(952)
Apollo Life Sciences Holdings (Pty) Ltd - trade receivable	71,908	72,888
Intercompany Account - Apollo Life Sciences Holdings (Pty) Ltd	(1,688)	(14,948)
Strides Pharma (SA) Pty Limited, South Africa	97,699	202,720
Strides Pharma Science Limited, India	-	6,469
Strides Pharma Global Pte Ltd - trade payable	(2,032,007)	-
Strides Pharma Global Pte Ltd - trade receivable	91,150	-
Juno Pharmaceuticals SA (Pty) Ltd	30,781	-
The Vaccine Bureau (Pty) Ltd	(57,073)	-
The Dental Warehouse (Pty) Ltd	318,665	-
Kahma Vet (Pty) Ltd	153,824	-
K2 Medical (Pty) Ltd	(141,850)	-
Kahma Biotech (Pty) Ltd	(292)	-

Related party transactions

Interest paid to (received from) related parties		
Kahma Healthcare Group (Pty) Ltd	86,394	-
Asaco (Pty) Ltd	52,333	-
Strides Pharma Asia Pte Ltd	160,726	-
Purchases from (sales to) related parties		
Apollo Life Sciences Holdings (Pty) Ltd	-	(63,381)
Strides Pharma (SA) Pty Limited, South Africa	(1,278,727)	(326,091)
Strides Pharma Science Limited (Strides Shasun Limited), India	-	(6,469)
Strides Pharma UK Limited (formerly Co-Pharma Limited, UK)	-	20,222
Strides Pharma Global Pte Ltd	(91,150)	-
Juno Pharmaceuticals SA (Pty) Ltd	(5,103)	-
The Dental Warehouse (Pty) Ltd	(300,150)	-
Kahma Vet (Pty) Ltd	(134,167)	-
Recharge/recoveries of operating expenses (to) / from related parties		
Apollo Life Sciences Holdings (Pty) Ltd	-	(38,718)
Juno Pharmaceuticals SA (Pty) Ltd	(388,086)	-
K2 Medical (Pty) Ltd	178,937	-
Kahma Biotech (Pty) Ltd	254	-
Expenses and fees paid to related parties		
The Vaccine Bureau (Pty) Ltd (consulting fees)	228,721	-
The Vaccine Bureau (Pty) Ltd (rent paid)	77,312	-
K2 Medical (Pty) Ltd (recruitment fees)	39,818	-
K2 Medical (Pty) Ltd (rent paid)	254,203	-

Notes to the Annual Financial Statements

31. Related parties (continued)

32. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2020

	Note(s)	Amortised cost	Fair value
Investments in subsidiaries	6	1,559,673	-
Loans to group companies	7	221,468	-
Trade and other receivables	12	62,185,070	-
Work in progress and receivables	10	2,127,528	-
Cash and cash equivalents	13	5,940,569	-
		72,034,308	**-**

2019

	Note(s)	Amortised cost	Fair value
Investments in subsidiaries	6	1,559,673	-
Loans to group companies	7	187,648	-
Trade and other receivables	12	45,793,280	-
Work in progress and receivables	10	2,080,886	-
Cash and cash equivalents	13	11,266,135	-
		60,887,622	**-**

Categories of financial liabilities

2020

	Note(s)	Amortised cost	Fair value
Trade and other payables	18	99,736,679	-
Loans from group companies	11	4,510,939	-
Other financial liabilities at fair value	15	-	11,649,837
		104,247,618	**11,649,837**

2019

	Note(s)	Amortised cost	Fair value
Trade and other payables	18	75,873,892	-
Other financial liabilities at fair value	15	-	21,306,050
		75,873,892	**21,306,050**

Notes to the Annual Financial Statements

Figures in Rand		2020	2019

32. Financial instruments and risk management (continued)

Capital risk management

The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The company monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity.

Loans from group companies	11	4,510,939	-
Financial liabilities at fair value	15	11,649,837	21,306,050
Trade and other payables	18	99,736,679	78,686,279
Total borrowings		**115,897,455**	**99,992,329**
Cash and cash equivalents	13	(5,940,569)	(11,253,950)
Net borrowings		**109,956,886**	**88,738,379**
Equity		31,723,164	14,351,777
Gearing ratio		347 %	618 %

Financial risk management

Overview

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk which are managed by the board of directors.

Liquidity risk

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, US Dollar and Britsh Pound. Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities.
The company does not hedge foreign exchange fluctuations. The company reviews its foreign currency exposure, including commitments on an ongoing basis.

