



UNAUDITED GROUP INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER **2016**
AND CASH DIVIDEND DECLARATION



SALIENT FEATURES

Total Operations

Basic earnings per share increases 70%
Headline earnings per share increases 49%

Dividend declared: 63 cents per share
10th most empowered company on the JSE according to Empowerdex survey

Continuing Operations

Turnover increases 11% to R2,979 million
Gross profit improves 11% to R1,074 million
Trading profit increases 22% to R342 million
Headline earnings per share increases 52%

INTRODUCTION

The Board is pleased to report that the Group's long standing, continuing business operations, posted encouraging growth and extremely satisfying profits for the six-month period ended 31 December 2016. Having finally disposed of the Group's Indian sales and marketing business and the majority stake in the Ghanaian enterprise in this period, and having effectively dealt with all other inherited underperforming assets, since control of Adcock Ingram changed in 2014, the restructured business starts to reveal the positive impact and favourable direction that a cleansed Adcock Ingram is capable of delivering, now under a fully focused leadership team, in conjunction with a restructured and committed management in each of the divisional units.

Under such circumstances, each of the business units, posted solid performances, achieving good growth in turnover, optimally balanced with good cost control. This pattern of activity yielded exceptional growth in trading profits. It is also pleasing to report that the deliberate emphasis now placed on customer service, coupled with the more focused effort on sales and marketing, resulted in meaningful market share gains in many of the Group's principal brands, regularly measured and reported on by IMS and Nielsen.

FINANCIAL PERFORMANCE OF CONTINUING OPERATIONS

TURNOVER AND PROFITS

Group turnover during the period under review increased by 11.2% to R2,979 million. Apart from volume growth of approximately 4.8%, the remaining components within the turnover growth include two single exit price (SEP) increases during the year, in aggregate approximately 6.4%. The 4.8% volume growth is an encouraging indicator, given that IMS reports market growth in the sector at less than 1% on a moving-annual-turnover basis. The gross profit percentage maintained a satisfactory level, declining marginally from 36.3% to 36.1%.

Operating expenses were well controlled and increased by only 5.9%, resulting in a 22.4% improvement in trading profit to R342 million (Dec 2015: R279 million).

NON-TRADING EXPENSES

Non-trading expenses of R19.2 million include share-based expenses of R13.8 million and corporate activity costs of R5.4 million. The prior period comparative of R41.0 million included the one-off IFRS 2 charge of R20.8 million related to the implementation of the July 2015 B-BBEE scheme.

NET FINANCE COSTS AND HEADLINE EARNINGS

Net finance costs decreased from R38.8 million in the prior period to R17.5 million, following the reduction in the Group's overall net debt since June 2016.

Headline earnings from continuing operations for the period under review amounted to R241.0 million (Dec 2015: R159.0 million). This translates into headline earnings per share of 144.9 cents (Dec 2015: 95.1 cents), an increase of 52%.

BUSINESS OVERVIEW

OTC turnover improved by 16.2% over the prior comparative period, supported by increased volumes during the winter season and encouraging demand in the tender and export markets. Top brands including Allergex, Citro-Soda, Alcophyllex, Dilinct and Adco-Linctopent, all showed double-digit growth. Analgesic brands containing codeine, achieved very low growth following a change in regulation for these products. This business unit, which focuses on products in pain, coughs, colds and flu, and anti-histamine therapeutic areas through the pharmacy channel, posted growth well ahead of the market as measured by IMS in the categories in which it competes.

Despite the punitive impact of the exchange rate and a detectable change in consumer buying patterns to smaller pack sizes, trading profit increased by 13.2% to R145.6 million (Dec 2015: R128.6 million). The division acquired Brolene Eye Drops and Stop-Allerg Eye Drops from Genop Healthcare Proprietary Limited and commenced marketing these brands in October 2016. These brands will augment the division's existing ophthalmology product offering. In addition, Asic, Complenatal and Totonik were purchased from Pharmaceutical Enterprises Proprietary Limited towards the end of the reporting period. Asic is a well-respected anti-nausea product for pregnant women.

Prescription turnover improved by 13.0% to R1 008.6 million (Dec 2015: R892.4 million) aided by the SEP increases. This division achieved double digit growth in the private market segment as measured by IMS. A gross margin improvement was realised in this period, driven by an advantageous sales mix. Trading profit of R116.5 million is well ahead (33.8%) of the trading profit in the comparative period of R87.1 million. In July 2016, this division obtained the sales and promotional rights for the Astellas dermatology range, through our partner Leo Pharmaceuticals.

