Pre-Listing Statement

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Adcock Ingram Holdings Limited

(formerly "Newshelf 891 (Proprietary) Limited")
(Registration No. 2007/016236/06)
Share code: AIP ISIN: ZAE000123436
("Adcock" or the "company")

PRE-LISTING STATEMENT

This pre-listing statement is issued in terms of the JSE Listings Requirements.
An abridged version of this pre-listing statement is intended for publication on 21 July 2008.

This pre-listing statement is not an invitation to subscribe for shares in Adcock, but is issued in compliance with the Listings Requirements of the JSE Limited ("JSE") for the purpose of providing information to the public with regard to the business and affairs of Adcock and its subsidiaries. This pre-listing statement has been prepared on the assumption that the ordinary resolutions proposed in the notice of general meeting forming part of the unbundling circular to shareholders of Tiger Brands Limited ("Tiger Brands") dated 29 July 2008 (the "Tiger Brands circular"), which is enclosed in the same envelope with this pre-listing statement, will be passed at the general meeting of shareholders of Tiger Brands to be held on Thursday, 14 August 2008, and that the unbundling of Adcock (details of which are reflected in the Tiger Brands circular), will accordingly be implemented. This pre-listing statement should be read in conjunction with the Tiger Brands circular.

The Adcock directors, whose names are set out in paragraph 12.1 of this pre-listing statement, collectively and individually, accept full responsibility for the accuracy of the information provided and certify that, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this pre-listing statement false or misleading, and confirm that they have made all reasonable enquiries in this regard and confirm that this pre-listing statement contains all information required by the Listings Requirements of the JSE. Subject to the fulfilment of the conditions precedent as reflected in section 1.3 of this pre-listing statement, the Listings Committee of the JSE has agreed to the listing of the entire issued ordinary share capital of Adcock in the "Pharmaceutical" sector of the main board of the JSE under the abbreviated name "Adcock" with effect from the commencement of business on Monday, 25 August 2008.

On the commencement of its listing, the authorised share capital of Adcock will be R25 000 000 divided into 250 000 000 ordinary par value shares of R0.10 each. The issued share capital of Adcock is currently 172 558 278 ordinary shares, amounting to R17 255 827 with an aggregate share premium of R1 187 121 000, which is equal to the number of ordinary shares in the issued share capital of Tiger Brands. If additional ordinary shares are issued by Tiger Brands in terms of its share scheme arrangements prior to the date of unbundling, Adcock will issue a corresponding number of ordinary shares prior to that date so as to retain such parity. No subsidiaries of the Adcock Group hold any of the issued share capital of Adcock as treasury shares. All the shares in Adcock rank *pari passu* in all respects, there being no conversion or exchange rights attaching thereto. All shares have equal rights to participate in capital, dividend and profit distributions by Adcock.

Ernst & Young Incorporated, whose reports are included in this pre-listing statement, have given and have not withdrawn their consent to the inclusion of their name and reports in this pre-listing statement in the form and context in which they appear.

Financial Adviser and Sponsor to Adcock	Financial Adviser to Tiger Brands	Attorneys to Adcock
Deutsche Bank Deutsche Securities (SA) (Proprietary) Limited (A non-bank member of the Deutsche Bank Group)	UBS	read hope phillips ATTORNEYS
Attorneys to Tiger Brands	**Transfer Secretaries to Adcock**	**Reporting Accountants and Auditors to Adcock**
edward nathan sonnenbergs	Computershare	Ernst & Young

Date of issue: 29 July 2008

This pre-listing statement is available in English only. Copies may be obtained from the sponsor, UBS, Adcock, Tiger Brands and transfer secretaries, whose details are set out in the *"Corporate Information and Advisers"* section of this pre-listing statement.

CORPORATE INFORMATION AND ADVISERS

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Reporting Accountants and Auditors to Adcock

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IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 7 of this pre-listing statement have been used in this section headed *"Important Dates and Times"*.

Issue of notice for the Tiger Brands general meeting	Tuesday, 29 July 2008
Last day for lodging of forms of proxy for the general meeting by 10h00	Tuesday, 12 August 2008
General meeting of Tiger Brands shareholders at 10h00	Thursday, 14 August 2008
Results of the general meeting of Tiger Brands shareholders released on SENS	Thursday, 14 August 2008
Results of the general meeting of Tiger Brands published in the press	Friday, 15 August 2008
Last day to trade in Tiger Brands shares on the JSE to participate in the unbundling	Friday, 22 August 2008
Tiger Brands shares trade "*ex*" the entitlement to the Adcock unbundled shares from the commencement of business	Monday, 25 August 2008
Listing of Adcock on the JSE under the JSE code AIP and ISIN: ZAE000123436 from the commencement of business	Monday, 25 August 2008
Announcement of apportionment of base cost for CGT purposes	Wednesday, 27 August 2008
Record date to participate in the unbundling	Friday, 29 August 2008
Adcock share certificates will be posted, by registered post, at the risk of the certificated shareholders concerned, to certificated shareholders and dematerialised shareholders will have their accounts at their CSDP or broker updated	Monday, 1 September 2008

Notes:

1. *The above dates and times are indicative only and subject to change. Any changes to the above dates and times will be released on SENS and published in the press.*
2. *All times given in this pre-listing statement are local times in South Africa.*
3. *Tiger Brands share certificates may not be dematerialised or rematerialised between Monday, 25 August 2008 and Friday, 29 August 2008, both days inclusive.*
4. *These dates will only apply if the SENS announcement is released by 11h00 on Friday, 15 August 2008, the finalisation date to allow five clear days before the last day to trade prior to the listing of Adcock on the JSE.*

DEFINITIONS AND INTERPRETATIONS

For the purpose of this pre-listing statement and these definitions, the singular includes the plural and *vice versa*, natural persons include juristic persons and *vice versa,* one gender includes the other genders and a reference to any legislation shall be to such legislation as in force at the last practicable date and a reference to a "holding" or "subsidiary" company shall bear the meaning ascribed to it by the Companies Act.

"Adcock" or the "company"	Adcock Ingram Holdings Limited (Registration No. 2007/016236/06), (formerly Newshelf 891 (Proprietary) Limited), a public limited liability company duly incorporated in accordance with the company laws of the Republic of South Africa to be listed on the JSE and, where the context requires, its predecessors in title;
"Adcock Business"	the pharmaceutical and hospital products business owned and conducted by the Adcock Group;
"Adcock directors" or "directors"	the board of directors of Adcock as at the last practicable date, the details of whom are set out in paragraph 12.1 of this pre-listing statement;
"Adcock Group" or the "group"	Adcock, its subsidiaries and associated companies for the time being, collectively or individually as the context may require and, where the context requires, their respective predecessors in title;
"Adcock Ingram Holdings Employee Share Trust"	the trustees for the time being of the Adcock Ingram Holdings Limited Employee Share Trust (2008), a trust in the process of formation;
"Adcock phantom cash option scheme"	the Adcock Ingram Holdings Limited Phantom Cash Option Scheme (2008);
"Adcock phantom share"	a notional share in the issued share capital of Adcock in terms of the Adcock phantom cash option scheme;
"Adcock share"	an ordinary share in the share capital of Adcock with a par value of R0.10 (ten cents);
"Adcock shareholders"	registered holders of Adcock shares from time to time;
"Adcock share incentive schemes"	the Adcock share schemes and the Adcock phantom cash option scheme, collectively or individually, as the context may require;
"Adcock share schemes"	collectively, the Adcock Ingram Holdings Limited share purchase and share option schemes to be established in terms of the Adcock Ingram Holdings Limited Employee Share Trust;
"Adcock unbundled shares"	all of the Adcock shares to be distributed to Tiger Brands shareholders pursuant to the unbundling, collectively or individually, as the context may require;
"articles"	the articles of association of the company, extracts from which appear in Annexure 17;
"associated company" or "associate company"	means any association, business, close corporation, company, concern, enterprise, firm, partnership, person, trust, undertaking, voluntary association or other similar entity whether corporate or unincorporated in which a company holds at least 20% (twenty per cent) of the equity interest and/or voting rights in such entity;
"ARV"	anti-retroviral drugs, being drugs used in the treatment of HIV and AIDS;

"Baxter"	Baxter Healthcare S.A. (Registration No. CH-170.3.023.618.3), a global healthcare company, which has its place of business at Hertistrasse 2, 2304 Walliseuen, Switzerland;
"Baxter option"	the call option granted to Baxter to acquire 50% plus 1 share of Adcock's shareholding in Adcock Ingram Critical Care (Proprietary) Limited, the details of which are set out in paragraph 2.5.2 of this pre-listing statement;
"BEE"	black economic empowerment as contemplated in the Broad-Based Black Economic Empowerment Act (No. 53 of 2003), as amended;
"black managers scheme"	the scheme that was established to facilitate economic ownership of and voting rights in Tiger Brands shares by eligible black managers (as defined in the rules of the scheme) employed by the Tiger Brands group, including the Adcock Group;
"Black Managers Trust"	the trustees for the time being of the Tiger Brands Black Managers Trust (Master's Reference No. IT6725/05), established to administer the black managers scheme;
"Board"	the board of directors of Adcock at the relevant time;
"Brimstone"	Brimstone Investment Corporation Limited (Registration No. 1995/010442/06), a public limited liability company duly incorporated in accordance with the company laws of the Republic of South Africa and listed on the JSE;
"CEO"	chief executive officer;
"certificated share"	a Tiger Brands share or an Adcock share (as the case may be) that has not been dematerialised, title to which is represented by a share certificate or other document of title;
"certificated shareholder"	in relation to a certificated share, the registered holder thereof;
"CFO"	chief financial officer;
"Competition Act"	the Competition Act (No. 89 of 1998), as amended;
"Competition Commission"	the Competition Commission, established in terms of the Competition Act;
"Competition Tribunal"	a Competition Tribunal, established in terms of the Competition Act;
"Companies Act"	the Companies Act (No. 61 of 1973), as amended;
"Computershare"	Computershare Investor Services (Proprietary) Limited (Registration No. 2004/003647/07), a private limited liability company duly incorporated in accordance with the company laws of the Republic of South Africa;
"conditions precedent"	the conditions precedent to the unbundling, as set out in paragraph 1.3 of this pre-listing statement;
"core activities"	the core areas of focus of the Tiger Brands group (excluding the Adcock Group), being the production, marketing and distribution of branded FMCG;
"CSDP"	a Central Securities Depository Participant (operating in terms of the Securities Services Act (No. 36 of 2004), as amended), appointed by individual shareholders for the purposes of and in regard to dematerialisation;

"dematerialisation"	the process whereby physical documents of title are dematerialised into an electronic record (and reflected on an electronic share register) for the purposes of the electronic clearing and settlement system operated by Strate;
"dematerialised own name registered shareholder"	dematerialised shareholders whose dematerialised shares are registered in their own names;
"dematerialised shareholder"	in relation to a dematerialised share, the registered and/or beneficial holder thereof at the relevant time, as the context may require;
"dematerialised share"	a Tiger Brands share or Adcock share (as the case may be) that has been dematerialised and reflected on Tiger Brands or Adcock's electronic share register as such (as the case may be);
"Deutsche Securities"	Deutsche Securities (SA) (Proprietary) Limited (Registration No. 1995/011798/07), a private limited liability company duly incorporated in accordance with the company laws of the Republic of South Africa;
"documents of title"	share certificates, certified transfer deeds, balance receipts and any other materialised documents of title to a Tiger Brands share or an Adcock share (as the case may be);
"DSURS"	defined stomach upset remedies;
"EBITDA"	net income (or loss) for any given period, excluding any interest expense, taxation charge, taxation recouped or recovered, depreciation and amortisation for that same period, determined in accordance with IFRS;
"exchange control regulations"	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act (No. 9 of 1933), as amended;
"First National Bank"	First National Bank, a division of FirstRand;
"FirstRand"	FirstRand Limited (Registration No. 1966/010753/06), a public limited liability company duly incorporated in accordance with the company laws of the Republic of South Africa and listed on the JSE;
"FMCG"	fast-moving consumer goods;
"foreign shareholders"	shareholders who are resident in, or who are nationals or citizens of, or who have registered addresses in, countries other than the Republic of South Africa;
"foreign shareholders' Adcock unbundled shares"	in relation to a foreign shareholder, the entitlement to Adcock unbundled shares that are distributed to him in accordance with his effective interest in Tiger Brands;
"general meeting"	the general meeting of the members of Tiger Brands to be held at 10h00 on Thursday, 14 August 2008, notice of and a form of proxy in respect of which are included in the same envelope as this document;
"GIT"	gastrointestinal tract;
"Government"	the Government of the Republic of South Africa;
"GP"	medical general practitioner;
"GP %"	gross profit percentage, calculated as revenue less cost of products sold, divided by revenue and represented as a percentage;

"healthcare interests"	the pharmaceuticals and hospital products (otherwise known as critical care) businesses of Adcock which operate as separate business divisions of the Adcock Group;
"HR"	human resources;
"IFRS"	International Financial Reporting Standards from time to time;
"IMD"	international market development;
"IMS"	IMS Health Incorporated, a company incorporated in Delaware in the US, which is a provider of business intelligence and strategic consulting services for the pharmaceutical and healthcare industries;
"IV"	intravenous;
"Income Tax Act"	the Income Tax Act (No. 58 of 1962), as amended;
"JSE"	JSE Limited (Registration No. 2005/022939/06), a public limited liability company duly incorporated in accordance with the company laws of the Republic of South Africa and which is licensed to operate as an exchange under the Securities Services Act (No. 36 of 2004), as amended;
"King Code"	the second King Report on Corporate Governance for South Africa, 2002;
"last day to trade"	the last day to trade in Tiger Brands shares in order to be recorded in the register on the record date and to participate in the unbundling, which is expected to be Friday, 22 August 2008;
"last practicable date"	the last practicable date prior to finalisation of this pre-listing statement, being Friday, 11 July 2008;
"listing"	the proposed listing of the Adcock unbundled shares in the "Pharmaceuticals" sector on the Main Board of the JSE, which is expected to occur on 25 August 2008;
"Listings Requirements"	the listings requirements of the JSE, as amended;
"LSM"	living standards measures;
"MAT"	moving annual total;
"MCC"	the Medicines Control Council, a statutory body constituted in terms of the Medicines and Related Substances Act (No. 101 of 1985), as amended;
"memorandum"	the memorandum of association of the company;
"MHRA"	the Medicines and Healthcare Products Regulatory Agency, a UK Government agency responsible for ensuring that medicines and medical devices work and are acceptably safe;
"NDTI"	national disease and therapeutic index;
"Nedbank"	Nedbank Limited (Registration No. 1951/000009/06), a public limited liability company duly incorporated in accordance with the company laws of the Republic of South Africa;
"Netcare"	Network Healthcare Holdings Limited (Registration No. 1996/008242/06), a public limited liability company duly incorporated in accordance with the company laws of the Republic of South Africa;

"OTC"	over the counter;
"pre-listing statement"	this pre-listing statement (together with its annexures), dated 29 July 2008;
"PBIT"	profit before interest and tax;
"PIC/s"	The Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme;
"rand" or "Rand" or "R"	the lawful currency of the Republic of South Africa;
"record date"	the last date on which a Tiger Brands shareholder must be recorded in the register in order to participate in the unbundling, which will be Friday, 29 August 2008;
"register"	Tiger Brands register of members;
"Regulator"	the Medicines Control Council, a statutory body constituted in terms of the Medicines and Related Substances Act (No. 101 of 1985), as amended;
"renal dialysis"	is a process completed by a medical machine to filter the blood, when the kidneys have failed;
"reorganisation"	the internal reorganisation of certain Tiger Brands group companies and businesses conducted prior to the unbundling in order to achieve the necessary re-alignment of the relevant group structures to enable the unbundling to take place;
"reserves"	accumulated profits;
"R&D"	research and development;
"SENS"	the Securities Exchange News Service of the JSE;
"SEP"	single exit pricing;
"shareholders"	registered and/or beneficial shareholders of Tiger Brands or Adcock at the relevant time, as the context may require;
"South Africa"	the Republic of South Africa;
"Strate"	Strate Limited (Registration No. 1998/022242/06), a public limited liability company duly incorporated in accordance with the company laws of the Republic of South Africa and which operates the electronic clearing and settlement system used by the JSE;
"TGA"	the Australian Government's Therapeutic Goods Administration within the Department of Health and Ageing, which carries out a range of assessment and monitoring activities to ensure that therapeutic goods available in Australia are of an acceptable standard with the aim of ensuring that the Australian population has access, within a reasonable time, to therapeutic advances;
"Tiger Brands"	Tiger Brands Limited (Registration No. 1944/017881/06), a public limited liability company duly incorporated in accordance with the company laws of the Republic of South Africa and listed on the JSE;
"Tiger Brands circular"	the circular to shareholders of Tiger Brands, dated 29 July 2008, enclosed in the same envelope with this pre-listing statement;
"Tiger Brands directors" or "Tiger Board"	the board of directors of Tiger Brands at the last practicable date;

"Tiger Brands group" or "Tiger Brands Group"	Tiger Brands and its subsidiaries and associated companies for the time being, collectively or individually, as the context may require;
"Tiger Brands phantom cash option scheme"	the Tiger Brands Phantom Cash Option Scheme;
"Tiger Brands phantom share"	a notional share in the issued share capital of Tiger Brands in terms of the Tiger Brands phantom cash option scheme;
"Tiger Brands share"	an ordinary share in the share capital of Tiger Brands with a par value of R0.10 (ten cents);
"Tiger Brands shareholders"	registered holders of Tiger Brands shares from time to time;
"Tiger Brands share option scheme"	the Tiger Brands (1985) Share Option Scheme;
"Tiger Brands share purchase scheme"	the Tiger Brands (1985) Share Purchase Scheme;
"Tiger Brands share incentive schemes"	the Tiger Brands share option scheme and the Tiger Brands share purchase scheme and the Tiger Brands phantom cash option scheme, collectively or individually, as the context may require;
"TPM"	total private market;
"transfer secretaries"	Computershare;
"treasury shares"	Tiger Brands shares owned by Tiger Consumer Brands Limited, a wholly-owned subsidiary of Tiger Brands which, at the last practicable date, amounted to approximately 5% of the issued share capital of Tiger Brands;
"UBS"	UBS South Africa (Proprietary) Limited (Registration No. 1995/011146/07), a private limited liability company duly incorporated in accordance with the company laws of the Republic of South Africa;
"unbundling"	the declaration as a dividend *in specie* and subsequent distribution of all of the Adcock shares held by Tiger Brands on the record date in terms of section 90 of the Companies Act, as authorised in terms of Tiger Brands articles, in the ratio of one Adcock share for every one Tiger Brands share held at the close of business on the record date, to be effected in terms of section 46 of the Income Tax Act and otherwise on the terms and subject to the conditions set out in the Tiger Brands circular, such that each beneficial owner of a Tiger Brands share will become a beneficial owner of an Adcock unbundled share;
"unbundling agreement"	the written agreement concluded between Tiger Brands and Adcock on 17 July 2008 for the purpose of governing their relationship *inter se* in relation to the unbundling;
"UK"	the United Kingdom of Great Britain and Northern Ireland;
"US"	the United States of America;
"VAT"	value-added tax levied in terms of the Value-Added Tax Act (No. 89 of 1991), as amended;
"WHO"	World Health Organisation; and
"$" or "Dollar"	the lawful currency of the US.

SALIENT INFORMATION

This summary sets out the salient features of the information detailed in this pre-listing statement, which should be read in its entirety for a full appreciation of Adcock and the unbundling. The definitions and interpretations commencing on page 7 of this pre-listing statement have been used in this section headed *"Salient Information"*.

1. INTRODUCTION

On 6 November 2007 Tiger Brands publicly announced on SENS that it had concluded a process with regard to the disposal of its healthcare interests. After the review of the non-binding bids received and after considering both the qualitative and quantitative aspects of the bids, a listing of Adcock on the JSE and unbundling was considered best to serve the interests of its shareholders. The Tiger Brands directors have therefore resolved, subject to the fulfilment of the conditions precedent and in terms of the unbundling agreement, to make an application for the separate listing of Adcock on the JSE and to distribute all of the Adcock unbundled shares to shareholders recorded on the register on the record date.

2. BACKGROUND AND RATIONALE FOR THE UNBUNDLING

The Tiger Brands directors have undertaken an extensive strategic review of Tiger Brands healthcare interests and have concluded that, although the healthcare interests continue to generate sound levels of profitability, in order to maximise future shareholder value it is preferable for Tiger Brands to focus on its core FMCG activities and for Adcock to be a separately listed, focused healthcare business.

As a result of differing strategic imperatives between the FMCG and healthcare interests, the Tiger Brands directors have decided to separately list and unbundle the healthcare interests. The listing and subsequent unbundling of Adcock will create a focused, leading independent South African healthcare company listed on the JSE and will enhance the strategic flexibility of Adcock so as to enable it to embark on its own strategy to grow by acquisition and internationalise its business.

The unbundling will allow investors to attribute appropriate share price ratings to both Tiger Brands and Adcock, aligned to the industry specific dynamics of the respective companies.

3. THE HEALTHCARE INTERESTS OF THE ADCOCK GROUP

The healthcare interests of the Adcock Group consist of two principal divisions:

3.1 Pharmaceutical

The Pharmaceutical division manufactures, markets and sells branded and generic prescription and OTC products. The division offers a diverse range of molecules in a wide range of formulations including solids, liquids, inhalations and injectables. The Pharmaceutical division is split into two categories, being prescription medicines and OTC medicines. The prescription category comprises Schedule 3 and above drugs. The OTC or self-medication category comprises non-prescription Schedule 0 to 2 drugs.

3.2 Hospital Products

The Hospital Products division provides a comprehensive range of life-saving and life-enhancing products used in hospitals, clinics, blood transfusion centres, kidney dialysis units, laboratories and by patients at home. Products supplied include intravenous fluids, infusion pumps, hospital pharmaceuticals, wound care products, renal care products and disposables. Furthermore, the division supplies a range of equipment and disposables used in the collection, processing and storage of blood and blood products. The scientific business provides laboratory and diagnostic equipment and consumables to the hospital, pathology laboratory, industrial laboratory and academic research market sectors.

4. FINANCIAL OVERVIEW

4.1 Abridged *pro forma* income statement for the financial year ended 30 September 2007

R'm	***Pro forma* Group 2007**
TURNOVER	2 879.2
Operating income before abnormal items	**944.1**
Abnormal items	(45.8)
Operating income after abnormal items	**898.3**
Interest paid	(135.8)
Interest received	56.7
Profit before taxation	**819.2**
Taxation	(241.1)
PROFIT FOR THE YEAR	**578.1**
Attributable to equity holders of the parent	570.4
Attributable to minorities	7.7
	578.1
Number of shares to be issued (m)	**172.4**
Earnings per share (cents)	**330.9**
Headline earnings per share (cents)	**376.5**

4.2 Abridged *pro forma* balance sheet at 30 September 2007

R'm	***Pro forma* Group 2007**
Non-current assets	**661.8**
Property, plant and equipment	260.0
Goodwill and other intangibles	234.8
Investments	150.5
Deferred taxation	16.5
Current assets	**1 666.7**
Inventories	433.0
Trade and other receivables	668.3
Amounts due by holding company and fellow subsidiary	16.4
Cash and cash equivalents	549.0
Total assets	**2 328.5**
EQUITY AND LIABILITIES	
Capital and reserves	**952.6**
Ordinary share capital and share premium	1 104.7
Non-distributable reserves	59.5
Accumulated deficit	(211.6)
Minority interest	20.7
Total equity	**973.3**
Non-current liabilities	**451.3**
Deferred taxation	31.3
Provision for post-retirement medical aid	12.8
Long-term borrowings	407.2
Current liabilities	**903.9**
Trade and other payables	449.9
Provisions	39.7
Taxation	5.2
Short-term borrowings	408.4
Shareholders for dividends	0.7
Total equity and liabilities	**2 328.5**
Net asset value per share (cents)	**552.6**
Tangible net asset value per share (cents)	**416.4**

4.3 Abridged *pro forma* income statement for the six months ended 31 March 2008

R'm	***Pro forma* Group 2008**
TURNOVER	1 542.1
Operating income before abnormal items	**489.0**
Abnormal items	(53.9)
Operating income after abnormal items	**435.1**
Interest paid	(87.4)
Interest received	66.7
Dividend income	10.6
Profit before taxation	**425.0**
Taxation	(126.1)
PROFIT FOR THE PERIOD	**298.9**
Attributable to equity holders of the parent	294.9
Attributable to minorities	4.0
	298.9
Number of shares to be issued (m)	**172.4**
Earnings per share (cents)	**171.1**
Headline earnings per share (cents)	**173.4**

4.4 Abridged *pro forma* balance sheet at 31 March 2008

R'm	*Pro forma* Group 2008
Non-current assets	**724.8**
Property, plant and equipment	328.9
Goodwill and other intangibles	225.6
Investments	160.9
Deferred taxation	9.4
Current assets	**1 633.2**
Inventories	423.8
Trade and other receivables	706.3
Taxation receivable	23.1
Cash and cash equivalents	480.0
Total assets	**2 358.0**
EQUITY AND LIABILITIES	
Capital and reserves	**1 154.8**
Ordinary share capital and share premium	1 204.4
Non-distributable reserves	39.9
Accumulated deficit	(123.5)
Share based payment reserve	34.0
Minority interest	21.9
Total equity	**1 176.7**
Non-current liabilities	**439.8**
Deferred taxation	24.3
Provision for post-retirement medical aid	13.3
Long-term borrowings	402.2
Current liabilities	**741.5**
Trade and other payables	413.7
Short-term borrowings	327.8
Total equity and liabilities	**2 358.0**
Net asset value per share (cents)	**669.8**
Tangible net asset value per share (cents)	**539.0**

5. INVESTMENT HIGHLIGHTS

5.1 Market leading position in South Africa

The Adcock Group is a leading South African healthcare group with an overall 11.3% share of the private healthcare market (prescription and OTC). The Adcock Group's Pharmaceutical division holds the No. 1 position in OTC medicines and the No. 2 position in prescription generics. Doctors in South Africa prescribe more Adcock products than those of any other company. The Adcock Group has leading market shares in key segments, with two prescription brands (namely Synap Forte and Adco-Zolpidem) ranked No. 1 in their respective treatment segments. In addition, the Adcock Group has three of the top ten OTC brands, namely Adco-Dol, Panado and Corenza C. Other household names include Citro Soda, Compral and Bioplus. The Adcock Group ranks second amongst pharmaceutical companies in the FMCG channel.

The Adcock Group's Hospital Products division is South Africa's leading supplier of hospital and critical care products, blood systems and accessories as well as products used for renal dialysis. The division has leading market shares estimated by management to be 36% in renal and 64% in blood, as well as significant market positions in medicine delivery of 11% and scientific products of 8%.

5.2 Industry leading brand name

As a leading healthcare corporate brand in South Africa, the Adcock Group benefits from strong brand loyalty. The brand is over 100 years old and is highly recognised and trusted in South Africa as a mark of quality with "first to mind" product brands. According to the recent Campbell Belman's Confidence Standing Amongst Companies survey (local and multinational) which measures pharmacist and general practitioner feedback in relation to certain characteristics like trust in the company, trust in the products, future prospects, communication and service, the Adcock Group is ranked first and second by general practitioners and pharmacists respectively out of 12 generic companies and second out of 32 OTC/self-medication companies at a pharmacy level in South Africa. The Adcock brand has had a strong relationship with hospitals and healthcare professionals since the early 1950's.

5.3 Broad and high quality product portfolio

The Pharmaceutical division has a comprehensive portfolio of branded and generic prescription medicines across a broad range of therapeutic areas. In addition, the Adcock Group has a quality portfolio of OTC products represented in key therapeutic categories including cough and cold, analgesics and GIT.

The Adcock Group's product offering spans a wide array of formulations. In liquids, the Adcock Group is the leading supplier in South Africa.

The Hospital Products division has a comprehensive range of intravenous solutions, generic injectables, infusion pumps and related consumables. In addition, the Adcock Group offers products for haemodialysis and peritoneal dialysis, products for the collection, processing and storage of blood components, and a portfolio of products and services for clinical diagnostics and molecular biology.

5.4 Strong product pipeline

The Adcock Group has a strong pipeline of new products across all therapeutic areas and product lines. The Adcock Group development team launched 11 new products during 2007. The Adcock Group also recently launched an ARV drug portfolio, researched and developed in its WHO accredited R&D facility. In this regard the Adcock Group's status as a participant in the local pharmaceutical industry provides advantages in being able to secure a significant share of the Government's spend on ARVs. Recently, Adcock was awarded a 2 year ARV contract worth R663 million in total.

5.5 Strong partnerships

The Adcock Group has been successful in sourcing and maintaining a number of in-licensing agreements with leading global healthcare companies including Baxter, Fenwal Blood Technologies, Gambro, Becton Dickinson, Getinge Group, ConvaTec (a division of Bristol-Myers Squibb), Shire, Leo Pharma, Mundipharma International and The Menarini Group. These strong partnerships enable the Adcock Group to launch new products into the South African market, many of which are superior to existing marketed products.

5.6 Cost efficient manufacturing base

Through its low-cost manufacturing facilities in South Africa and recently established facility in India, the Adcock Group is able to maintain a cost-efficient manufacturing base.

5.7 Highly specialised sales force supported by a strong service franchise

The Adcock Group's sales force of 277 full-time employees is highly specialised and is split by customer and product group. Strong relationships have been forged with physicians and pharmacists in the public and private markets. The Adcock Group is renowned for its after market support and services to both customers and patients thereby ensuring a loyal customer base and a high level of repeat business.

5.8 Strong management team with proven track record

The nine senior executive managers have over 100 years of combined industry experience and have been with the Adcock Group on a combined basis for over 50 years.

5.9 Positive growth in the healthcare sector in the medium to long term

The South African healthcare market benefits from favourable demographic trends, such as Government initiatives to combat HIV/AIDS, sustained growth in the middle class who enjoy increasing levels of real disposable income and increased accessibility to healthcare products. Government policy is targeted at increasing the number of individuals on private medical insurance through initiatives such as the Government Employee and Low Income Medical Schemes. There are increased levels of education on the benefits of western medicine leading to a move away from traditional therapies to western drugs/treatments. There is also ongoing significant capital expenditure in public hospitals to replace ageing medical equipment and to upgrade facilities.

5.10 Leverage South African platform into Africa and other international markets

The Adcock Group has been active in the rest of Africa for the past 15 years and has developed a substantial footprint and client base in the region. The Adcock Group is well placed to leverage this business with an extensive offering of products into further African and other international markets.

6. BUSINESS STRATEGY

The Adcock Group's business strategy is based on leveraging the following key strengths:

(a) an industry leading footprint in prescription products, OTC and hospital products, thus ensuring a loyal customer base of doctors, pharmacists, hospitals and retailers;

(b) a leading corporate brand in the South African healthcare industry with a heritage of trusted quality;

(c) the ability to attract and retain key people in the industry; and

(d) a spread of key principals with a strong innovation pipeline.

These key strengths permit the Adcock Group to execute its business strategy by focusing on the following primary strategic initiatives:

Increase market penetration

The Adcock Group will continue to promote its market leading products through the promotion of its corporate and product specific brand image to increase penetration and maintain its "top of mind" position.

Secure further market share by launching new products

To secure additional market share in South Africa, the Adcock Group intends to launch new products in both existing and new therapeutic areas through the timely introduction of new generic products. The Adcock Group's ability to effectively promote new products is as a result of its strong corporate brand name and specialised sales and marketing infrastructure.

Focus on cost-efficient manufacturing

The Adcock Group has a programme to optimise its production processes which includes improving and further automating its PIC/s approved production facilities in South Africa, with the aim of gaining international accreditation, as well as transferring, where appropriate, certain manufacturing capabilities to its facility in India, thereby further reducing the overall cost base.

Capture significant demand in sub-Saharan Africa

The Adcock Group has been successful in becoming a domestic supplier of choice in its local markets. The Adcock Group's local platform strength provides the opportunity to replicate this success in other sub-Saharan markets.

Growth through acquisitions and in-licensing of new products

The Adcock Group intends to continue to source new proprietary products by leveraging its strong local brand name supported by its specialised sales and marketing teams and after-market service offering. In addition, the Adcock Group has a well established track record in sourcing and concluding value-adding acquisitions.

7. BEE

The Adcock Group views the successful implementation of broad-based BEE as a fundamental prerequisite for the long-term development and stability of the South African healthcare sector and is committed to meaningful and sustainable BEE initiatives.

The Adcock Group's key focus areas with regard to its BEE initiatives are:

- **Equity ownership**

  Adcock is currently evaluating the appropriate manner in which to ensure that the appropriate level of sustainable black equity ownership is achieved. The Adcock Group places great value, *inter alia,* on the experience, knowledge and insights that a BEE partner with a demonstrable value-adding track record in the South African healthcare sector can bring. In terms of existing equity ownership, Brimstone, a BEE company already holds a 26% shareholding in The Scientific Group (Pty) Ltd, which houses the scientific and diagnostic business of the Adcock Group.

- **Management**

  Adcock will continue to endeavour to attract and retain the very best black talent both for its Board and management team. Black managers employed by the Adcock Group will continue to benefit from the vesting rights allocated to them in terms of the black managers scheme prior to the unbundling (the vesting rights of the black managers will be extended to provide the black managers with an entitlement to take delivery of both the Tiger Brands shares and the Adcock shares that will be held by the Black Managers Trust subsequent to the unbundling, subject to the rules of the black managers scheme as detailed in paragraph 16.10).

- **Skills development and employment equity**

  The Adcock Group is committed to the principles embodied within the employment equity framework. To this end, the Adcock Group aims to ensure that the demographics of its workforce reflect this commitment at all levels, and that all staff receive the support and training necessary to excel in their positions. The Adcock Group is a leader in the provision of industry relevant training and support through the renowned Adcock Academy which has been the foundation for many of the sector's leading black employees, both within the Adcock Group and the industry at large.

- **Preferential procurement**

  Preferential procurement is a key focus area for the Adcock Group. Where possible, preference has been and will continue to be given to empowered entities.

- **Enterprise development**

  The Adcock Group considers enterprise development an important means of increasing and improving its empowerment supplier and customer base.

- **Social enterprise**

  The Adcock Group's social enterprise programme supplements its commitment to empowerment and transformation in the pharmaceutical sector. A profile of the Adcock Group's social enterprise initiatives is set out in the body of this pre-listing statement in paragraph 8.6.

8. THE UNBUNDLING

Subject to the fulfilment of the conditions precedent set out in paragraph 9, Tiger Brands will distribute the Adcock unbundled shares to its shareholders by way of the unbundling, which shares will be listed in the "Pharmaceuticals" sector of the Main Board of the JSE. All Tiger Brands shareholders will receive one Adcock share for every one Tiger Brands share held by them on the record date.

The unbundling will be effected as a dividend *in specie* in terms of section 90 of the Companies Act amounting to R1 204.4 million (one billion two hundred and four million four hundred thousand rand) to be implemented by way of a reduction of Tiger Brands share premium account (as contemplated in the Companies Act) as at the record date to nil and thereafter by reducing the Tiger Brands reserves. The unbundling will also be implemented in accordance with section 46 of the Income Tax Act such that each beneficial owner of a Tiger Brands share will become a beneficial owner of an Adcock unbundled share.

