Ascend Laboratories (Pty) Ltd
Formerly Alkem Laboratories (Pty) Ltd
(Registration number 2008/012973/07)
Financial statements
for the year ended 31 March 2023
These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Issued 27 April 2023

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Registation of and trading in pharmaceutical products
Directors	IS Viljoen A Anand JD Fernandes
Holding company	Alkem Laboratories Limited incorporated in India
Auditors	GNR Registered Auditors Chartered Accountants (SA) Registered Auditors

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

Supervised by

JD Fernandes
Director

Published

27 April 2023

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

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

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

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

The directors have reviewed the company’s cash flow forecast for the year to 31 March 2024 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 financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 5.

The financial statements set out on pages 7 to 38, which have been prepared on the going concern basis, were approved by the board on 27 April 2023 and were signed on their behalf by:

Approval of financial statements

Joseph Fernandes
Digitally signed by Joseph Fernandes
Date: 2023.04.27 20:07:33 +05'30'

JD Fernandes

27 April 2023

GNR Chartered Accountants (SA)
Registered Auditors

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Independent Auditor's Report

To the Shareholder of Ascend Laboratories (Pty) Ltd

Opinion

We have audited the financial statements of Ascend Laboratories (Pty) Ltd (the company) set out on pages 7 to 36, which comprise the statement of financial position as at 31 March 2023, 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 financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ascend Laboratories (Pty) Ltd as at 31 March 2023, 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 of South Africa.

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 Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Ascend Laboratories (Pty) Ltd financial statements for the year ended 31 March 2023", which includes the Directors' Report as required by the Companies Act of South Africa and the supplementary information as set out on pages 37 to 38. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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.

GNR Auditors

GNR Registered Auditors
CR Rademeyer
Partner
Chartered Accountants (SA)
Registered Auditors

27 April 2023
Potchefstroom

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Ascend Laboratories (Pty) Ltd for the year ended 31 March 2023.

1. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

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

2. Share capital

			2023	2022
Authorised			**Number of shares**	
Ordinary shares			100,000	100,000

	2023	2022	2023	2022
Issued	**R**	**R**	**Number of shares**	
Ordinary shares	14,299,293	14,299,293	49,960	49,960

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

3. Events after the reporting period

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

4. Auditors

GNR Registered Auditors continued in office as auditors for the company for 2023.

5. Statement of disclosure to the company's auditors

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the company's auditors are unaware; and
- the person has taken all the steps that he/she ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

6. Date of authorisation for issue of financial statements

The financial statements have been authorised for issue by the directors on 27 April 2023. No authority was given to anyone to amend the financial statements after the date of issue.

Statement of Financial Position as at 31 March 2023

	Note(s)	2023 R	2022 R
Assets			
Non-Current Assets			
Property, plant and equipment	3	362	723
Intangible assets	5	101,739	161,513
Deferred tax	6	285,492	-
Other financial asset	7	-	10,000,000
		387,593	**10,162,236**
Current Assets			
Inventories	8	2,595,448	1,475,305
Trade and other receivables	9	1,096,265	162,887
Other financial asset	7	10,702,000	7,000,000
Cash and cash equivalents	10	27,192,310	6,327,151
		41,586,023	**14,965,343**
Total Assets		**41,973,616**	**25,127,579**
Equity and Liabilities			
Equity			
Share capital	11	14,299,293	14,299,293
Retained income		6,734,053	5,067,198
		21,033,346	**19,366,491**
Liabilities			
Current Liabilities			
Trade and other payables	12	20,654,896	5,761,088
Current tax payable	13	285,374	-
		20,940,270	**5,761,088**
Total Equity and Liabilities		**41,973,616**	**25,127,579**

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2023 R	2022 R
Revenue	14	42,360,719	16,480,557
Cost of sales	15	(33,087,803)	(13,312,541)
Gross profit		**9,272,916**	**3,168,016**
Other operating income		79,312	1,095,544
Other operating gains (losses)	16	(1,578,300)	88,668
Other operating expenses		(6,631,291)	(4,192,179)
Operating profit	17	**1,142,637**	**160,049**
Investment income	20	1,124,100	206,100
Profit before taxation		**2,266,737**	**366,149**
Taxation	21	(599,882)	(127,339)
Profit for the year		**1,666,855**	**238,810**
Other comprehensive income		-	-
Total comprehensive income for the year		**1,666,855**	**238,810**