Consumer turnover of R334.8 million is only marginally ahead of the comparable period. The division faced a challenging economic environment, where discretionary spend remains under pressure. According to Nielsen's, Panado, Compral and Bioplus continued to outgrow the product segments in which they compete. Good cost control in this business unit enabled trading profits to increase by 24.5% to R52.4 million (Dec 2015: R42.1 million). This division has been actively seeking acquisitions and with effect from March 2017, the division will own and market the ISLAND TRIBE range of sunscreen products. Intellectual property has also been acquired for a dermatologist-formulated hand and body treatment range, to be launched under the DERM-A-SOOTHE brand name.

Hospital turnover increased by 5.8% to R662.4 million (Dec 2015: R626.2 million) with all product categories achieving growth over the prior period. Trading profits increased to R27.0 million (Dec 2015: R21.6 million). The division secured the commercial rights to the Pharma-Q range of products in South Africa in December 2016 and has recently commenced marketing the range on behalf of Pharma-Q.

The Group's enterprises in **Zimbabwe and Kenya** have for some time underperformed in challenging markets. These entities fortunately constitute a very small percentage of Group assets and collectively incurred a trading loss of R0.9 million during the period under review. The OTC Division has taken responsibility for managing the Kenyan operation and we accordingly expect that the business will stabilise and hopefully improve its performance.

CHANGES TO THE BOARD AND IN DIRECTORS' FUNCTIONS

On 25 August 2016, Ms Basadi Letsoalo was appointed Executive Director: Human Capital and Transformation and on 24 November 2016, Dr Claudia Manning and Mr Lindsay Ralphs were appointed as non-executive directors.

Mr Roshan Morar retired by rotation and did not offer himself for re-election as a non-executive director.

PROSPECTS

The Adcock Ingram Group is today a well-managed, reliable, reputable and well capitalised pharmaceutical manufacturer, supplier and distributor in South Africa, which is well placed to continue its immediate past trend of performance, fulfilling its potential to maintain its current growth path.

Given the Group's healthy cash resources, management and the Board will maintain the intention to expand the Group's product portfolio, through partnership arrangements, acquisition or otherwise, particularly in non-regulated product classes.

Shareholders can be assured of the Group's intention to continue its effort to enhance the equity of the Company's products and brands, build its customer relationships and maintain its service levels within each of the operating divisions.

CASH DISTRIBUTION

The Board has declared an interim gross dividend out of income reserves of 63 cents per share in respect of the six months ended 31 December 2016. The South African dividend tax ("DT") rate is 15% and the net dividend payable to shareholders who are not exempt from DT is 53.55 cents per share. Adcock Ingram currently has 175 748 048 ordinary shares in issue of which 149 905 089 qualify for ordinary dividends. The income tax reference number is 9528/919/15/3.

The salient dates for the distribution are detailed below:

Last date to trade <i>cum</i> distribution	Tuesday, 14 March 2017
Shares trade ex distribution	Wednesday, 15 March 2017
Record date	Friday, 17 March 2017
Payment date	Monday, 20 March 2017

Share certificates may not be dematerialised or rematerialised between Wednesday, 15 March 2017 and Friday, 17 March 2017, both dates inclusive.