9. CONDITIONS PRECEDENT

The separate listing and subsequent unbundling of Adcock is subject to the fulfilment of the following inter-conditional conditions precedent:

9.1 the passing, at the general meeting, of the resolutions required to implement the unbundling;

9.2 the passing, at the general meeting, of the resolutions required to effect the amendments to the Tiger Brands share option and the Tiger Brands share purchase schemes and to approve the creation of the Adcock share incentive schemes; and

9.3 the passing, at the general meeting, of the resolution required to approve the remuneration paid to the non-executive directors of Adcock.

10. HOW WILL TIGER BRANDS SHAREHOLDERS RECEIVE THEIR ADCOCK UNBUNDLED SHARES?

The attention of Tiger Brands shareholders is drawn to the fact that those shareholders holding Tiger Brands shares in certificated form will receive a share certificate in respect of the Adcock unbundled shares which will be sent to their registered postal address on or about Monday, 1 September 2008, at their risk. Certificated shareholders will be required to dematerialise such share certificate in order to sell such Adcock shares on the JSE.

Tiger Brands shareholders holding Tiger Brands shares in dematerialised form will have their accounts at their CSDP or broker credited in respect of the Adcock unbundled shares on Monday, 1 September 2008.

The attention of all foreign shareholders is drawn to the provisions of paragraph 18 of the Tiger Brands circular.

Tiger Brands share certificates may not be dematerialised or rematerialised between Monday, 25 August 2008 and Friday, 29 August 2008 (both days inclusive).

11. ADDITIONAL COPIES OF THIS PRE-LISTING STATEMENT

Additional copies of this pre-listing statement may be obtained during normal business hours from Tuesday, 29 July 2008 until Friday, 29 August 2008 (both days inclusive), at the following addresses:

11.1 Adcock: 1 New Road, Midrand, 1685;

11.2 Tiger Brands: 3010 William Nicol Drive, Bryanston, 2021;

11.3 Deutsche Securities: 3 Exchange Square, 87 Maude Street, Sandton, 2196;

11.4 UBS: 64 Wierda Road East, Wierda Valley, Sandton, 2196; and

11.5 Computershare: 70 Marshall Street, Johannesburg, 2001.

Adding value to life

Adcock Ingram Holdings Limited

(formerly "Newshelf 891 (Proprietary) Limited")
(Registration No. 2007/016236/06)
Share code: AIP ISIN: ZAE000123436

Directors

Non-executive

Dr. K.D.K. Mokhele *(Chairman)*
Mr. E. K. Diack
Dr. T. Lesoli
Dr. G. N. Padayachee
Mr. C.D. Raphiri
Mr. L.E. Schönknecht
Mr. R.I. Stewart
Mr. A.M. Thompson

Executive

Dr. J.J. Louw *(CEO)*
Mr. A.G. Hall *(CFO)*

PRE-LISTING STATEMENT

1. INTRODUCTION

On 6 November 2007 Tiger Brands publicly announced on SENS that it had concluded a process with regard to the disposal of its healthcare interests. After reviewing the non-binding bids received and considering both the qualitative and quantitative aspects of the bids, a listing of Adcock on the JSE and unbundling was considered best to serve the interests of its shareholders. The Tiger Brands directors have therefore resolved, subject to the fulfilment of the conditions precedent and in terms of the unbundling agreement, to make an application for the separate listing of Adcock on the JSE and to distribute all of the Adcock unbundled shares to shareholders recorded on the register on the record date.

The JSE has agreed to the listing of the Adcock shares in the "Pharmaceuticals" sector of the Main Board of the JSE under the abbreviated name "Adcock", with effect from the commencement of business on Monday, 25 August 2008.

This pre-listing statement has been prepared on the basis that:

(I) the ordinary resolutions proposed in the notice of general meeting of Tiger Brands shareholders, forming part of the Tiger Brands circular, are passed; and

(II) the unbundling of Adcock takes place.

The purpose of this pre-listing statement is to:

(a) provide information relating to Adcock, its operations and its directors and management; and

(b) set out the historical *pro forma* financial information relating to Adcock.

1.1 The unbundling

Subject to the fulfilment of the conditions precedent, Tiger Brands will distribute the Adcock unbundled shares to its shareholders by way of the unbundling, which shares will be listed in the "Pharmaceuticals" sector of the Main Board of the JSE. All Tiger Brands shareholders will receive one Adcock share for every one Tiger Brands share held by them on the record date.

The unbundling will be effected as a dividend *in specie* in terms of section 90 of the Companies Act amounting to R1 204.4 million (one billion two hundred and four million four hundred thousand rand) to be implemented by way of a reduction of Tiger Brands share premium account (as contemplated in the Companies Act) as at the record date to nil and thereafter by reducing the Tiger Brands reserves. The unbundling will also be implemented in accordance with section 46 of the Income Tax Act such that each beneficial owner of a Tiger Brands share will become a beneficial owner of an Adcock unbundled share.

1.2 Background and rationale

The Tiger Brands directors have undertaken an extensive strategic review of Tiger Brands healthcare interests and have concluded that, although the healthcare interests continue to achieve sound levels of profitability, in order to maximise future shareholder value it is preferable for Tiger Brands to focus on its core FMCG activities and for Adcock to be a separately listed, focused healthcare business.

As a result of differing strategic imperatives between the FMCG and healthcare interests, the Tiger Brands directors have decided to separately list and unbundle the healthcare interests. The listing and subsequent unbundling of Adcock will create a focused, leading independent South African healthcare company listed on the JSE and will enhance the strategic flexibility of Adcock so as to enable it to embark on its own strategy to grow by acquisition and internationalise its business.

The unbundling will allow investors to attribute appropriate share price ratings to both Tiger Brands and Adcock, aligned to the industry specific dynamics of the respective companies.

1.3 Conditions precedent

The separate listing and subsequent unbundling of Adcock is subject to the fulfilment of the following inter-conditional conditions precedent:

1.3.1 the passing, at the general meeting, of the resolutions required to implement the unbundling;

1.3.2 the passing, at the general meeting, of the resolutions required to effect the amendments to the Tiger Brands share option and the Tiger Brands share purchase schemes and approve the creation of the Adcock share incentive schemes; and

1.3.3 the passing, at the general meeting, of the resolution required to approve the remuneration paid to the non-executive directors of Adcock.

1.4 Listing of Adcock

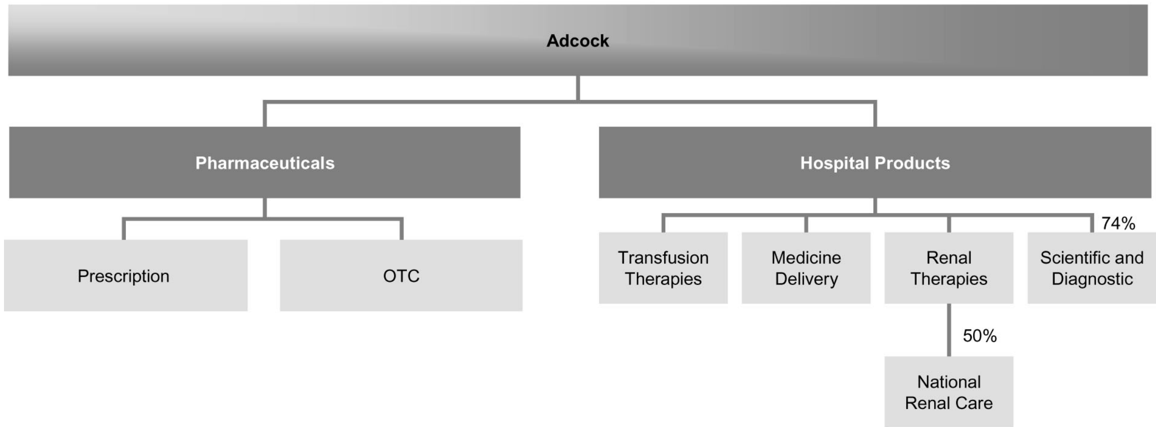
The JSE has consented to the listing of Adcock in the "Pharmaceutical" sector of the Main Board of the JSE, under the abbreviated name "Adcock", with effect from the commencement of business on Monday, 25 August 2008.

2. THE ADCOCK BUSINESS

2.1 Business overview

The Adcock Group is a leading South African healthcare group that has its origins over 100 years ago. The Adcock Group has two principal divisions, a pharmaceutical division selling a range of prescription and OTC products, and a hospital products and services division. The Adcock Group is headquartered in Midrand and employs approximately 1 900 people.

Business structure overview



Note: Unless otherwise stated all divisions are 100% owned.

2.1.1 Pharmaceutical division

The Pharmaceutical division manufactures, markets and sells branded and generic prescription and OTC products. The division offers a diverse range of molecules in a wide range of formulations including solids (tablets, capsules, creams and ointments), liquids (syrups and suspensions), inhalations and injectables. The Pharmaceutical division is split into two categories, being prescription medicines and OTC medicines. The prescription category comprises Schedule 3 and above drugs. The OTC or self-medication category comprises non-prescription Schedule 0 to 2 drugs.

2.1.2 Hospital Products division

The Hospital Products division provides a comprehensive range of life-saving and life-enhancing products used in hospitals, clinics, blood transfusion centres, kidney dialysis units, laboratories and by patients at home. Products supplied include intravenous fluids, infusion pumps, hospital pharmaceuticals, wound care products, renal care products and disposables. Furthermore, the division supplies a range of equipment and disposables used in the collection, processing and storage of blood and blood products. The scientific business provides laboratory and diagnostic equipment and consumables to the hospital, pathology laboratory, industrial laboratory and academic research market sectors.

2.1.3 Industry survey

In the 2008 Campbell Belman's Confidence Standing Amongst Companies[(a)] in South Africa (local and multinational) survey, Adcock is ranked as follows:

- First and second respectively out of 12 generic companies at a general practitioner and pharmacy level; and
- Second out of 32 OTC/self-medication companies at a pharmacy level.

(a) Campbell Belman is a global research company that does pharmacist, managed healthcare and doctor research on behalf of participating pharmaceutical companies on an annual basis. The research known as "the confidence predictor" measures certain characteristics like trust in the company, trust in the product, future prospects, communication and service. The GP research done in the latest year covered 171 GPs and 40 companies.

2.1.4 *Group revenue and EBITDA*

The Adcock Group's revenues and EBITDA are split amongst the divisions as shown below:

Adcock revenue by division – September 2007

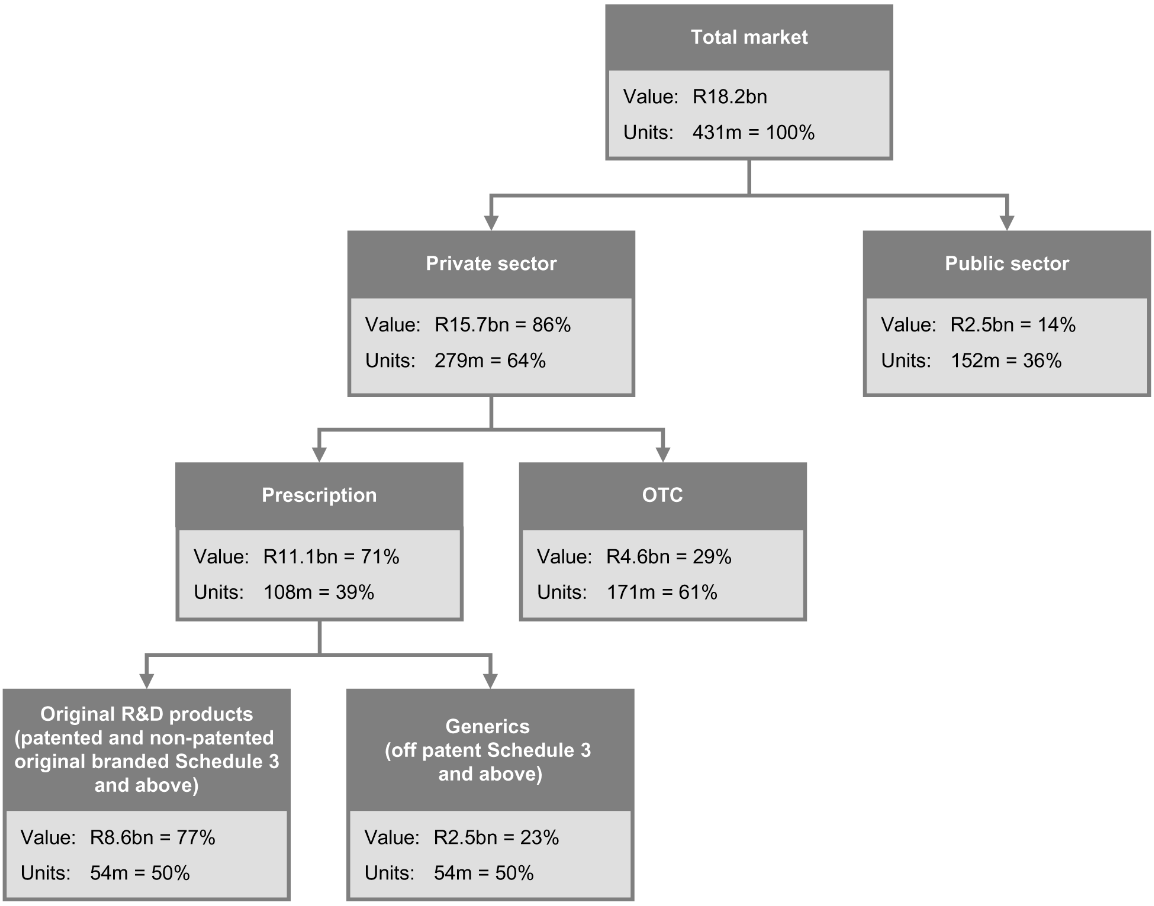
Pharmaceuticals division	
Prescription	32%
OTC	33%
Hospital Products division	35%

Adcock EBITDA by division – September 2007

Pharmaceuticals division	
Prescription	32%
OTC	40%
Hospital Products division	28%

2.2 Pharmaceutical industry overview

The following diagram provides an overview of the revenues and units of the South African pharmaceutical market, showing the primary sectors and sub-sectors as well as estimates of various market sizes:



Source: Private Sector – IMS TPM, MAT March 2008/Public Sector – IMS Hospital, MAT December 2007.

Adcock Generic Market definition.

The private sector accounts for 86% of the total pharmaceutical market in terms of value. The majority of the Adcock Group's revenue is sourced in the private sector, however the Adcock Group is growing its public sector revenues. The Adcock Group is a leading player in the generic prescription and OTC markets.

2.3 Pharmaceutical division

The Pharmaceutical division is the largest division of the Adcock Group. In 2007, it contributed 65% to the Adcock Group's sales and 72% to EBITDA. The Pharmaceutical division is a manufacturer, marketer and seller of branded and generic prescription and OTC products. The division operates under two key segments, namely prescription and OTC. In the 2007 financial year the sales contribution from prescription and OTC products was approximately equal and the EBITDA contribution was 56% from OTC and 44% from prescription.

The Adcock Group's key pharmaceutical market shares and rankings are as follows:

Category	Market share (%)	Industry ranking
Pharmacy OTC Market	19.8	1st
Number of Prescriptions Written	19.7	1st
Prescription Generics Market	16.1	2nd
South African Total Private Pharmaceutical Market	11.3	2nd
South African Prescription Originator Market	5.4	6th

Source: Company reconstructed market using IMS TPM, MAT March 2008 and NDTI March 2008.

The Adcock Group offers a diverse range of molecules in a wide range of formulations which include solids, liquids, inhalations and injectables.

Acquisitions and new product development have delivered consistent revenue and market share growth. The division registered and launched 11 new products during 2007 and recently launched three generic anti-retroviral drugs, developed by senior researchers at Adcock's WHO approved research facility in Aeroton, to complement its wide range of generic and prescription medicines.

Note: Statements contained in this pre-listing statement of market shares are not statements of market shares in respect of specific therapeutic categories.

2.3.1 Prescription products

The prescription business comprises the manufacture and supply of Schedule 3 and above drugs. Key distribution channels are pharmaceutical wholesalers, independent pharmacies, courier pharmacies and public and private hospital groups.

The Adcock Group has a comprehensive portfolio of branded and generic prescription medicines in the following primary categories: cardiovascular; central nervous system; dermatology; diabetes; ear, nose and eye preparations; women's health and analgesics. In addition, the Adcock Group recently launched a range of generic ARVs developed by senior researchers at the company's WHO approved research facility in Aeroton.

The product portfolio consists of 152 products, 76% of which are proprietary and were developed in-house or acquired, with the remainder in-licensed from international partners.

The following table provides a breakdown of the revenue makeup for the 2007 financial year in respect of the primary treatment segments in the prescription business.

Revenue by treatment segment

2007A	(%)
Non-narcotic analgesics	30
Expectorants	6
Cholesterol reducers	5
Cold preparations	5
Tonics	3
Hypnotics and sedatives	3
Anaesthetics, local	2
Broad spectrum penicillin	2
Antidepressants	2
Urological	2
Other	40

Source: Adcock.

The Adcock Group enjoys leading market shares (by value) in key segments, with two brands ranked number 1 in their respective treatment segments. Myprodol (analgesic) remains the most prescribed pharmaceutical product in South Africa. Adco-Simvastatin (anti-cholesterol) is in the top 10 pharmaceutical products (by value) of the South African TPM.

The following table summarises the key prescription market shares and brands in various treatment segments held by the Adcock Group:

The Adcock Group prescription market shares

	Market share by value (%)	Number of Brands in the top 10	Leading brand name (ranking)
Non-narcotic analgesics	53.2	6	Synap Forte (1)
Hypnotics and sedatives	26.3	2	Adco-Zolpidem (1)
Cholesterol reducers	19.3	1	Adco-Simvastatin (2)
Broad spectrum penicillins	9.8	1	Adco-Amoclav (2)

Source: Company reconstructed market (Schedules 3 to 7) using IMS TPM, MAT March 2008.

2.3.2 ARVs

Given the substantial growth to date and strong growth prospects in HIV treatments in South Africa, the outlook for the ARV treatment category is very attractive. Approximately 5.4 million people in South Africa are estimated to be HIV positive. Government funding and support from international donors is expected to increase the availability of affordable ARVs to the South African public.

The following table summarises the population distribution by province and estimated HIV/AIDS prevalence rates.

	Population 2006 ('000)	Estimated HIV/AIDS prevalence 2002 (%)	Estimated HIV/AIDS prevalence 2006 (%)
Eastern Cape	7 039	11.3	15.2
Free State	2 953	16.7	18.5
Gauteng	9 018	16.0	17.1
KwaZulu-Natal	9 651	18.4	18.5
Limpopo	5 635	11.0	13.6
Mpumalanga	3 219	16.5	17.7
North West	3 823	15.1	16.8
Northern Cape	902	7.9	10.5
Western Cape	4 646	4.2	5.7
	46 888	**14.1**	**16.1**

Source: Statistics South Africa.

Adcock's status as a local ARV player provides advantages in securing a significant share of Government's planned spend on ARVs since Government's tender process favours local enterprises. Recently, Adcock was awarded a 2 year ARV contract worth R663 million in total.

Due to the importance of the ARV sector to South Africa and the potential to license products into the rest of Africa, the Adcock Group decided to develop its own products in-house. After a sizeable R&D spend the Adcock Group has developed nineteen ARV dossiers to date. Four ARV products were recently launched (seven dossiers) with a further three ARV products awaiting registration from the MCC.

2.4 OTC industry overview

The OTC share of South Africa's pharmaceutical market is high by global standards, currently comprising 29% of the total pharmaceutical private market compared with an average of approximately 10% globally. The OTC private market is valued at approximately R4.6 billion. This high OTC market share is attributable to the self-medicated nature of the healthcare profile in South Africa, where consumers prefer to seek OTC medications due to ease of access. In addition, the OTC sector services the entire population of South Africa, whereas prescription products in the private sector are limited to individuals covered by medical aids.

The following table summarises the trend and percentage makeup in the private sector of OTC sales in South Africa:

South Africa private OTC market

	Private sector OTC sales (R'bn)	OTC sales as a percentage of the total private sector (%)
2001	3.0	33
2002	3.4	32
2003	4.0	31
2004	4.0	31
2005	3.7	31
2006	4.1	30
2007	4.5	29
2008E	4.6	29

Source: IMS TPM, MAT March 2008

Note: 2005 market size declined due to the introduction of SEP.

2.4.1 OTC products

The OTC/self-medication business comprises non-prescription Schedule 0 to 2 drugs. Key distribution channels are pharmacies, retail stores (FMCG channel) and public and private hospital groups.

The Adcock Group has a comprehensive portfolio of branded and generic (lower priced OTC's) medicines represented in most key OTC treatment segments: cough and cold; analgesics; gastrointestinal tract; and vitamins and tonics. The product portfolio consists of 184 products and 81% of revenue is from products developed in-house or acquired.

The Adcock Group's OTC division has the leading share by revenue in the TPM as well as in the pharmacy market.

The following table provides a breakdown of the revenue makeup for the 2007 financial year in respect of the primary treatment segments in the OTC business:

Revenue by treatment segment

2007A	(%)
Analgesics	39
Cough and cold	25
GIT and DSURS	11
Vitamins and tonics	7
Ophthalmology	6
Slimming	3
Other	9

Source: Adcock.

The Adcock Group holds leading positions in several treatment segments. Alcophyllex (cough and cold) is the second most prescribed product in South Africa. Adco-Dol (analgesic) is in the top 15 (on a sales basis) of the South African TPM. *(Source: NDTI fourth quarter 2007.)*

The following table summarises the key Adcock Group OTC pharmacy market shares and brands in various treatment segments:

The Adcock Group OTC treatment pharmacy market shares

	Market share by value (%)	Number of Brands in the top 10	Leading brand name (ranking)
Non-narcotic analgesics	62.5	6	Adco Dol (1)
Other urological	74.2	3	Citro Soda (1)
Cough and cold	34.1	3	Corenza C (1)
Tonics	43.6	3	VitaThion (2)

Source: Company reconstructed market (unscheduled to Schedule 2) using IMS TPM, MAT March 2008.

2.4.2 *Research and development and product pipeline*

The Adcock Group has a dedicated R&D facility located at Aeroton. The Adcock Group's in-house development team focuses on identifying and developing new generic products, product formulations and process validation.

Development is a core area of focus for the Adcock Group and in 2006 the R&D facility became WHO accredited. This facility is currently 1 of only 4 WHO accredited stand-alone R&D facilities in Africa. The Adcock Group has over the past two years developed 38 new products in-house, including a range of ARVs.

The Pharmaceutical division continues to leverage its R&D capacity and global partner relationships to ensure a steady innovation pipeline. The current substantial pipeline of 280 new dossiers through to 2012 is spread across a broad range of therapeutic categories and product lines. 174 of the dossiers are currently with the MCC and 106 dossiers are to be lodged within the next year with the MCC.

2.4.3 *Manufacturing*

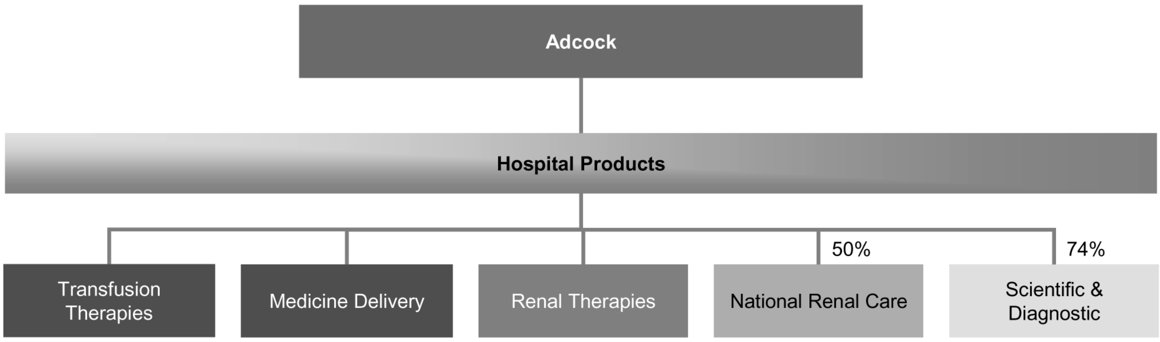
The Adcock Group manufactures pharmaceutical products at three facilities, two of which are located in South Africa and one in India. Due to strong volume growth, the Adcock Group at present is considering the requirement for a new facility in addition to capacity expansions at its existing facilities.

	South Africa		India
	Wadeville	**Clayville**	**Bangalore**
Main activities	Production of liquids including syrups, ear and nose drops, tablets, capsules and ointments	Production of effervescents, creams and medicated lozenges	Production of tablets and capsules
Site	Land: 27 052m^2 Building: 16 831m^2	Land: 54 724m^2 Building: 12 673m^2	Land: 6 595m^2 Building: 12 864m^2 (includes all floors)
Facility space	Production: 5 639m^2 Warehouse: 6 506m^2 Other: 4 686m^2	Production: 5 736m^2 Warehouse: 4 678m^2 Other: 2 259m^2	Production: 5 761m^2 Warehouse: 3 396m^2 Other: 3 707m^2
Ownership	100% owned	100% owned	50% owned
Accreditation	MCC	MCC	MCC, MHRA, TGA

2.5 Hospital Products division

In 2007 the Hospital Products division contributed 35% to the Adcock Group's sales and 28% to EBITDA. The division is a leading manufacturer, distributor and marketer of sterile, blood, renal, diagnostic and other hospital products.

The business operates under the following divisions:



Note: Unless otherwise stated all divisions are 100% owned.

2.5.1 Divisional overview

The Hospital Products division consists of the following sub-divisions:

2.5.1.1 Medicine Delivery

The primary products and pharmaceuticals offered within this division to public and private hospitals and clinics are as follows:

- *Medical and parenteral products*

  Includes, *inter alia*, hospital pharmaceuticals, intravenous administration sets and solutions.

- *Theatre division products*

  Includes, *inter alia*, biopsy needles, surgical gloves, sterile irrigation solutions, pharmaceuticals and disposables.

- *Infusion systems*

  Ostomy and wound care products

2.5.1.2 Transfusion Therapies

The Adcock Group's transfusion therapies business provides a portfolio of products and technologies which serve the needs of patients in need of blood or blood components, as well as providing leading products for the treatment of haemophiliac patients. The business provides South Africa and sub-Saharan African countries blood-pack units in a variety of configurations, with anticoagulants and additives.

2.5.1.3 Renal Therapies

The renal therapies business consists of two segments:

- 100% owned products and pharmaceutical offerings, which includes the provision of peritoneal dialysis and haemodialysis equipment, related consumables and technical support; and
- National Renal Care clinics, a 50/50 joint venture with Netcare. The joint venture was established in 1995 to benefit from Netcare's hospital infrastructure and the Adcock Group's industry leading renal products and consumables portfolio. The Adcock Group currently provides approximately 75% of the products and pharmaceuticals utilised by the joint venture.

2.5.1.4 *Scientific and diagnostic*

The scientific and diagnostic business of the Adcock Group is housed within The Scientific Group (Pty) Ltd, which is a stand-alone entity, 74% owned by Adcock. The remaining 26% shareholding is held by Brimstone, a BEE company. The divisions within The Scientific Group (Pty) Ltd cover all aspects of the medical and scientific industry diagnostic equipment and consumable requirements. Products and consumables are sourced by means of agency agreements from more than 80 international partners. The division also offers comprehensive service support nationwide for its own products and for the equipment sold by the Medicine Delivery, Transfusion Therapies and Renal divisions of the Hospital Products business.

2.5.2 *Baxter relationship and option agreement*

2.5.2.1 *Background*

Baxter operates as a healthcare company worldwide. It offers medical devices, pharmaceuticals, and biotechnology products for the treatment of haemophilia, immune disorders, cancer, infectious diseases, kidney disease, trauma, and other chronic and acute medical conditions.

Adcock enjoys a longstanding and mutually beneficial relationship with Baxter. Up until 1986 Baxter owned 40% of the hospital products division at which time it sold its shareholding to Adcock in compliance with international sanctions on South Africa at the time.

However, Baxter has continued to supply a range of hospital products and intellectual know-how to Adcock Ingram Critical Care (Pty) Ltd ("AICC") and recently it was agreed by both parties that it was appropriate to redefine the relationship that had its origin in the late 1940's. Accordingly Adcock has entered into a suite of inter-related agreements which supersede the pre-existing relationship. These agreements included a licence agreement, a distribution agreement, a raw materials supply agreement and the option agreement. Baxter has extended its exclusive relationship with AICC for a further period of 15 years from March 2008.

2.5.2.2 *The option agreement*

The option agreement excludes Adcock's interest in The Scientific Group (Proprietary) Limited which houses the scientific business of Adcock. The scientific business provides laboratory and diagnostic equipment and consumables to the hospital, pathology laboratory, industrial laboratory and academic research market sectors.

In terms of the option agreement, Baxter is granted a call option to purchase 50% plus 1 share ("Call Option Shares") of the share capital of AICC held by Adcock for its fair market value at the time of exercise. The fair market value of the Call Option Shares will be agreed between the parties or, if not agreed, will be determined by an independent expert, whose recommendation shall be final and binding on all parties. In either instance, the fair market value of the Call Option Shares shall be determined in accordance with the discounted cash flow valuation technique as set out in the option agreement. The call option exercise price for the Call Option Shares will not exceed R4 862 million and will be settled in cash.

The timing of the exercise of the call option is dependent on the date when Baxter exercises its right to request that a determination of the fair market value of the Call Option Shares be made, which request period commences on 1 February 2010 and ends on 31 July 2010. In terms of the option agreement, the call option is exercisable by Baxter at its discretion during a two month period commencing from the date on which Adcock and Baxter reach agreement on the fair market value of the Call Option Shares. In terms of this process, it is estimated that the earliest date on which the sale resulting from the exercise of the call option will close is 1 January 2011, subject to the approval of the proposed sale by the competition authorities.

If Baxter exercises the call option and the resulting sale is implemented, then Adcock has a put option to sell its remaining stake ("Put Option Shares") in AICC to Baxter, which put option process may be initiated at any time during the fourth month after Baxter has acquired the Call Option Shares. The price of the Put Option Shares will be derived using the same valuation technique to establish the price of the Call Option Shares as described above.

Both sales, if concluded, will be subject to customary terms and conditions, including inter alia the obtaining of necessary regulatory approvals. The parties have agreed on certain restrictive covenants designed to protect the value of the call and put options until exercised or lapsed. AICC is not, however, prevented from consummating a black economic empowerment transaction.

If Baxter does not exercise its call option, then the relationship between Baxter and AICC continues for the remainder of the 15-year period commencing in March 2008. If the put option is not exercised by Adcock during a period of one month commencing from the date on which Adcock and Baxter reach agreement on the fair market value of the Put Option Shares or such value is determined by the independent expert, then the put option shall lapse.

The option agreement is available for inspection as provided for in paragraph 25.9.

2.5.3 Product pipeline

The Hospital Products division benefits from its global partner relationships to ensure a steady innovation pipeline. Innovation is fundamental to the growth of the hospital business with the pipeline continually updated with new products (registered medicines and medical devices). The fragmented nature of the hospital products industry in South Africa has also allowed the Hospital Products division to consistently grow by acquisition.

2.5.4 Manufacturing

The Hospital Products division's production plant is located in Aeroton. The facility consists of an integrated medical grade plastics and pharmaceutical plant. The facility manufactures IV fluid bags, small volume injectables, blood bags, pour bottles and dialysis fluids. The facility is currently undergoing a PIC/s upgrade.

	Aeroton
Main activities	R&D; manufactures IV fluid bags, blood bags, pour bottles and dialysis fluid
Site	Land: 100 496m^2 Building: 27 886m^2
Facility space	R&D: 2 200m^2 Manufacturing: 12 609m^2 Warehouse: 7 144m^2 Amenities (including training centre): 1 473m^2 QA Laboratories: 783m^2 Administration: 3 677m^2
Ownership	100% owned
Accreditation	MCC

3. INVESTMENT HIGHLIGHTS

3.1 Market leading position in South Africa

The Adcock Group is a leading South African healthcare group with an overall 11.3% share of the private healthcare market (prescription and OTC). The Adcock Group's Pharmaceutical division holds the No. 1 position in OTC medicines and the No. 2 position in prescription generics. Doctors in South Africa prescribe more Adcock products than those of any other company. The Adcock Group has leading market shares in key segments, with two prescription brands (namely Synap Forte and Adco-Zolpidem) ranked No. 1 in their respective treatment segments. In addition, the Adcock Group has three of the top ten OTC brands, namely Adco-Dol, Panado and Corenza C. Other household names include Citro Soda, Compral and Bioplus. The Adcock Group ranks second amongst pharmaceutical companies in the FMCG channel.

The Adcock Group's Hospital Products division is South Africa's leading supplier of hospital and critical care products, blood systems and accessories, as well as products used for renal dialysis. The division has leading market shares estimated by management to be 36% in renal and 64% in blood, as well as significant market positions in medicine delivery of 11% and scientific products of 8%.

3.2 Industry leading brand name

As a leading healthcare corporate brand in South Africa, the Adcock Group benefits from strong brand loyalty. The brand is over 100 years old and is highly recognised and trusted in South Africa as a mark of quality. It has a number of "first to mind" product brands. According to the recent Campbell Belman's Confidence Standing Amongst Companies survey (local and multinational) which measures pharmacist and general practitioner feedback in relation to certain characteristics like trust in the company, trust in the products, future prospects, communication and service, the Adcock Group is ranked first and second by general practitioners and pharmacists respectively out of 12 generic companies and second out of 32 OTC/self-medication companies at a pharmacy level in South Africa. The Adcock brand has had a strong relationship with hospitals and healthcare professionals since the early 1950s.

3.3 Broad and high quality product portfolio

The Pharmaceutical division has a comprehensive portfolio of branded and generic prescription medicines across a broad range of therapeutic areas. In addition, the Adcock Group has a quality portfolio of OTC products represented in key therapeutic categories including cough and cold, analgesics and GIT.

The Adcock Group's product offering spans a wide array of formulations. In liquids, the Adcock Group is the leading supplier in South Africa.

The Hospital Products division has a comprehensive range of intravenous solutions, generic injectables, infusion pumps and related consumables. In addition, the Adcock Group offers products for haemodialysis and peritoneal dialysis, products for the collection, processing and storage of blood components, and a portfolio of products and services for clinical diagnostics and molecular biology.

3.4 Strong product pipeline

The Adcock Group has a strong pipeline of new products across all therapeutic areas and product lines. The Adcock Group development team launched 11 new products during 2007. The Adcock Group also recently launched an ARV drug portfolio researched and developed in its WHO accredited R&D facility. In this regard the Adcock Group's status as a participant in the local pharmaceutical industry provides an advantage in being able to secure a significant share of the Government's spend on ARVs. Recently, Adcock was awarded a 2 year ARV contract worth R663 million in total.