Statement of Changes in Equity

	Share capital R	Retained income R	Total equity R
Balance at 01 April 2021	**14,299,293**	**4,828,388**	**19,127,681**
Profit for the year	-	238,810	238,810
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**238,810**	**238,810**
Balance at 01 April 2022	**14,299,293**	**5,067,198**	**19,366,491**
Profit for the year	-	1,666,855	1,666,855
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**1,666,855**	**1,666,855**
Balance at 31 March 2023	**14,299,293**	**6,734,053**	**21,033,346**
Note(s)	11		

Statement of Cash Flows

	Note(s)	2023 R	2022 R
Cash flows from operating activities			
Cash receipts from customers		41,506,653	32,796,674
Cash paid to suppliers and employees		(27,463,594)	(30,295,472)
Cash generated from operations	22	14,043,059	2,501,202
Interest income	20	1,124,100	206,100
Finance costs		-	-
Tax paid	23	(600,000)	(405,575)
Net cash from operating activities		**14,567,159**	**2,301,727**
Cash flows from investing activities			
Movements in financial assets	7	6,298,000	(1,694,200)
Cash flows from financing activities			
Total cash movement for the year		**20,865,159**	**607,527**
Cash and cash equivalents at the beginning of the year		6,327,151	5,719,624
Cash and cash equivalents at the end of the year	10	**27,192,310**	**6,327,151**

Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparation

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

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

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

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

Critical judgements in applying accounting policies

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

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 year.

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

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

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 year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

Accounting Policies

1.3 Property, plant and equipment (continued)

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
IT equipment	Straight line	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

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

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

1.4 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Accounting Policies

1.4 Intangible assets (continued)

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

Item	Depreciation method	Average useful life
Patents, trademarks and other rights	Straight line	5 years

1.5 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company ,as applicable, are as follows:

Financial assets which are equity instruments:
- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:
- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:
- Mandatorily at fair value through profit or loss.

Financial liabilities:
- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 26 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Accounting Policies

1.5 Financial instruments (continued)

Loans receivable at amortised cost

Classification

Loans to group companies (note), loans to shareholders, loans to directors, managers and employees, and loans receivable are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 9).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 9) and the financial instruments and risk management note (note 26).

Accounting Policies

1.5 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 12), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 26 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 16).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 26).

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

1.6 Tax

Current tax assets and liabilities

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

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

1.6 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).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

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

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

1.7 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an operating expense (note 17) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Accounting Policies

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

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

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

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

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value 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.

Inventories includes a "right to returned goods asset" which represents the company right to recover products from customers where customers exercise their right of return under the company returns policy. The company uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. A corresponding adjustment is recognised against cost of sales.

1.9 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 any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Accounting Policies

1.10 Share capital and equity

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

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

1.11 Employee benefits

Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.12 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.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 24.

Accounting Policies

1.13 Revenue from contracts with customers

The company recognises revenue from the following major sources:

- Sales of pharmaceutical goods - wholesale
- Recharging of freight costs

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.

1.14 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.15 Cost of sales

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

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

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

Cost of sales is reduced by the amount recognised in inventory as a "right to returned goods asset" which represents the company right to recover products from customers where customers exercise their right of return under the company returns policy.

1.16 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

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

In circumstances where the company receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the company initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, company determines a date of transaction for each payment or receipt of advance consideration.

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

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

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

Notes to the Financial Statements

	2023	2022
	R	R

2. New Standards and Interpretations

2.1 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:
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022	The adoption of this standard has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	The adoption of this standard has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	The impact of the amendments is not material.
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	The impact of the amendments is not material.

Notes to the Financial Statements

	2023 R	2022 R

3. Property, plant and equipment

	2023			2022		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	5,917	(5,555)	362	5,917	(5,194)	723
IT equipment	14,584	(14,584)	-	14,584	(14,584)	-
Total	**20,501**	**(20,139)**	**362**	**20,501**	**(19,778)**	**723**

Reconciliation of property, plant and equipment - 2023

	Opening balance	**Depreciation**	**Total**
Furniture and fixtures	723	(361)	362

Reconciliation of property, plant and equipment - 2022

	Opening balance	**Depreciation**	**Total**
Furniture and fixtures	1,658	(935)	723

4. Leases (company as lessee)

The company has is party to a lease agreement that is short term and low in value.