CD Raphiri

Chairman

AG Hall

Chief Executive Officer

21 February 2017

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Unaudited six months ended 31 December 2016 R'000	Change	Unaudited six months ended 31 December 2015 R'000	Audited year ended 30 June 2016 R'000
Continuing operations					
REVENUE	2	2 985 469	11%	2 683 548	5 559 896
Turnover	2	2 978 517	11%	2 677 571	5 545 610
Cost of sales		(1 904 062)		(1 706 320)	(3 516 089)
Gross profit		1 074 455	11%	971 251	2 029 521
Selling, distribution and marketing expenses		(521 861)	6%	(490 459)	(1 004 534)
Fixed and administrative expenses		(210 695)	5%	(201 535)	(419 293)
Trading profit		341 899	22%	279 257	605 694
Non-trading expenses	3	(19 236)		(40 985)	(52 449)
Operating profit		322 663	35%	238 272	553 245
Finance income	2	4 071		1 483	5 107
Finance costs		(21 578)		(40 255)	(76 888)
Dividend income	2	2 881		4 494	9 179
Equity-accounted earnings		34 160		26 177	59 288
Profit before taxation		342 197	49%	230 171	549 931
Taxation		(97 596)		(67 461)	(170 547)
Profit for the period/year from continuing operations		244 601	50%	162 710	379 384
Profit/(Loss) after taxation for the period/year from discontinued operations	4	41 132		9 782	(200 242)
Profit for the period/year		285 733	66%	172 492	179 142
Other comprehensive income which will subsequently be recycled to profit or loss		(38 574)		204 043	107 129
Exchange differences on translation of foreign operations:					
– Continuing operations		(3 389)		10 568	8 121
– Joint venture and associate		(16 918)		40 251	23 372
– Discontinued operations		(21 353)		142 339	89 071
Fair value loss on available-for-sale asset, net of tax		–		–	(588)
Profit on sale of shares		–		1 067	1 067
Movement in cash flow hedge accounting reserve, net of tax		3 086		9 818	(13 914)
Other comprehensive income recycled to profit and loss		(125 784)		–	–
Other comprehensive income which will not be recycled to profit or loss					
Actuarial profit on post-retirement medical liability		–		–	6 079
Total comprehensive income for the period/year, net of tax		121 375		376 535	292 350
Profit attributable to:					
Owners of the parent		280 943		166 662	168 801
Non-controlling interests		4 790		5 830	10 341
		285 733		172 492	179 142
Total comprehensive income attributable to:					
Owners of the parent		118 724		367 363	279 736
Non-controlling interests		2 651		9 172	12 614
		121 375		376 535	292 350
Continuing operations:					
Basic earnings per ordinary share (cents)		144.9	53%	94.9	223.6
Diluted basic earnings per ordinary share (cents)		144.9	53%	94.8	223.6
Headline earnings per ordinary share (cents)		144.9	52%	95.1	226.1
Diluted headline earnings per ordinary share (cents)		144.9	53%	94.9	226.1
Discontinued operations:					
Basic earnings/(loss) per ordinary share (cents)		24.0		4.7	(122.2)
Diluted basic earnings/(loss) per ordinary share (cents)		24.0		4.7	(122.2)
Headline earnings per ordinary share (cents)		3.7		4.7	2.6
Diluted headline earnings per ordinary share (cents)		3.7		4.7	2.6
Total operations:					
Basic earnings per ordinary share (cents)		168.9	70%	99.6	101.4
Diluted basic earnings per ordinary share (cents)		168.9	70%	99.5	101.4
Headline earnings per ordinary share (cents)		148.6	49%	99.8	228.7
Diluted headline earnings per ordinary share (cents)		148.6	49%	99.6	228.7

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to holders of the parent							
	Non-distributable reserves					Total attributable to ordinary shareholders	Non-controlling interests	Total
	Issued share capital	Share premium	Continuing operations	Discontinued operations held-for-sale	Retained income			
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
As at 1 July 2015	16 888	512 938	505 000		1 982 589	3 017 415	99 509	3 116 924
Share issue	1	189				190		190
Transfer to discontinued operations			(58 200)	58 200				
Movement in share-based payment reserve			8 745			8 745		8 745
Implementation of BEE scheme	258	153 746			(44 587)	109 417	(79 883)	29 534
Total comprehensive income			61 704	138 997	166 662	367 363	9 172	376 535
Profit for the period					166 662	166 662	5 830	172 492
Other comprehensive income			61 704	138 997		200 701	3 342	204 043
Dividends					(117 952)	(117 952)		(117 952)
Balance at 31 December 2015 (unaudited)	17 147	666 873	517 249	197 197	1 986 712	3 385 178	28 798	3 413 976
Movement in share-based payment reserve			3 833			3 833		3 833
Acquisition of non-controlling interests in Ayrton Drug Manufacturing Limited					(1)	(1)	(1)	(2)
Total comprehensive income			(37 567)	(52 199)	2 139	(87 627)	3 442	(84 185)
Profit for the period					2 139	2 139	4 511	6 650
Other comprehensive income			(37 567)	(52 199)		(89 766)	(1 069)	(90 835)
Dividends					(72 810)	(72 810)	(6 215)	(79 025)
Balance at 30 June 2016 (audited)	17 147	666 873	483 515	144 998	1 916 040	3 228 573	26 024	3 254 597
Movement in share-based payment reserve			10 030			10 030		10 030
Total comprehensive income			(17 221)	(144 998)	280 943	118 724	2 651	121 375
Profit for the period					280 943	280 943	4 790	285 733
Other comprehensive income			(17 221)	(144 998)		(162 219)	(2 139)	(164 358)
Disposal of business							(18 465)	(18 465)
Dividends					(78 635)	(78 635)		(78 635)
Balance at 31 December 2016 (unaudited)	17 147	666 873	476 324	-	2 118 348	3 278 692	10 210	3 288 902