3.5 Strong partnerships

The Adcock Group has been successful in sourcing and maintaining a number of in-licensing agreements with leading global healthcare companies including Baxter, Fenwal Blood Technologies, Gambro, Becton Dickinson, Getinge Group, ConvaTec (a division of Bristol-Myers Squibb), Shire, Leo Pharma, Mundipharma International and the Menarini Group. These strong partnerships enable the Adcock Group to launch new products into the South African market, many of which are superior to existing marketed products.

3.6 Cost efficient manufacturing base

Through its low-cost manufacturing facilities in South Africa and recently established facility in India, the Adcock Group is able to maintain a cost-efficient manufacturing base.

3.7 Highly specialised sales force supported by a strong service franchise

The Adcock Group's sales force of 277 full-time employees is highly specialised and is split by customer and product group. Strong relationships have been forged with physicians and pharmacists in the public and private markets. The Adcock Group is renowned for its after market support and services to both customers and patients, thereby ensuring a loyal customer base and a high level of repeat business.

3.8 Strong management team with proven track record

The nine senior executive managers have over 100 years of combined industry experience and have been with the Adcock Group on a combined basis for over 50 years.

3.9 Positive growth in the healthcare sector in the medium to long term

The South African healthcare market benefits from favourable demographic trends, such as Government initiatives to combat HIV/AIDS, sustained growth in the middle class who enjoy increasing levels of real disposable income and increased accessibility to healthcare products. Government policy is targeted at increasing the number of individuals on private medical insurance through initiatives such as the Government Employee and Low Income Medical Schemes. There are increased levels of education on the benefits of western medicine leading to a move away from traditional therapies to western drugs/treatments. There is also ongoing significant capital expenditure in public hospitals to replace ageing medical equipment and to upgrade facilities.

3.10 Leverage South African platform into Africa and other international markets

The Adcock Group has been active in the rest of Africa for the past 15 years and has developed a substantial footprint and client base in the region. The Adcock Group is well placed to leverage its business into additional African and other international markets.

4. BUSINESS STRATEGY

The Adcock Group's business strategy is based on leveraging the following key strengths:

- an industry leading footprint in prescription products, OTC and hospital products, thus ensuring a loyal customer base of doctors, pharmacists, hospitals and retailers;
- a leading corporate brand in the South African healthcare industry with a heritage of trusted quality;
- the ability to attract and retain key people in the industry; and
- a spread of key principals with a strong innovation pipeline.

These key strengths permit the Adcock Group to execute its business strategy by focusing on the following primary strategic initiatives:

(a) Increase market penetration

The Adcock Group will continue to promote its market leading products through the promotion of its corporate and product specific brand image to increase penetration and maintain its "top of mind" position.

(b) Secure further market share by launching new products

To secure additional market share in South Africa, the Adcock Group intends to launch new products in both existing and new therapeutic areas through the timely introduction of new generic products. The Adcock Group's ability to effectively promote new products is as a result of its strong corporate brand name and specialised sales and marketing infrastructure.

(c) Focus on cost-efficient manufacturing

The Adcock Group has a programme to optimise its production processes which includes improving and further automating its PIC/s approved production facilities in South Africa, with the aim of gaining international accreditation, as well as transferring, where appropriate, certain manufacturing capabilities to its facility in India, thereby further reducing the overall cost base.

(d) Capture significant demand in sub-Saharan Africa

The Adcock Group has been successful in becoming a domestic supplier of choice in its local markets. The Adcock Group's local platform strength provides the opportunity to replicate this success in other sub-Saharan markets.

(e) Grow through acquisitions and in-licensing of new products

The Adcock Group intends to continue to source new proprietary products by leveraging its strong local brand name supported by its specialised sales and marketing team and after-market service offering. In addition, the Adcock Group has a well-established track record in sourcing and concluding value adding acquisitions.

5. FUTURE PROSPECTS

5.1 Growth outlook

The Adcock Group's growth prospects are closely aligned with its ability to execute the following initiatives:

(a) Optimise its existing branded portfolio by leveraging off its pharmacy competence platform into the rapidly growing FMCG sector and moving into adjacent and new healthcare categories.

(b) Pursue meaningful organic growth opportunities by:

- growing its profile as the multinational partner of choice in Africa;
- innovation in regard to its substantial portfolio of branded products;
- more actively targeting the public tender market;
- leveraging its proprietary portfolio of ARVs into a market which is set to grow exponentially;
- developing its industry leading footprint across sub-Saharan Africa; and
- continuing to deliver world-class service.

(c) Make acquisitions in selected markets, targeting local and adjacent category businesses; expansion into Africa and making selective international acquisitions which will enable the business to benefit from new intellectual property.

(d) Develop exportable competencies by taking advantage of the Adcock Group's world class formulation and manufacturing skills.

(e) Implement meaningful transformation across the business with particular emphasis on ownership, socio-economic development, employment equity and preferential procurement.

The Adcock Group is well-positioned to execute the above initiatives, based on its existing key capabilities which it has successfully demonstrated over many years. These include:

- the ability to attract, retain and develop key people;
- a long-standing reputation for innovation in formulations and new product development;
- excellence in brand building, customer and channel management;
- cost leadership in manufacturing and distribution;
- long-standing international licensing relationships with industry leading principals; and
- extensive pharmacy, FMCG, hospital and doctor relationships.

5.2 Capital expenditure programme

The Adcock Group's renewal and expansion programme is primarily focused in the short to medium term on the following key projects:

- ongoing upgrades of existing facilities in compliance with PIC/s requirements;
- the construction in 2009 and 2010 of a green fields high volume liquids manufacturing facility in South Africa; and
- upgrades to the new office in Midrand as well as the development of a co-located distribution centre in 2008 and 2009.

The total capital expenditure for these key projects is forecast at approximately R850 million with the expenditure being phased over three years as follows:

- 2008 – R150 million;
- 2009 – R400 million; and
- 2010 – R300 million

This capital expenditure is expected to be funded from the internally generated cash flows of the Adcock Group.

5.3 Challenges

The Adcock Group, being an industry leading player in the healthcare sector, is subject to the following key strategic challenges:

(a) Regulation

Regulation in the healthcare sector globally continues to increase as the cost of healthcare remains a primary focus for many governments. The South African healthcare industry has followed many international regulatory trends, but also has its own peculiar dynamics. A significant step in the regulatory process was the introduction of SEP in 2004 (refer to paragraph 6.2.1 for further details). The Regulator has also recently proposed the introduction of International Benchmarking (refer to paragraph 6.3.1 for further details).

Uncertainty concerning the form which International Benchmarking will take in South Africa and when it will be introduced is a challenge for the Adcock Group and other industry players. The Adcock Group is actively engaging with the Pricing Unit of the Pricing Committee via the industry body (Pharmaceutical Industry Association of South Africa – "PIASA") to negotiate an outcome which will assist in ensuring that the Adcock Group and the industry is in a position to continue to expand and have the capacity to invest for the long term.

(b) Competition

The South African market continues to attract new international and domestic competitors due to the favourable conditions and prospects that the country continues to enjoy. This increased competition is likely to compress margins for the entire industry, however the Adcock Group is well-positioned to protect and grow market share as a result of its substantial portfolio of products, household brands and strong management team.

Although the challenges which the Adcock Group faces are substantial, the underlying dynamics of the healthcare sector continue to offer industry players an overall attractive outlook. The key industry dynamics are as follows:

- increased access to medical schemes (Government Employee and Low Income Medical Schemes);
- continued economic growth and the emergence of a sizeable black middle class;
- ageing population;
- general under-diagnosis of many diseases;
- private and public hospital infrastructure expansion;
- substantial funding being made available to combat HIV/AIDS; and
- a move away from traditional remedies to western medicines.

6. REGULATORY BACKDROP

6.1 Overview

In an effort to increase the affordability of healthcare in South Africa and extend access to more South Africans, Government has begun to play a more active role in regulating the healthcare industry. In 2004, after consultation with the industry, the Department of Health introduced a price regulation system called Single Exit Pricing ("SEP").

6.2 Current legislation

6.2.1 SEP

Initially, the Government proposed a 50% reduction in the price of pharmaceutical products. However, after consultation with the industry, SEP regulations were introduced that capped pharmaceutical prices at 2003 levels for the following three years. Legislation also currently prohibits the provision of rebates and other incentives.

Price increases over a 10-year period in the total private market

Annual price increase	(%)
1998	9.0
1999	7.6
2000	13.8
2001	5.5
2002	8.1
2003	9.0
2004	–
2005	–
2006	–
2007	5.2
2008	6.5

Source: Adcock estimates.

SEP also regulates dispensing fees. The following table summarises the dispensing fees that can be charged in respect of a prescription:

Calculation of dispensing fees

SEP	Fee
Less than R75	R4 + 33% of SEP
Between R75 and R250	R23 +6% of SEP
Between R250 and R1 000	R33 +3% of SEP
Greater than R1 000	R50 +1.5% of SEP

Legislative amendments which came into effect in 2003 introduced the mandatory requirement for pharmacists to offer customers a generic substitute where available, and to dispense such generic substitute (save in certain specified instances, such as the prescriber writing "no substitution" on the script). Prior to the introduction of dispensing fees, pharmacists had little incentive to dispense a generic drug as the markup on an ethical drug was higher. In terms of the new dispensing fee structure the retail pharmacist will make a higher markup on lower cost drugs. This is expected to result in pharmacies stocking a higher proportion of generics, thus accelerating demand.

Currently the proposed fees have not been gazetted due to a pending court case between the Department of Health and a retail pharmacy grouping. As such, there is currently no clear guideline on dispensing fees and each retail pharmacy generally operates within the ambit of the medical aid funders reimbursement scheme.

6.2.2 Price increase framework

The Regulator permitted pharmaceutical manufacturers to implement a 5.2% price increase with effect from 2 January 2007 and 6.5% for 2008. This annual price increase is calculated as a function of the general inflation increase, as well as the average change of the US$/R and €/R exchange rates.

6.3 Proposed legislation

6.3.1 International benchmarking

After implementing the initial phase of SEP and allowing for a period of stability, in December 2006 the Minister of Health published for comment the draft Methodology for International Benchmarking of the Prices of Medicines and Scheduled Substances in South Africa, the second phase of SEP. International benchmarking involves pharmaceutical manufacturers benchmarking the price of originator products on a product-by-product basis, against the price of such products in a basket of countries (South Africa, Australia, New Zealand, Spain and Canada). It has been proposed that the lowest country price of the originator product (in Rand terms) be used as the international benchmark price. A manufacturer of an originator product will then set a new single exit price for the product in South Africa which may not exceed the newly derived international benchmark price. This process is termed the "Originator Medicine Methodology". It is proposed that manufacturers of generic products will be required to set the prices of such products at a minimum 40% discount to the new single exit price for the relevant originator product ("Generic Medicine Methodology").

It has been proposed that benchmarking be applied at the level of smallest dosage unit. In circumstances where there are differences in the quantity of the active ingredient, the comparison will be conducted on a milligram basis. If the unit price differs for different pack sizes, the price of the closest pack size will be used for the comparison.

It has been proposed that benchmarking for combination products be based on each of the active ingredients in the dosage form. If the manufacturer of the active ingredient is the original patent holder, then the Originator Medicine Methodology shall apply to such active ingredient. If the manufacturer of the active ingredient is not the original patent holder the Generic Medicine Methodology shall apply to such an active ingredient. The maximum manufacturer's price of a combination product is the sum of the maximum prices of the individual active ingredients.

There is uncertainty as to the exact scope of the international benchmarking process. However, it is commonly believed that Schedule 0 products will fall outside the scope of international benchmarking as will the vast majority of hospital products.

Since May 2007 the pharmaceutical industry represented by the Pharmaceutical Task Group has made various submissions to the Regulator in response to the proposed international benchmarking framework. Industry players are uncertain as to how long this process with the Regulator will take and thus when international benchmarking will be finalised and introduced.

7. EMPLOYEES

7.1 Labour relations

Approximately 44% of employees are registered members of the trade unions represented within the Adcock Group. Relationships between the Adcock Group and these trade unions are good and levels of co-operation are high. Over the past three years, there have been few work stoppages due to union activity. The Adcock Group recognises the important role of well-established, responsible trade unions in the efficient functioning of the organisation and will continue to pro-actively engage the trade unions on matters of mutual interest.

7.2 Employment equity

The Adcock Group's employment equity programme is aimed at increasing the participation of previously disadvantaged individuals at all levels within the Adcock Group.

7.3 Staff training

The Adcock Group has a long standing reputation for its commitment to people development. This commitment has been extended to fulfilling its broad-based black economic empowerment requirements. Adcock has created the Adcock Academy as a focus for all training and development initiatives.

Adcock's HR Department has embarked on a process to ensure that all learning programmes offered by the Adcock Academy are aligned with South African Qualification Authorities (SAQA) standards, and identified as critical within the industry by the relevant Sector Education and Training Authorities (SETA), and are accredited by the Chemical Industries Education and Training Authority (CHIETA).

The training programmes offered are aimed at addressing internal skills development for all employees, especially the sales and factory staff, as well as externally for physicians, nursing staff and pharmacists. The Adcock Academy employs training and development practitioners who are specialists in their areas of focus.

The primary focus of the Adcock Academy is to design and facilitate accredited learning programmes which will lead to an improvement in employee competencies and performance. All education and training is supplemented by the respective product managers across therapeutic and/or functional categories.

7.4 Corporate values and code of ethics

The Adcock Group's corporate values are aimed at building and maintaining a culture which promotes teamwork, commitment, creative thinking and open and honest communication. Professionalism, integrity and a focus on business ethics are the hallmarks of Adcock's code of ethics. An ethics hotline where employees are encouraged to report, on a confidential basis, inappropriate, unethical or illegal activity is available to all employees of the Adcock Group. The Adcock Group has further initiated an online Competition Law compliance programme for all middle and senior management.

7.5 Safety, health and environment

Adcock's executive management committee is tasked with the responsibility of reviewing the Adcock Group's safety, health and environmental policy and adapting it to the specific needs and requirements of the Adcock Group's operations. Management throughout the Adcock Group is committed to excellence and accident-free performance.

8. BEE

Adcock views the successful implementation of broad-based BEE as a fundamental prerequisite for the long-term development and stability of the South African healthcare sector and is committed to meaningful and sustainable BEE initiatives.

The Adcock Group's key focus areas with regard to its BEE initiatives are:

8.1 Equity ownership

Adcock is currently evaluating the appropriate manner in which to ensure that an appropriate level of sustainable black equity ownership is achieved. The Adcock Group places great value on the experience, knowledge and insights that a BEE partner with a demonstrable value-adding track record in the South African healthcare sector can bring. In terms of existing equity ownership, Brimstone, a BEE company, already holds a 26% shareholding in The Scientific Group (Pty) Ltd which houses the scientific and diagnostic business of the Adcock Group.

8.2 Management

The Adcock Group will continue to endeavour to attract and retain the very best black talent both for its Board and management team. Black managers employed by the Adcock Group will continue to benefit from the vesting rights allocated to them in terms of the black managers scheme prior to the unbundling (the vesting rights of the black managers will be extended to provide the black managers with an entitlement to take delivery of both the Tiger Brands and Adcock shares that will be held by the Black Managers Trust subsequent to the unbundling, subject to the rules of the black managers scheme as detailed in paragraph 16.10).

8.3 Skills development and employment equity

The Adcock Group is committed to the principles embodied within the employment equity legislative framework. To this end, the Adcock Group aims to ensure that the demographics of its workforce reflect this commitment at all levels, and that all staff receive the support and training necessary to excel in their positions. The Adcock Group is a leader in the provision of industry relevant training and support through the renowned Adcock Academy, which has been the foundation for many of the sectors leading black employees both within the Adcock Group and the industry at large.

8.4 Preferential procurement

Preferential procurement is a key focus area for the Adcock Group. Where possible, preference has been and will continue to be given to empowered entities in terms of procurement.

8.5 Enterprise development

The Adcock Group considers enterprise development an important means of increasing and improving its empowerment supplier and customer base.

8.6 Social enterprise

The Adcock Group is actively involved in social enterprise initiatives and will continue to support these worthy causes.

The Adcock Group contributes 1% of its annual post-tax profits to Unite-4-Health. This social enterprise initiative aims to support efforts to improve healthcare in South Africa, especially for disadvantaged South Africans. Recent initiatives include:

- **Red Cross Children's Hospital, Cape Town**

  A R4 million Unite-4-Health donation to the Red Cross Children's Hospital, which will contribute towards the construction of a new modern theatre complex. The Adcock Unite-4-Health Operating Theatre will enable surgical teams to operate on 25% more children each year.

- **Heart of Soweto Study, Chris Hani Baragwanath Hospital, Johannesburg**

  Unite-4-Health has committed R3 million in support of this study which tracks the incidence of cardiovascular disease in a developing world scenario. Funding has, in part, been used to upgrade the Cardiovascular Unit at Chris Hani Baragwanath Hospital. The research study is led by Professor Karen Sliwa – Head of the Soweto Cardiovascular Research unit at Chris Hani Baragwanath Hospital in collaboration with experts from Australia and the UK.

- **Soweto Hospice, Johannesburg**

  Unite-4-Health has donated R1 million to the Women's Ward for the new Soweto Hospice. This new, state of the art hospice caters for HIV and AIDS patients and provides outreach support for home-based caregivers.

- **All Saints Hospital, Engcobo, Eastern Cape – The Adcock Ingram Children's Ward**

  A contribution of R1.3 million was made in 2002 towards the construction and equipping of the Adcock Ingram Paediatric Ward at All Saints Hospital, Engcobo, Eastern Cape. The Adcock Ingram Paediatrics' Ward was formally opened by Nelson Mandela.

- **Michael Maponya Clinic, Soweto, Johannesburg**

  The Michael Maponya Clinic, which caters for the primary healthcare needs of the Pimville community, required an upgrade. Following negotiations with local and provincial authorities, Unite-4-Health committed R600 000 for upgrading the clinic. The upgrade has improved efficiencies and enhanced conditions for both patients and staff.

  Future plans include expansion of activities across all regions in South Africa.

9. INCORPORATION AND HISTORY

9.1 Incorporation and background

The Adcock business initially commenced trading in Krugersdorp as E.J. Adcock Pharmacy in 1890, thus establishing the roots of what is today known as Adcock. In 1940, the business commissioned its first pharmaceutical manufacturing facility. Adcock thereafter converted to a public company and listed on the JSE in 1950. The Adcock Group expanded organically and through various merger and acquisition transactions between 1987 and 2008, to become a leading South African pharmaceutical company. In 1978 Tiger Oats (now known as Tiger Brands) acquired a majority shareholding in Adcock and in December 1999, Adcock became a wholly-owned subsidiary of Tiger Brands and was delisted from the JSE.

In anticipation of the unbundling Tiger Brands consolidated the healthcare interests of the group under Newshelf 891 (Proprietary) Limited, a shelf company incorporated on 4 June 2007, which was converted to a public company on 4 February 2008 and changed its name to Adcock Ingram Holdings Limited. Adcock Ingram Holdings Limited is the vehicle to be listed on the JSE and unbundled to Tiger Brands shareholders.

There have not been any material changes to the Adcock Group during the past five years other than the disposal of the Consumer Healthcare division as set out in Annexure 14 to this pre-listing statement.

There is currently no Government protection or any investment encouragement law affecting the business of the Adcock Group.

10. HISTORICAL MILESTONES

Year	Event
1890	• E.J. Adcock Pharmacy commenced business in Krugersdorp, South Africa
1940	• First pharmaceutical manufacturing facility commissioned
1948	• Relationship established with Baxter
1950	• Lists on the JSE
1977	• Restan Laboratories, a division of the Adcock Group signs a joint venture agreement with Dispersa (Switzerland) to market their Eye Care range in South Africa (today known as the Novartis Eye Care Range)
1978	• Tiger Oats Limited (now known as Tiger Brands) acquires the Tannenbaum family shareholding, thus becoming the majority shareholder
1979	• Hospital Products Division commissioned South Africa's first medical grade plastic facility
1986	• Acquisition of Baxter's 40% share of the Hospital Products Division
1987	• Acquisition of the Mer-National Division from Dow Chemicals Africa and the remaining 50% shareholding in Restan Laboratories
1988	• Acquisition of Sterling Winthrop interests in South Africa, which strengthened the Adcock Group's franchise in the OTC market with brands such as Panado
1994	• Acquisition of Laser, Pharmatec, Zurich Pharmaceuticals, Covan Pharmaceuticals and Salters, as well as leading OTC brands (including Panado) in Zimbabwe. • Joint venture signed with Menarini, which provided access to products such as Fastum Gel
1996	• Merger with Premier Pharmaceuticals, which created South Africa's leading supplier of healthcare products
1997	• Disposed of the Family Circle Pharmacy franchise and wholesale businesses
1998	• Hospital Products celebrates its 50th anniversary

Year	Event
1999	• Construction of a new R25 million research and development facility commenced • Becomes a wholly-owned subsidiary of Tiger Brands and is delisted from the JSE • Acquired Lagap Pharmaceuticals, a British-based generic wholesaler
2001	• Acquisition of Steri-Lab, which provided the base from which to develop a medical diagnostics business known as Adcock Ingram Scientific • Acquisition of the Immuno business • Divested Lagap Pharmaceuticals to Sandoz
2003	• Acquisition of the Parke-Med generics business from Pfizer Laboratories which extended the Adcock Group's range of generic products and boosted the Adcock Group's franchise particularly in the generic cardiovascular and central nervous system markets • Acquires the rights to market and distribute the ConvaTec range of specialty ostomy and wound care products in Southern Africa from Bristol Myers Squibb
2005	• Acquires Donmed Pharmaceuticals, the local subsidiary of Organon • Obtains manufacturing, marketing and distribution rights for VitaThion energy tonic in South Africa and neighbouring countries • Acquires 74% of The Scientific Group. The 26% held by Brimstone provides an important BEE component
2006	• R&D facility achieves WHO accreditation. It is the first stand-alone facility to achieve such accreditation in Southern Africa
2008	• Launches its range of generic ARV products • Gambro secured as a renal partner as well as a number of new Indian and Chinese partners • PIC/s accreditation of manufacturing facilities

11. MANAGEMENT TEAM AND CORPORATE GOVERNANCE

11.1 Overview of group

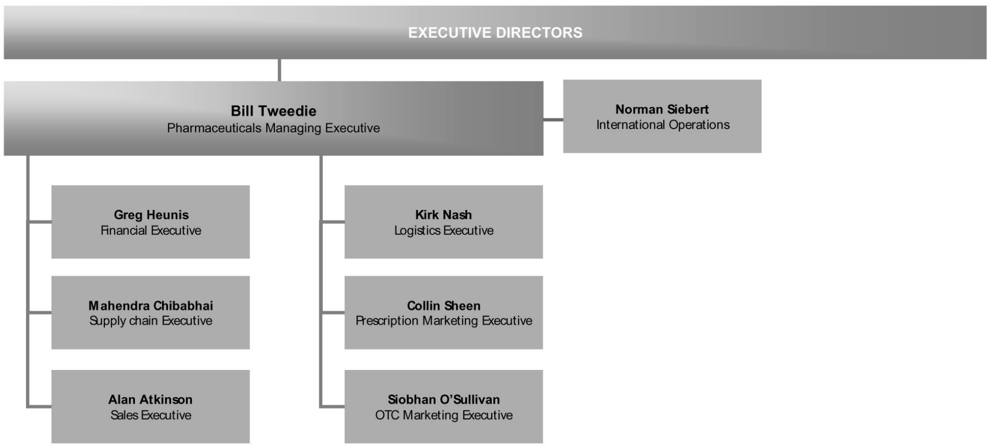
The Adcock Group is currently headquartered in Midrand, Gauteng, and employs approximately 1 900 full-time employees. There are approximately 1 200 employees (excluding India) within the Pharmaceutical division and approximately 700 employees within the Hospital Products division.

The Adcock Group is headed by Jonathan Louw, the chief executive officer and Andy Hall is the chief financial officer. These two executive directors of Adcock oversee the Pharmaceutical and Hospital Products divisions.

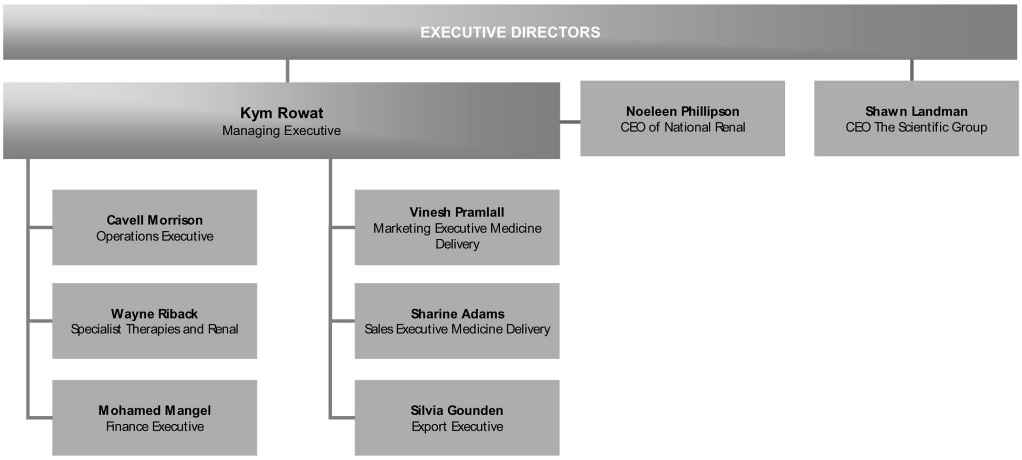
The management team is led by a nine member group executive committee which is steered by the two executive directors. The Pharmaceutical division and the Hospital Products division are under the leadership of Bill Tweedie and Kym Rowat, respectively.

11.1.1 Group executive committee

11.1.2 Pharmaceutical division – management organogram



11.1.3 Hospital Products division – management organogram



12. DIRECTORS AND CORPORATE GOVERNANCE

12.1 Directors

The names, ages, business addresses, qualifications, occupations, nationalities, other directorships and a brief curriculum vitae of each of the Adcock directors to be appointed pursuant to the unbundling are set out below:

12.1.1 Executive directors

Dr. Jonathan James Louw
CEO

Date joined: 2001

Age: 38

Qualifications: MB.ChB; MBA

Business address: 1 New Road, Midrand, 1685

Nationality: South African

Dr. Jonathan Louw joined the Adcock Group in 2001 as New Business Development director, overseeing geographic expansion and spearheading acquisitions such as the Consumer business of Abbott Laboratories and the Parke-Med division of Pfizer to boost the South African business. He took over the management of the pharmaceutical business in late 2002, restructuring the business and integrating the acquisitions of the Organon business and VitaThion. He is currently the Chief Executive Officer of Adcock. He also serves as the Vice President of the Pharmaceutical Industry Association of South Africa (”PIASA”).

In addition to his directorship of Adcock, he holds or has held the following directorships or has been a partner in the following partnerships within the five years prior to the last practicable date:

Name of company	Registration number	Appointment date	Designation	Resignation date	Nature of business
Adcock Ingram Healthcare	2007/019928/07	2008	Director		Pharmaceutical products provider
Adcock Ingram Critical Care	2000/004208/07	2006	Director	2008	Hospital products provider
Adcock Ingram Housecare	1972/00565/07	2007	Director		Dormant
Adcock Ingram Intellectual Property	2000/004110/07	2006	Director		Pharmaceutical intellectual property holding company

Name of company	Registration number	Appointment date	Designation	Resignation date	Nature of business
Adcock Ingram Intellectual Property No. 1	2000/001986/07	2007	Director		Dormant
Adcock Ingram	1949/034385/06	2006	Director		Investment holding company
Pharma I Holdings	1978/003199/07	2006	Director	2008	Investment holding company
Pharma II Investments	1934/005888/07	2006	Director	2008	Dormant
Adcock Ingram Bangalore	U24232KA2007 PLC042361	2007	Director		Pharmaceutical products provider
Dilwed Investments	1995/006722/07	2006	Director		Investment holding company
Menarini SA	1993/004756/07	2006	Director		Marketing, distribution and sale of pharmaceutical products
Novartis Ophthalmics	1978/000788/07	2006	Director		Pharmaceutical products provider
Thembalami Pharmaceuticals	2001/024352/07	2003	Director		Dormant
Adcock Ingram Pharmaceuticals	1916/004852/06	2007	Director		Dormant
The Premier Pharmaceutical Company	1965/002551/06	2007	Director		Dormant
Pharmaceutical Industry Association of South Africa	1967/005082/08	2007	Director		Pharmaceutical industry body
Metamorphosa	1937/010436/07	2008	Director		Pharmaceutical products provider
National Association of Pharmaceutical Manufacturers	1977/02941/08	2003	Director		Pharmaceutical industry body

Andrew Gideon Hall
CFO

Date joined: 2007

Age: 46

Qualifications: B. Pharm; CA(SA)

Business address: 1 New Road, Midrand, 1685

Nationality: South African

Andy Hall joined the Adcock Group in October 2007 as the Chief Financial Officer. He was previously the Chief Financial Officer of Enaleni Pharmaceuticals Limited and prior to that the partner in charge of health sciences at Ernst & Young where he worked for 12 years. Prior to joining Ernst & Young he was involved in retail pharmacy for two years and in sales and marketing with Pfizer for five years.

In addition to his directorship of Adcock, he holds or has held the following directorships or has been a partner in the following partnerships within the five years prior to the last practicable date:

Name of company	Registration number	Appointment date	Designation	Resignation date	Nature of business
Adcock Ingram Healthcare	2007/019928/07	2008	Director		Pharmaceutical products provider
Adcock Ingram Critical Care	2000/004208/07	2007	Director	2008	Hospital products provider
Adcock Ingram	1949/034385/06	2007	Director		Investment holding company
Adcock Ingram Housecare	1972/00565/07	2007	Director		Dormant
Adcock Ingram Intellectual Property	2000/004110/07	2007	Director		Pharmaceutical intellectual property holding company
Adcock Ingram Intellectual Property No. 1	2000/001986/07	2007	Director		Dormant
Cipla Medpro Holdings	2000/018468/07	2007	Director	2007	Investment holding company
Enaleni Pharmaceuticals Consumer Division	1977/001752/07	2007	Director	2007	Marketing and sale of consumer products
Adcock Ingram Bangalore	U24232KA2007 PLC042361	2007	Director		Pharmaceutical products provider
Pharma I Holdings	1978/003199/07	2007	Director	2008	Investment holding company
Pharma II Investments	1934/005888/07	2007	Director	2008	Dormant
Dilwed Investments	1995/006722/07	2007	Director		Investment holding company
Menarini SA	1993/004756/07	2007	Director		Marketing, distribution and sale of pharmaceutical products
Novartis Ophthalmics	1978/000788/07	2007	Director		Pharmaceutical products provider
The Premier Pharmaceutical Company	1965/002551/06	2007	Director		Dormant
Adcock Ingram Pharmaceuticals	1916/004852/06	2007	Director		Dormant
Ernst & Young Services	1955/00930/07	2000	Director	2006	Accounting/ Auditing
Medpro Pharmaceutica	1992/000182/07	2007	Director	2007	Pharmaceutical manufacturer
Zedchem	1995/013898/07	2006	Director	2007	Pharmaceutical manufacturer
Galilee Marketing	2006/027361/07	2006	Director	2007	Manufacture and marketing of pharmaceutical products
Inyanga Trading 386	2005/041572/07	2007	Director	2007	Investment holding company

Name of company	Registration number	Appointment date	Designation	Resignation date	Nature of business
Kamillen Pharmaceuticals	1969/006528/07	2007	Director	2007	Pharmaceutical manufacturer
Aldabri 53	2004/002183/07	2007	Director	2007	Manufacture and marketing of sports nutrition products
Bioharmony	2005/010107/07	2006	Director	2007	Manufacture and marketing of vitamins and supplements
Cipla-Medpro	1995/004182/07	2007	Director	2007	Pharmaceutical manufacturer
Metamorphosa	1937/010436/07	2008	Director		Pharmaceutical products provider
CPF International	1995/007913/07	2007	Director	2007	Manufacture and marketing of consumer products
Enaleni Pharmaceuticals	1977/001752/07	2006	Director	2007	Manufacture and marketing of pharmaceutical products

12.1.2 *Non executive directors*

Dr. Khotso David Kenneth Mokhele

Non-executive chairman

Date joined: 2007

Age: 52

Qualifications: PhD Microbiology; MSc Food Science; BSc Agriculture

Business address: 1 New Road, Midrand, 1685

Nationality: South African

Dr. Khotso Mokhele earned masters and doctoral degrees in Food Science and Microbiology, respectively, from the University of California, after completing undergraduate studies in agriculture in South Africa. He has also completed an executive program at Stanford University. He was the founder President of the National Research Foundation and served as its CEO from 1999-2006. He has also held a position as chairperson of the Premier's Economic Advisory Council for the Free State Province, as well as Chairperson of the National Skills Authority advising the Minister of Labour. In the past, he has also held various academic positions, including serving as a lecturer at the University of Cape Town's Department of Microbiology. He currently serves as non-executive chairman of ArcelorMittal South Africa.

In addition to his directorship of Adcock, he holds or has held the following directorships or has been a partner in the following partnerships within the five years prior to the last practicable date:

Name of company	Registration number	Appointment date	Designation	Resignation date	Nature of business
ArcelorMittal South Africa	1989/002164/06	1998	Non-executive chairman		Resources
Impala Platinum Holdings	1957/001979/06	2004	Non-executive director		Mining
African Oxygen Limited	1927/000089/06	2005	Non-executive director		Chemicals

Name of company	Registration number	Appointment date	Designation	Resignation date	Nature of business
Karebo Energy Management	1999/000146/07	1999	Director		Deregistered
Kenosi Investment Holdings	2008/004005/07	2008	Director		Investment holding company
Tiger Brands	1944/017881/06	2007	Non-executive director		FMCG
Zimplats Holdings	ARBN083463058	2007	Non-executive director		Mining

Dr. Tlalane Lesoli

Non-executive director

Date joined: 2007

Age: 57

Qualifications: MB BS (Lond); Dip of Child Health (SA)

Business address: 1 New Road, Midrand, 1685

Nationality: South African

Dr. Tlalane Lesoli qualified as a medical doctor at the University of London before returning to South Africa to practice clinical medicine. She is a registered practitioner with the South African Medical and Dental Council as well as the British General Medical Council. Her professional exposure has included various positions as a medical professional in South Africa as well as a research fellow at John Radcliffe Hospital at Oxford University in the UK. She also served as medical director for the Transmed Medical Fund, where she oversaw quality assurance, research, education and supplier relations. Since July 2002, she has co-founded and managed a health products company called Mother Earth Distributors, as well as a health education enterprise called Nature Plan.