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

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

Detailed Income Statement

Figures in Rand	Note(s)	2020	2019
Revenue	21	**244,471,795**	**207,993,711**
Cost of sales			
Opening stock		(39,179,895)	(37,710,725)
Purchases		(212,759,721)	(182,752,336)
Closing stock		42,729,136	39,179,895
		(209,210,480)	**(181,283,166)**
Gross profit		**35,261,315**	**26,710,545**
Other operating income			
Skills development refunds		23,021	12,362
Recovery of marketing expenses		742,358	338,554
	22	**765,379**	**350,916**
Other operating gains (losses)			
Gains on disposal of assets or settlement of liabilities		4,587	-
Foreign exchange gains		1,956,323	731,626
Fair value gains (losses)	23	3,049,037	(2,922,321)
	23	**5,009,947**	**(2,190,695)**
Expenses (Refer to page 39)		**(15,704,348)**	**(12,307,631)**
Operating profit (loss)	24	**25,332,293**	**12,563,135**
Investment income	25	58,697	62,824
Finance costs	26	(1,968,640)	(2,474,040)
Profit (loss) before taxation		**23,422,350**	**10,151,919**
Taxation	27	(6,050,966)	(4,294,411)
Profit (loss) for the year		**17,371,384**	**5,857,508**

Detailed Income Statement

Figures in Rand	Note(s)	2020	2019
Other operating expenses			
Advertising		1,434,415	1,239,933
Amortisation and impairments		603,577	60,402
Auditors remuneration - external auditors	24	230,462	165,602
Bank charges		46,388	53,445
Cleaning		14,119	7,606
Computer expenses		288,306	166,825
Consulting and professional fees		853,643	476,060
Depreciation		153,529	147,849
Donations		18,000	-
Employee costs		10,149,011	8,531,468
Entertainment		25,919	24,691
General office expenses		10,487	22,774
Insurance		236,470	165,945
Municipal expenses		39,455	36,521
Postage		12,175	25,004
Printing and stationery		104,758	125,002
Recruitment expenses		39,818	51,592
Repairs and maintenance		38,390	42,155
Security		14,687	14,733
Short term leases		409,139	282,036
Staff welfare		175,767	94,407
Subscriptions		66,530	75,232
Telephone and fax		81,666	92,959
Training		104,276	55,502
Travel - local		256,646	224,255
Travel - overseas		296,715	125,633
		15,704,348	**12,307,631**

Tax Computation

Figures in Rand	2020	2019
Net profit per income statement	23,422,350	10,151,919
Permanent differences (Non-deductible/Non taxable items)		
Adjustments to comply with IFRS: unwinding of contingent consideration payable - deemed interest per present value of interest free loan	(1,772,213)	2,207,325
Donations - not deductible	-	3,177
Depreciation per AFS on leasehold improvements	8,950	3,945
	(1,763,263)	**2,214,447**
Temporary differences		
Adjustments to comply with IFRS: impairment of investment in subsidiary	-	2,922,321
Allowance for future expenditure (s24C)	(1,645,199)	(2,390,529)
Allowance for future expenditure (s24C) - granted in previous years of assessment and now reversed	2,390,529	477,053
Reversal of stock impairments in previous year	-	(489,260)
Work in progress not yet invoiced/accrued	(1,626,128)	(2,080,886)
Reversal of work in progress claim in previous year	2,080,886	2,292,253
Amounts previously taxed as received in advance	(2,812,387)	(611,215)
Amounts received in advance - current year	1,935,528	2,812,387
Depreciation according to financial statements	205,248	204,306
Wear and tear allowance (s11(e))	(205,248)	(204,306)
Reversal of prepaid expenditure allowed in prior year	28,709	95,855
Prepaid expenditure not limited by s23H	(53,227)	(28,709)
Provision for stock write offs	27,340	-
Prepaid marketing expenses not limited by s23H	(115,181)	-
Provision for leave pay not deductible current year	266,692	263,602
Reversal of leave pay provisions previously raised	(263,602)	(317,069)
Provision for contractual marketing spent not deductible in current year	-	292,402
Reversal for contractual marketing spent not deductible prior year	(292,402)	-
Provision for commissions not deductible current year	29,426	29,426
Reversal of provision for commissions previously raised	(29,426)	(29,426)
	(78,442)	**3,238,205**
Taxable income for 2020	**21,580,645**	**15,604,571**
Tax thereon @ 28% in the Rand	**6,042,581**	