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited 31 December 2016 R'000	Unaudited 31 December 2015 R'000	Audited 30 June 2016 R'000
ASSETS			
Property, plant and equipment	1 388 767	1 471 029	1 423 173
Intangible assets	321 731	283 934	276 070
Deferred tax	7 621	3 542	8 129
Other financial assets	47 365	84 420	74 310
Investment in joint ventures	360 124	337 907	354 139
Investment in associate	6 002	–	–
Non-current assets	2 131 610	2 180 832	2 135 821
Inventories	1 122 507	1 292 841	1 167 005
Trade and other receivables	1 482 743	1 394 038	1 398 501
Cash and cash equivalents	634 567	192 115	200 555
Taxation receivable	–	63 987	84 087
Current assets	3 239 817	2 942 981	2 850 148
Assets classified as held-for-sale	–	828 560	610 638
Total current assets	3 239 817	3 771 541	3 460 786
Total assets	5 371 427	5 952 373	5 596 607
EQUITY AND LIABILITIES			
Capital and reserves			
Issued share capital	17 147	17 147	17 147
Share premium	666 873	666 873	666 873
Non-distributable reserves – Continuing operations	476 324	517 249	483 515
– Discontinued operations held-for-sale	–	197 197	144 998
Retained income	2 118 348	1 986 712	1 916 040
Total shareholders' funds	3 278 692	3 385 178	3 228 573
Non-controlling interests	10 210	28 798	26 024
Total equity	3 288 902	3 413 976	3 254 597
Long-term borrowings	300 000	507 260	500 000
Post-retirement medical liability	17 132	22 935	16 994
Deferred tax	75 878	78 213	75 868
Non-current liabilities	393 010	608 408	592 862
Trade and other payables	1 601 265	1 303 447	1 567 382
Bank overdraft	10 078	421 008	11 755
Short-term borrowings	–	16 636	–
Provisions	65 337	61 588	69 906
Taxation payable	12 835	–	–
Current liabilities	1 689 515	1 802 679	1 649 043
Liabilities classified as held-for-sale	–	127 310	100 105
Total current liabilities	1 689 515	1 929 989	1 749 148
Total equity and liabilities	5 371 427	5 952 373	5 596 607

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited six months ended 31 December 2016 R'000	Unaudited six months ended 31 December 2015 R'000	Audited year ended 30 June 2016 R'000
Cash flows from operating activities			
Operating profit from continuing operations	322 663	238 272	553 245
Operating profit/(loss) from discontinued operations (note 4.1)	8 416	11 065	(198 712)
Operating profit	331 079	249 337	354 533
Other adjustments and non-cash items	102 532	113 628	472 839
Operating profit before working capital changes	433 611	362 965	827 372
Working capital changes	(65 997)	(93 249)	113 752
Cash generated from operations	367 614	269 716	941 124
Finance income received	5 344	4 504	17 249
Finance costs paid	(24 696)	(44 050)	(86 689)
Dividend income received	18 268	19 150	23 835
Dividends paid	(78 635)	(117 952)	(196 977)
Taxation paid	(1 452)	(52 075)	(176 421)
Net cash inflow from operating activities	286 443	79 293	522 121
Cash flows from investing activities			
Decrease in other financial assets	26 945	6 686	11 961
Disposal of business (note 4.3)	291 096	–	–
Purchase of property, plant and equipment – Expansion	(2 450)	(25 454)	(34 650)
– Replacement	(33 029)	(18 762)	(60 792)
Purchase of intangible assets	(45 822)	–	–
Proceeds on disposal of property, plant and equipment	1 931	137	486
Proceeds on disposal of intangibles	–	–	2 009
Disposal of non-controlling interest in Blue Falcon Trading Proprietary Limited	–	(11 616)	(11 616)
Net cash inflow/(outflow) from investing activities	238 671	(49 009)	(92 602)
Cash flows from financing activities			
Acquisition of non-controlling interests in Ayrton Drug Manufacturing Limited	–	–	(2)
Proceeds from issue of share capital	–	190	190
Proceeds from sale of shares	–	30 410	30 410
Increase in borrowings	7 822	–	–
Repayment of borrowings	(200 000)	(2 932)	(19 816)
Net cash (outflow)/inflow from financing activities	(192 178)	27 668	10 782
Net increase in cash and cash equivalents	332 936	57 952	440 301
Net foreign exchange difference on cash and cash equivalents	(2 909)	19 983	10 992
Cash and cash equivalents at beginning of period/year	294 462	(156 831)	(156 831)
Cash and cash equivalents at end of period/year	624 489	(78 896)	294 462
Split as follows:			
Cash and cash equivalents	634 567	192 115	200 555
Bank overdraft	(10 078)	(421 008)	(11 755)
Net cash position per statement of financial position	624 489	(228 893)	188 800
Cash at banks attributable to discontinued operations	–	149 997	105 662
Cash and cash equivalents at end of period/year	624 489	(78 896)	294 462