In addition to her directorship of Adcock, she holds or has held the following directorships or has been a partner in the following partnerships within the five years prior to the last practicable date:

Name of company	Registration number	Appointment date	Designation	Resignation date	Nature of business
Mother Earth Distributors	2002/021984/07	2002	Director		Resource trading company
Zawadi Investments	2006/006372/07	2006	Director		Investment holding company
Woman Investment Africa Network	1995/005508/07	2005	Director		Investment holding company
Continental Africa Power Supplies	1999/011644/07	2006	Director		Energy product supplier
Global Africa Resources	2003/002768/07	2006	Director		Mining

Dr. Gopalan Neethianandan Padayachee

Non-executive director

Date joined: 2007

Age: 54

Qualifications: MBChB (Cape Town), MMed, DTM&H, DPH, DOH, DHSM (Wits)

Business address: 1 New Road, Midrand, 1685

Nationality: South African

Dr. Nicky Padayachee is currently the head of corporate services with the Gauteng Department of Health and is also the president of the Health Professions Council of South Africa. He has previously served as the executive dean in the Health Sciences faculty at the University of Cape Town and was the city manager for the Johannesburg Metropolitan Council.

In addition to his directorship of Adcock, he holds or has held the following directorships or has been a partner in the following partnerships within the five years prior to the last practicable date:

Name of company	Registration number	Appointment date	Designation	Resignation date	Nature of business
Tiger Brands	1944/017881/06	2002	Director		FMCG
University of Cape Town Medical Centre	1998/010541/06	2000	Director	2002	Academic institution
University of Cape Town Lung Institute	1998/011518/08	2001	Director	2006	Academic institution

Clifford David Raphiri

Non-executive director

Date joined: 2007

Age: 44

Qualifications: BSc. Mechanical Engineering, Graduate Diploma in Engineering, MBA

Business address: 1 New Road, Midrand, 1685

Nationality: South African

Clifford Raphiri started his career as a consulting engineer with Andersen Consulting. He then joined Metal Box (now Bevcan) as a project engineer and then worked as a design mechanical consulting engineer with BKS Inc. He later joined SA Breweries as a quality assurance technologist involved in the implementation of modern manufacturing techniques and practices. He has held a number of senior manufacturing management positions within SA Breweries and has also been employed as general manager for manufacturing and distribution operations with 3M South Africa. He is currently employed as the manufacturing and technical director of SAB and serves on the board.

In addition to his directorship of Adcock, he holds or has held the following directorships or has been a partner in the following partnerships within the five years prior to the last practicable date:

Name of company	Registration number	Appointment date	Designation	Resignation date	Nature of business
South African Breweries	1998/006375/06	2005	Director		Branded alcoholic beverage producer
South African Breweries Hop Farms	1936/007912/07	2005	Director		Branded alcoholic beverage producer
South African Breweries Maltings	1967/008461/07	2005	Director		Branded alcoholic beverage producer
South African Barley Breeding Institute	2002/004079/08	2005	Director		Branded alcoholic beverage producer
South African Breweries Barley Farm	2001/028983/07	2005	Director		Branded alcoholic beverage producer

Leon Edward Schönknecht
Non-executive director

Date joined: 2007

Age: 54

Qualifications: BCompt (Hons), CA(SA)

Business address: 1 New Road, Midrand, 1685

Nationality: South African

Leon Schönknecht qualified as a Chartered Accountant with Deloitte & Touche before joining Bonny Bird Farms as a general manager in 1982. In 1991, he joined Premier Group Limited as Group General Manager of Operations until 1994. In 1994, he was appointed CEO of United Pharmaceutical Distributors (UPD) where he carried out a substantial turnaround in the business. In 1996, he was appointed managing director of Teltron Ltd., at which time he was also appointed chairman of UPD and director of Premier Group. In 1999, he participated as a member of the management consortium in the leveraged buyout of UPD and Teltron from the Premier Group. After the sale of the UPD business to Clicks, he remained as a consultant to the Clicks group for two years. He continues to be the managing director of Teltron.

In addition to his directorship of Adcock, he holds or has held the following directorships or has been a partner in the following partnerships within the five years prior to the last practicable date:

Name of company	Registration number	Appointment date	Designation	Resignation date	Nature of business
Essa's Retail Enterprises	2001/008083/07	2001	Director		Photographic retailer
New United Pharmaceutical Distributors	1999/016708/07	1999	Director	2005	Pharmaceutical wholesaler and distributor
JR163 Investments	1999/011056/07	1999	Director		Holding company for pharmaceutical, photographic and consumer electronics subsidiaries
New Teltron	1998/023664/07	1999	Director		Importer and distributor of photographic products
Audiolens	1998/018127/07	1998	Director		Photographic retailer
Budget Foto	1975/004201/07	1997	Director		Photographic retailer

Andrew Murray Thompson
Non-executive director

Date joined: 2008

Age: 51

Qualifications: BSc (Civil Engineering), MBA (Finance) Wharton

Business address: 1 New Road, Midrand, 1685

Nationality: South African

Andrew Thompson is currently a consultant to Itochu Corporation of South Africa and a non-executive director of Mondi Packaging South Africa.

Prior to this, Andrew Thompson was an executive director of Anglo American South Africa and head of new business development at Ferrous Metals and Industries division. He was also a non-executive director of Tongaat-Hulett Group Limited. Prior to this he was the executive chairman of Mondi South Africa.

In addition to his directorship of Adcock he holds or has held the following directorships or has been a partner in the following partnerships within the five years prior to the last practicable date:

Name of company	**Registration number**	**Appointment date**	**Designation**	**Resignation date**	**Nature of business**
Mondi Packaging South Africa	2004/025229/07	2004	Director		Paper and packaging
Anglo American Corp of SA	2001/024798/07	2002	Director	2006	Resources
Tongaat Hulett Group	1892/000610/06	2002	Director	2007	Sugar
Mondi Shanduka Newsprint (Pty) Limited	2003/029838/07	2004	Director	2005	Paper and packaging
Mondi Europe SA Services	1997/0290831/07	1997	Director	2004	Paper and packaging
Mondi	1967/013038/06	1992	Director	2006	Paper and packaging
Mondi International S.àr.l.	1997/0160796/07	1997	Director	2005	Paper and packaging
Anglo American South Africa	1917/005309/06	2002	Director	2006	Resources
Aylesford	2825694	1999	Director	2005	Media
Aylesford Newsprint Holdings	2816412	1999	Director	2005	Media
Aylesford Newsprint	2479226	1999	Director	2005	Media
Finewood Veneers	1973/015646/07	1999	Director	2007	Timber
Finewood Ventech	1998/005012/06	1999	Director	2007	Timber
Finewright Holdings	1977/001435/07	1999	Director	2007	Timber
Firn Overseas Packaging	1225618	2001	Director	2004	Paper and packaging
Goeiehoop Farming	1969/006979/07	1998	Director	2005	Farming
John Wright Veneers	1967/004726/07	1999	Director	2005	Timber
Mondi Imbani Mining Supplies	2003/014099/07	2003	Director	2005	Paper and packaging
Mondi Paper Sales Australia	1997/003963/07	2000	Director	2005	Paper and packaging
New Scotland Sawmill	2003/030907/07	2001	Director	2007	Timber
Newco Veneers	1988/003007/07	1999	Director	2005	Timber

Name of company	Registration number	Appointment date	Designation	Resignation date	Nature of business
Paperlink	1957/002096/07	2000	Director	2005	Paper and packaging
Pearlman Veneers	1984/007757/07	1999	Director	2007	Timber
Siyaqhubeka Forests	2000/029212/07	2001	Director	2005	Timber
The North East Cape Forests Joint Venture	1995/002912/07	1998	Director	2005	Timber

Eric Kevin Diack
Non-executive director

Date joined: 2008

Age: 50

Qualifications: BAcc (Wits), CA(SA), AMP (Harvard), AMP (UCT)

Business address: 1 New Road, Midrand, 1685

Nationality: South African

Eric Diack is currently a non-executive director of ArcelorMittal South Africa Ltd and was previously the CEO of Anglo American Ferrous and Industries Division.

In addition to his directorship of Adcock, he holds or has held the following directorships or has been a partner in the following partnerships within the five years prior to the last practicable date:

Name of company	Registration number	Appointment date	Designation	Resignation date	Nature of business
ArcelorMittal South Africa	1989/002164/06	2007	Director		Resources
Ayavuna Appliance	2004/000494/07	2004	Director		Household appliances
Deplian Investments	2004/026784/07	2005	Director		Household appliances
Ayavuna Appliance Investments	2004/032667/07	2005	Director		Household appliances

Roger Ian Stewart
Non-executive director

Date joined: 2008

Age: 56

Qualifications: Ph.D. (Med), M.B., Ch.B., Grad Dip Comp. Dir

Business address: 1 New Road, Midrand, 1685

Nationality: South African

While at the University of Stellenbosch, Roger Stewart became Associate Professor in Physiology and a Fellow of the American College of Chest Physicians. At the South African Medical Research Council he was group executive responsible for basic and clinical research and later for its technology transfer business which he started. At S.A. Druggists Ltd. he was responsible for R&D and for international business development. He was also briefly the caretaker chief executive of a medical diagnostics company in the S.A. Druggists group. Thereafter, he founded a business consulting company and directed company turnarounds.

In addition to his directorship of Adcock, he holds or has held the following directorships or has been a partner in the following partnerships within the five years prior to the last practicable date:

Name of company	Registration number	Appointment date	Designation	Resignation date	Nature of business
Business Sculptors	2005/036448/07	2005	Director		Business consulting
Graham's Pharmaceuticals	1967/010471/07	2006	Director		Pharmaceutical manufacturing
Namib Mills Investments	1958/000576/07	2005	Director	2006	Holding company
Namib Management Services	89/002983/07	2005	Director	2006	Management services
Bolux Group	4736 (Botswana)	2005	Director	2006	Holding company
Prima Foods	87/921 (Botswana)	2005	Director	2006	Food
Bolux Milling	4895 (Botswana)	2005	Director	2006	Food
Master Farmer	98/3257 (Botswana)	2005	Director	2006	Feed

The appointment of the above non-executive directors, including the non-executive Chairman, will be ratified at the next annual general meeting of Adcock shareholders, in terms of the articles.

None of the directors have declared:

- any bankruptcies, insolvencies, or individual voluntary compromise arrangements;
- any receiverships, compulsory liquidations, creditors voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company where the director is or was a director with an executive function of such company at the time of or within the twelve months proceeding any such events(s);
- any compulsory liquidations, administrations or partnership voluntary arrangements in respect of any partnership where the director is or was a partner at the time of or within the twelve months preceding such event(s);
- any receiverships of any asset(s) of the director or of a partnership of which the person is or was a partner at the time of or within the 12 months proceeding such event(s);
- any details of any public criticism of the director by statutory or regulatory authorities, including recognised professional bodies, and whether the director has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; and/or
- any offence involving dishonesty.

All of these directors have submitted duly completed director's declarations in compliance with Schedule 21 of the Listings Requirements.

12.2 Terms of office of directors

Terms of office and rights of shareholders to appoint directors are set out in Annexure 17 to this pre-listing statement.

Executive directors' terms of employment are governed by employment contracts. The principal terms of their respective contracts are as follows:

Executive director	Annual cost to company (before performance bonuses and share options)
J. Louw	R2 230 000
A. Hall	R2 100 000

There are no technical or secretarial fees paid to the directors.

The executive directors' employment contracts do not include any unusual employment benefits. The contracts are not fixed term contracts. All of the executive directors are subject to between one and three months' notice in relation to termination of employment.

Executive directors are obliged to retire between the ages of 63 and 65 and non-executive directors at 70. Pension and provident fund payouts are based on period of service and no provision is made for restraint of trade payments or retrenchment packages (in the latter case, in addition to any entitlements in terms of law).

Directors' remuneration and share options are set out in Annexure 18 to this pre-listing statement. During the year ended 30 September 2007, no payments were made to third parties *in lieu* of directors' fees.

In April 2008 Dr. J. Louw was awarded a retention bonus equal to:

- R2 230 000, paid in cash; and
- a grant of options over 19,900 shares in terms of the Tiger Brands phantom cash option scheme at an exercise price of R134.71 per Tiger Brands phantom share.

The cash retention bonus is repayable in full if Dr. J. Louw leaves the employ of Adcock before 1 April 2010. The Tiger Brands phantom shares will be subject, in terms of the rules of the Tiger Brands phantom cash option scheme, to time-based vesting. All the options over the 19,900 Tiger Brands phantom shares are to be converted into options over Adcock phantom shares after the unbundling, in terms of the rules of the Tiger Brands phantom cash option scheme.

The non-executive directors will be entitled to the following annual remuneration (annual cost to company):

Annual fees	Main Board	Audit and Risk Committee	HR, Remuneration and Nominations Committee	Transformation Committee
Chairman	R500 000	R158 250	R65 000	R61 000
Member	R140 000	R83 250	R45 000	R36 000

In addition to the above, the Chairman will receive a once-off fee of R250 000 for assistance in regard to the preparation required for the listing.

12.3 Directors' powers

Annexure 17 to this pre-listing statement contains a summary of the provisions of the memorandum and articles insofar as they relate to any power enabling a director to vote on a proposal, arrangement or contract in which he is materially interested:

12.3.1 any power enabling the directors, in the absence of an independent quorum of the Board, to vote on remuneration, including pension or other benefits to themselves or any members of the Board;

12.3.2 borrowing powers exercisable by the directors and how such borrowing powers can be varied; and

12.3.3 retirement or non-retirement of directors under any age limit.

12.4 Directors' interests in securities

Save for the interests disclosed in Annexure 18 to this pre-listing statement, the directors do not hold shares in Adcock, directly or indirectly.

12.5 Company secretary

The name, professional qualifications and business address of Adcock's secretary are set out on the inside front cover of this pre-listing statement.

12.6 Directors' interests in transactions

No director had any beneficial interest in transactions effected by the Adcock Group, either during the current or immediately preceding three financial years, or in an earlier financial year and which remain in any respect outstanding or unperformed.

No director has been paid any monies to induce him/her to become a director in the three years preceding the last practicable date; nor were any amounts paid or agreed to be paid within the three years preceding the date of this pre-listing statement to any director or to any company in which he/she is beneficially interested, directly or indirectly, or of which he/she is a director ("the associate company"), or to any partnership, syndicate or other association of which he/she is a member ("the associate entity"), in cash or securities or otherwise, by any person either to induce him/her to become or to qualify him/her as a director, or otherwise for services rendered by him/her or by the associate company or the associate entity in connection with the promotion or formation of Adcock.

Save as shareholders of Adcock, no directors will benefit, directly or indirectly, in any manner as a consequence of the implementation of the unbundling and the listing of Adcock. It is not anticipated that the unbundling will result in any material changes to the remuneration of the directors.

No loans have been made by Adcock to any director.

12.7 Directors' remuneration

Directors' remuneration and options are set out in Annexure 18 to this pre-listing statement.

12.8 Promoters

There were no payments made to promoters within the three years prior to the last practicable date. There are no promoters' interests in the securities of Adcock.

12.9 Corporate governance

Adcock is committed to the principles of openness, integrity and accountability in its dealings with all stakeholders and supports the code of corporate practices and conduct as recommended by the King Code. Extracts of the corporate governance policies adopted by Adcock are set out in Annexure 16 to this pre-listing statement.

13. FINANCIAL INFORMATION

13.1 Abridged financial information

13.1.1 Abridged pro forma income statement for the financial year ended 30 September 2007

R'm	***Pro forma* Group 2007**
TURNOVER	2 879.2
Operating income before abnormal items	**944.1**
Abnormal items	(45.8)
Operating income after abnormal items	**898.3**
Interest paid	(135.8)
Interest received	56.7
Profit before taxation	**819.2**
Taxation	(241.1)
PROFIT FOR THE YEAR	**578.1**
Attributable to equity holders of the parent	570.4
Attributable to minorities	7.7
	578.1
Number of shares to be issued (m)	**172.4**
Earnings per share (cents)	**330.9**
Headline earnings per share (cents)	**376.5**

13.1.2 *Abridged pro forma balance sheet at 30 September 2007*

R'm	Pro forma Group 2007
Non-current assets	**661.8**
Property, plant and equipment	260.0
Goodwill and other intangibles	234.8
Investments	150.5
Deferred taxation	16.5
Current assets	**1 666.7**
Inventories	433.0
Trade and other receivables	668.3
Amounts due by holding company and fellow subsidiary	16.4
Cash and cash equivalents	549.0
Total assets	**2 328.5**
EQUITY AND LIABILITIES	
Capital and reserves	**952.6**
Ordinary share capital and share premium	1 104.7
Non-distributable reserves	59.5
Accumulated deficit	(211.6)
Minority interest	20.7
Total equity	**973.3**
Non-current liabilities	**451.3**
Deferred taxation	31.3
Provision for post-retirement medical aid	12.8
Long-term borrowings	407.2
Current liabilities	**903.9**
Trade and other payables	449.9
Provisions	39.7
Taxation	5.2
Short-term borrowings	408.4
Shareholders for dividends	0.7
Total equity and liabilities	**2 328.5**
Net asset value per share (cents)	**552.6**
Tangible net asset value per share (cents)	**416.4**

Management discussion and analysis of the above numbers is set out in section 14 of this pre-listing statement.

13.1.3 *Abridged pro forma income statement for the six months ended 31 March 2008*

R'm	***Pro forma* Group 2008**
TURNOVER	1 542.1
Operating income before abnormal items	**489.0**
Abnormal items	(53.9)
Operating income after abnormal items	**435.1**
Interest paid	(87.4)
Interest received	66.7
Dividend income	10.6
Profit before taxation	**425.0**
Taxation	(126.1)
PROFIT FOR THE PERIOD	**298.9**
Attributable to equity holders of the parent	294.9
Attributable to minorities	4.0
	298.9
Number of shares to be issued (m)	**172.4**
Earnings per share (cents)	**171.1**
Headline earnings per share (cents)	**173.4**

13.1.4 *Abridged pro forma balance sheet at 31 March 2008*

R'm	***Pro forma* Group 2008**
Non-current assets	**724.8**
Property, plant and equipment	328.9
Goodwill and other intangibles	225.6
Investments	160.9
Deferred taxation	9.4
Current assets	**1 633.2**
Inventories	423.8
Trade and other receivables	706.3
Taxation receivable	23.1
Cash and cash equivalents	480.0
Total assets	**2 358.0**
EQUITY AND LIABILITIES	
Capital and reserves	**1 154.8**
Ordinary share capital and share premium	1 204.4
Non-distributable reserves	39.9
Accumulated deficit	(123.5)
Share-based payment reserve	34.0
Minority interest	21.9
Total equity	**1 176.7**
Non-current liabilities	**439.8**
Deferred taxation	24.3
Provision for post-retirement medical aid	13.3
Long-term borrowings	402.2
Current liabilities	**741.5**
Trade and other payables	413.7
Short-term borrowings	327.8
Total equity and liabilities	**2 358.0**
Net asset value per share (cents)	**669.8**
Tangible net asset value per share (cents)	**539.0**

For further details on the *Pro Forma* financials refer to Annexures 9 and 11 of this pre-listing statement.

13.2 Detailed financial information

The audited historical financial information of Adcock Ingram Holdings Limited for the financial year ended 30 September 2007 is set out in Annexure 1 and the reviewed historical financial information for the six months ended 31 March 2008 is set out in Annexure 3 to this pre-listing statement. The independent reporting accountants' reports in respect of the year ended 30 September 2007 and the six-month period ended 31 March 2008 for Adcock Ingram Holdings Limited are set out in Annexures 2 and 4, respectively, to this pre-listing statement.

The audited historical consolidated financial information of Adcock Ingram Holdings (Proprietary) Limited for the three financial years ended 30 September 2005, 30 September 2006 and 30 September 2007 is set out in Annexure 5 and the reviewed historical financial information for the six months ended 31 March 2008 is set out in Annexure 7 to this pre-listing statement. The independent reporting accountants' report on the three years of historical consolidated financial information of Adcock Ingram Holdings (Proprietary) Limited is set out in Annexure 6 and the independent reporting accountants' report for the six months ended 31 March 2008 is set out in Annexure 8 to this pre-listing statement.

Pro forma financial information of Adcock for the year ended 30 September 2007 is set out in Annexure 9 to this pre-listing statement. The *pro forma* financial information has been prepared to illustrate the impact of the unbundling and separate listing of Adcock on the JSE for the financial year ended 30 September 2007 had the unbundling occurred on 1 October 2006 for income statement purposes and on 30 September 2007 for balance sheet purposes.

Pro forma financial information of Adcock for the six months ended 31 March 2008 is set out in Annexure 11 to this pre-listing statement. The *pro forma* financial information has been prepared to illustrate the impact of the unbundling and separate listing of Adcock on the JSE for the six-month period ended 31 March 2008 had the unbundling occurred on 1 October 2007 for income statement purposes and on 31 March 2008 for balance sheet purposes.

All of the *pro forma* financial information detailed above has been prepared for illustrative purposes only and because of its nature may not fairly present Adcock's financial position, changes in equity, results of operations or cash flows.

The independent reporting accountants' reports on the *pro forma* financial information of Adcock for the year ended 30 September 2007 and the six months ended 31 March 2008 are set out in Annexures 10 and 12, respectively, to this pre-listing statement.

The relevant financial information extracted from the year-end financial statements and the *pro forma* financials are the responsibility of the Adcock directors.

Adcock anticipates the publication of its audited results for the year ending 30 September 2008, in the first half of December 2008.

13.3 Material changes

In December 2007 Adcock granted Baxter a call option to acquire half of Adcock's shares in Adcock Ingram Critical Care (Pty) Limited (the entity which will hold the Hospital Products division). For further details of this transaction refer to paragraph 2.5.2. Since the period ended 31 March 2008 up to the last practicable date, there have been no material changes to the financial, trading and structural position of the group, other than:

- the implementation of a new gearing structure with total net debt of approximately R250 million as set out in Annexures 9 and 11; and
- in May 2008 Adcock Ingram Critical Care (Pty) Limited concluded a consent agreement with the Competition Commission, in which Adcock Ingram Critical Care (Pty) Limited admitted to market allocation and collusive tendering. In terms of the consent agreement, Adcock Ingram Critical Care (Pty) Limited paid an administrative penalty of R53.5 million which was accrued for in the interim results for the six months ended 31 March 2008.

13.4 Statement of indebtedness

13.4.1 Borrowing powers

Extracts from the articles reflecting the borrowing powers of Adcock exercisable by the directors and the manner in which such borrowing powers may be varied are set out in Annexure 17 to this pre-listing statement. The borrowing powers have not been exceeded during the three years preceding this pre-listing statement.

13.4.2 Borrowings

13.4.2.1 *Material loans and leases*

At the last practicable date, Adcock had approximately R393 million of long-term loans. Adcock has adequate borrowing facilities of R1.3 billion for its day-to-day trading requirements.

The following material loan facilities have been entered into:

Working capital – Facility A	
Borrower	Adcock Ingram Holdings Limited Group
Lender	First National Bank
Amount	R500 million
Purpose	Working capital
Term	Repayable on demand and subject to an annual review
Payment profile	No fixed repayment term
Interest rate	Prime (variable)
Guarantee	Not applicable
Security	Unsecured
Funding of repayments	Internally generated cash flows
Conversion/Redemption rights	None

Working capital – Facility B	
Borrower	Adcock Ingram Holdings Limited Group
Lender	Nedbank
Amount	R800 million
Purpose	Working capital
Term	Repayable on demand and subject to an annual review
Interest rate	12.75% (variable)
Payment profile	No fixed repayment term
Guarantee	Not applicable
Security	Unsecured
Funding of repayments	Internally generated cash flows
Conversion/Redemption rights	None

A summary of the Adcock Group's operating lease commitments for the next five years is set out in paragraph 18.1.5.

13.4.2.2 *Material inter-company finance*

All material inter-company financial or other transactions and inter-company balances have been disclosed in Note 30 of Annexure 5 to this pre-listing statement. At the last practicable date, no other material inter-company balances have been eliminated on consolidation, other than those disclosed in Note 30 of Annexure 5 to this pre-listing statement.

13.4.2.3 *Contingent liabilities and capital commitments*

Details of contingent liabilities and capital commitments of the Adcock Group at 30 September 2007 are shown in the historical financial information relating to Adcock (Annexure 5, Note 26 for contingent liabilities and Note 28 for capital commitments).

13.4.3 *Loans receivable*

There are no material loans receivable by the company and/or any of its subsidiaries at the last practicable date.

13.4.4 *Loan capital*

At the last practicable date, no loan capital was outstanding.

13.5 Working capital statement

The Adcock directors, having considered the effects of the unbundling and the separate listing of Adcock, are of the opinion that:

- each member of the Adcock Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months from the date of this pre-listing statement;
- the assets of each member of the Adcock Group will be in excess of its liabilities for a period of 12 months from the date of this pre-listing statement, measured in accordance with the accounting policies used in the audited annual financial statements for the year ended 30 September 2007;
- the ordinary share capital and reserves of each member of the Adcock Group will be adequate for a period of 12 months from the date of this pre-listing statement; and
- the working capital of each member of the Adcock Group will be adequate for their ordinary business purposes for a period of 12 months from the date of this pre-listing statement.

14. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

14.1 Pharmaceutical division

The Pharmaceutical division experienced both margin and market share erosion due to the extremely competitive trading environment and the inability to pass on cost increases as a result of the combined impact of the regulatory and competitive trading environments.

The results for 2007 were also adversely affected by high levels of customer demand in September 2006, ahead of an anticipated price increase in October 2006, and a reduction in stockholdings in the wholesale value chain following the merger of two of the major pharmaceutical wholesalers during the 2007 financial year.

14.2 Hospital Products division

Hospital Products recorded lower profits in most categories, with the exception of transfusion therapies. The performance reflects the extremely difficult trading environment where margins have been constrained in both the private and public sectors. Profitability was also negatively impacted by a R15 million increase in depreciation as a result of the purchase and installation of new infusion pumps in line with the requirements of the international principal.

14.3 Turnover analysis

	Turnover				
	2007 Actual R'million	**%**	**2006 Actual R'million**	**%**	**Change %**
Pharmaceutical	1 865.8	65	1 874.2	66	–
Prescription	908.9	32	923.9	33	(2)
OTC	956.9	33	950.3	33	1
Hospital Products	1 013.4	35	955.7	34	6
Group	2 879.2	100	2 829.9	100	2

Source: Adcock management accounts.

Turnover growth of 2% from R2.83 billion in 2006 to R2.88 billion in 2007 was disappointing, particularly in the light of the growth in the industry and the price increase granted in January 2007. This lack of growth relative to the market was evidenced in the group relinquishing its position as the top pharmaceutical company by sales market share.

The primary under-performance was in the Pharmaceutical division where revenue of R1.87 billion in 2007 was marginally behind that of the previous year. The Prescription division experienced the most significant challenge in an extremely competitive environment, with its sales volume declining by 2%. Despite this, branded products, notably Myprodol, Synap Forte and Adco Zolpidem have shown impressive growth. OTC performance in the pharmacy channel was below expectations, negatively impacted by the rationalisation of certain tail-end products. Despite this, key pharmacy brands such as Adco-Dol, Corenza C and Vita-Thion recorded market share growth in an intensely competitive market. In the FMCG channel, the performance was better than in pharmacy, with several products showing double digit growth.

Turnover growth in the Hospital Products division was 6%, with sales exceeding the R1 billion threshold in 2007. This segment showed good momentum in transfusion therapies, IV fluids and hospital pharmaceuticals in critical care, and in clinical and molecular biology in The Scientific Group (Pty) Ltd, despite the loss of a key principal in the medical division early in the year. Overall the environment remained difficult with increased activity from lower priced imports, particularly in the medical disposables market.

14.4 Gross profit analysis

	Gross Profit				
	2007 Actual R'million	**GP %**	**2006 Actual R'million**	**GP %**	**Change %**
Pharmaceutical	1 206.6	64.7	1 250.9	66.7	(4)
Prescription	569.7	62.7	613.4	66.4	(7)
OTC	636.9	66.6	637.5	67.1	–
Hospital Products	447.1	44.1	446.0	46.7	–
Group	1 653.7	57.4	1 696.9	60.0	(3)

Source: Adcock management accounts.

Gross profit as a percentage of revenue declined from 60.0% to 57.4% year-on-year as the business encountered cost-push inflation in excess of selling price increases.

The margin in the Pharmaceutical division was further impacted by rationalisation costs at the Clayville facility and poor overhead recoveries at this plant as a result of the manufacture of certain oral solid dosage forms being transferred to the facility in India, a strike at the Wadeville facility over a wage-dispute and ongoing maintenance to maintain MCC accreditation.

The Hospital Products division's gross profit margin declined primarily as a result of material growth in the lower margin revenues of The Scientific Group.

14.5 Profit before interest and tax analysis

	Profit Before Interest and Tax (PBIT)				
	2007 Actual R'million	**PBIT %**	**2006 Actual R'million**	**PBIT %**	**Change %**
Pharmaceutical	728.5	39.0	800.6	42.7	(9)
Prescription	323.9	35.6	387.5	41.9	(16)
OTC	404.6	42.3	413.1	43.5	(2)
Hospital Products	245.7	24.3	262.3	27.4	(6)
Other	(13.1)		(10.3)		
Group	961.1	33.4	1 052.6	37.2	(9)

Source: Adcock management accounts.

Selling and distribution expenses, which are predominantly fixed, were well-controlled, reducing to 11.3% of sales in 2007 (2006: 12.4%). Marketing expenses across the group were up 5.7% on the previous year. The primary beneficiary of this increase in marketing expenditure was the Pharmaceutical division where the marketing spend was increased by 8.0%. R&D expenditure increased by 20.7% to R49.6 million, reflective of the current level of investment required in the business to support new product development and remain compliant with new regulatory standards. Other operating expenses, including significant investment in information technology, were contained within inflationary levels.

This, together with the decline in the gross margin, resulted in the total operating profit decreasing by 9% to R961.1 million (2006: R1,05 billion). PBIT for the group was 33.4% of revenue (2006: 37.2%). The Pharmaceutical division PBIT margin was 39.0%, significantly down compared to the previous year percentage of 42.7%, with the Prescription segment accounting for the majority of this decline.

The Hospital Products division PBIT margin declined to 24.3%, the business being negatively impacted by an increase in depreciation of R15 million as a result of the purchase and installation of new infusion pumps in line with the requirements of its international principal.

Other costs of R13.1 million (2006: R10.3 million) are in respect of IFRS 2 charges arising from the Tiger Brands Black Managers Trust and cash settled share option costs.

14.6 Cash flow analysis

Operating cash flows before adjusting for non-cash flow items amounted to R1.1 billion. Working capital movements utilised R9.3 million of this balance as explained in paragraph 14.7. After tax and interest payments, there was a net cash inflow from operating activities of R709 million.

14.7 Balance sheet analysis

Trade accounts receivable at year-end (30 September 2007) amounted to R597.0 million (net of provisions of R9.8 million) of which R449.0 million was in the Pharmaceutical division. Days in receivables at year-end were 60 (2006: 50 days). This was affected by the year-end closure being on a Sunday with a significant amount of payments in the Pharmaceutical division only received on the following Monday. This resulted in debtors' days in the Pharmaceutical division being significantly above the average level of approximately 50 days. The Hospital Products division debtors' days were 44 (2006: 43 days) at year end.

Inventory levels at year end reflected a balance of R433 million (net of provisions of R18 million) of which R236 million was carried in the Pharmaceutical division. The number of days outstanding in inventory at year-end amounted to 124 days (2006: 110 days), with the Pharmaceutical division reflecting inventory on hand of 132 days and the Hospital Products division 116 days. The relatively high inventory holding is reflective of the current strategy to build inventory ahead of the upgrades to the manufacturing facilities required to maintain MCC accreditation and to allow for the longer lead times in respect of products manufactured in India.

Trade accounts payable at year end reflected a balance of R228 million (56 days), of which R114 million (62 days) was in the Pharmaceutical division and R114 million (54 days) in the Hospital Products division.

Overall, the group held 27.9% of sales in working capital, compared to 25.0% in the previous year.

The carrying value of property, plant and equipment declined from R297 million in 2006 to R260 million in 2007. The major reasons for the decrease were the transfer of the Isando distribution centre to Tiger Consumer Brands and impairment charges of R14 million relating to the Clayville facility. Capital expenditure for the year amounted to R74 million, which was mainly incurred in the Hospital Products division.

15. RISK FACTORS

The Adcock Group's business, financial position, results of operations, growth, strategies and dividend policy could be materially adversely affected by a number of risks, including those set out below. These risks could also have an adverse effect on the trading price of Adcock shares. The risks described below are not the only risks faced by the Adcock Group. Additional risks not presently known to the Adcock Group or that the directors currently deem immaterial may also adversely affect the Adcock Group's business, financial position, results of operations, growth, strategies and dividend policy.

These risk factors should be read in conjunction with the rest of this pre-listing statement and are not presented in any particular order:

15.1 Risks relating to the Adcock Group's business

15.1.1 Price regulation

The Adcock Group is currently subject to a price regulation regime in South Africa known as SEP (for further details on the price regulation regime refer to paragraph 6.2). In addition, the impact of price regulation is likely to be accentuated due to the proposed introduction of international benchmarking (for further details on these proposed regulations refer paragraph 6.3). The nature and extent of the potential changes to the pharmaceutical and hospital products pricing regulations may have a significant adverse impact on the overall profitability of the Adcock Group.

15.1.2 Key personnel

The Adcock Group's performance depends to a large extent on the efforts and abilities of its key senior personnel. These individuals generally have significant experience and expertise in the pharmaceutical and hospital products industry and have made important contributions to the growth and success of the Adcock Group. The unexpected loss of the services of one or more of these individuals could disrupt the business operations of the Adcock Group and have an adverse effect on, amongst other things, its operating results.

15.1.3 Licence agreements

The Adcock Group currently has a number of licence agreements with international and local product providers. These agreements represent approximately one-third of the Adcock Group's total revenue. Licence agreements are periodically subject to renewal and renegotiation. They also contain other standard terms and conditions normally found in contracts of this nature, including change of control provisions. Any significant loss of license agreements could have a material adverse effect on the business and results of the Adcock Group.

15.1.4 Formulations

The Adcock Group has a small portfolio of products with formulations which are under the review of the Regulator due to the age of the formulations and the fact that products of a similar nature in other international markets have been discontinued. These products make up approximately 7% of the Adcock Group's revenue and provide high margins. The Adcock Group also has a small portfolio of products which contain three or more active pharmaceutical ingredients. The Regulator continues to review the appropriateness of these products. Any discontinuance of older formulation products or products with three or more active pharmaceutical ingredients as a result of a regulatory ruling could have a material adverse effect on the business and results of the Adcock Group.

15.1.5 Pharmaceutical trade tariffs

The Adcock Group imports products from India where they are manufactured at an Adcock Group facility. These products are subject to import tariffs on entry into South Africa. Any material change in the trade tariffs between India and South Africa could have a material adverse effect on the business and results of the Adcock Group.

15.1.6 *Manufacturing expansion*

The Adcock Group is currently considering the expansion of its manufacturing facilities. This expansion may be adversely affected by electricity shortages in South Africa. Restrictions on the ability of the Adcock Group to expand its operations in South Africa could have an adverse impact on its business and future results.

15.1.7 *Labour*

Trade unions represent a significant number of the Adcock Group's employees. Since 1995 various labour laws have been enacted in South Africa which enhance the rights of employees and which impose increased costs on industry including the pharmaceutical industry. Significant labour disputes, work stoppages, increased employee expenses as a result of collective bargaining and the cost of compliance with labour laws could disrupt business operations and/or reduce the profitability of the Adcock Group's business, as the case may be.