5. Intangible assets

	2023			2022		
	Cost / Valuation	**Accumulated amortisation**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation**	**Carrying value**
Patents, trademarks and other rights	298,870	(197,131)	101,739	298,870	(137,357)	161,513

Reconciliation of intangible assets - 2023

	Opening balance	**Amortisation**	**Total**
Patents, trademarks and other rights	161,513	(59,774)	101,739

Reconciliation of intangible assets - 2022

	Opening balance	**Amortisation**	**Total**
Patents, trademarks and other rights	221,287	(59,774)	161,513

Notes to the Financial Statements

	2023 R	2022 R

6. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	2023 R	2022 R
Deferred tax asset	285,492	-

Reconciliation of deferred tax asset / (liability)

	2023 R	2022 R
At beginning of year	-	124,015
Increase / (decrease) in deductible temporary differences for accruals	285,492	(124,015)
	285,492	**-**

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

Unrecognised deferred tax asset

	2023 R	2022 R
Unused tax losses not recognised as deferred tax assets.	-	44,949

7. Other financial asset

Fixed deposits with Standard Bank. Interest rates ranging from 6.03% to 7.02% per annum (2022: 6.03% to 7.02% per annum). The deposits cannot be prematurely withdrawn without penalty.

	2023	**2022**
12 month fixed deposits expiring March 2023:	-	7,000,000
24 month fixed deposits expiring March 2024:	10,702,000	10,000,000

8. Inventories

	2023 R	2022 R
Finished goods	2,853,649	1,475,305
	2,853,649	1,475,305
Inventories (write-downs)	(258,201)	-
	2,595,448	**1,475,305**

9. Trade and other receivables

	2023 R	2022 R
Financial instruments:		
Trade receivables	2,128,173	-
Loss allowance	(1,065,569)	-
Trade receivables at amortised cost	1,062,604	-
Non-financial instruments:		
VAT	33,661	162,887
Total trade and other receivables	**1,096,265**	**162,887**

Notes to the Financial Statements

	2023 R	2022 R

9. Trade and other receivables (continued)

Split between non-current and current portions

Current assets	1,096,265	162,887

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	1,062,604	-
Non-financial instruments	33,661	162,887
	1,096,265	**162,887**

9. Trade and other receivables (continued)

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable customers with consistent payment histories. Each customer is analysed individually for creditworthiness before terms and conditions are offered. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

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

The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The customers have not defaulted on any payments and therefore the quality is deemed high.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

At 31st March, 2023 and At 31st March, 2022 respectively the maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

	2023	2022
South Africa	**2,128,173**	-
Other regions	**-**	-
	2,128,173	-

Company has exposure to following customer's, having balance more than 10% of the total receivables.

Customer's Name	**2023** Amount	**2023** %	**2022** Amount	**2022** %
Medpro Pharmaceutica (Pty) Ltd	**264,107**	**12**	**-**	**-**
Charlotte Maxeke Jhb Acc Hospital	**304,218**	**14**	**-**	**-**
Chris Hani Baragwanath Hospital	**608,424**	**29**	**-**	**-**
Other not having balance of more than 10% of total	**951,424**	**45**	**-**	**-**
Provision for impairment	**(1,065,569)**			
	1,062,604	**100**	**-**	**100**

Impairment

At 31st March 2023 and At 31st March 2022, the ageing of trade and other receivables that were not impaired was as follows:

	2023	2022
Neither past due nor impaired	**1,062,604**	-
Not past due but impaired	**1,065,569**	-
Past due 1–180 days	**-**	-
Past due more than 180 days	**-**	-
	2,218,173	**-**

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

Exposure to currency risk

Notes to the Financial Statements

	2023 R	2022 R

9. Trade and other receivables (continued)

Refer to note 26 for details of currency risk management for trade receivables.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	27,192,310	6,327,151

11. Share capital

Authorised		
Ordinary shares	100,000	100,000
Reconciliation of number of shares issued:		
Reported as at 01 April 2022	49,960	49,960
Issued		
Ordinary	14,299,293	14,299,293

Notes to the Financial Statements

	2023 R	2022 R

12. Trade and other payables

Financial instruments:		
Trade payables	20,654,896	5,761,088

Exposure to currency risk

Refer to note 26 Financial instruments and financial risk management for details of currency risk management for trade payables.

13. Current tax payable (receivable)

Normal tax	(285,374)	-

14. Revenue

Revenue from contracts with customers		
Sale of goods	42,360,719	16,480,557

Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

Sale of goods		
Sale of pharmaceuticals	42,360,719	16,480,557

Timing of revenue recognition

At a point in time		
Sale of goods	42,360,719	16,480,557

15. Cost of sales

Sale of goods	33,087,803	13,312,541
Sale of goods		
Sale of pharmaceuticals	33,087,803	13,312,541

Notes to the Financial Statements

	2023 R	2022 R

16. Other operating gains (losses)

Foreign exchange gains (losses)		
Net foreign exchange (losses) gains	(1,578,300)	88,668

17. Operating profit (loss)

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

Auditor's remuneration - external		
Audit fees	26,750	25,000

Remuneration, other than to employees		
Consulting and professional services	196,840	163,029