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

1.1 INTRODUCTION

The abridged unaudited interim results for the six months ended 31 December 2016 have been prepared in compliance with the Listings Requirements of the JSE Limited, International Financial Reporting Standards (IFRS), the requirements of the International Accounting Standards, IAS 34: *Interim financial reporting*, SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act, No. 71 of 2008. The Board of directors take full responsibility for the set of financial results which have been prepared by Ms Dorette Neethling, Chief Financial Officer.

1.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amended IFRS standards and interpretations during the year which did not have any effect on the financial performance or position of the Group:

*IFRS 11: *Joint Arrangements – Accounting for acquisition of interests in Joint Operations*

*IAS 1: *Presentation of Financial Statements – Disclosure initiative amendments*

	Unaudited six months ended 31 December 2016 R'000	Unaudited six months ended 31 December 2015 R'000	Audited year ended 30 June 2016 R'000
2 REVENUE			
Turnover	2 978 517	2 677 571	5 545 610
Finance income	4 071	1 483	5 107
Dividend income – Black Managers Share Trust	2 881	4 494	9 179
	2 985 469	2 683 548	5 559 896
3 NON-TRADING EXPENSES			
Impairments	–	1 356	8 638
Transaction costs	5 469	3 731	3 892
Share-based payment expenses	13 767	35 898	39 919
	19 236	40 985	52 449

4 DISCONTINUED OPERATIONS

During the year ended 30 June 2016, the Board had resolved to dispose of:

- Adcock Ingram Private Limited (India); and
- Ayrton Drug Manufacturing Limited (Ayrton) in Ghana.

This resulted in the above businesses being classified and accounted for as a disposal group held-for-sale during the previous financial year. India was disposed of on 14 October 2016 and 53.47% of Ayrton on 7 December 2016, with the Group retaining a 25.1% minority share in Ayrton. The loss of control on disposal resulted in the foreign currency translation reserve relating to both entities being recycled to profit and loss.

	Unaudited six months ended 31 December 2016 R'000	Unaudited six months ended 31 December 2015 R'000	Audited year ended 30 June 2016 R'000
4.1 STATEMENT OF COMPREHENSIVE INCOME			
REVENUE	120 174	192 941	412 289
Turnover	118 901	189 459	403 892
Cost of sales	(47 191)	(80 728)	(175 204)
Gross profit	71 710	108 731	228 688
Selling, distribution and marketing expenses	(39 077)	(67 959)	(143 210)
Fixed and administrative expenses	(17 384)	(23 257)	(53 883)
Trading profit	15 249	17 515	31 595
Non-trading expenses (refer (a))	(6 833)	(6 450)	(230 307)
Operating profit/(loss)	8 416	11 065	(198 712)
Finance income	1 273	3 482	8 397
Finance costs	(2 014)	(4 765)	(8 574)
Profit/(Loss) before taxation	7 675	9 782	(198 889)
Taxation	(1 301)	–	(1 353)
Profit/(Loss) for the period/year from discontinued operations	6 374	9 782	(200 242)
Profit on disposal of the discontinued operation	34 758	–	–
Profit/(Loss) for the period/year from discontinued operations	41 132	9 782	(200 242)
Profit/(Loss) attributable to:			
India	46 638	2 075	(139 583)
Ayrton	(5 506)	7 707	(60 659)
	41 132	9 782	(200 242)
Profit/(Loss) attributable to:			
Owners of the parent	39 903	7 884	(203 403)
Non-controlling interests	1 229	1 898	3 161
	41 132	9 782	(200 242)
a. Non-trading expenses			
Impairment of assets transferred to held-for-sale	–	–	207 971
India	–	–	135 012
Ayrton	–	–	72 959
Transaction costs	6 833	6 450	22 656
Profit on sale of intangible asset	–	–	(320)
	6 833	6 450	230 307