15.1.8 *New pharmaceutical and hospital products*

The Adcock Group's future results of operations depend, to a significant degree, upon its ability to successfully source and introduce new pharmaceutical and hospital products. Many of such products are subject to regulatory approvals and standards. In addition, selling prices of generic drugs frequently decline, sometimes dramatically, as additional companies receive approvals for a given product and competition intensifies. The Adcock Group's ability to sustain its sales and profitability in respect of any given product over time is dependent on both the number of new competitors with respect to such product and the timing within which the product receives its required approvals. Delays in the approval process, failure to obtain regulatory approval or the withdrawal of previously granted approval with respect to the Adcock Group's products could adversely affect the Adcock Group's operating results by delaying or preventing the introduction of new products, or the maintenance of existing products, giving successful competitors an opportunity to increase their market share.

15.1.9 *Sourcing active pharmaceutical ingredients ("API") or other raw materials*

The Adcock Group currently obtains API and other raw materials for many of its finished products from a limited number of suppliers. With respect to certain products, there is only a single supplier. Although the Adcock Group has not experienced difficulty in obtaining such materials to date, supply interruptions could occur in the future and the Adcock Group may have to substitute materials. The Adcock Group does not have any material long-term supply agreements and is therefore subject to the risk that its suppliers may not continue to supply the Adcock Group with API, or other raw materials necessary to manufacture its products, upon satisfactory terms. Furthermore, obtaining regulatory approvals necessary for alternative suppliers of API could be a lengthy process. Any significant interruption in the Adcock Group's supply chain could have a material adverse effect on, amongst other things, its business and results of its operations.

15.1.10 *Regulatory risks*

No assurance can be given that the South African government will not implement new regulations or fiscal or monetary policies, including regulations or policies relating to or affecting taxation, the healthcare industry, the environment, public procurement, or exchange controls, or otherwise take actions which could have a material adverse effect on the Adcock Group's business, financial condition, results of its operations and prospects. The maintenance of a close working relationship with the Department of Health will be an important contributor to the success of the Adcock Group, any material disruption to this relationship could have an adverse effect on the Adcock Group business.

15.1.11 *Environmental laws and regulations*

The Adcock Group is subject to a wide range of environmental laws and regulations which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from its operations. A change to such laws and regulations could affect the Adcock Group's operating expenses and thereby could have a material adverse effect on its business and results of its operations.

15.1.12 *Acquisitive growth*

The Adcock Group plans to actively evaluate and pursue potential acquisitions, and may in the future acquire other pharmaceutical and hospital product businesses, which it will then seek to integrate with its own operations. Acquisitions involve risks that could adversely affect the Adcock Group's future sales and operating results. For example:

- The Adcock Group may not be able to identify suitable acquisition targets or to acquire them on favourable terms.
- The Adcock Group may not be able to obtain the necessary financing, on favourable terms or at all, to finance any of its potential acquisitions.
- The Adcock Group may not be able to retain the skilled employees and experienced management that may be necessary to operate a new acquisition and, if it cannot retain such personnel, the Adcock Group may not be able to locate or hire new skilled employees and experienced management to replace them.
- An acquisition may expose the Adcock Group to unanticipated liabilities such as product liability claims.

15.1.13 *Product liability risks*

The pharmaceutical and hospital products industries are inherently exposed to potential product liability claims. If any such claims are made against the Adcock Group, this could harm its business and financial condition. At present, the Adcock Group maintains appropriate product liability insurance cover.

15.1.14 *Intellectual property rights*

The Adcock Group may be required to defend itself against allegations relating to the alleged infringement of patent or other intellectual rights of third parties in relation to its pharmaceutical and hospital products. Any such litigation could:

- require the Adcock Group to incur substantial expense, even if it is successful in the litigation;
- require the technical and management personnel of the Adcock Group to divert significant time and effort;
- result in the loss of the Adcock Group's rights to develop or make certain products; and
- require the Adcock Group to pay substantial monetary damages in respect of products it has sold in the past, or royalties in order to licence intellectual property rights to enable it to sell products in the future.

Although patent and intellectual property disputes within the pharmaceutical industry have often been settled through licensing or similar arrangements, the costs associated with these arrangements may be substantial and could include the long-term payment of royalties. Furthermore, the required licences may not be made available to the Adcock Group on acceptable terms. Accordingly, an adverse determination in a judicial or administrative proceeding or a failure to obtain necessary licences could prevent the Adcock Group from manufacturing and selling some of its products, or could increase the cost to market of these products.

15.1.15 *Exchange rate fluctuations*

A significant portion of the Adcock Group's products is directly or indirectly sourced from outside South Africa and any depreciation in the Rand against other major currencies is likely to lead to increases in the cost of the Adcock Group's products. Any increase in the costs of products is likely to result in a decline in profit margins due to the restrictions placed on prices that the Adcock Group is able to charge by the South African government.

15.1.16 Competition Commission proceedings

Further to the Competition Commission matter detailed in paragraph 21.1, media reports have indicated that certain third parties may consider taking further action, including civil claims, against Adcock Ingram Critical Care (Proprietary) Limited ("AICC") in relation to this matter. To date AICC has received no formal indication from any third parties that they are considering any recourse against AICC. The risk also remains that AICC may, as a result of this matter, be prejudiced in its ability to participate in future private and public sector tenders. AICC will endeavour to mitigate any of the risks in this regard.

Risks relating to South Africa

15.1.17 Fluctuations in the value of the Rand

In recent years, the value of the Rand, as measured against the US Dollar, the Euro and the Pound Sterling, has been volatile. Fluctuations in the exchange rate between the Rand and foreign currencies may have an adverse impact on the foreign currency equivalent of Adcock's share price and any dividends and distributions in respect of Adcock shares payable in Rand.

15.1.18 Socio-political conditions

The Adcock Group's operations and customers are primarily located in South Africa. The political, social and economic conditions in South Africa are therefore relevant to shareholders. South Africa faces many challenges in overcoming substantial inequalities in levels of social and economic development among its people. The extent to which these challenges are not overcome may have a negative impact on the South African economy and, in turn, the Adcock Group's performance.

15.1.16 HIV/AIDS infection rates

Southern Africa has high HIV/AIDS infection rates, with South Africa having one of the highest rates in the world. The precise impact of increased mortality rates due to HIV/AIDS on the cost of doing business in South Africa and the potential growth in the economy is unclear at this time. HIV/AIDS infection among the Adcock Group's employees may affect their productivity negatively and is likely to increase employee related costs.

PART F: SHARE CAPITAL, SHARE PREMIUM AND SHAREHOLDINGS

16. SHARE CAPITAL, SHARE PREMIUM AND SHAREHOLDINGS

16.1 Share capital and premium

At the last practicable date, the authorised and issued share capital and share premium of Adcock, at listing, will be as follows:

	(R'000)
Share capital	
Authorised	
250 000 000 ordinary shares of R0.10 (ten cents) each	25 000
Issued	
172 558 278[1] ordinary shares of R0.10 (ten cents) each	17 255
Share premium	1 187 121
Total issued share capital and share premium	1 204 376

The entire issued share capital of 172 558 278[1] shares was held by Tiger Brands.

The Adcock Group did not hold any of the issued share capital as treasury shares.

The Adcock directors do not currently have the authority to issue any unissued shares, other than as contemplated in paragraph 16.5.

No Adcock shares will be listed on any stock exchange other than the JSE. Adcock has not issued any debentures.

Note: [1] At the last practicable date, subject to any further adjustments thereafter as contemplated in paragraph 16.5.

16.2 Rights attaching to Adcock shares

All the authorised and issued Adcock shares are of the same class and rank *pari passu* in every respect, there being no conversion or exchange rights attaching thereto. All shares will be entitled to have equal rights to participate in capital, dividend and profit distributions by Adcock. Any variation of rights attaching to such shares will require a special resolution of Adcock shareholders in general meeting in accordance with the articles and Companies Act. In accordance with the articles, at any general meeting, every Adcock shareholder present in person or by proxy (or if a body corporate, duly represented by an authorised representative) shall have one vote on a show of hands and on a poll every Adcock shareholder present in person or by proxy shall have one vote for each share of the class of which the Adcock shareholder is a holder.

Extracts from the articles relating to the rights attaching to Adcock shares are set out in Annexure 17 to this pre-listing statement.

16.3 Alterations to share capital

To prepare the company for listing, Tiger Brands embarked on an internal reorganisation. Prior to the unbundling, the Tiger Brands group held the entire issued share capital of Adcock. In terms of the reorganisation, Tiger Brands transferred its healthcare interests to the Adcock Group, which gave rise to the issuing by Adcock of additional shares to Tiger Brands. The total number of issued shares of Adcock to be held by Tiger Brands, subsequent to the reorganisation but prior to the unbundling and listing, and in terms of special resolutions to be passed and submitted for registration to the Registrar of Companies, will, subject to any increase that may occur as contemplated in paragraph 16.5 be approximately 172 558 278 Adcock shares.

16.3.1 *Share capital before the reorganisation*

	(R)
Authorised	
1 000 ordinary shares of R1.00 each	1 000
Issued	
1 ordinary share of R1.00	1

16.3.2 *Sub-division of shares and increase in authorised share capital prior to the unbundling*

The authorised share capital of one thousand shares of one rand each was sub-divided into ten thousand shares of ten cents each on or about 28 March 2008. The existing issued share capital of one ordinary share of one rand each was sub-divided into ten ordinary shares of ten cents each on or about 28 March 2008.

Adcock then created an additional 249 990 000 ordinary shares of ten cents each on or about 28 March 2008, thereby increasing its authorised share capital to twenty five million rand consisting of two hundred and fifty million ordinary shares of ten cents each.

16.3.3 *Increase in issued share capital prior to the unbundling*

The reorganisation resulted in Adcock issuing an additional 172 478 586 ordinary shares at par value of ten cents each.

Following the increase in authorised and issued share capital, Adcock's authorised and issued share capital is as follows:

	(R)
Authorised	
250 000 000 ordinary shares of R0.10 (ten cents) each	25 000 000
Issued	
172 478 596 ordinary shares of R0.10 (ten cents) each	17 247 860

Other than as set out above, the Adcock Group was not involved in any issues or offer of securities in the three-year period preceding the unbundling.

16.4 Options/Preferential rights

Other than in terms of the Adcock share schemes (as detailed in Annexure 19) and the Baxter option (detailed in paragraph 2.5.2), there are no contracts or arrangements in place giving options or preferential rights to any person to subscribe for any securities in Adcock.

The number of designated Adcock share options outstanding in terms of the Tiger Brands Share Option Scheme, as at the last practicable date was 505 432 Adcock share options. Should any of these designated Adcock share options be exercised between the last practicable date and the last day to trade, being Friday, 22 August 2008, Tiger Brands will subscribe for an equal number of Adcock shares at par, resulting in a decrease in the above number of designated Adcock share options and a commensurate increase in the issued share capital of Adcock on the record date. It is not anticipated that a significant number of designated Adcock share options will be exercised between the aforementioned dates.

16.5 Control of share capital

While the directors of the company currently do not have the general authority to issue shares in the company, the directors were specifically authorised by a general meeting of the company to allot and issue at par value thereof to Tiger Brands, such number of ordinary shares as may be necessary to match the number of ordinary shares in the share capital of Tiger Brands at the listing date, subject to the provisions of the Companies Act, the articles of the company and the Listings Requirements. Directors are authorised to issue shares in terms of the Adcock share schemes as set out in Annexure 19, post the listing and subsequent unbundling of Adcock.

16.6 Dividends and dividend policy

The Adcock directors intend to declare a dividend, on at least an annual basis. The dividend policy will be reviewed by the Adcock directors from time to time in light of the then prevailing circumstances and cash requirements of Adcock. The Adcock directors currently envisage that the total annual dividend will be covered three times by headline earnings.

Tiger Brands is expected to declare a final dividend in November 2008 and is expected to pay the dividend to shareholders in January 2009. This dividend will be for the second half of the financial year ending 30 September 2008 and will include the earnings of Adcock which would have been a wholly-owned subsidiary of Tiger Brands for five of the six-month period. Accordingly, Adcock will not be declaring a dividend for the year ending 30 September 2008 as a newly listed entity, but will first commence payment of a dividend for the six months ending 31 March 2009.

In accordance with the articles, the declaration of a dividend is at the discretion of the Adcock directors. Any dividend remaining unclaimed for a period of three years from its declaration may, provided that notice of the declaration has been given to the person entitled thereto by pre-paid letter sent to his last registered address, be forfeited by resolution of the directors for the benefit of the Adcock. There are no arrangements under which future dividends are waived or agreed to be waived.

On 30 May 2008, dividends totalling R10.3 million were declared and paid by the Adcock Group in favour of Tiger Brands.

16.7 Shareholdings

Adcock has been a wholly-owned subsidiary of Tiger Brands for the past eight years. Following the unbundling, there will be no controlling shareholder in Adcock. The registered office of Tiger Brands is 3010 William Nicol Drive, Bryanston, 2021.

16.8 Major shareholders

Immediately following the unbundling, Tiger Brands shareholders will hold Adcock shares in proportion to their shareholdings in Tiger Brands. Consequently, on a *pro rata* basis, the only Adcock shareholders, directly or indirectly, that will beneficially hold approximately 5% or more of the ordinary issued share capital of Adcock, immediately after the unbundling (based on their Tiger Brands shareholdings at the last practicable date), will be as follows:

Shareholder	**Number of ordinary shares held (direct and indirect beneficial)**	**Percentage holding in ordinary shares**
Public Investment Corporation Limited	19 241 809	11.15
Coronation Fund Managers	14 869 208	10.93
Allan Gray Investment Council	11 299 260	6.55
Investec Asset Management	10 154 941	5.88
Tiger Consumer Brands Limited	8 589 328	4.98

Save as indicated above and as at the last practicable date, the Adcock directors are not aware of any shareholder who is beneficially interested in approximately 5% or more of the issued share capital of Tiger Brands, and hence Adcock.

A register of beneficial interests in securities maintained in terms of section 140A of the Companies Act is available for inspection at Adcock's registered office.

16.9 Adcock share incentive schemes

The salient terms and conditions of the Adcock share incentive schemes are set out in Annexure 19 to this pre-listing statement, which schemes have been approved by Tiger Brands as the sole shareholder of Adcock.

16.10 Black Managers Trust

The Black Managers Trust was formed to benefit current and future black managers (as defined in the deed of the Black Managers Trust) of the Tiger Brands group (which included the Adcock Group). In October 2005, the Black Managers Trust acquired 4 381 831 Tiger Brands shares at a cost of R491 991 985. The Black Managers Trust funded the acquisition of the Tiger Brands shares out of contributions made by Tiger Brands group including Adcock. The companies that made the capital contributions to the Black Managers Trust became "Corporate Beneficiaries" of the trust. The Black Managers Trust is controlled by trustees elected by the black managers. The trustees will vote the Tiger Brands shares in the best interests of the black managers.

At the last practicable date, 608 black managers employed by the Tiger Brands group, including the Adcock Group, had been allocated vesting rights entitling them to receive 3 139 600 Tiger Brands shares at any time after the defined lock-in period (being 1 January 2015), subject to paying the required capital contribution to the trust; 233 (two hundred and thirty three) of these black managers are employed by the Adcock Group, with vesting rights in respect of 1 158 900 Tiger Brands shares.

A black manager who wishes to take ownership of the Tiger Brands shares after the lock-in period is required to exercise his vesting rights and thereafter make a capital contribution to the Black Managers Trust, the capital contribution being calculated in accordance with the formula set out in the deed of the Black Managers Trust ("the final capital contribution").

16.10.1 Effect of unbundling

16.10.1.1 In terms of the unbundling, the Black Managers Trust will, as a member of Tiger Brands, receive the same number of Adcock shares as it holds in Tiger Brands. The Black Managers Trust will, therefore, hold shares in both Tiger Brands and Adcock subsequent to the unbundling. Consequently, the vesting rights of the black managers will be extended to provide the black managers with an entitlement to take delivery of both Tiger Brands and Adcock shares (subject to the rules of the black managers' scheme as summarised above).

16.10.1.2 The rules of the black managers' scheme shall apply to all vesting rights (i.e. vesting rights in respect of both the Tiger Brands shares and the Adcock shares) allocated to black managers employed by Tiger Brands and its wholly-owned subsidiaries, as well as the Adcock Group.

16.10.1.3 Adcock shall remain a "Corporate Beneficiary" of the Black Managers Trust and the black managers employed by Adcock and its subsidiaries will continue to participate in the black managers scheme, but only in respect of vesting rights allocated to them prior to the last day to trade. No additional vesting rights shall be allocated to black managers employed by Adcock after the unbundling.

16.10.1.4 The final capital contribution payable by black managers will be apportioned between the Tiger Brands shares ("the Tiger Brands capital contribution") and the Adcock shares ("the Adcock capital contribution") on the following basis:

16.10.1.4.1 the Tiger Brands capital contribution payable shall be the final capital contribution multiplied by a value equal to the market price of a Tiger Brands share (being the 5 (five) day volume weighted average price at which the Tiger Brands shares trade on the JSE from the listing date of the Adcock shares) divided by the aggregate market price of a Tiger Brands share and an Adcock share (the market price of an Adcock share equal to the 5 (five) day volume weighted average price at which the Adcock shares trade on the JSE from the listing date of the Adcock shares);

16.10.1.4.2 the Adcock capital contribution payable shall be the final capital contribution multiplied by a value equal to the market price of an Adcock share (being the 5 (five)-day volume weighted average price at which the Adcock shares trade on the JSE from the listing date of the Adcock shares) divided by the aggregate market price of an Adcock share and a Tiger Brands share (the market price of a Tiger Brands share equal to the 5 (five)-day volume weighted average price at which the Tiger Brands shares trade on the JSE from the listing date of the Adcock shares);

16.10.1.4.3 the amendments required to be made to the black managers scheme do not require shareholder approval, nor the approval of any of the beneficiaries (as none are prejudiced). However, the approval of the trustees of the Black Managers Trust and the prior written approval of Tiger Brands is required and has been obtained.

PART G: ADCOCK SHAREHOLDER CONSIDERATIONS

17. ADCOCK SHAREHOLDER CONSIDERATIONS

17.1 Foreign shareholders

17.1.1 Introduction

Foreign shareholders may be affected by the unbundling having regard to prevailing laws in their relevant jurisdictions. Such foreign shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions in relation to all aspects of this pre-listing statement that may affect them, including the unbundling. It is the responsibility of each foreign shareholder to satisfy himself as to the full observation of the laws and regulatory requirements of the relevant foreign jurisdiction in connection with the unbundling, including the obtaining of any governmental, exchange or other consents or the making of any filings which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction. The unbundling is governed by the laws of the Republic of South Africa and is subject to any applicable laws and regulations, including the exchange control regulations. Any Tiger Brands shareholder who is in doubt as to his position with respect to the unbundling in any jurisdiction, including, without limitation, his tax status, should consult an appropriate independent professional adviser in the relevant jurisdiction without delay. Foreign shareholders are reminded that they may dispose of their Tiger Brands shares prior to the last date to trade in which case they will not participate in the unbundling.

17.2 Affected foreign shareholders

17.2.1 Foreign shareholders accordingly must take their own advice on whether they are entitled, after the distribution, to continue beneficially to hold any Adcock unbundled shares distributed to them and take the appropriate action in accordance with that advice.

17.2.2 Having regard to the number of foreign shareholders resident in the US, UK and Australia, Tiger Brands has taken advice from a reputable international law firm to the effect that, in respect of the aforesaid jurisdictions it is not anticipated that shareholders in these jurisdictions will be prohibited from continuing beneficially to hold the Adcock unbundled shares distributed to them (the attention of US shareholders is drawn to paragraph 17.3 below and paragraph 19.6 of the Tiger Brands circular in this regard). Notwithstanding the aforegoing and as set out above, it is the responsibility of each shareholder to take his own advice and act accordingly as aforesaid.

17.3 Note to US shareholders

17.3.1 The Adcock unbundled shares will not be registered with the US Securities and Exchange Commission ("SEC") under the US Securities Act of 1933, as amended, or any US state securities laws. Neither the SEC nor any US federal or state securities commission has registered, approved or disapproved the Adcock unbundled shares or passed comment or opinion upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the US.

17.3.2 Tiger Brands shareholders who are citizens or residents of the US are advised that the Adcock unbundled shares have not been and will not be registered under the US Securities Exchange Act of 1934, as amended. Adcock unbundled shares are exempt from the registration requirements of Section 12(g) of the US Securities Exchange Act in reliance on Rule 12g3-2(a) thereunder as Tiger Brands has determined it has fewer than 300 shareholders resident in the US.

Tiger Brands shareholders are referred to paragraphs 19 and 20 of the Tiger Brands circular for details relating to tax considerations and exchange control regulations.

18. ADDITIONAL INFORMATION

18.1 Properties and securities

18.1.1 Acquisitions

Details of material acquisitions made by the Adcock Group of a business or securities in any company in the three years prior to the date of this pre-listing statement are set out in Annexure 14 to this pre-listing statement. There are currently no proposed acquisitions by the Adcock Group of any securities, the business undertakings of any other companies or any immovable property or fixed assets or any options to acquire such property or fixed assets.

18.1.2 Disposals

Details of material disposals made by the Adcock Group of a business or securities in any company in the three years prior to the date of this pre-listing statement are set out in Annexure 14 to this pre-listing statement.

18.1.3 Call options

Details of material call options provided by the Adcock Group over securities in any company in the three years prior to the date of this pre-listing statement are set out in paragraph 2.5.2.

18.1.4 Material immovable property

Details of the material immovable properties owned and leased by the Adcock Group are set out in Annexure 15 to this pre-listing statement.

18.1.5 Operating leases

A summary of the Adcock Group's maximum annual contingent liability under operating leases (as set out in Note 5.2 of the year-end results at 30 September 2007 which forms part of Annexure 5 to this pre-listing statement) is given below:

	(R'000)
Operating lease commitments at 30 September 2007 which liability will be extinguished during the following financial years:	
Within 1 year	7 589
Between 1 and 5 years	11 772
Greater than 5 years	–

19. SPECIAL ARRANGEMENTS

No special arrangements, undertakings or agreements have been made or entered into between Tiger Brands, the Adcock Group or persons acting in concert with any of them, in relation to the unbundling, other than those disclosed in terms of the unbundling agreement.

20. SIGNIFICANT CONTRACTS

20.1 Other than the unbundling agreement, the Baxter option agreement (refer to paragraph 2.5.2) and the Competition Commission consent order agreement (refer to section 21.1), the Adcock Group has not entered into any other significant contracts outside the ordinary course of business. There are no transitional service agreements between the Tiger Brands Group and the Adcock Group.

20.2 Unbundling agreement

20.2.1 The unbundling agreement regulates the relationship between Tiger Brands and Adcock in relation to the unbundling, such as the structuring of the respective groups, the Adcock capital structure (including the net debt position of Adcock which upon unbundling will be approximately R250 million), matters relating to employee benefits, reciprocal indemnities in relation to historical guarantees, suretyships and related matters, insurance, certain intellectual property rights and the like.

20.2.2 The unbundling agreement also sets out the terms of a pre-emptive right given by Tiger Brands to Adcock in relation to the Adcock unbundled shares to be received by Tiger Consumer Brands Limited pursuant to it holding treasury shares on the record date.

20.2.3 As set out in paragraph 25.11, the full agreement is available for inspection by shareholders who require more information.

21. LITIGATION STATEMENT

21.1 Competition Commission investigation into, and proceedings against, Adcock Ingram Critical Care (Proprietary) Limited ("AICC"):

21.1.1 During 2005 and consequent upon receipt of certain information, the Competition Commission commenced an investigation into AICC and certain other parties in relation to their conduct in the public and private hospital markets.

21.1.2 Consequent upon the investigation referred to in paragraph 21.1.1, the Competition Commission referred a complaint ("Complaint Referral") to the Competition Tribunal in early 2008, in terms of which the Competition Commission alleged that AICC had during certain periods contravened:

21.1.2.1 section 4(1)(b)(ii) of the Competition Act by colluding with certain other parties in relation to contract RT 299, a tender issued by the State for the supply of pharmaceutical products, large volume parenterals, irrigation solutions, administration sets and accessories to State hospitals; and

21.1.2.2 section 4(1)(b)(iii) of the Competition Act by dividing the private hospital market by allocating customers and the provision of certain products and services among AICC and one other party.

21.1.3 Upon receipt of the Complaint Referral, Tiger Brands, AICC's ultimate holding company, conducted an investigation into the activities of AICC relative to the allegations referred to in paragraph 21.1.2. Tiger Brands, in its capacity as the ultimate holding company of AICC, thereafter approached the Competition Commission with a view to settling the matter.

21.1.4 On 9 May 2008, Tiger Brands, AICC and the Competition Commission concluded a consent order agreement ("consent order agreement") in terms of which AICC admitted to the allegations referred to in paragraph 21.1.2, gave certain undertakings, made certain confirmations and agreed to an administrative penalty of R53 502 800.

21.1.5 The consent order agreement was confirmed by the Competition Tribunal on 2 June 2008 and is in full and final settlement of all proceedings between the Competition Commission, AICC and Tiger Brands in relation to the allegations referred to in paragraph 21.1.2.

21.1.6 The managing executive of AICC elected to resign, which resignation was accepted and was effective 1 July 2008. No other current employees of AICC have been implicated in the allegations referred to in paragraph 21.1.2.

21.1.7 Adcock wishes to ensure that:

21.1.7.1 there have been no other material contraventions of law by the Adcock Group;

21.1.7.2 the Adcock Group in future conducts itself in compliance with all applicable laws, including the Competition Act, and that all its employees and directors adhere to its corporate values and code of ethics.

21.1.8 Accordingly:

21.1.8.1 a general compliance review of the entire Adcock Group has been conducted by an independent firm of attorneys. The issues that arose, which are not considered material, are being addressed; and

21.1.8.2 Adcock intends to develop and implement a compliance programme designed to ensure that the employees and directors of the Adcock Group do not engage in any contraventions of the Competition Act.

21.1.9 Media reports indicate that certain third parties may consider taking further action, including civil claims, against AICC in relation to such matter. To date AICC has received no formal indication from any third parties that they are considering any recourse against AICC. The risk also remains that AICC may, as a result of this matter, be prejudiced in its ability to participate in future private and public sector tenders, which then may become the subject of litigation.

21.2 Other than the matter described in paragraph 21.1 the Adcock directors are not aware of any other legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Adcock is aware), which may have, or have during the 12 months preceding the date of this pre-listing statement, have a material effect on the Group's financial position.

22. EXPENSES RELATING TO THE UNBUNDLING

The Adcock Group expects to pay (inclusive of VAT) the following:

- financial advisory and company sponsor fees to Deutsche Securities of approximately R5.7 million; and
- legal advisory fees of approximately R0.9 million to Read Hope Phillips.

All other professional fees and costs relating to the unbundling, including the once-off listing fee payable to the JSE, will be for the account of Tiger Brands.

No amounts were paid, or have accrued as payable, within three years preceding the last practicable date, or are proposed to be paid to any promoter.

No promoter had any material beneficial interest, direct, or indirect, in the promotion of Adcock or in any property acquired or proposed to be acquired by Adcock during the three years proceeding the last practicable date.

There has not been any underwriting in respect of the unbundling and accordingly no commissions have been payable. There has been no commissions, discounts, brokerage or other special terms granted during the three years proceeding the last practicable date in connection with the issue or sale of any securities, stock or debenture in the capital of Adcock, where this has not been disclosed in any audited annual financial statements.

23. DIRECTORS' RESPONSIBILITY STATEMENT

The Adcock directors, whose names are provided in paragraph 12.1, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this pre-listing statement contains all information required by law and the Listings Requirements.

24. CONSENTS AND INTERESTS

The persons whose details appear on the inside front cover of this pre-listing statement, have consented in writing to act in the capacity stated, and to their names being stated in this pre-listing statement, and have not withdrawn their consents prior to the publication of this pre-listing statement.

None of the persons whose details appear on the inside front cover of this pre-listing statement had any interest in the issued share capital of the company at the last practicable date, nor have they agreed to hold any of the issued share capital of the company.

The reporting accountants and auditors have given, and have not withdrawn, their consent to the issue of this pre-listing statement with their reports included herein in the form and context in which they appear.

25. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the registered office of Adcock from Tuesday 29 July 2008 until Friday, 29 August 2008:

25.1 a signed copy of this pre-listing statement (available in English only);

25.2 a copy of the Tiger Brands circular;

25.3 the memorandum and articles of association of Adcock;

25.4 Adcock executive directors' employment contracts;

25.5 the documents constituting the Adcock share incentive schemes;

25.6 the written consents of the persons referred to on the inside front cover of this pre-listing statement for the inclusion of their names in this pre-listing statement in the context and form which they appear;

25.7 the audited annual financial statements of Adcock for each of the three years ended 30 September 2005, 30 September 2006 and 30 September 2007; reviewed interim financial statements for the six months ended 31 March 2008; *pro forma* financials for the financial year ended 30 September 2007 and for the six months ended 31 March 2008;

25.8 the signed independent reporting accountants' report on the foregoing;

25.9 the signed Baxter option agreement;

25.10 the signed Competition Commission consent order agreement; and

25.11 the signed unbundling agreement.

By order of the Board

Ramani Naidoo
Company secretary

Midrand
29 July 2008

AUDITED HISTORICAL FINANCIAL INFORMATION OF ADCOCK INGRAM HOLDINGS LIMITED FOR THE YEAR ENDED 30 SEPTEMBER 2007

1. INTRODUCTION

Adcock Ingram Holdings Limited (formerly Newshelf 891 (Proprietary) Limited) was incorporated as a private company in the Republic of South Africa on 4 June 2007 and was converted into a public company on 4 February 2008. Adcock Ingram Holdings Limited acquired the entire share capital of the subsidiaries of Pharma I Holdings (Proprietary) Limited (formerly Adcock Ingram Holdings (Proprietary) Limited), namely Adcock Ingram Limited, Adcock Ingram Critical Care (Proprietary) Limited, Adcock Ingram Intellectual Property (Proprietary) Limited and Adcock Ingram Healthcare (Proprietary) Limited in terms of the reorganisation.

Tiger Brands Limited will distribute all of its shares in Adcock Ingram Holdings Limited to its shareholders in terms of the unbundling as contemplated in the pre-listing statement. At the listing date Adcock Ingram Holdings Limited will therefore hold the entire issued share capital of Adcock Ingram Limited, Adcock Ingram Critical Care (Proprietary) Limited, Adcock Ingram Intellectual Property (Proprietary) Limited and Adcock Ingram Healthcare (Proprietary) Limited. Adcock Ingram Holdings Limited will not have conducted any trading between the date of incorporation and 30 September 2007.

2. BASIS OF PREPARATION

The historic financial information of Adcock Ingram Holdings Limited presented below has been extracted and compiled from the audited financial statements of Adcock Ingram Holdings Limited for the period ended 30 September 2007. The financial statements are prepared in accordance with the accounting policies of Adcock Ingram Holdings Limited as detailed in paragraph 4 below.

3. FINANCIAL INFORMATION OF ADCOCK INGRAM HOLDINGS LIMITED

3.1 Balance sheet at 30 September 2007

	2007 R
ASSETS	
Cash and cash equivalents	1
EQUITY	
Share capital	1

3.2 Income statement

No income statement has been prepared for the period ended 30 September 2007 as Adcock Ingram Holdings Limited conducted no trading during this period.

3.3 Cash flow statement and statement of changes in equity

No cash flow statement or statement of changes in equity have been prepared as the only transaction for the period ended 30 September 2007 was the R1 raised in respect of the share issued.

4. ACCOUNTING POLICIES

4.1 Basis of preparation

The financial statements of Adcock Ingram Holdings Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) on the historical cost basis.

4.2 Underlying concepts

The financial statements are prepared on the going concern basis, which assumes that the entity will continue in operation for the foreseeable future.

The financial statements are prepared using accrual accounting whereby the effects of transactions and other events are recognised when they occur rather than when the cash is received.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are offset and the net amount reported only when a current legally enforceable right to set-off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Accounting policies are the specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements. Changes in accounting policies are accounted for in accordance with the transitional provisions in the standard. If no such guidance is given, they are applied retrospectively, i.e. as if the accounting policy had always been applied in the past. However, if it is impracticable to apply the change retrospectively, i.e. after every reasonable effort was made to do so, the change is applied prospectively from the beginning of the earliest period for which retrospective application is practicable.

Changes in accounting estimates are adjustments to assets or liabilities or the amounts of periodic consumption of assets that result from new information or new developments. Such changes are recognised in profit or loss in the period they occur.

Prior period errors are omissions from or misstatements in the financial statements for one or more prior periods arising from a failure to use, or the misuse of, reliable information that was available when the financial statements for those periods were authorised for issue and could reasonably be expected to have been obtained. Where such prior period errors are material, they are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively from the beginning of the earliest period for which retrospective application is practicable. Retrospective restatement is correcting the recognition, measurement and disclosure of amounts as if a prior period error had never occurred.

4.3 Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, cash in banks, short-term deposits and highly liquid investments.

4.4 Share capital

4.4.1 Authorised

1 000 ordinary shares of R1.00 each.

4.4.2 Issued

1 ordinary share of R1.00.

4.5 Post-balance sheet events

In terms of the internal reorganisation of certain Tiger Brands group companies conducted prior to the proposed unbundling of the Adcock Ingram Group by Tiger Brands, post-year-end, Adcock Ingram Holdings Limited acquired all the shares in the relevant subsidiaries of Adcock Ingram Holdings (Proprietary) Limited. As a result, the authorised share capital of Adcock Ingram Holdings Limited was increased to 250 000 000 shares and a further 172 478 586 shares were issued in Adcock Ingram Holdings Limited. The shares in Adcock Ingram Holdings Limited were issued at a par value of ten cents each plus an aggregate premium of R1 187.1 million. Tiger Brands Limited will distribute all of its shares in Adcock Ingram Holdings Limited to its shareholders as a dividend *in specie*.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE AUDITED HISTORICAL FINANCIAL INFORMATION OF ADCOCK INGRAM HOLDINGS LIMITED FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2007

"The Directors
Adcock Ingram Holdings Limited
1 New Road
Midrand
1685

16 July 2008

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE HISTORICAL FINANCIAL INFORMATION

We have audited the annual financial statements of Adcock Ingram Holdings Limited at 30 September 2007 as set out in Annexure 1. The compilation, contents and presentation of these financial statements are the responsibility of the Adcock Ingram Holdings Limited's directors. Our responsibility is to express an opinion on the historical financial information included in Annexure 1 to the pre-listing statement.

Scope

We have conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures of the abovementioned historical financial information. An audit also includes assessing the accounting principles used and significant estimates made by management; as well as evaluating the overall historical financial information presentation. We believe that our audit provides a reasonable basis for our audit opinion.

Audit Opinion

In our opinion, the historical financial information fairly presents, in all material respects, the financial position of Adcock Ingram Holdings Limited at 30 September 2007 in accordance with International Financial Reporting Standards, in the manner required by the Companies Act and the JSE Listings Requirements.