Notes to the Financial Statements

	2023 R	2022 R

17. Operating profit (loss) (continued)

Leases

	2023 R	2022 R
Short-term leases	212,412	173,953
Total lease expenses	**212,412**	**173,953**

	2023 R	2022 R
Depreciation and amortisation		
Depreciation of property, plant and equipment	361	935
Amortisation of intangible assets	59,774	59,774
Total depreciation and amortisation	**60,135**	**60,709**

Expenses by nature

The total cost of sales, selling and distribution expenses, marketing expenses, general and administrative expenses, research and development expenses, maintenance expenses and other operating expenses are analysed by nature as follows:

	2023 R	2022 R
Changes in inventories of finished goods and work in progress	33,087,803	13,312,541
Employee costs	482,531	-
Lease expenses	212,412	173,953
Depreciation, amortisation and impairment	60,135	60,709
Other expenses	5,876,213	3,957,517
	39,719,094	**17,504,720**

18. Employee costs

	2023 R	2022 R
Employee costs		
Basic	474,229	-
UIF	3,542	-
SDL	4,760	-
	482,531	**-**

19. Depreciation, amortisation and impairment losses

	2023 R	2022 R
Depreciation		
Property, plant and equipment	361	935
Amortisation		
Intangible assets	59,774	59,774
Total depreciation, amortisation and impairment		
Depreciation	361	935
Amortisation	59,774	59,774
	60,135	**60,709**

20. Investment income

	2023 R	2022 R
Interest income		
Investments in financial assets:		
Other financial assets	1,124,100	206,100

Notes to the Financial Statements

	2023 R	2022 R

21. Taxation

Major components of the tax expense

	2023 R	2022 R
Current		
Local income tax - current period	885,374	-
Local income tax - prior period (over) under provision	-	3,324
	885,374	**3,324**
Deferred		
Originating and reversing temporary differences	(285,492)	-
Benefit of unrecognised tax loss/tax credit	-	124,015
	(285,492)	**124,015**
	599,882	**127,339**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	2023	2022
Applicable tax rate	27.00 %	28.00 %
Unused / (used) tax credit	(0.53)%	3.43 %
Disallowable charges	- %	2.43 %
Other	- %	0.91 %
	26.47 %	**34.77 %**

	2023	2022
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset has been recognised.	-	44,949

22. Cash generated from operations

	2023 R	2022 R
Profit before taxation	2,266,737	366,149
Adjustments for non-cash items:		
Depreciation, amortisation, impairments and reversals of impairments	60,135	60,709
Losses (gains) on exchange differences	1,578,300	(88,668)
Adjust for items which are presented separately:		
Interest income	(1,124,100)	(206,100)
Changes in working capital:		
(Increase) decrease in inventories	(1,120,143)	(1,475,305)
(Increase) decrease in trade and other receivables	(933,378)	16,316,117
Increase (decrease) in trade and other payables	13,315,508	(12,471,700)
	14,043,059	**2,501,202**

23. Tax paid

	2023 R	2022 R
Balance at beginning of the year	-	(402,251)
Current tax recognised in profit or loss	(885,374)	(3,324)
Balance at end of the year	285,374	-
	(600,000)	**(405,575)**

24. Contingencies

At 31 March 2023 there were no contingent liabilities.

Notes to the Financial Statements

		2023 R	2022 R
25. Related parties			
Relationships			
Holding company	Alkem Laboratories Limited		
Related party balances			
Amounts included in Trade receivable (Trade Payable) regarding related parties			
Alkem Laboratories Limited		(14,570,686)	(5,753,616)
Related party transactions			
Purchases from (sales to) related parties			
Alkem Laboratories Limited		11,507,890	4,322,432

Notes to the Financial Statements

Figures in Rand	2023	2022

26. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2023

	Note(s)	Amortised cost	Total
Trade and other receivables	9	1,062,604	1,062,604
Cash and cash equivalents	10	27,192,310	27,192,310
		28,254,914	**28,254,914**

2022

	Note(s)	Amortised cost	Total
Cash and cash equivalents	10	6,327,151	6,327,151

Notes to the Financial Statements

	2023 R	2022 R

26. Financial instruments and risk management (continued)

Categories of financial liabilities

2023

	Note(s)	Amortised cost	Total
Trade and other payables	12	20,654,895	20,654,895

2022

	Note(s)	Amortised cost	Total
Trade and other payables	12	5,761,086	5,761,086

Capital risk management

	Note(s)	2023	2022
Trade and other payables	12	20,654,895	5,761,086
Cash and cash equivalents	10	(27,192,310)	(6,327,151)
Net borrowings		**(6,537,415)**	**(566,065)**
Equity		21,033,346	19,366,492
Gearing ratio		(31)%	(3)%