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

	Unaudited six months ended 31 December 2016 R'000	Unaudited six months ended 31 December 2015 R'000	Audited year ended 30 June 2016 R'000
4 DISCONTINUED OPERATIONS (CONTINUED)			
4.2 STATEMENT OF FINANCIAL POSITION			
Details of assets and liabilities transferred to held-for-sale:			
ASSETS			
Property, plant and equipment		14 798	19 234
Intangible assets		556 060	381 109
Inventories		39 840	32 757
Trade and other receivables		67 865	56 660
Taxation receivable		–	2 114
Cash and cash equivalents		149 997	118 764
Total assets		828 560	610 638
LIABILITIES			
Long-term borrowings		5 868	5 464
Short-term borrowings		–	5 971
Bank overdraft		–	13 102
Trade and other payables		118 126	71 733
Provisions		3 316	3 835
Total liabilities		127 310	100 105
Net assets/(liabilities) classified as held-for-sale			
India		701 250	527 174
Ayrton		–	(16 641)
Net assets		701 250	510 533
Foreign currency translation reserve related to assets classified as held-for-sale:			
India		(252 688)	(203 987)
Ayrton		–	55 324
Share issue expenses related to assets classified as held-for-sale (India)			
		–	3 665
Net assets		448 562	365 535
4.3 CASH INFLOW ON DISPOSAL			
Consideration received	338 601		
India	327 565		
Ayrton	11 036		
Net cash disposed of with the discontinued operations	(47 505)		
India	(48 807)		
Ayrton	1 302		
Net cash inflow	291 096		
4.4 CASH FLOW STATEMENT			
Included in the Group's consolidated statement of cash flows are cash flows from the Indian and Ayrton discontinued operations. These cash flows are included in operating, investing and financing activities as follows:			
Cash inflow/(outflow) from operating activities	19 487	5 800	(6 061)
Cash inflow/(outflow) from investing activities	744	(1 199)	(1 962)
Cash outflow from financing activities	(78 388)	(4 825)	(8 419)
Net cash outflow	(58 157)	(224)	(16 442)

5 SEGMENT REPORTING

	Unaudited six months ended 31 December 2016 R'000	Change	Unaudited six months ended 31 December 2015 R'000	Audited year ended 30 June 2016 R'000
Turnover				
<i>Continuing operations:</i>				
Southern Africa	2 890 382	11%	2 608 213	5 388 857
OTC	884 568	16%	761 465	1 668 438
Consumer	334 849	2%	328 122	662 981
Prescription	1 008 586	13%	892 380	1 830 669
Hospital	662 379	6%	626 246	1 226 769
Rest of Africa and India *	107 544		84 272	193 693
Less: Inter-company sales	(19 409)		(14 914)	(36 940)
	2 978 517		2 677 571	5 545 610
<i>Discontinued operations:</i>				
India	67 206		114 614	258 936
Rest of Africa (Ghana)	51 695		74 845	144 956
	118 901		189 459	403 892
Trading and operating profit				
<i>Continuing operations:</i>				
Southern Africa	341 527	22%	279 318	607 043
OTC	145 626	13%	128 642	310 022
Consumer	52 385	25%	42 050	90 476
Prescription	116 490	34%	87 054	171 453
Hospital	27 026	25%	21 572	35 092
Rest of Africa and India *	372		(61)	(1 349)
Trading profit	341 899		279 257	605 694
Less: Non-trading expenses	(19 236)		(40 985)	(52 449)
Operating profit	322 663		238 272	553 245
<i>Discontinued operations:</i>				
India	6 300		4 190	7 269
Rest of Africa (Ghana)	8 949		13 325	24 326
Trading profit	15 249		17 515	31 595
Less: Non-trading expenses	(6 833)		(6 450)	(230 307)
Operating profit/(loss)	8 416		11 065	(198 712)
Total assets				
<i>Continuing operations:</i>				
Southern Africa	4 189 783		4 199 702	4 198 690
OTC	1 546 192		1 442 263	1 556 402
Consumer	319 566		350 916	325 800
Prescription	1 279 402		1 318 918	1 216 989
Hospital	1 044 623		1 087 605	1 099 499
Rest of Africa	143 491		260 529	143 854
India	236 789		228 624	230 955
Other – shared services	801 364		434 958	412 470
	5 371 427		5 123 813	4 985 969
<i>Discontinued operations:</i>				
India	–		828 560	584 844
Rest of Africa (Ghana)	–		–	25 794
	5 371 427		5 952 373	5 596 607