Derek Engelbrecht
Partner

Ernst & Young Inc.

Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg"

REVIEWED HISTORICAL FINANCIAL INFORMATION OF ADCOCK INGRAM HOLDINGS LIMITED FOR THE SIX MONTHS ENDED 31 MARCH 2008

1. INTRODUCTION

Adcock Ingram Holdings Limited (formerly Newshelf 891 (Proprietary) Limited) was incorporated as a private company in the Republic of South Africa on 4 June 2007 and was converted into a public company on 4 February 2008. Adcock Ingram Holdings Limited acquired the entire share capital of the subsidiaries of Pharma I Holdings (Proprietary) Limited (formerly Adcock Ingram Holdings (Proprietary) Limited), namely Adcock Ingram Limited, Adcock Ingram Critical Care (Proprietary) Limited, Adcock Ingram Healthcare (Pty) Ltd and Adcock Ingram Intellectual Property (Proprietary) Limited in terms of the reorganisation. Tiger Brands Limited will distribute all of its shares in Adcock Ingram Holdings Limited to its shareholders in terms of the unbundling as contemplated in the pre-listing statement. At the listing date Adcock Ingram Holdings Limited will therefore hold the entire issued share capital of Adcock Ingram Limited, Adcock Ingram Critical Care (Proprietary) Limited, Adcock Ingram Intellectual Property (Proprietary) Limited and Adcock Ingram Healthcare (Proprietary) Limited. Adcock Ingram Holdings Limited will not have conducted any trading between date of incorporation and the listing date.

2. BASIS OF PREPARATION

The historic financial information of Adcock Ingram Holdings Limited presented below has been extracted and compiled from the reviewed financial statements of Adcock Ingram Holdings Limited for the six-month period ended 31 March 2008. The financial statements are prepared in accordance with the accounting policies of Adcock Ingram Holdings Limited as detailed in paragraph 4 below.

3. FINANCIAL INFORMATION OF ADCOCK INGRAM HOLDINGS LIMITED

3.1 Balance sheet at 31 March 2008

	2008 R'000
ASSETS	
Investments in subsidiaries	3 366 886
EQUITY	
Share capital	17 248
Share premium	1 187 121
LONG-TERM LIABILITIES	
Inter-group loans	2 162 517
	3 366 886

3.2 Income statement

No income statement has been prepared for the period ended 31 March 2008 as Adcock Ingram Holdings Limited conducted no trading during this period.

3.3 Cash flow statement and statement of changes in equity

No cash flow statement or statement of changes in equity have been prepared as the company did not trade during the six-month period ended 31 March 2008.

4. ACCOUNTING POLICIES

4.1 Basis of preparation

The financial statements of Adcock Ingram Holdings Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) on the historical cost basis.

4.2 Underlying concepts

The financial statements are prepared on the going concern basis, which assumes that the entity will continue in operation for the foreseeable future.

The financial statements are prepared using accrual accounting whereby the effects of transactions and other events are recognised when they occur rather than when the cash is received.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are offset and the net amount reported only when a current legally enforceable right to set-off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Accounting policies are the specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements. Changes in accounting policies are accounted for in accordance with the transitional provisions in the standard. If no such guidance is given, they are applied retrospectively, i.e. as if the accounting policy had always been applied in the past. However, if it is impracticable to apply the change retrospectively, i.e. after every reasonable effort was made to do so, the change is applied prospectively from the beginning of the earliest period for which retrospective application is practicable.

Changes in accounting estimates are adjustments to assets or liabilities or the amounts of periodic consumption of assets that result from new information or new developments. Such changes are recognised in profit or loss in the period they occur.

Prior period errors are omissions from or misstatements in the financial statements for one or more prior periods arising from a failure to use, or the misuse of, reliable information that was available when the financial statements for those periods were authorised for issue and could reasonably be expected to have been obtained. Where such prior period errors are material, they are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively from the beginning of the earliest period for which retrospective application is practicable. Retrospective restatement is correcting the recognition, measurement and disclosure of amounts as if a prior period error had never occurred.

4.3 Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, cash in banks, short-term deposits and highly liquid investments.

4.4 Share capital

4.4.1 Authorised

250 000 000 ordinary shares of R0.10 each.

4.4.2 Issued

172 478 596 ordinary share of R0.10.

4.5 Post-balance sheet events

None.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE REVIEWED HISTORICAL FINANCIAL INFORMATION OF ADCOCK INGRAM HOLDINGS LIMITED FOR THE SIX MONTHS ENDED 31 MARCH 2008

"The Directors
Adcock Ingram Holdings Limited
1 New Road
Midrand
1685

16 July 2008

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE HISTORICAL FINANCIAL INFORMATION

We have reviewed the accompanying balance sheet of the company at 31 March 2008. The balance sheet is the responsibility of the company's management. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard of Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters than might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying balance sheet is not prepared, in all material respects, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Derek Engelbrecht
Partner

Ernst & Young Inc.

Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg"

AUDITED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF THE ADCOCK GROUP FOR THE THREE YEARS ENDED 30 SEPTEMBER 2005, 30 SEPTEMBER 2006 AND 30 SEPTEMBER 2007

ADCOCK INGRAM HOLDINGS (PROPRIETARY) LIMITED

Introduction

The audited historical consolidated information in this Annexure was prepared for Adcock Ingram Holdings (Proprietary) Limited. The company was incorporated as a private company in the Republic of South Africa in 1978.

This information includes the combined financial statements of Adcock Ingram Holdings (Proprietary) Limited's subsidiaries, namely Adcock Ingram Limited, Adcock Ingram Healthcare (Proprietary) Limited, Adcock Ingram Critical Care (Proprietary) Limited and Adcock Ingram Intellectual Property (Proprietary) Limited and their subsidiaries (hereafter "the Adcock Group").

In terms of the internal reorganisation of certain Tiger Brands Group companies conducted prior to the unbundling, various changes were made to the above structure (hereafter "the reorganisation"). As the reorganisation will result in certain of the companies remaining with the Tiger Brands Group, such companies will not form part of the proposed unbundling. The historical consolidated financial information as set out in this Annexure was prepared for the Adcock Group (prior to the reorganisation). The *pro forma* financial information prepared for the new holding company, Adcock Ingram Holdings Limited (formerly Newshelf 891 (Proprietary) Limited), for the financial period ended 30 September 2007 as set out in Annexure 9, however, makes adjustment for the reorganisation. This *pro forma* financial information is the responsibility of the directors of Adcock Ingram Holdings Limited.

This Annexure sets out the historical consolidated financial information of the Adcock Group for the financial period ended 30 September 2005, 30 September 2006 and 30 September 2007. This financial information has been audited by Ernst & Young Inc. and reported on without qualification. Refer to Annexure 6 for the audit report.

This historical consolidated financial information is the responsibility of the directors of the Adcock Group.

Commentary on the Adcock Group

The Adcock Group is part of the JSE listed Tiger Brands Group, and is a leading South African healthcare group. It is also the longest standing pharmaceutical company in South Africa, with humble beginnings from a small pharmacy in Krugersdorp 116 years ago. The Adcock Group has an extensive range of prescription, generic and OTC products and also provides life saving hospital equipment, diagnostic products and services. To complement a full range of generics and prescription medicines across all therapeutic classes, the Adcock Group recently launched a range of generic ARVs. These were developed in-house by a team of senior researchers at the Adcock Group's WHO approved research site in Aeroton.

The only material change in the nature of the business of the Adcock Group in the 2007 financial year related to the sale of the Consumer Division to Tiger Consumer Brands Limited on 1 April 2007. Shareholders are referred to Note 32 of Annexure 5 on page 127 (segmental disclosure) for an indication as to what the financial statements of Adcock would have approximated without the Consumer Division for the past three financial years.

Year ended 30 September 2007

The Adcock Group experienced both margin and market share erosion due to the extremely competitive trading environment and the inability to pass on resultant cost increases. Revenue growth of 2% in 2007 was disappointing, particularly in light of the growth in the industry and the price increase granted in January 2007. This lack of growth relative to the market was evidenced in the group relinquishing its position as the top pharmaceutical company by sales market share. The primary under-performance was in the Pharmaceutical division. The Prescription division experienced the biggest challenge in an extremely competitive environment. Despite this, branded products, notably Myprodol, Synap Forte and Adco Zolpidem showed impressive growth. OTC performance was below expectations, negatively impacted by the rationalisation of certain tail-end products. Despite this, key pharmacy brands such as Adco-Dol, Corenza C and Vita-Thion recorded market share growth in an intensely competitive market. In the FMCG channel, the performance was better than in pharmacy, with several products showing double digit growth. The margin in the Pharmaceutical division was further impacted by rationalisation costs at the Clayville facility and poor overhead recoveries at this plant as a result of the manufacture of certain oral solid dosage forms being transferred to the facility in India, as well as by a strike at the Wadeville facility over a wage-dispute and ongoing maintenance to maintain MCC accreditation.

Revenue growth in the Hospital Products division was 6%. This segment showed good momentum in transfusion therapies, IV fluids and hospital pharmaceuticals in critical care, and in clinical and molecular biology in The Scientific Group. Overall the environment remained highly competitive with intense competition from lower priced imports, particularly in the medical disposables market. The division's gross profit margin declined, primarily as a result of material growth in the lower margin revenues of The Scientific Group. Margins of the division were also negatively impacted by an increase in depreciation as a result of the purchase and installation of new infusion pumps in line with the requirements of its international principal.

Year ended 30 September 2006

The Adcock Group saw strong growth in 2006, with 19 new products registered and launched. Margins however were reduced by cost increases in active pharmaceutical ingredients, fuel, labour, the adverse effect of the rand/dollar exchange rate and the inability to take price increases in scheduled medicines. The business grew satisfactorily, positioning Adcock Ingram strongly in the central nervous system and feminine health categories, where it had not been a major participant. The tender category, which represents both the Prescription and OTC product mix in the public sector, showed good growth, with sales growing over 38%, driven by a 30% volume increase.

The Prescription category's competence in the cardiovascular market continued to grow, making the business the leader in private market unit sales. Raising product awareness among doctors was markedly successful, with Adcock Ingram increasing market share in the number of prescriptions written by doctors from 18.6% in 2004 to 20.3% in the review period. Notably, Adco-Simvastatin generated almost the same number of prescriptions for cholesterol treatment in the South African market as the world's largest selling cholesterol-reducing drug. Market share and sales were affected by low stock levels due to capacity constraints in the factories. Sales revenues also suffered in a deflationary environment, although countered to some extent by strong volume growth.

The OTC business performed well, with introduction of the Vita-Thion brand providing an opportunity to deepen the company's understanding of the Energy Tonics market. Although the restriction on advertising Schedule 2 products directly to the consumer remained a challenge, Adcock's OTC portfolio was better placed than that of its competitors due to its basket of strong brand names such as Corenza C, Syndol, Alcophyllex and Adco-Dol.

The Hospital Products business achieved good revenue growth and successfully consolidated the acquisition of The Scientific Group. Operating income showed solid growth in a deflationary environment and in the face of intense competition from lower-priced imports, particularly in the medical disposables market. Prices of registered products were limited to 2003 levels following the imposition of single exit price controls, resulting in constrained growth. The Renal business continued its strong organic growth and maintained market share against global competition. No price increases were taken on peritoneal dialysis solutions. There was no significant increase in blood donations for the year, despite efforts to expand the pool of donors and optimise the safety profile of blood collected, which affected the sale of transfusion products.

In Medicine Delivery, the infusion pumps business increased market share on the back of new technologies and accessories. In the wound care and ostomy market, new products in the ConvaTec range were launched, marketed and distributed under license from BMS. Good growth was recorded from the range of nebulising solutions prescribed to treat respiratory diseases such as bronchial asthma, chronic bronchitis and emphysema. Adcock Ingram Critical Care also increased market share in the competitive private and public sector haemodialysis markets with Baxter machines and disposables, and the acquisition of new product lines from new principals. The Scientific Group performed well, with strong revenue and profit growth driven in large part by a substantially improved contribution from the growing medical division, which was restructured earlier in the year.

Year ended 30 September 2005

The Pharmaceuticals division of the Adcock Group delivered an excellent performance. The Branded Medicines category performed strongly, supported by good margins from established brands such as Myprodol and Lentogesic, while the Generics category had an exceptional year with turnover growth of 35% and a second place ranking in the local market.

Adco Simvastatin ranked seventh on the IMS Leading Brands table. Adcock Ingram became the only company to have two brands in the Top Fifteen leading products by value in the Total Private Market, with Adco Simvastatin and Adco-Dol ranking number 5 and number 12, respectively. Market issues such as pricing regulations, international benchmarking, the Code of Marketing practice and the GEMS (Government Employee Medical Scheme) represented both challenges and opportunities for the industry.

The prescription and OTC categories within the Pharmaceutical division delivered an excellent performance with the overall pharmaceutical business maintaining its market leadership position (12.7% as measured by IMS) and the consolidated generic market share ranking second in the local market (IMS: 26.9%). Profits were enhanced by the addition of 15 new products and good organic growth off the base business. Concentrated marketing efforts underpinned Myprodol sales, which resulted in another strong performance for the flagship brand. The OTC category performed well during 2005 and continued to dominate key therapeutic classes within pharmacies. The new legislation appeared to favour companies with entrenched brands, resulting in strong growth within key brands such as Corenza C and Inteflora. Some of the major challenges faced during the year related to heavy price competition amongst generic products where, in some cases, prices were forced down by up to 45%. This was countered, however, by reducing costs through continuous improvement initiatives. Myprodol sales doubled both in units and in value compared to 2004, making it the second largest brand in the total South African Private Market. Adcock Ingram excelled in the cardiovascular market where it improved to the number two ranking in both units and value. Similarly, the company ranked second in the chronic medicines sector.

The Hospital Products business achieved modest growth in turnover and operating income, amidst intense competition from lower cost imports in the intravenous solutions and medical disposables markets. The acquisition of a 74% share of The Scientific Group however, enhanced the business in both the clinical and the medical markets. The Renal business showed strong organic growth and market share was maintained in the face of global competition. In Medicine Delivery, the infusion pump business recorded good growth and increased market share, with new technologies and accessories contributing to this performance. The expansion into the wound care and ostomy market continued, with good growth from the ConvaTec range. A comprehensive range of nebulising solutions prescribed to treat respiratory diseases such as bronchial asthma, chronic bronchitis and emphysema, also generated good growth. There was an increase in market share in the highly competitive haemodialysis market in both the private and public sectors. New technology from Baxter to improve the efficiency of blood donation came under evaluation at the SANBS and staff training commenced. The rapid tests for malaria, pregnancy and HIV, together with molecular biology products for DNA analysis, recorded strong growth.

ADCOCK INGRAM HOLDINGS (PROPRIETARY) LIMITED

CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED 30 SEPTEMBER

	Notes	2007 R'000	2006 R'000	2005 R'000
REVENUE	3	**2 989 432**	**3 866 660**	**3 332 819**
TURNOVER	3	**2 879 228**	**3 831 524**	**3 317 525**
Net profit before interest and taxation		**961 146**	**1 244 264**	**1 242 185**
Finance income	4.1	110 204	35 136	15 294
Finance cost	4.2	(226 233)	(184 102)	(332 065)
Profit before taxation and abnormal items	5	**845 117**	**1 095 298**	**925 414**
Abnormal items	6	(45 443)	247	91 310
Profit before taxation		**799 674**	**1 095 545**	**1 016 724**
Taxation	7	(233 289)	(296 898)	(243 035)
Net profit from continuing operations		**566 385**	**798 647**	**773 689**
Discontinued operation	8	1 784 484	–	–
Net profit for the year		**2 350 869**	**798 647**	**773 689**
Attributable to:				
Ordinary shareholders		2 343 163	789 129	769 088
Minorities		7 706	9 518	4 601
		2 350 869	**798 647**	**773 689**

ADCOCK INGRAM HOLDINGS (PROPRIETARY) LIMITED

CONSOLIDATED BALANCE SHEETS
AT 30 SEPTEMBER

	Notes	2007 R'000	2006 R'000	2005 R'000
ASSETS				
Property, plant and equipment	9	261 407	297 756	259 785
Deferred taxation	10	9 440	24 052	24 185
Investments	11	28 640	1 185	–
Capital contribution to Tiger Brands Black Managers Trust		199 195	206 854	–
Intangible assets	12	234 845	602 365	477 512
Non-current assets		**733 527**	**1 132 212**	**761 482**
Inventories	13	433 832	501 942	410 094
Trade and other receivables	14	668 324	859 704	697 946
Taxation overpaid		23 482	41 756	–
Amounts owing by group companies	15.1	3 660	4 200	–
Amounts owing by group companies – Interest bearing	15.2	1 934 867	–	–
Cash and cash equivalents	16	757 407	652 574	235 359
Current assets		**3 821 572**	**2 060 176**	**1 343 399**
Total assets		**4 555 099**	**3 192 388**	**2 104 881**
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	17	*	*	*
Non-distributable reserves	18	59 129	48 579	36 205
Retained income/(Accumulated deficit)		339 092	(1 985 141)	(2 738 837)
Total shareholder's funds/(deficit)		398 221	(1 936 562)	(2 702 632)
Minority Interest		22 036	17 829	4 139
Amounts owing to holding company	15.4	1 552 427	2 303 497	3 318 336
Total equity		**1 972 684**	**384 764**	**619 843**
Long-term liabilities	19	415 607	620 346	720 591
Post-retirement medical liability	25	12 830	13 928	13 581
Non-current liabilities		**428 437**	**634 274**	**734 172**
Bank overdraft	16	1 525 267	1 343 844	34 572
Trade and other payables	20	450 074	597 007	501 817
Short-term borrowings	19	109 948	103 311	81 240
Provisions	21	39 711	56 140	65 116
Taxation payable		–	73 048	68 121
Amounts owing to group companies	15.3	28 262	–	–
Shareholders for dividends		716	–	–
Current liabilities		**2 153 978**	**2 173 350**	**750 866**
Total equity and liabilities		**4 555 099**	**3 192 388**	**2 104 881**

** Less than R1 000.*

ADCOCK INGRAM HOLDINGS (PROPRIETARY) LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 30 SEPTEMBER

	Attributable to equity holders of the parent					
	Share capital R'000	**Retained Income/ (Accu-mulated deficit) R'000**	**Non-distribu-table reserves R'000**	**Total R'000**	**Minority interests R'000**	**Total equity R'000**
Balance at 30 September 2004 – as previously reported	*	(3 161 264)	23 226	(3 138 038)	3 960	(3 134 078)
Prior year IFRS 2 adjustment		(2 816)	2 816	–	–	–
Balance at 30 September 2004 – as adjusted	*	(3 164 080)	26 042	(3 138 038)	3 960	(3 134 078)
Net profit for the year		769 088	–	769 088	4 601	773 689
Transfer of retained income		(7 276)	7 276	–	–	–
Dividends on ordinary shares		(336 569)	–	(336 569)	(4 422)	(340 991)
Share-based payment reserve		–	2 887	2 887	–	2 887
Balance at 30 September 2005	*	**(2 738 837)**	**36 205**	**(2 702 632)**	**4 139**	**(2 698 493)**
Net profit for the year		789 129	–	789 129	9 518	798 647
Dividends on ordinary shares		(35 433)	–	(35 433)	(4 799)	(40 232)
Minority portion of business combination		–	–	–	8 971	8 971
Share-based payment reserve		–	10 295	10 295	–	10 295
Hedge accounting reserve		–	2 079	2 079	–	2 079
Balance at 30 September 2006	*	**(1 985 141)**	**48 579**	**(1 936 562)**	**17 829**	**(1 918 733)**
Net profit for the year		2 343 163	–	2 343 163	7 706	2 350 869
Dividends on ordinary shares		(18 930)	–	(18 930)	(5 004)	(23 934)
Minority portion of business combination		–	–	–	1 505	1 505
Share-based payment reserve		–	13 110	13 110	–	13 110
Hedge accounting reserve		–	(2 560)	(2 560)	–	(2 560)
Balance at 30 September 2007	*	**339 092**	**59 129**	**398 221**	**22 036**	**420 257**

** Less than R1 000.*

ADCOCK INGRAM HOLDINGS (PROPRIETARY) LIMITED

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	2007 R'000	2006 R'000	2005 R'000
Cash flows from operating activities				
Operating profit before working capital changes	22.1	1 183 066	1 301 132	1 283 845
Working capital changes	22.2	(9 297)	(150 931)	34 616
Cash generated from operations		**1 173 769**	**1 150 201**	**1 318 461**
Finance income	4.1	110 204	35 136	15 294
Finance cost	4.2	(226 233)	(184 102)	(332 065)
Dividends paid	22.3	(23 218)	(40 232)	(340 991)
Taxation paid	22.4	(325 440)	(335 171)	(248 589)
Net cash inflow from operating activities		**709 082**	**625 832**	**412 110**
Cash flows from investing activities				
Capital contribution to Tiger Brands Black Managers Trust		–	(206 854)	–
Purchase of intangible assets		(23 605)	(39 331)	(75 500)
Proceeds on disposal of the Consumer division	22.8	2 063 388	–	–
Cost of business acquired	22.5 – 22.7	(1 500)	(109 115)	–
Purchase of property, plant and equipment		(71 880)	(72 265)	(49 311)
Proceeds on disposal of property, plant and equipment		1 780	11 310	877
Cash related abnormal items		6 216	247	88 553
Net cash inflow/(outflow) from investing activities		**1 974 399**	**(416 008)**	**(35 381)**
Cash flow from financing activities				
Increase in loan made to fellow subsidiary		(1 934 327)	–	–
Proceeds on sale of investments		–	–	1 958 693
(Decrease)/Increase in amounts owing to holding company		(751 070)	(1 014 839)	253 220
Long-term liabilities raised		–	3 592	332
Short-term liabilities repaid		(103 347)	(85 249)	(2 093 437)
Decrease/(Increase) in net amounts owing by group companies		28 028	(4 200)	2 577
Decrease/(Increase) in loans and advances		645	(1 185)	2 260
Increase in investments		–	–	(239 096)
Net cash outflow from financing activities		**(2 760 071)**	**(1 101 881)**	**(115 451)**
Net (decrease)/increase in cash and cash equivalents		(76 590)	(892 057)	261 278
Cash and cash equivalents at beginning of year		(691 270)	200 787	(60 491)
Cash and cash equivalents at end of year	16	**(767 860)**	**(691 270)**	**200 787**

ADCOCK INGRAM HOLDINGS (PROPRIETARY) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The consolidated annual financial statements in respect of 2005, 2006 and 2007 have been prepared in accordance with International Financial Reporting Standards ("IFRS") on the going concern basis. IFRS1: First-time Adoption of International Financial Reporting Standards, was applied in 2005 in preparing these financial statements.

Reconciliations and descriptions of the effect of the transition from South African Generally Accepted Accounting Practice to IFRS on the group's equity and its net income are given in Note 2.

The consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments and available-for-sale investments that have been measured at fair value.

1.2 Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiaries (as well as special purpose entities controlled by the group or company). The financial statements of the subsidiaries are prepared for the same reporting period using consistent accounting policies.

The results of subsidiaries acquired are included in the consolidated financial statements from the date of acquisition, being the date on which the group obtains control and continue to be consolidated until the date that such control ceases.

Subsidiaries acquired with the intention of disposal within 12 months are consolidated in line with the principles of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, and disclosed as held for sale.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests represent the portion of profit or loss, or net assets not held by the group. It is presented separately in the consolidated income statement, and in the consolidated balance sheet, separately from own shareholder's equity. Subsequent acquisitions of minority interests are accounted for using the entity concept method, whereby the difference between the consideration and the book value of the share of the net assets is recognised as an equity transaction.

1.3 Underlying concepts

The consolidated financial statements are prepared on the going concern basis, which assumes that the entity will continue in operation for the foreseeable future.

The consolidated financial statements are prepared using accrual accounting whereby the effects of transactions and other events are recognised when they occur, rather than when the cash is received.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are offset and the net amount reported only when a current legally enforceable right to set-off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Accounting policies are the specific principles, bases, conventions, rules and practices applied in preparing and presenting consolidated financial statements. Changes in accounting policies are accounted for in accordance with the transitional provisions in the standard. If no such guidance is given, they are applied retrospectively, i.e. as if the accounting policy had always been applied in the past. However, if it is impracticable to apply the change retrospectively, i.e. every reasonable effort was made to do so the change is applied prospectively from the beginning of the earliest period for which retrospective application is practicable.

Changes in accounting estimates are adjustments to assets or liabilities or the amounts of periodic consumption of assets that result from new information or new developments. Such changes are recognised in profit or loss in the period they occur.

Prior period errors are omissions from or misstatements in the consolidated financial statements for one or more prior periods arising from a failure to use, or the misuse of, reliable information that was available when the consolidated financial statements for those periods were authorised for issue and could reasonably be expected to have been obtained. Where such prior period errors are material, they are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively from the beginning of the earliest period for which retrospective application is practicable. Retrospective restatement is correcting the recognition, measurement and disclosure of amounts as if a prior period error had never occurred.

1.4 Foreign currencies

The financial statements are presented in South African Rand, which is the group's functional and presentation currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

1.5 Derecognition of assets and liabilities

Financial assets or parts thereof are derecognised, i.e. removed from the balance sheet, when the contractual rights to receive the cash flows have been transferred or have expired or if substantially all the risks and rewards of ownership have passed. Where substantially all the risks and rewards of ownership have not been transferred or retained, the financial assets are derecognised if they are no longer controlled. However, if control in this situation is retained, the financial assets are recognised only to the extent of the continuing involvement in those assets.

All other assets are derecognised on disposal or when no future economic benefits are expected from their use or on disposal. Financial liabilities are derecognised when the relevant obligation has either been discharged or cancelled or has expired.

1.6 Post-balance sheet events

Recognised amounts in the consolidated financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note.

1.7 Comparative figures

Comparative figures are restated in the event of a change in accounting policy or prior period error. No comparative figures have been restated.

1.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is initially recognised at fair value on the date of acquisition.

Internally generated intangible assets are not capitalised and expenditure is charged to the income statement in the year in which the expense is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an asset with finite useful lives are reviewed at each financial year-end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating level. Such intangibles are not amortised.

Changes to the useful lives of intangible assets with both finite and indefinite lives are made on a prospective basis.

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

Development costs, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before starting commercial production or use, are capitalised only when and if they meet the criteria for capitalisation. Otherwise they are recognised in profit or loss.

1.9 Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset, unless the asset is carried at revalued amount, in which case the impairment is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.10 Investments

Listed and unlisted investments, other than investments in associates, subsidiaries and joint ventures, are classified as available-for-sale.

Listed investments are subsequently measured at fair value with fair value adjustments recognised as a separate component of equity. The fair value is determined by the market price of the various investments' shares at each reporting date.

Unlisted investments are subsequently measured at fair value with fair value adjustments recognised as a separate component of equity. If fair value cannot be reliably measured, the investment is carried at cost, subject to an impairment review at each balance sheet date. The fair value is determined using various valuation models applicable to the type of investment being fair valued. These valuations are done at each reporting date.

When these investments are sold, collected, or otherwise disposed of, the cumulative gain or loss previously recognised in equity is recognised in net profit or loss for the period.

1.11 Loans and advances receivable

Loans and advances receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

1.12 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash in banks, short-term deposits, bank overdrafts and highly liquid investments.

1.13 Trade and other receivables

Trade receivables, which generally have 30 – 60-day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the group will not be able to collect the debts. The allowance raised is the amount needed to reduce the carrying value to the present value of expected future cash receipts. Bad debts are written off when identified. Where an amount is written off, recovery procedures are nevertheless continued and credits are only recognised for amounts actually recovered.

1.14 Inventories

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process. Inventories are stated at the lower of cost or net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials – purchase cost on a first-in, first-out basis.
- Finished goods and partly processed goods – cost of raw materials, and, where appropriate, direct labour costs and a portion of overhead expenditure.
- Consumables are written down with regard to their age, condition and utility.

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

Redundant and slow-moving inventories are identified and written down to their realisable values.

1.15 Property, plant and equipment

Property, plant and equipment are stated at cost to the group less accumulated depreciation and accumulated impairment losses. Assets subject to finance lease agreements are capitalised at their fair value or, if lower, the present value of the minimum lease payments and the corresponding liabilities raised.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. When each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Interest on funds expended on qualifying assets is capitalised up to the date that the assets are substantially complete.

Depreciation is calculated on the difference between the cost and residual value of assets over their estimated useful lives when the asset is available for use. Useful life is the period over which an asset is expected to be available for use by the business. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Freehold land is not depreciated. All buildings are depreciated. Leasehold improvements to buildings are amortised over their lease periods. Other property, plant and equipment are depreciated on the straight-line basis over their anticipated useful lives that are:

Freehold buildings	
– general purpose	40 years
– specialised	20 – 50 years
Leasehold buildings	lease term
Vehicles and computer equipment	3 – 5 years
Plant, equipment and vessels	5 – 15 years
Capitalised leased assets	lesser period of the lease term or useful life

1.16 Trade and other payables

Trade payables are non-interest bearing and carried at the original invoice amount.

1.17 Provisions

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks relevant to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Dividends and their related Secondary Taxation on Companies ("STC") are accrued in the period in which the dividend is declared.

Leave pay is provided on accumulated leave balances at year-end based on employees' cost to group.

1.18 Interest bearing loans and borrowings

All loans and borrowings are initially measured at the fair value of the consideration received less directly attributable transaction costs. Subsequently, interest bearing loans and borrowings are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised, as well as through the amortisation process.

1.19 Leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred from the lessor to the group as lessee.

Finance lease payments are allocated, using the effective interest rate method, between the lease finance cost, which is included in financing costs, and the capital repayment, which reduces the liability to the lessor.

Operating leases are those leases which do not fall within the scope of the above definition. Operating lease rentals are charged against trading profit on a straight-line basis over the lease term.

1.20 Financial instruments

Financial instruments recognised on the balance sheet include preference shares, investments, loans and accounts receivable, cash and cash equivalents, derivative instruments, accounts payable and interest bearing borrowings.

Financial instruments are initially recognised when the group becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at the fair value (including transaction costs) of the consideration given (in the case of an asset) or received (in the case of a liability). Where applicable, the group has adopted trade date accounting for "regular way" purchases or sale of financial assets. The trade date is the date that the group commits to purchase or sell an asset.

Financial assets are classified into the following categories:

- Financial assets held for trading: Those acquired principally for the purpose of selling in the near term or as part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.
- Derivatives (other than those designated as effective hedging instruments): Financial instruments whose values change in response to an underlying factor, require no initial or little net investment in relation to other types of contracts that would be expected to have a similar response to changes in market factors and are settled at a future date.
- Financial assets at fair value through profit or loss: Financial assets classified as held for trading, derivatives and those designated at fair value through profit or loss on initial recognition. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are excluded from this category.
- Held-to-maturity investments: Non-derivative financial assets with fixed or determinable payments and fixed maturities where there is a positive intention and ability to hold them to maturity.
- Loans and receivables: Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- Available-for-sale financial assets: Those non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables or held-to-maturity investments or financial assets at fair value through profit or loss.

Financial assets are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial assets classified at fair value through profit or loss are expensed. Transaction costs are incremental costs that are directly attributable to the acquisition of a financial asset, ,i.e. those costs that would not have been incurred had the asset not been acquired.

Financial assets at fair value through profit or loss are measured at fair value with gains or losses being recognised in profit or loss. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Financial assets classified as held-to-maturity financial assets are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.

Loans and receivables, which include trade receivables, are measured at amortised cost less impairment losses, which are recognised in profit or loss.

Available-for-sale financial assets are measured at fair value with gains or losses being recognised directly in equity. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted. Impairment losses are recognised in profit or loss. Any reversal of impairment losses is recognised directly in equity.

Cash and cash equivalents are measured at amortised cost.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. At each balance sheet date financial assets are assessed for objective evidence of impairment. If any such evidence exists the recoverable amount is estimated and an impairment loss is recognised.

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable.

A financial liability at fair value through profit or loss is a financial liability that is classified as held for trading or is designated as such on initial recognition.

A financial liability held for trading is one that is incurred as part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or a derivative (except for a derivative that is a designated and effective hedging instrument).

Financial liabilities are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial liabilities classified at fair value through profit or loss are expensed.

Transaction costs are those costs that are directly attributable to the issue of a financial liability, i.e. those that would not have been incurred if the liability had not been issued.

Financial liabilities that are not designated on initial recognition as financial liabilities at fair value through profit or loss are measured at amortised cost.

Financial liabilities that are designated on initial recognition as financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss.

Derivative liabilities are measured at fair value, with changes in fair value being recognised in profit or loss other than those designated as cash flow hedges.

The group's classification of financial assets and financial liabilities is as follows:

Description of asset/liability	**Classification**
Investments	Available for sale
Preference share investments and liabilities	Held to maturity
Loans and advances receivable	Loans and receivables
Trade and other receivables	Loans and receivables
Cash and cash equivalents	Loans and receivables
Loans payable and borrowings	Loans and receivables
Trade and other payables	Loans and receivables

1.21 Derivative instruments

Derivative instruments are mainly used to manage operational exposures to commodity price, foreign exchange and interest rate risks. The foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

Fair value hedge accounting or cash flow hedge accounting is applied depending on the underlying exposure.

(a) Fair value hedges cover the exposure to changes in the fair value of a recognised asset or liability, or an identified portion of such an asset or liability. To the extent the hedge requirements are met, the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognised immediately in profit or loss. The gain or loss from remeasuring the hedging instrument at fair value is also recognised in net profit or loss.

(b) Cash flow hedges cover the exposure to variability in cash flows that: (i) is attributable to a particular risk associated with a recognised asset or liability or a firm commitment and that (ii) could affect reported net profit or loss. To the extent the hedge requirements are met, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity through the statement of changes in equity. The gains or losses deferred in equity are recognised in the income statement in the same period as the asset acquired or liability assumed, affects profit or loss.

The estimated fair values of derivatives are determined at discrete points in time based on the relevant market information. These estimates are calculated with reference to the market rates using industry standard valuation techniques.

The value of the derivative instruments fluctuates on a daily basis and the actual amounts realised may differ materially from their value at the balance sheet date.

1.22 Revenue

Turnover comprises the selling value, excluding VAT, after deducting normal discounts, rebates, settlement discounts and promotional allowances, of goods delivered and services rendered during the year and exclude internal turnover which is eliminated on consolidation. Turnover is brought to account when delivery takes place to the customer.

Dividend income is recognised when the group's right to receive the payment is established.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Turnover from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer.

Interest is recognised using the effective interest method in accordance with IAS 39.

1.23 Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates/laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Non-resident shareholders' taxation is provided in respect of foreign dividends receivable, where applicable.

1.24 Contingent liabilities and contingent assets

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

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised as liabilities.

1.25 Retirement benefits

A "liability" is recognised when an employee has provided service for employee benefits to be paid in the future, and an "expense" when the enterprise consumes the economic benefit arising from service provided by an employee in exchange for employee benefits.

The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

Pension obligations

The group sponsors defined benefit and defined contribution plans, the assets of which are held in separate trustee-administered pension and provident funds. These funds are governed by the Pension Funds Act, 1956 (Act 24). The plans are funded by payments from employees and the respective companies. In respect of the defined contribution plans, the Group's contributions are based on the recommendations of independent actuaries as determined using the projected unit credit actuarial valuation method.