26. Financial instruments and risk management (continued)

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The company is exposed to credit risk on trade and other receivables and cash and cash equivalents.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

The maximum exposure to credit risk is presented in the table below:

		2023			2022		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Trade and other receivables	9	2,161,834	(1,065,569)	1,096,265	162,887	-	162,887
Cash and cash equivalents	10	27,192,310	-	27,192,310	6,327,151	-	6,327,151
		29,354,144	**(1,065,569)**	**28,288,575**	**6,490,038**	**-**	**6,490,038**

26. Financial instruments and risk management (continued)

Liquidity risk

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

The company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through cash generated from operations.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2023

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	12	20,654,895	20,654,895	20,654,895

2022

		Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	12	5,761,086	5,761,086	5,761,086

Foreign currency risk

The company is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary. The foreign currencies in which the company deals primarily are US Dollars.

Notes to the Financial Statements

		2023 R	2022 R

26. Financial instruments and risk management (continued)

Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:
US Dollar exposure:

Current liabilities:			
Trade and other payables	12	(14,570,686)	(5,753,616)

Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:
US Dollar exposure:

Current liabilities:			
Trade and other payables	12	(811,295)	(396,801)

Exchange rates

Rand per unit of foreign currency:		
US Dollar	16.970	14.500

Foreign currency sensitivity analysis

The following information presents the sensitivity of the company to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Company

At 31 March 2023, if the Rand/dollar exchange rate had been 10.000% (2022: 10.000%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R 1,457,069 (2022: R 575,360) higher and R - (2022: R 575,360) lower.

27. Segment reporting

Segment		
Revenue from South African Customers	42,360,719	16,480,557

The Company is in the pharmaceutical business. As the Company has a single reportable segment, segment wise disclosure is not applicable but is provided geographic wise.

28. Major Customers having external revenue exceeded 10% of total revenue

Customer		
Medpro Pharmaceutica (Pty) Ltd	36,852,975	9,152,042
Dezzo Trading 392 (Pty) Ltd	-	7,328,515
Other	5,507,744	-
	42,360,719	**16,480,557**

Detailed Income Statement

	Note(s)	2023 R	2022 R
Revenue			
Sale of goods		42,360,719	16,480,557
Cost of sales			
Opening stock		(1,475,305)	-
Purchases		(34,466,147)	(14,787,846)
Closing stock		2,853,649	1,475,305
	15	**(33,087,803)**	**(13,312,541)**
Gross profit		**9,272,916**	**3,168,016**
Other operating income			
Bad debts recovered		-	190,547
Other recoveries		79,312	904,997
		79,312	**1,095,544**
Other operating gains (losses)			
Foreign exchange (losses) gains		(1,578,300)	88,668
Expenses (Refer to page 38)		**(6,631,291)**	**(4,192,179)**
Operating profit	17	**1,142,637**	**160,049**
Investment income	20	1,124,100	206,100
Profit before taxation		**2,266,737**	**366,149**
Taxation	21	(599,882)	(127,339)
Profit for the year		**1,666,855**	**238,810**

Detailed Income Statement

	Note(s)	2023 R	2022 R
Other operating expenses			
Advertising		-	(1,110)
Amortisation		(59,774)	(59,774)
Auditor's remuneration - external audit	17	(26,750)	(25,000)
Provision for bad debts		(1,065,569)	-
Bank charges		(3,824)	(3,297)
Consulting and professional fees - accounting		(125,100)	(73,200)
Consulting and professional fees - legal fees		(71,740)	(89,829)
Depreciation		(361)	(935)
Donations		-	(3,000)
Employee costs		(482,531)	-
Entertainment		-	(322)
New dossier fees		-	(131,500)
Testing		(365,685)	(126,755)
Consulting fees		(1,724,601)	(1,271,539)
New dossier consultation and preparation		(23,183)	(813,183)
Regulatory samples		(21,698)	(15,880)
Other MCC/SAHPRA fees		(1,711,450)	(1,277,391)
General expenses		-	(574)
Warehousing and distribution		(642,154)	-
Fines and penalties		-	(28,812)
Short-term leases		(212,412)	(173,953)
Municipal expenses		(8,041)	(30,108)
Postage		(17,480)	(11,966)
Printing and stationery		(5,331)	(5,687)
Repairs and maintenance		(3,174)	-
Subscriptions		(41,398)	(35,016)
Telephone and fax		(17,098)	(12,843)
Travel - local		(1,937)	(505)
		(6,631,291)	**(4,192,179)**