* Research and development services in India

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(continued)

	Unaudited six months ended 31 December 2016 R'000	Unaudited six months ended 31 December 2015 R'000	Audited year ended 30 June 2016 R'000
6 INVENTORY			
The amount of inventories written down recognised as an expense in profit or loss:			
<i>Continuing operations:</i>			
Cost of sales	18 896	17 992	63 986
<i>Discontinued operations:</i>			
Cost of sales	304	–	4 616
	19 200	17 992	68 602
7 CAPITAL COMMITMENTS			
– Contracted	52 216	12 460	11 362
– Approved, but not contracted	148 847	13 083	38 577
	201 063	25 543	49 939
8 HEADLINE EARNINGS			
Headline earnings is determined as follows:			
Continuing operations			
Earnings attributable to owners of Adcock Ingram from total operations	280 943	166 662	168 801
Adjusted for:			
(Profit)/Loss attributable from discontinued operations (refer note 4.1)	(39 903)	(7 884)	203 403
Earnings attributable to owners of Adcock Ingram from continuing operations	241 040	158 778	372 204
Adjusted for:			
Impairment of intangible assets	–	–	3 149
(Profit)/Loss on disposal/scraping of property, plant and equipment	(1)	255	888
Tax effect on loss on disposal of property, plant and equipment	–	(7)	(23)
Adjustments relating to equity accounted joint ventures	–	–	211
Headline earnings from continuing operations	241 039	159 026	376 429
Discontinued operations			
Profit/(Loss) attributable to owners of Adcock Ingram from discontinued operations	39 903	7 884	(203 403)
Adjusted for:			
Impairment of held-for sale assets	–	–	207 971
Profit on sale of discontinued operations	(34 758)	–	–
Profit on sale of intangible asset	–	–	(320)
Loss on disposal/scraping of property, plant and equipment	975	–	70
Headline earnings from discontinued operations	6 120	7 884	4 318
9 SHARE CAPITAL			
	'000	'000	'000
Number of shares in issue	175 748	175 748	175 748
Number of treasury shares held	(4 285)	(9 454)	(4 285)
Net shares in issue	171 463	166 294	171 463
Headline earnings and basic earnings per share are based on:			
Weighted average number of shares	166 294	167 219	166 485
Diluted weighted average number of shares	166 294	167 492	166 485

SENS release date: 22 February 2017

ADCOCK INGRAM HOLDINGS LIMITED

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

DIRECTORS

Mr A Hall (Chief Executive Officer)
 Prof M Haus (Independent Non-executive Director)
 Dr B Joffe (Independent Non-executive Deputy Chairman)
 Dr T Lesoli (Independent Non-executive Director)
 Ms B Letsoalo (Executive Director)
 Mr M Makwana (Independent Non-executive Director)
 Dr C Manning (Non-executive Director)
 Dr A Mokgokong (Non-executive Director)
 Ms D Neethling (Chief Financial Officer)
 Mr L Ralphs (Non-executive Director)
 Mr C Raphiri (Independent Non-executive Chairman)
 Mr M Sacks (Independent Non-executive Director)
 Dr R Stewart (Independent Non-executive Director)

COMPANY SECRETARY

NE Simelane

REGISTERED OFFICE

1 New Road, Midrand, 1682

POSTAL ADDRESS

Private Bag X69, Bryanston, 2021

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
 Rosebank Towers, 15 Bierman Avenue, Rosebank, Johannesburg, 2196
 PO Box 61051, Marshalltown, 2107

AUDITORS

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

SPONSOR

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

BANKERS

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

Forward-looking statements

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



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