The portion of actuarial gains and losses recognised as income or expense is the excess of the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting year over the greater of:

(a) 10% of the present value of the defined benefit obligations at the end of the previous reporting period (before deducting plan assets); and

(b) 10% of the fair value of any plan assets at the same date,

divided by the expected average remaining working lives of the employees participating in the scheme.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains not recognised reduced by the past service cost and actuarial losses not yet recognised and the fair value of the plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognised net actuarial losses and past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

In respect of the defined benefit plans, all actuarial gains and losses are spread over the average remaining service lives of employees.

Post-employment benefit obligations

Post-retirement defined benefits are provided for certain existing and former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, the expected long-term rate of return of retirement plan assets, healthcare inflation cost and rates of increase in compensation costs.

1.26 Share-based payment

Certain employees (including senior executives) of the group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

Equity settled share options granted before 7 November 2002

No expense is currently recognised in the income statement for such awards.

The group has taken advantage of the voluntary exemption provisions of IFRS 1 in respect of equity-settled awards and has applied IFRS 2 only to equity-settled awards granted after 7 November 2002 that had not vested on 1 January 2005.

Equity settled and cash settled share options granted after 7 November 2002

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value as determined by an external valuer using a modified version of the Black-Scholes model, further details of which are given in Note 28. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Tiger Brands Limited ("market conditions"), if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled (other than forfeiture) it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Cash-settled transactions

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

1.27 Significant accounting judgments and estimates

Carrying value of tangible and intangible assets

Intangible assets are tested for impairment on an annual basis; tangible assets are only tested for impairment where events and circumstances indicate that the carrying value may not be recoverable. The recoverable amount of cash generating units is determined through the higher of value in use calculations and fair value less costs to sell. These calculations require the use of estimates and assumptions concerning the future cash flows which are inherently uncertain and could change over time. In addition, changes in economic factors such as discount rates could also impact this calculation.

Residual values and useful lives of tangible assets

Residual values and useful lives of tangible assets are assessed on an annual basis. Estimates and judgments in this regard are based on historical experience and expectations of the manner in which assets are to be used, together with expected proceeds likely to be realised when assets are disposed at the end of their useful lives. Such expectations could change over time and therefore impact both depreciation charges and carrying values of tangible assets in the future.

Provisions

Best estimates, being the amount that the group would rationally pay to settle the obligation, are recognised as provisions at balance sheet date. Risks, uncertainties and future events, such as changes in law and technology, are taken into account by management in determining the best estimates. Where the effect of discounting is material, provisions are discounted. The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability, all of which requires management judgment.

The establishment and review of the provisions requires significant judgment by management as to whether or not there is a probable obligation and as to whether or not a reliable estimate can be made of the amount of the obligation, which requires judgments as to the likelihood of future payment. All provisions are reviewed at each balance sheet date.

The group periodically restructures its business units for productivity and business improvement initiatives and records charges for reductions in its workforce, the closure of manufacturing facilities, and other actions related thereto. These events require estimates of liabilities for employee separation payments and related benefits, equipment removal, environmental clean-up and other costs. The actual costs incurred could differ materially from those estimated at balance sheet date.

The group is required to record provisions for legal or constructive contingencies when the contingency is probable of occurring and the amount of the loss can be reasonably estimated. Liabilities provided for legal matters require judgments regarding projected outcomes and ranges of losses based on historical experience and recommendations of legal counsel. Litigation is however unpredictable and actual costs incurred could differ materially from those estimated at the balance sheet date.

1.28 Policies not yet effective

The following is the list of standards and interpretations that have been issued and are not yet effective for years ending:

Standard or Interpretation	Name	Date*
IFRS 7	Financial Instruments: Disclosures	1 January 2007
IFRS 8	Operating Segments	1 January 2008
IAS 23	Borrowing Costs	1 January 2008
IAS 1	Presentation of Financial Statements	1 January 2008

** Annual periods beginning on this date.*

Transitional arrangements

The key principle of IFRS 1 is full retrospective application of IFRS. The impact from the adoption of IFRS is set out in Note 2 to the consolidated financial statements.

2. RECONCILIATION OF SA GAAP TO IFRS

Share-based payments (IFRS)

The adjustment in respect of IFRS 2: Share-based Payments, relates to the creation of a new reserve as a separate component of equity in respect of the equity settled share-based arrangements and the creation of a liability in respect of the cash settled share-based arrangement. The overall expense can be categorised as follows:

- Equity settled share-based payment pertaining to options issued after 7 November 2002 but not yet vested before 1 January 2005 – comparative figures were restated; and
- Equity settled share-based payment pertaining to the BEE transactions implemented in November 2005.

The adjustments made for 2005 totalled R5 703 000.

	2007 R'000	2006 R'000	2005 R'000
3. REVENUE			
Revenue comprises			
– Turnover	2 879 228	3 831 524	3 317 525
– Finance income	110 204	35 136	15 294
	2 989 432	3 866 660	3 332 819
4. FINANCING COSTS AND FINANCE INCOME			
4.1 Finance income			
– Interest received	105 315	17 088	–
– Preference share investments	4 889	18 048	15 294
	110 204	35 136	15 294
4.2 Finance cost			
– Long-term liabilities	(88 764)	(111 910)	(314 351)
– Finance leases	(230)	(492)	(677)
– Other	(137 239)	(71 700)	(17 037)
	(226 233)	(184 102)	(332 065)
5. PROFIT BEFORE TAXATION AND ABNORMAL ITEMS			
5.1 Profit before taxation and abnormal items has been arrived at after charging the following:			
Expenses			
Auditors' remuneration			
– Audit fees	924	663	759
Depreciation			
– Land and buildings	8 497	11 270	1 064
– Capitalised leased assets	1 177	2 353	1 903
– Other assets	38 168	29 340	25 175
Amortisation of goodwill and other intangibles	8 130	1 738	653
Technical and secretarial fees	9 955	8 732	4 872
Share based payment expense	17 206	13 547	3 346
Operating lease charges			
– Equipment	4 346	3 862	8 618
– Property	28 745	21 544	14 462
Technology, royalty and other costs	9 411	22 566	24 737
Foreign exchange loss/(profit)	11 506	(6 383)	(205)
Fees paid to group companies	73 012	49 100	30 674
Loss/(Profit) on disposal of property, plant and equipment	1 035	(1 958)	5 969
Staff costs	428 146	415 894	337 529
Employers' contribution to defined contribution			
– Retirement funding	34 100	38 699	36 848
Employers' contribution to medical aid	23 658	24 991	12 633
Loss on disposal of goodwill and other intangibles	–	–	5 343
Growth in investments	–	–	(148 977)
Number of employees at the end of the year	2 178	2 327	2 162

5.2 Operating lease commitments – 2007

R'000	Within 1 year	Between 1 and 5 years	>5 years
Property	4 491	8 654	–
Motor vehicles	327	116	–
Equipment	2 771	3 002	–
	7 589	11 772	–

Operating lease commitments – 2006

R'000	Within 1 year	Between 1 and 5 years	>5 years
Property	4 701	7 869	–
Motor vehicles	783	997	–
Equipment	2 653	5 773	–
	8 137	14 639	–

Operating lease commitments – 2005

R'000	Within 1 year	Between 1 and 5 years	>5 years
Property	3 936	26 429	–
Motor vehicles	82	–	–
Equipment	707	152	–
	4 725	26 581	–

5.3 Directors' emoluments (executive)

2007 Directors	Period	Salaries and bonus (including travel allowance) R	Pension, medical and other R	Total R
Paid by Tiger Consumer Brands Limited				
J. Louw	01/10/06 to 30/09/07	2 424 937	364 183	2 789 120
Paid by Adcock Ingram Healthcare (Pty) Limited				
C. Booyens	01/10/06 to 30/09/07	1 464 002	234 440	1 698 442
		3 888 939	598 623	4 487 562

No fees for services as directors or consulting or other fees were paid to directors in the current year. Directors do not participate in any commission, gain or profit-sharing arrangements. Details of share options granted to directors are as follows:

Offer date	Offer price R	Number of options granted	Market price on date exercised	Balance at the beginning of the year	Exercised during the year	Balance at the end of the year
C. Booyens						
29/01/2002	46.23	22 000	171.95	7 400	(7 400)	–
03/02/2003	56.10	20 000	171.95	13 400	(6 700)	6 700
29/01/2004	64.91	5 000	171.95	5 000	(1 600)	3 400
25/01/2005	95.09	3 000	–	3 000	–	3 000
31/01/2006	149.51**	6 000	–	6 000	–	6 000
22/01/2007	168.82**	5 600	–	5 600	–	5 600
				40 400	(15 700)	24 700
J. Louw						
01/09/2001	49.89	5 000	165.02	1 700	(1 667)	33
29/01/2002	46.23	15 000	182.00	5 000	(5 000)	–
03/02/2003	56.10	39 000		26 000	–	26 000
29/01/2004	64.91	23 000	181.75*	23 000	(7 600)	15 400
25/01/2005	95.09	17 000		17 000	–	17 000
31/01/2006	149.51**	13 500		13 500	–	13 500
22/01/2007	168.82**	14 900		14 900	–	14 900
				101 100	(14 267)	86 833

* *Weighted average market price.*

** *Cash settled phantom options.*

Refer to Note 29 for details of vesting conditions. No shares have been allotted to directors in terms of a share option scheme which have been held as a pledge against an outstanding loan balances.

2006 Directors	**Period**	**Salaries and bonus R**	**Pension, medical and other R**	**Total R**
Paid by Tiger Consumer Brands Limited				
M. Norris	01/10/05 to 31/03/06	1 084 785	352 787	1 437 572
J. Louw	01/04/06 to 30/09/06	2 367 430	316 816	2 684 246
		3 452 215	669 603	4 121 818
Paid by Adcock Ingram Healthcare (Pty) Limited				
D. Kronson	01/10/05 to 31/03/06	1 106 932	108 389	1 215 321
C. Booyens	01/04/06 to 30/09/06	486 684	111 605	598 289
		1 593 616	219 994	1 813 610
		5 045 831	889 597	5 935 428

2005 Directors	Period	Salaries and bonus R	Pension, medical and other R	Total R
Paid by Tiger Consumer Brands Limited				
M. Norris				
Full year		4 494 915	779 024	5 273 939
Paid by Adcock Ingram Healthcare (Pty) Limited				
D. Kronson				
Full year		1 527 286	306 770	1 834 056
		6 022 201	1 085 794	7 107 995

There are no non-executive directors and no directors have service contracts with notice periods of longer than three months.

	2007 R'000	2006 R'000	2005 R'000
6. ABNORMAL ITEMS			
Pension fund surplus receivable	26 837	–	–
Early settlement of long-term employee contract	(2 162)	–	–
Impairment of intangibles	(63 850)	–	–
Stamp duty on share allotment	–	–	(1 566)
Endowment policy – adjustment to maturity value	–	–	90 119
Impairment of property and equipment	(14 646)	–	2 757
Distribution received from Tiger Brands Black Managers Trust	8 378	10 133	–
General staff fund grants made	–	(9 886)	–
	(45 443)	247	91 310
7. TAXATION			
South Africa normal taxation			
– Current	(225 990)	(288 736)	(210 279)
– Prior year over/(under) provision	816	(3 365)	4 524
Deferred taxation			
– Current year	(3 240)	(6 000)	4 029
– Prior year (under)/over provision	(3 557)	2 380	(1 474)
– Rate adjustment	–	–	(701)
STC charge	(1 318)	(1 177)	(39 134)
	(233 289)	(296 898)	(243 035)
Reconciliation of the taxation rate	**%**	**%**	**%**
Effective rate	29.2	27.1	23.9
Adjusted for:			
Exempt income	0.4	1.4	7.2
Non-deductible expenses	(0.3)	(0.6)	(0.4)
Prior year over/(under) provision	0.2	(0.4)	0.3
Tax rate exchange	–	–	(0.1)
STC charge	(0.1)	(0.1)	(3.8)
Impairment of property, plant, equipment and intangibles	(0.9)	–	–
Assessed losses	–	–	0.1
Other	0.5	1.6	1.8
South African normal tax rate	29.0	29.0	29.0

8. DISCONTINUED OPERATION

On 1 April 2007, the group disposed of the Consumer Division of Adcock Ingram Healthcare (Pty) Ltd to Tiger Consumer Brands Ltd.

The results of the Consumer Division for the six months to 31 March 2007 are presented below:

	2007 R'000
REVENUE	**(571 702)**
TURNOVER	**(558 876)**
Net profit before interest and taxation	**(140 129)**
Finance income	(12 826)
Finance cost	1 528
Profit before taxation and abnormal items	**(151 427)**
Abnormal items	(1 677 231)
Profit before taxation	**(1 828 658)**
Taxation	44 174
Net profit for the year	**(1 784 484)**

Refer to Note 22.8 for the net book value of the identifiable assets at the date of disposal.

9. PROPERTY, PLANT AND EQUIPMENT

2007	**Freehold land and buildings R'000**	**Leasehold land and buildings R'000**	**Capitalised leased assets R'000**	**Plant, equipment, vehicles and furniture R'000**	**Total R'000**
Balance at beginning of year					
Cost	147 349	2 967	9 949	332 193	492 458
Accumulated depreciation	(11 646)	(2 178)	(8 058)	(172 820)	(194 702)
	135 703	789	1 891	159 373	297 756
Current year movements					
Additions/Transfers in					
– Cost	120	–	–	71 760	71 880
Subsidiary acquired	–	1 800	–	547	2 347
Disposals/Transfers out	–	–	–	–	–
– Cost	(8)	(69)	(6 379)	(18 548)	(25 004)
– Accumulated depreciation	–	69	6 379	15 741	22 189
Disposal of Consumer Division					
– Cost	(39 716)	–	–	(31 426)	(71 142)
– Accumulated depreciation	5 912	–	–	19 957	25 869
Depreciation	(8 402)	(95)	(1 177)	(38 168)	(47 842)
Impairment	–	–	–	(14 646)	(14 646)
Net book value	**93 609**	**2 494**	**714**	**164 590**	**261 407**
Made up as follows:					
Cost	107 745	4 836	3 570	340 756	456 907
Accumulated depreciation	(14 136)	(2 342)	(2 856)	(176 166)	(195 500)
Net book value	**93 609**	**2 494**	**714**	**164 590**	**261 407**

2006	Freehold land and buildings R'000	Leasehold land and buildings R'000	Capitalised leased assets R'000	Plant, equipment, vehicles and furniture R'000	Total R'000
Balance at beginning of year					
Cost	147 542	3 127	9 646	233 241	393 556
Accumulated depreciation	(945)	(1 579)	(6 519)	(124 728)	(133 771)
	146 597	1 548	3 127	108 513	259 785
Current year movements					
Additions/Transfers in					
– Cost	1 466	–	1 040	117 925	120 431
– Accumulated depreciation transferred	–	–	–	(30 144)	(30 144)
Disposals/Transfers out					
– Cost	(1 659)	(160)	(737)	(18 973)	(21 529)
– Accumulated depreciation	–	(30)	814	11 392	12 176
Depreciation	(10 701)	(569)	(2 353)	(29 340)	(42 963)
Net book value	**135 703**	**789**	**1 891**	**159 373**	**297 756**
Made up as follows:					
Cost	147 349	2 967	9 949	332 193	492 458
Accumulated depreciation	(11 646)	(2 178)	(8 058)	(172 820)	(194 702)
Net book value	**135 703**	**789**	**1 891**	**159 373**	**297 756**

2005	Freehold land and buildings R'000	Leasehold land and buildings R'000	Capitalised leased assets R'000	Plant, equipment, vehicles and furniture R'000	Total R'000
Balance at beginning of year					
Cost	139 541	2 135	9 391	247 096	398 163
Accumulated depreciation	–	(1 460)	(4 616)	(147 259)	(153 335)
	139 541	675	4 775	99 837	244 828
Current year movements					
Additions/Transfers in					
– Cost	13 001	992	331	34 987	49 311
Impairment reversed				4 757	4 757
Disposals					
– Cost	(5 000)	–	(76)	(48 842)	(53 918)
– Accumulated depreciation	–	–	–	42 949	42 949
Depreciation	(945)	(119)	(1 903)	(25 175)	(28 142)
Net book value	**146 597**	**1 548**	**3 127**	**108 513**	**259 785**
Made up as follows:					
Cost	147 542	3 127	9 646	233 241	393 556
Accumulated depreciation	(945)	(1 579)	(6 519)	(124 728)	(133 771)
Net book value	**146 597**	**1 548**	**3 127**	**108 513**	**259 785**

The information required by Schedule 4 to the Companies Act in respect of land and buildings and details of valuations are contained in the register of fixed property which is available for inspection by members or their duly authorised agents at the group's registered office.

The land and buildings were independently valued at 30 September 2005 by JHI Property Valuers. The basis used for the valuation was depreciated replacement cost. There was no indication of impairment. Land and buildings are carried at cost. It is the policy of the group to perform a revaluation of land and buildings every three years.

	2007 R'000	2006 R'000	2005 R'000
10. DEFERRED TAXATION			
Balance at beginning of year	24 052	24 185	22 331
Balance transferred on disposal of business	(7 815)	3 486	–
Income statement movement	(6 797)	(3 619)	1 854
Balance at end of year	**9 440**	**24 052**	**24 185**
Analysis of deferred taxation			
This balance comprises the following temporary differences:			
Pension fund surplus receivable	(6 813)	–	–
Property, plant and equipment	(1 230)	756	(3 256)
Prepayments	(940)	(4 051)	(4 369)
Provision for doubtful debts	5 942	5 384	9 474
Provisions	11 913	20 318	22 336
Other	568	1 645	–
	9 440	**24 052**	**24 185**
11. INVESTMENTS			
Unlisted investments			
Pension fund surplus receivable held in Investment Solutions Banker's portfolio	28 100	–	–
Loans and advances	540	1 185	–
Directors' valuation of unlisted investment	**28 640**	**1 185**	**–**

12. INTANGIBLE ASSETS

2007	Goodwill R'000	Other intangibles R'000	Licensing agreements R'000	Total R'000
Net balance at beginning of year	315 424	273 191	13 750	602 365
Reclassification	(47 461)	47 461	–	–
Additions	–	23 605	–	23 605
Subsidiary acquired	–	958	–	958
Disposals	(251 399)	(54 954)	(13 750)	(320 103)
Impairment	–	(63 850)	–	(63 850)
Amortisation	–	(8 130)	–	(8 130)
Net balance at end of the year	**16 564**	**218 281**	**–**	**234 845**

2006	Goodwill R'000	Other intangibles R'000	Licensing agreements R'000	Total R'000
Net balance at beginning of year	254 633	209 129	13 750	477 512
Additions	60 791	65 800	–	126 591
Amortisation	–	(1 738)	–	(1 738)
Net balance at end of the year	**315 424**	**273 191**	**13 750**	**602 365**

2005	Goodwill R'000	Other intangibles R'000	Licensing agreements R'000	Total R'000
Net balance at beginning of year	238 015	153 023	14 847	405 885
Additions	2 234	73 266	–	75 500
Amortisation	16 507	(17 160)	–	(653)
Disposals – at cost	(2 123)	–	(1 097)	(3 220)
Net balance at end of the year	**254 633**	**209 129**	**13 750**	**477 512**

The useful lives of the above intangibles have been assessed as being indefinite as it cannot be determined when the economic benefits from these intangibles cease. Due to the useful life of the intangibles being indefinite the asset is not amortised.

During 2005, the group adopted the revised accounting standard relating to intangible assets (IAS 38). The main effects of this revised change were:

(1) Goodwill is no longer amortised.

(2) The application of this standard is prospective.

(3) The accumulated amortisation has been offset against the original cost, to arrive at a restated cost.

	2007 R'000	2006 R'000	2005 R'000
13. INVENTORIES			
Raw materials	213 392	226 364	186 088
Work-in-progress	17 671	13 396	6 449
Finished goods	202 769	262 182	217 557
	433 832	**501 942**	**410 094**
Amount of write down of inventories recognised as an expense in cost of inventories	20 050	11 931	11 296
14. TRADE AND OTHER RECEIVABLES			
Trade receivables	607 453	774 543	637 084
Other receivables	70 647	105 632	93 559
	678 100	880 175	730 643
Less: Provision for doubtful debts	(9 776)	(20 471)	(32 697)
	668 324	**859 704**	**697 946**
15. AMOUNTS OWING BY/TO GROUP COMPANIES			
15.1 Amounts owing by group companies			
Tiger Consumer Brands Limited (formerly Tiger Food Brands Limited)	3 660	4 200	–
	3 660	**4 200**	**–**
The amount is unsecured, interest-free and has no fixed terms of repayment.			
15.2 Amounts owing by group companies – interest bearing			
Tiger Consumer Brands Limited	1 739 756	–	–
Tiger Food Brands Intellectual Property Holding Company (Pty) Limited	195 111	–	–
	1 934 867	**–**	**–**

Unsecured loans bearing interest at the Group's average cost of borrowing from time to time. The loans are unsecured and have no fixed terms of repayment.

The Tiger Consumer Brands Limited loan arose on 1 April 2007 on the sale of the Consumer Division to Tiger Consumer Brands Limited. The loan is unsecured as the entities are both Tiger Brands Limited group companies. There are no arrear interest payments.

	2007 R'000	2006 R'000	2005 R'000
15.3 Amounts owing to group companies			
Tiger Consumer Brands Limited	28 262	–	–
	28 262	**–**	**–**

The amount is unsecured, interest-free and has no fixed terms of repayment. The loan arose on the purchase by Tiger Brands Limited of the Adcock Ingram Group. All transactions between Adcock Ingram Holdings and Tiger Brands Limited (such as dividends and management fees paid) are effected through this loan account.

	2007 R'000	2006 R'000	2005 R'000
15.4 Amounts owing to holding company			
Tiger Brands Limited	1 552 427	2 303 497	3 318 336
	1 552 427	**2 303 497**	**3 318 336**

The amount is unsecured, interest-free and has no fixed terms of repayment.

Sub-ordination of loan

The group had accumulated deficits at the end of 2006 and 2005, and at these dates the group's liabilities exceeded its total assets by R1 936.6m and R2 702.6m, respectively. Tiger Brands Limited subordinated its claim against the group during those years relating to loan accounts, such that other creditors, both present and future, ranked preferentially to the subordinated claim until such time as the assets of the group, fairly valued, exceeded the liabilities.

	2007 R'000	2006 R'000	2005 R'000
16. CASH AND CASH EQUIVALENTS			
Cash at bank	757 407	652 574	235 359
Bank overdraft	(1 525 267)	(1 343 844)	(34 572)
	(767 860)	**(691 270)**	**200 787**

17. SHARE CAPITAL

	R	R	R
Authorised			
100 ordinary shares of R1.00 each	100	100	100
Issued			
Balance at beginning of year			
– 2 ordinary shares of R1.00 each	2	2	2

18. NON-DISTRIBUTABLE RESERVES

	2007 R'000	2006 R'000	2005 R'000
Balance at beginning of year	48 579	36 205	26 042
Transfer from reserves	–	–	7 276
Shared-based payment reserve	13 110	10 295	2 887
Hedge accounting reserve	(2 560)	2 079	–
Balance at end of year	**59 129**	**48 579**	**36 205**

19. LONG-TERM LIABILITIES

Secured loans

	2007 R'000	2006 R'000	2005 R'000
Capitalised finance leases bearing interest between 8.66% and 15.93%	135	820	3 593
Capitalised finance leases relate to computer equipment with a book value of Nil (2006: R760 000) (2005: R3 204 000).			
Secured loan bearing interest at 15.5% per annum repayable by 2011	616 692	719 354	798 238
	616 827	720 174	801 831
Less: Loan transferred on disposal of business	(98 362)	–	–
	518 465	720 174	801 831
Less: Current portion included in short-term borrowings	(109 948)	(103 311)	(81 240)
	408 517	616 863	720 591
Plus: IFRS 2 liability	7 090	3 483	–
	415 607	**620 346**	**720 591**

	Secured loan R'000	IFRS 2 liability R'000	Capitalised finance leases R'000	Total 2007 R'000	2006 R'000	2005 R'000
Repayments of secured loan and finance leases						
– Payable within 12 months	109 831	–	117	109 948	103 311	81 240
– Payable within 13 – 24 months	138 182	–	18	138 200	130 844	103 899
– Payable thereafter	270 317	7 090	–	277 407	486 019	616 691
	518 330	**7 090**	**135**	**525 555**	**720 174**	**801 830**

	2007 R'000	2006 R'000	2005 R'000
20. TRADE AND OTHER PAYABLES			
Trade accounts payable	228 367	238 667	225 966
Accrued liabilities	221 707	358 340	275 851
	450 074	**597 007**	**501 817**
21. PROVISIONS			
Leave pay	29 549	37 529	26 015
Bonus and incentive scheme	10 162	18 611	39 101
	39 711	**56 140**	**65 116**
Leave pay provision			
Balance at beginning of year	37 529	26 015	23 525
Net (reduction)/increase	(7 980)	11 514	2 490
Balance at end of year	**29 549**	**37 529**	**26 015**
Bonus and incentive scheme			
Balance at beginning of year	18 611	39 101	39 752
Net reduction	(8 449)	(20 490)	(651)
Balance at end of year	**10 162**	**18 611**	**39 101**

22. NOTES TO THE CASH FLOW STATEMENT

22.1 Operating profit before working capital changes

	2007 R'000	2006 R'000	2005 R'000
Profit before taxation and abnormal items			
– Continuing operations	845 117	1 095 298	925 414
– Discontinued operations	151 427	–	–
Adjusted for:			
– Accrued interest on pension fund receivable	(1 263)	–	–
– Amortisation of intangibles	8 130	1 738	–
– Depreciation	47 842	42 963	28 795
– Loss/(Profit) on disposal of property, plant and equipment and intangibles	1 035	(1 958)	11 312
– Net finance costs paid	116 029	148 966	316 771
– Increase in IFRS 2 liability	3 607	3 483	2 887
– Movement in hedge accounting reserve	(2 560)	–	–
– Movement in share based payment reserve	13 110	10 295	–
– Increase/(Decrease) in provision for post-retirement medical aid	592	347	(1 334)
	1 183 066	**1 301 132**	**1 283 845**

22.2 Working capital changes

	2007 R'000	2006 R'000	2005 R'000
(Increase)/Decrease in inventories	(37 811)	(68 886)	27 330
Increase in trade and other receivables	(79 207)	(127 295)	(54 433)
Increase in trade and other payables and provisions	107 721	45 250	61 719
	(9 297)	**(150 931)**	**34 616**

		2007 R'000	2006 R'000	2005 R'000
22.3	**Dividends paid**			
	Per statement of changes in equity	(18 930)	(35 433)	(336 569)
	Dividends accrued and paid to minorities	(5 004)	(4 799)	(4 422)
	Amount accrued and unpaid at end of year	716	–	–
		(23 218)	**(40 232)**	**(340 991)**
22.4	**Taxation paid**			
	Amounts unpaid at beginning of year	(31 292)	(68 121)	(71 821)
	Amounts charged to income statement			
	– Continuing operations	(233 289)	(296 898)	(243 035)
	– Discontinued operations	(44 174)	–	–
	Movement in deferred taxation	6 797	3 620	(1 854)
	Adjustment in respect of businesses acquired	–	(5 064)	–
	Amount unpaid less amounts over paid at end of year	(23 482)	31 292	68 121
		(325 440)	**(335 171)**	**(248 589)**

22.5 Business Combinations

Addclin Research (Pty) Ltd

During the year Adcock Ingram Holdings (Pty) Ltd acquired 51% of the shareholding in Addclin Research (Pty) Ltd, an unlisted company based in South Africa specialising in clinical trials.

The fair value of the identifiable assets as at the date of acquisition were:

	2007 R'000
Property, plant and equipment	2 347
Other intangibles	958
Accounts payable	(66)
Shareholders' loan	(234)
Fair value of net assets	**3 005**
Minority interest	(1 505)
Net cash purchase price	**1 500**

22.6 Business Combinations

The Scientific Group (Pty) Limited

On 1 October 2005, Adcock Ingram Critical Care (Pty) Limited, a wholly-owned subsidiary of Adcock Ingram Holdings (Proprietary) Limited, acquired 74% of the voting shares of The Scientific Group (Pty) Limited, an unlisted company based in South Africa specialising in imports of renal and diagnostics equipment.

The fair value of the identifiable assets and liabilities of The Scientific Group (Pty) Limited at the date of acquisition was:

	2006 R'000
Property, plant and equipment	15 409
Supplier relationships	37 538
Restraint of trade agreements	4 400
Deferred taxation asset	3 486
Deposits, cash and cash equivalents	7 509
Debtors	34 463
Inventories	18 711
	121 516
Minority shareholders' interest	(8 971)
Creditors and provisions	(40 060)
Receiver of Revenue	(5 064)
	(54 095)
Fair value of net assets	67 421
Negative goodwill arising on acquisition	(4 421)
Purchase consideration	63 000

The total cost of the acquisition was R88 million and was funded by surplus cash.

Net cash acquired	(7 509)
Net cash outflow	**55 491**

22.7 Business Combinations

Classiclean (Pty) Limited

On 25 February 2006, the group acquired the property, plant and equipment, and trademarks of Classiclean (Pty) Limited, an unlisted company based in South Africa specialising in the manufacture of a range of fabric care offerings.

The fair value of the identifiable assets at the date of acquisition was:

	2006 R'000
Property, plant and equipment	2 466
Trademarks	45 322
Inventories	6 201
	53 989
Accounts payable and provisions	(364)
Fair value of net assets	**53 625**

The total cost of the acquisition was R54 million and was funded by surplus cash.

Net cash acquired with the business	–
Net cash outflow	**53 625**

From the date of acquisition, the assets acquired of Classiclean (Pty) Limited have contributed R3.1 million profit to the net profit of the group. If the acquisition had taken place at the beginning of the year, the profit for the group would have been R6.9 million higher and turnover from continuing operations R104.4 million higher.

22.8 Business Combinations

Disposal of Consumer division of Adcock Ingram Healthcare (Pty) Ltd

On 1 April 2007, the Group disposed of the Consumer Division of Adcock Ingram Healthcare (Pty) Ltd to Tiger Consumer Brands Ltd.

The net book value of the identifiable assets as at the date of disposal were:

	2007 R'000
Property, plant and equipment	45 273
Goodwill and other intangibles	320 103
Investments	7 659
Inventories	105 921
Accounts receivable	270 587
Cash and cash equivalents	(216 899)
Accounts payable	(271 149)
Deferred tax asset	7 815
Provision for post-retirement medical aid	(1 690)
Long-term liabilities	(98 362)
Total net assets disposed of	**169 258**
Profit on disposal (see Note 8)	1 677 231
Proceeds on disposal of business	**1 846 489**
Add back bank overdraft	216 899
Net cash inflow	**2 063 388**

23. FINANCIAL INSTRUMENTS

Currency risk

The group's current policy for the management of foreign exchange is to cover 100% of foreign currency commitments with forward exchange contracts. As a result all material foreign liabilities were covered by forward exchange contracts at year-end.

Credit risk

Financial assets of the group which are subject to credit risk consist mainly of cash resources and trade receivables. Cash resources are placed with various approved financial institutions subject to approved limits. All these institutions are of a high standing.

Substantially all debtors and creditors are non-interest bearing and repayable within one year.

Debtors are disclosed net of a provision for doubtful debts.

Foreign currency risk

The group enters into various types of foreign exchange contracts as part of the management of its foreign exchange exposures arising from its current and anticipated business activities.

As the group operates in various countries and undertakes transactions denominated in foreign currencies, exposures to foreign currency fluctuations arise. Exchange rate exposures on transactions are managed within approved policy parameters utilising forward exchange contracts or other derivative financial instruments in conjunction with external consultants who provide financial services to group companies as well as contributing to the management of the financial risks relating to the group's operations.

Forward exchange contracts are mainly entered into to cover net import exposures, after setting-off anticipated export proceeds on an individual currency basis. The fair value is determined using the applicable foreign exchange spot rates at 30 September 2007.

	Foreign currency R'000	Average rate	R'000
Foreign exchange contracts outstanding at the balance sheet dates all fall due within 12 months. A summary of forward exchange contract positions both to settle group foreign liabilities and sold to settle group foreign assets is shown below:			
Foreign currency sold			
Nil at 30 September 2007			
Foreign currency purchased			
US Dollar	30 639	7.026	215 258
Pound Sterling	1 203	14.091	16 951
Euro	45 553	9.561	435 528
Other currencies	–	–	22 463

Unhedged foreign currency monetary assets

There was no unhedged foreign currency at 30 September 2007.

Cash flow hedges

At 30 September 2007, the group held no foreign exchange contracts designated as hedges of expected future sales to customers outside South Africa for which the group has firm commitments. The group had foreign exchange contracts outstanding at 30 September 2007 designated as hedges of expected future purchases from suppliers outside South Africa for which the group has firm commitments. All foreign exchange contracts will mature within 12 months.

A summary of these contracts are:

	Foreign currency R'000	Average rate	R'000
Foreign currency bought			
US Dollar	5 152	6.990	36 010
Euro	8 293	9.843	81 631
Pound Sterling	182	14.280	2 599
Swiss Franc	369	6.168	2 276
Japanese Yen	2 887	0.060	174

The terms of the forward currency contracts have been negotiated to match the terms of the commitments. The cash flow hedge of expected future purchases was assessed to be effective.

24. RELATED PARTIES

Related party transactions exist between the group, fellow subsidiaries and the holding company. All purchasing and selling transactions with related parties are concluded at arm's length. Amounts due to and receivable from related parties are set out in Note 14. For the year ended 30 September 2007, the group has not made any provision for doubtful debts relating to amounts owed by related parties (2006: nil; 2005: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The following related party transactions occurred during the three years ended 30 September 2007.

Management fee

	2007 R'000	2006 R'000	2005 R'000
Tiger Consumer Brands Limited	73 012	49 100	30 674

Key management personnel

	Salaries and bonus R'000	Pension, medical and other R'000	Total R'000
2007			
Paid by Tiger Consumer Brands Limited	2 425	364	2 789
Paid by Adcock Ingram Healthcare (Pty) Limited	9 367	1 431	10 798
	11 792	**1 795**	**13 587**
2006			
Paid by Tiger Consumer Brands Limited	14 823	2 639	17 462
Paid by Adcock Ingram Healthcare (Pty) Limited	2 152	737	2 889
	16 975	**3 376**	**20 351**
2005			
Paid by Tiger Consumer Brands Limited	12 189	2 664	14 853
Paid by Adcock Ingram Healthcare (Pty) Limited	1 527	307	1 834
	13 716	**2 971**	**16 687**

25. RETIREMENT BENEFIT PLANS

Pension obligations

The group contributes to retirement plans that cover all employees. The retirement plans are defined contribution plans and are funded. The assets of the funds are held in independent trustee administered funds, administered in terms of the Pension Funds Act of 1956 (Act 24), as amended. In terms of such Act, certain of the retirement funds are exempt from actuarial valuation. Those funds not exempt from valuation must, in terms of the Act, be valued at least every three years.

For purposes of production of these disclosures, and in order to comply with the requirements of IAS 19, Valuations, have been performed by independent actuaries, using the projected unit credit method. Where valuations were not possible due to the limited availability of complete data, roll forward projections of prior completed actuarial valuations were used, taking account of actual subsequent experience.

In respect of those retirement arrangements which disclosed a positive funded status, no assets have been recognised by the group. The disclosure of the funded status is for accounting purposes only and does not necessarily indicate any assets available to the group.

	2007 R'000	2006 R'000	2005 R'000
Balance at the end of the year			
Present value of funded defined benefit obligations	17 736	19 234	15 663
Fair value of plan assets in respect of defined benefit obligations	(85 790)	(82 478)	(59 757)
Funded status of defined benefit plans	(68 054)	(63 244)	(44 094)
Unrecognised actuarial gains	594	22 848	7 905
Asset not recognised at balance sheet date	39 360	40 396	36 189
Balance at the end of the year	**(28 100)**	**–**	**–**

Once a surplus apportionment exercise is completed, and approved by the Registrar of Pension Funds in terms of the provisions of the Pension Funds Second Amendment Act, 2001, only at that stage would it be appropriate for the group to recognise any assets in respect of the retirement funds, to the extent that the group is apportioned such assets. Furthermore, "improper uses" of surplus, if any, as contemplated in terms of the Pension Funds Second Amendment Act, 2001, have been ignored for the purposes of these disclosures. In addition, the impact of the Amendment Act insofar as minimum individual reserves are concerned, has not been taken account of. This legislation is not applicable to arrangements not registered in terms of the Pension Funds Act, such as special purpose entities established for purposes of providing disability benefits.

	2007 R'000	2006 R'000	2005 R'000
Movement in the (asset)/liability recognised in the balance sheet			
Opening balance	–	–	–
Asset not recognised at the start of the period	(40 396)	(36 189)	(32 548)
Balance at the beginning of the year	(40 396)	(36 189)	(32 548)
Contributions paid	(32 035)	(43 182)	(22 596)
Other movements	44 331	79 371	55 144
Current service costs	32 035	43 182	22 499
Interest cost	1 708	1 410	1 320
Expected return on plan assets	(7 725)	(5 338)	(4 849)
Net actuarial gains recognised during the year	–	(279)	(15)
Recognised due to Paragraph 58A	(21 047)	–	–
Asset not recognised at balance sheet date	39 360	40 396	36 189
Balance at the end of the year	**(28 100)**	**–**	**–**

The principal percentage actuarial assumptions used for accounting purposes were:			
Discount rate	8.50	9.00	9.00
Expected return on plan assets	8.50	9.00	9.00
Future salary increases	6.25	6.75	5.50
Future pension increases	3.33	3.81	3.80

Post-retirement medical obligations

The group operates post-employment medical benefit schemes that cover certain of their employees and retirees who were originally employed prior to certain cut-off dates. The liabilities are valued annually using the projected unit credit method. The latest full actuarial valuation was performed on 30 September 2007.

	2007 R'000	2006 R'000	2005 R'000
Balance at the end of the year			
– Present value of obligations	11 338	12 485	11 870
– Fair value of plan assets (included in cash and cash equivalents)	–	–	–
	11 338	12 485	11 870
– Unrecognisable actuarial gains	1 492	1 443	1 711
Liability at balance sheet date	**12 830**	**13 928**	**13 581**
Movement in the liability recognised in the balance sheet			
Balance at the beginning of the year	13 928	13 581	13 387
Contribution paid	(900)	(670)	(862)
Business disposal to Tiger Consumer Brands Limited	(1 690)	–	–
Other expenses included in staff costs	1 492	1 017	1 056
Current service cost	507	316	197
Interest cost	1 014	722	1 225
Past service costs recognised	(29)	(21)	(366)
Balance at the end of the year	**12 830**	**13 928**	**13 581**
The principal percentage actuarial assumptions used for accounting purposes were:			
Discount rate	8.5	9.0	8.5
Medical inflation	5.5	6.0	5.5

26. CONTINGENT LIABILITIES

The group, together with its holding company and fellow subsidiaries, provide surety for the obligations of Adcock Ingram Healthcare (Proprietary) Limited and Adcock Ingram Critical Care (Proprietary) Limited. Contingent liabilities equal to R12.4 million are in place at 30 September 2007.

27. BORROWING POWERS

Borrowing powers, in terms of the articles of association, are unlimited.

28. CAPITAL COMMITMENTS

	2007 R'000	2006 R'000	2005 R'000
Commitments contracted for	55 383	8 128	1 487
Approved but not contracted for	44 139	314 339	4 266
	99 522	**322 467**	**5 753**

29. SHARE-BASED PAYMENT PLANS

Certain employees are entitled to join the general employee share-option plan based on merit. Options are issued annually by the Tiger Brands Remuneration Committee. Options vest as follows: a third after three years, a third after four years and a third after five years. The exercise price is determined by the Tiger Brands Remuneration Committee. From January 2006, the option plan rules have been changed from being an equity-settled scheme to a cash-settled scheme.

The expense recognised for employee services received during the year to 30 September 2007 is R3.3 million (2006: R4.1 million) (2005: R2.9 million). The portion of that expense arising from equity-settled share-based payment transactions is R1.3 million (2006: R1.7 million) (2005: R2.9 million).

Equity-settled

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of and movements in share options during the year:

	2007		2006		2005 R'000	
	No.	**WAEP**	**No.**	**WAEP**	**No.**	**WAEP**
Outstanding at the beginning of the year	877 267	64.54	1 110 334	61.17	1 077 134	51.39
Granted during the year	–	–	–	–	134 000	97.73
Forfeited during the year	–	–	(20 000)	65.03	–	–
Exercised during the year	(230 934)	48.33	(213 067)	46.93	(100 800)	43.45
Outstanding at the end of the year	646 333	70.33	877 267	64.54	1 110 334	61.17
Exercisable at the end of the year	205 499	53.73	161 833	45.7	85 337	40.47

1. *Included within this balance are options over 232 833 shares that have not been recognised in accordance with IFRS 2 as the options were granted on or before 7 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with IFRS 2.*

2. *The weighted average share price at the date of exercise for the options exercised is R170.14 (2006: R153.07) (2005: R108.07).*

The weighted average remaining contractual life for the share options outstanding at 30 September 2007 is 6.07 years (2006: 6.69 years) (2005: 7.40 years).

The weighted average fair value of options granted during the year was R Nil (2006: Nil).

The range of exercise prices for options outstanding at the end of the year was R27.65 to R107.70 (2006 and 2005: R27.65 to R107.70).

Share options were fair valued using a modified Black-Scholes model. The following inputs were used:

Date of grant	**Strike price (Rand)**	**Expiry date**	**Market price of underlying stock at grant date (Rand)**	**Expected volatility of the stock over remaining life of option (%)**	**Dividend cover (times)**
03/02/2003	69.16	02/02/2013	66.11	22.0	2.7
08/08/2003	69.76	07/08/2013	70.55	22.0	2.7
29/01/2004	80.02	28/01/2014	82.65	18.0	2.5
28/02/2004	82.16	27/02/2014	84.66	18.0	2.5
01/08/2004	89.08	31/07/2014	89.70	19.0	2.5
25/01/2005	95.09	24/01/2015	95.36	18.0	2.0
18/05/2005	97.93	17/05/2015	100.69	18.0	2.0
01/07/2005	107.70	30/06/2015	113.74	19.0	2.0

Cash-settled

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of and movements in share options during the year:

	2007 No.	2007 WAEP
Outstanding at the beginning of the year	150 500	150.10
Granted during the year	122 000	169.90
Forfeited during the year	–	–
Exercised during the year	–	–
Outstanding at the end of the year	272 500	158.52

	2006 No.	2006 WAEP
Outstanding at the beginning of the year	–	–
Granted during the year	153 300	150.09
Forfeited during the year	(2 800)	149.51
Exercised during the year	–	–
Outstanding at the end of the year	150 500	150.10
Exercisable at the end of the year	–	–

The weighted average remaining contractual life for the share options outstanding at 30 September 2007 is 4.77 years (2006: 5.33 years).

The weighted average fair value of options granted during the year was R46.08 (2006: R 32.55).

The range of exercise prices for options outstanding at the end of the year was R149.51 to R172.79 (2006: R149.51 to R165.08).

Cash-settled options were valued using a modified Black-Scholes model taking into account the dividend cover, expected exercise pattern and volatility of the Tiger Brands share price.

The following inputs were used:

			Grant date		
	22/01/2007	30/03/2007	26/01/2006	21/04/2006	08/05/2006
Strike price of option (Rand)	168.82	172.79	149.51	165.08	169.10
Expiry date	21/01/2013	29/03/2013	25/01/2012	20/04/2012	07/05/2012
Market price of the underlying stock at grant date (Rand)	172.36	177.00	162.00	171.00	170.00
Expected volatility of the stock over the remaining life of the option (%)	25.0	25.0	30.3	30.3	30.3
Expected dividend cover (times)	2.0	2.0	2.0	2.0	2.0

The carrying amount of the liability relating to the cash-settled options at 30 September 2007 is R1.96 million (2006: R0.6 million). No cash-settled options had vested at 30 September 2007 (2006: Nil).

Black Managers share option scheme

In terms of the Tiger Brands Limited BEE transaction implemented on 17 October 2005, 4 381 831 Tiger Brands shares were acquired by the Tiger Brands Black Managers Trust. Allocations of vested rights to these shares were made to 435 black managers of the Tiger Brands Group (including the

Adcock Ingram Group). The allocation of vested rights entitles beneficiaries to receive Tiger Brands shares (after making capital contributions to the Black Managers Trust) at any time after the defined lock-in period, i.e. from 1 January 2015. These vested rights are non-transferable.

From 1 January 2015, the beneficiaries may exercise their vested rights, in which event the beneficiary may:

– instruct trustees to sell all of their shares and distribute the proceeds to them, net of the funds required to pay the capital contributions, taxation (including employees' tax), costs and expenses;

– instruct the trustees to sell sufficient shares to fund the capital contributions, pay the taxation (including employees' tax), costs and expenses and distribute to them the remaining shares to which they are entitled; or

– fund the capital contributions, taxation (including employees' tax), costs and expenses themselves and receive the shares to which they are entitled.

The expense recognised for employee services received during the year to 30 September 2007 is R13.1 million (2006: R10.3 million).

1 084 200 Participation rights had been allocated to Adcock Ingram employees at year-end.

The weighted average remaining contractual life for share options outstanding at 30 September 2007 is 7.25 years (2006: 8.25 years).

The weighted average fair value of options granted during the year was R60.09 (2006: R53.96).

The notional exercise price of participation rights at 30 September 2007 was R116.69 per option (2006: R114.26).

No weighted average exercise price has been calculated as there were no options exercised.

Participation rights were valued using the Monte-Carlo simulation approach to estimate the average, optimal pay-off of the participation rights using 5 000 permutations. The pay-off of each random path was based on: the projected Tiger Brands share price, outstanding debt projections and optimal early exercise conditions.

The following inputs were used:

			Grant date		
	01/11/2005	**31/01/2006**	**31/07/2006**	**31/01/2007**	**31/07/2007**
Initial strike price of participation rights (Rand)	112.3	110.9	112.9	113.0	115.2
Expiry date	30/09/2027	30/09/2027	30/09/2027	30/09/2027	30/09/2027
Market price of the underlying stock at grant date (Rand)	140.0	159.9	150.0	172.3	186.7
Expected remaining volatility of the stock over the remaining life of the option (%)	22.0	25.0	25.0	30.4	27.8
Expected dividend yield of the stock over the remaining life of the option (%)	3.6	3.6	3.6	3.5	3.5

The risk-free interest rate was taken from the Standard Bank, zero-coupon South African bond curves.

30. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

	Number of ordinary shares held 2007	Effective holding 2007 %	Share capital and share premium 2007 R'000	(Indebtedness)/ Loan receivable 2007 R'000	Share of net profits 2007 R'000
Subsidiaries					
Adcock Ingram Ltd	28 832 448	100	33 208	(2 381 972)	30 652
Adcock Ingram Healthcare (Pty) Ltd	6 465	100	1 194 359	(30 020)	2 062 196
Adcock Ingram Critical Care (Pty) Ltd	178	100	284 979	27 672	133 826
Adcock Ingram Intellectual Property (Pty) Ltd	100	100	104 000	–	93 624
Adcock Ingram Housecare (Pty) Ltd	100	100	*	–	–
Joint Venture					
Thembalami Pharmaceuticals (Pty) Ltd	100	50	*	–	–

** Less than R1 000.*

Material inter-company transactions eliminated on consolidation have been detailed below:

- Royalties of R76 143 792 were paid by Adcock Ingram Healthcare (Pty) Ltd to Adcock Ingram Intellectual Property (Pty) Ltd.
- Royalties of R12 773 159 were paid by Adcock Ingram Healthcare (Pty) Ltd to Adcock Ingram Ltd.
- Dossier fees of R7 387 000 were paid by Adcock Ingram Healthcare to Adcock Ingram Ltd.

31. EVENTS AFTER THE BALANCE SHEET DATE

There have been no material events subsequent to 30 September 2007 up until the date of this pre-listing statement that are indicative of conditions that arose after 30 September 2007 which require additional disclosure.

On 9 May 2008, an agreement was reached with the Competition Commission relating to contraventions of the Competition Act by subsidiary company Adcock Ingram Critical Care (Pty) Ltd. In terms of the agreement, Adcock Ingram Critical Care (Pty) Ltd agreed to pay an administrative penalty of R53.5 million. The agreement was confirmed by the Competition Tribunal on 2 June 2008 and the administrative penalty was paid on 1 July 2008.

32. SEGMENTALS

INCOME STATEMENTS

	2007 R'000	2006 R'000	2005 R'000
Turnover			
Pharmaceuticals	1 865 792	1 874 164	1 613 547
Consumer	–	1 001 622	1 026 669
Hospital Products	1 013 436	955 738	677 309
	2 879 228	3 831 524	3 317 525
Operating income			
Pharmaceuticals	728 540	800 577	708 473
Consumer	–	191 635	302 304
Hospital Products	245 716	262 347	231 408
IFRS 2 expense relating to the Black Managers Trust	(13 110)	(10 295)	–
	961 146	1 244 264	1 242 185

BALANCE SHEETS

	2007 R'000	2006 R'000	2005 R'000
Total assets			
Pharmaceuticals	3 823 333	880 351	847 612
Consumer	–	935 151	588 596
Hospital Products	731 766	767 107	332 255
Other	–	609 779	336 418
	4 555 099	3 192 388	2 104 881
Current liabilities (excluding bank overdraft)			
Pharmaceuticals	434 505	285 482	243 495
Consumer	–	153 708	142 751
Hospital Products	194 206	218 422	119 959
Other	–	171 894	210 089
	628 711	829 506	716 294
Capital expenditure			
Pharmaceuticals	12 800	28 509	25 100
Consumer	314	1 700	1 500
Hospital Products	61 093	41 990	22 800
	74 207	72 199	49 400

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE AUDITED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF THE ADCOCK GROUP FOR THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2005, 30 SEPTEMBER 2006 AND 30 SEPTEMBER 2007

"The Directors
Adcock Ingram Holdings Limited
1 New Road
Midrand
1685

16 July 2008

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE HISTORICAL FINANCIAL INFORMATION

In connection with the proposed group reorganisation and unbundling referred to in the Introduction paragraphs of Annexure 1 and Annexure 5 of the pre-listing statement, we have audited the consolidated annual financial statements of Adcock Ingram Holdings (Proprietary) Limited and its subsidiaries at 30 September 2005, 30 September 2006 and 30 September 2007 as set out in Annexure 5 to the pre-listing statement (excluding the financial commentary on pages 86, 87 and 88).

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of its subsidiaries at of 30 September 2005, 30 September 2006 and 30 September 2007, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Derek Engelbrecht
Partner

Ernst & Young Inc.

Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg"

REVIEWED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF THE ADCOCK GROUP FOR THE SIX MONTHS ENDED 31 MARCH 2008

ADCOCK INGRAM HOLDINGS (PROPRIETARY) LIMITED

CONSOLIDATED INCOME STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH

	Notes	2008 R'm	2007 R'm
REVENUE	1	**1 690.7**	**1 984.3**
TURNOVER	1	**1 542.1**	**1 961.2**
Operating income before abnormal items	2	**503.0**	**619.3**
Abnormal items	3	(53.5)	(68.8)
Operating income after abnormal items		**449.5**	**550.5**
Finance cost		(120.7)	(116.8)
Finance income		138.0	13.2
Dividend income		10.6	10.0
Profit before taxation		**477.4**	**456.9**
Taxation		(138.8)	(142.9)
Net profit for the period		**338.6**	**314.0**
Attributable to:			
Ordinary shareholders		334.6	310.8
Minorities		4.0	3.2
		338.6	**314.0**

ADCOCK INGRAM HOLDINGS (PROPRIETARY) LIMITED

CONSOLIDATED BALANCE SHEETS
AT 31 MARCH

	2008 R'm	2007 R'm
ASSETS		
Property, plant and equipment	330.0	302.3
Intangible assets	225.6	543.2
Investments	207.5	207.4
Deferred taxation	9.4	24.4
Non-current assets	**772.5**	**1 077.3**
Inventories	423.8	526.1
Trade and other receivables	706.3	1 077.1
Amounts owing by group companies	1 823.1	35.5
Taxation receivable	41.6	–
Cash and cash equivalents	282.3	–
Current assets	**3 277.1**	**1 638.7**
Total assets	**4 049.6**	**2 716.0**
EQUITY AND LIABILITIES		
Capital and reserves	**1 924.6**	**(1 642.6)**
Ordinary share capital and share premium	1 204.4	*
Non-distributable reserves	40.1	37.9
Retained income/(Accumulated deficit)	646.1	(1 680.5)
Share-based payment reserve	34.0	–
Minority interest	21.9	20.3
Total equity	**1 946.5**	**(1 622.3)**
Deferred taxation	24.3	0.4
Provision for post-retirement medical aid	13.3	14.3
Long-term borrowings	410.2	536.6
Non-current liabilities	**447.8**	**551.3**
Trade and other payables	479.5	669.9
Taxation payable	–	111.3
Amounts owing to group companies	708.1	1 646.4
Short-term borrowings	467.7	1 358.0
Shareholders for dividends	–	1.4
Current liabilities	**1 655.3**	**3 787.0**
Total equity and liabilities	**4 049.6**	**2 716.0**

* *Amount less than R1m.*

ADCOCK INGRAM HOLDINGS (PROPRIETARY) LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 MARCH

	Attributable to equity holders of the parent						
	Ordinary share capital and share premium R'm	**Non-distributable reserves R'm**	**Retained income/ (Accumulated deficit) R'm**	**Share-based payment reserve R'm**	**Total R'm**	**Minority interests R'm**	**Total equity R'm**
Balance at 30 September 2007	**–**	**59.1**	**339.1**	**–**	**398.2**	**22.0**	**420.2**
Issue of share capital and premium	1 204.4	–	–	–	1 204.4	–	1 204.4
Fair value adjustments	–	3.2	–	–	3.2	–	3.2
Foreign currency translation reserve movement	–	6.8	–	–	6.8	–	6.8
Transfers between reserves	–	(29.0)	–	29.0	–	–	–
Share-based payment reserve	–	–	–	5.0	5.0	–	5.0
Net profit for the period	–	–	334.6	–	334.6	4.0	338.6
Dividends on ordinary shares	–	–	(27.6)	–	(27.6)	(4.1)	(31.7)
Balance at 31 March 2008	**1 204.4**	**40.1**	**646.1**	**34.0**	**1 924.6**	**21.9**	**1 946.5**
Balance at 30 September 2006	*	38.3	(1 971.7)	–	(1 933.4)	17.8	(1 915.6)
Legal reserves and other movements	–	1.4	–	–	1.4	–	1.4
Foreign currency translation reserve movement	–	(1.8)	–	–	(1.8)	–	(1.8)
Net profit for the period	–	–	310.8	–	310.8	3.2	314.0
Dividends on ordinary shares	–	–	(19.6)	–	(19.6)	(0.7)	(20.3)
Balance at 31 March 2007	*****	**37.9**	**(1 680.5)**	**–**	**(1 642.6)**	**20.3**	**(1 622.3)**

* *Amount less than R1m.*

ADCOCK INGRAM HOLDINGS (PROPRIETARY) LIMITED

CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH

	2008 R'm	2007 R'm
Cash operating profit	**534.1**	**649.8**
Working capital changes	(89.2)	(964.1)
Net financing costs	17.2	(103.6)
Dividends received	10.6	10.0
Taxation paid	(132.6)	(105.1)
Cash available from operations	**340.1**	**(513.0)**
Dividends paid	(32.4)	(20.3)
Net cash inflow/(outflow) from operating activities	**307.7**	**(533.3)**
Net cash outflow from investing activities	(86.0)	(44.3)
Net cash inflow/(outflow) before financing activities	**221.6**	**(577.6)**
Net cash inflow/(outflow) from financing activities	828.5	(75.1)
Net increase/(decrease) in cash and cash equivalents	**1 050.1**	**(652.7)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 MARCH 2008

	2008 R'm	2007 R'm
1. REVENUE		
Turnover	1 542.1	1 961.2
Interest received	138.0	13.2
Dividend income	10.6	10.0
	1 690.7	**1 984.3**
2. OPERATING INCOME BEFORE ABNORMAL ITEMS		
Operating income before abnormal items is reflected after charging:		
Cost of sales	664.9	596.5
Sales and distribution expenses	172.0	157.6
Research and marketing expenses	71.8	75.5
Other operating expenses	130.3	92.8
Depreciation – included in cost of sales and other operating expenses	24.5	26.9
3. ABNORMAL ITEMS		
Impairment of property, plant and equipment	–	(13.0)
Competition Commission – fine	(53.5)	–
Impairment charges on intangibles	–	(55.8)
Abnormal loss before taxation	(53.5)	(68.8)
Taxation	–	–
Minorities	–	–
Abnormal loss attributable to shareholders in Adcock Ingram Holdings (Pty) Ltd	(53.5)	(68.8)

4. BASIS OF PREPARATION

The group interim financial information for the period ended 31 March 2008 has been prepared in terms of IAS 34. Furthermore, transactions specifically executed for the unbundling have been reversed to fairly reflect the group result and facilitate comparability with the prior reporting period.

5. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except as follows:

- The Group has adopted the following new and amended IFRS statement and IFRIC interpretation during the period under review.

  Adoption of these revised standards and interpretations did not have any effect on the interim financial statements of the group. They will however give rise to additional disclosures at year-end.

  – IFRS 7: Financial Instruments: Disclosures.

  – IAS 1: Amendment-Presentation of Financial Statements.

  – IFRIC 10: Interim Financial Reporting and Impairment.

  The principal effects of these changes are as follows:

  IFRS 7: Financial Instruments: Disclosures

  The group has adopted IFRS 7, which requires disclosures that enable users to evaluate the significance of the group's financial instruments and the nature and extent of risks arising from those financial instruments.

IAS 1: Presentation of Financial Statements

This amendment requires the group to make new disclosures to enable users of the financial statements to evaluate the group's objectives, policies and processes for managing capital.

IFRIC 10: Interim Financial Reporting and Impairment

The group adopted IFRIC Interpretation 10 at 1 October 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The interpretation had no impact on the financial position or performance of the group.

6. PROPERTY, PLANT AND EQUIPMENT

	2008	2007
OTHER GROUP SALIENT FEATURES		
Net debt to equity (%)	30.6%	(116.8%)
Interest cover – net (times)	(29.2)	5.9
Current ratio (:1)	2.0	0.4
Capital expenditure (R'm)	58.0	45.0
– Replacement	10.4	4.0
– Expansion	47.6	41.0
Capital commitments (R'm)	287.1	322.1
– Contracted	147.0	7.4
– Approved	140.1	314.7

Capital commitments will be funded from normal operating cash flows and the utilisation of existing borrowing facilities.

7. POST-BALANCE SHEET EVENTS

On 9 May 2008, an agreement was reached with the Competition Commission relating to contraventions of the Competition Act by subsidiary company Adcock Ingram Critical Care (Pty) Ltd. In terms of the agreement, Adcock Ingram Critical Care (Pty) Ltd agreed to pay an administrative penalty of R53.5 million. The agreement was confirmed by the Competition Tribunal on 2 June 2008 and the administrative penalty was paid on 1 July 2008. The amount of the penalty has been fully provided for at 31 March 2008 and has been disclosed as an abnormal item in Note 3.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE REVIEWED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION OF THE ADCOCK GROUP FOR THE SIX MONTHS ENDED 31 MARCH 2008

"The Directors
Adcock Ingram Holdings Limited
1 New Road
Midrand
1685

16 July 2008

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE HISTORICAL FINANCIAL INFORMATION

We have reviewed the accompanying financial information of the group at 31 March 2008. The financial information is the responsibility of the company's management. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard of Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters than might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial information is not prepared, in all material respects, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements, other than the reversal of transactions, specifically executed for the unbundling, to fairly reflect the group result and facilitate comparability with the prior reporting period.

Derek Engelbrecht
Partner

Ernst & Young Inc.

Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg"

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF THE ADCOCK GROUP FOR THE YEAR ENDED 30 SEPTEMBER 2007

The unaudited *pro forma* financial information is the responsibility of the directors of Adcock Ingram Holdings Limited (hereafter "Adcock") and has been prepared for illustrative purposes only. Due to its nature, the unaudited *pro forma* financial information may not fairly present Adcock's consolidated financial position, changes in equity, results of operations or cash flows. The unaudited *pro forma* financial information has been prepared to illustrate the impact of the unbundling and separate listing of Adcock on the JSE for the financial year ended 30 September 2007 had the unbundling occurred on 1 October 2006 for income statement purposes and on 30 September 2007 for balance sheet purposes. . No adjustments have been made to the pro-forma financial information in respect of post balance sheet events except as provided for in IFRS on Events After Balance Sheet or in respect of the particular corporate action for which the *pro forma* financial information is presented or in respect of any post balance sheet corporate action where it would be misleading not to make an adjustment.

PRO FORMA ADCOCK INGRAM HOLDINGS LIMITED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2007

R'm	Unadjusted Audited 2007 1*	2*	3*	4*	Adjusted Audited 2007 5*	6*	7*	8*	9*	*Pro forma* Group 2007
REVENUE	2 989.4	–	–	(88.1)	2 901.3	–	–	–	–	2 901.3
TURNOVER	2 879.2	–	–	–	2 879.2	–	–	–	–	2 879.2
Operating income before abnormal items	**961.1**	**–**	**–**	**–**	**961.1**	**–**	**(6.6)**	**(10.4)**	**–**	**944.1**
Abnormal items	(45.4)	–	–	–	(45.4)	(0.4)	–	–	–	(45.8)
Operating income after abnormal items	**915.7**	**–**	**–**	**–**	**915.7**	**(0.4)**	**(6.6)**	**(10.4)**	**–**	**898.3**
Interest paid	(226.2)	–	–	90.4	(135.8)	–	–	–	–	(135.8)
Interest received	110.1	–	–	(88.1)	22.0	–	–	–	34.7	56.7
Dividend income	–	–	–	–	–	–	–	–	–	–
Profit before taxation	**799.6**	**–**	**–**	**2.3**	**801.9**	**(0.4)**	**(6.6)**	**(10.4)**	34.7	**819.2**
Taxation	(233.3)	–	–	(0.7)	(234.0)	–	–	3.0	(10.1)	(241.1)
Profit from continuing operations	**566.3**	**–**	**–**	**1.6**	**567.9**	**(0.4)**	**(6.6)**	**(7.4)**	24.6	**578.1**
Discontinued operations	1 784.5	(1 669.8)	(114.7)	–	–	–	–	–	–	–
PROFIT FOR THE YEAR	**2 350.8**	**(1 669.8)**	**(114.7)**	**1.6**	**567.9**	**(0.4)**	**(6.6)**	**(7.4)**	24.6	**578.1**
Attributable to equity holders of the parent	2 343.1	(1 669.8)	(114.7)	**1.6**	560.2	(0.4)	(6.6)	(7.4)	24.6	570.4
Attributable to minorities	7.7	–	–	–	7.7	–	–	–	–	7.7
	2 350.8	**(1 669.8)**	**(114.7)**	**1.6**	**567.9**	**(0.4)**	**(6.6)**	**(7.4)**	24.6	**578.1**
Number of shares to be issued (m)	172,4									172,4
Earnings per share (cents)	1 359.1	(968.6)	66.5	0.9	**324.9**	(0.2)	(3.8)	(4.3)	14.3	**330.9**
Headline earnings per share (cents)	1 404.7	(968.6)	66.5	0.9	**370.5**	(0.2)	(3.8)	(4.3)	14.3	**376.5**

PRO FORMA ADCOCK INGRAM HOLDINGS LIMITED CONSOLIDATED BALANCE SHEET AT 30 SEPTEMBER 2007

R'm	Unadjusted Audited 2007 1*	4*	10*	Adjusted Audited 2007 5*	6*	7 and 8*	11*	12*	13*	14*	*Pro forma* Group 2007
Non-current assets	**733.4**	**(1.4)**	**(77.5)**	**654.5**	**–**	**–**	**–**	**–**	**7.3**	**–**	**661.8**
Property, plant and equipment	261.4	(1.4)	–	260.0	–	–	–	–	–	–	260.0
Goodwill and other intangibles	234.8	–	–	234.8	–	–	–	–	–	–	234.8
Investments	227.8	–	(77.5)	150.3	–	–	–	–	0.2	–	150.5
Deferred taxation	9.4	–	–	9.4	–	–	–	–	7.1	–	16.5
Current assets	**3 821.5**	**(2 032.2)**	**77.5**	**1 866.8**	**–**	**–**	**(66.8)**	**(313.3)**	**(924.7)**	**1 104.7**	**1 666.7**
Inventories	433.8	–	–	433.8	–	–	–	–	(0.8)	–	433.0
Trade and other receivables	668.3	(21.0)	–	647.3	–	–	–	–	21.0	–	668.3
Amounts due by holding company and fellow subsidiary	1 938.5	(2 001.9)	77.5	14.1	–	–	–	(1 101.8)	(0.6)	1 104.7	16.4
Taxation receivable	23.5	(9.3)	–	14.2	–	–	–	–	(14.2)	–	–
Cash and cash equivalents	757.4	–	–	757.4	–	–	(66.8)	788.5	(930.1)	–	549.0
Total assets	**4 554.9**	**(2 033.6)**	**–**	**2 521.3**	**–**	**–**	**(66.8)**	**(313.3)**	**(917.4)**	**1 104.7**	**2 328.5**
EQUITY AND LIABILITIES											
Capital and reserves	**398.2**	**(469.5)**	**–**	**(71.3)**	**–**	**(14.0)**	**(66.8)**	**–**	**–**	**1 104.7**	**952.6**
Ordinary share capital and share premium	–	–	–	–	–	–	–	–	–	1 104.7	1 104.7
Non-distributable reserves	59.1	–	–	59.1	0.4	–	–	–	–	–	59.5
Accumulated (deficit)/profit	339.1	(469.5)	–	(130.4)	(0.4)	(14.0)	(66.8)	–	–	–	(211.6)
Minority interest	22.0	(1.3)	–	20.7		–	–	–	–		20.7
Total equity	**420.2**	**(470.8)**	**–**	**(50.6)**	**–**	**(14.0)**	**(66.8)**	**–**	**–**	**1 104.7**	**973.3**
Non-current liabilities	**428.4**	**(16.9)**	**–**	**445.3**	**–**	**–**	**–**	**–**	**6.0**	**–**	**451.3**
Deferred taxation	–	24.0	–	24.0	–	–	–	–	7.3	–	31.3
Provision for post-retirement medical aid	12.8	–	–	12.8	–	–	–	–	–	–	12.8
Long-term borrowings	415.6	(7.1)	–	408.5	–	–	–	–	1.3	–	407.2
Current liabilities	**3 706.3**	**(1 579.7)**	**–**	**2 126.6**	**–**	**14.0**	**–**	**(313.3)**	**(923.4)**	**–**	**903.9**
Trade and other payables	450.1	1.0	–	451.1	–	17.0	–	–	(18.2)	–	449.9
Provisions	39.7	–	–	39.7	–	–	–	–	–	–	39.7
Taxation	–	–	–	–	–	(3.0)	–	–	8.2	–	5.2
Amounts due to Holding company and fellow subsidiaries	1 580.7	(1 580.7)	–	–	–	–	–	–	–	–	–
Short-term borrowings	1 635.1	–	–	1 635.1	–	–	–	(313.3)	(913.4)	–	408.4
Shareholders for dividends	0.7	–	–	0.7	–	–	–	–	–	–	0.7
Total equity and liabilities	**4 554.9**	**(2 033.6)**	**–**	**2 521.3**	**–**	**–**	**(66.8)**	**(313.3)**	**(917.4)**	**1 104.7**	**2 328.5**
Net asset value per share (cents)	231.0	(272.3)	–	**(41.3)**	**–**	(8.1)	(38.7)	–	–	640.7	**552.6**
Tangible net asset value per share (cents)	94.8	(272.3)	–	**(177.5)**	**–**	(8.1)	(38.7)	–	–	640.7	**416.4**

Notes:

1. *Extracted from the audited consolidated Adcock Ingram Holdings (Pty) Ltd financial statements for the year ended 30 September 2007.*
2. *The Consumer Division of Adcock Ingram Healthcare (Pty) Ltd was sold to Tiger Consumer Brands Ltd on 31 March 2007. This pro forma entry eliminates the results of this division from the Adcock Group results as if the transaction was effected at 1 October 2006. These results and financial position which have been adjusted for in Column 2 have been extracted from the audited Consumer Division consolidation pack at 30 September 2007.*
3. *The intellectual property relating to the Consumer division, and held by Adcock Ingram Intellectual Property (Pty) Ltd, was sold to Tiger Food Brands Intellectual Property Holding Company (Pty) Limited on 31 March 2007. This pro forma entry eliminates the results of this division from the Adcock Group results as if the transaction was effected at 1 October 2006. These results and financial position which have been adjusted for in Column 3 have been extracted from the audited consolidation pack of Adcock Ingram Intellectual Property at 30 September 2007.*
4. *Certain statutory entities within the consolidated Adcock Group at 30 September 2007 will not be unbundled and will remain within the Tiger Brands Ltd Group. The income statement adjustment of R90.4m reverses the interest charge included in the Adcock Group's income statement which will be borne by the Tiger Brands Group after the unbundling going forward on a continuous basis and reverses the interest earned (R88.1m) on the loan between the Adcock Group and the Tiger Brands group which will be settled as part of the reorganisation of the Adcock Group prior to unbundling. The balance sheet adjustments remove the balance sheet balances of the entities included within the consolidated Adcock Group at 30 September 2007 which will remain within the Tiger Brands Ltd Group subsequent to the unbundling.*
5. *Sub-total relating to all pro forma adjustments which are based on audited historical balances recorded within the consolidated Adcock Ingram Holdings (Pty) Ltd financial statements for the year ended 30 September 2007.*
6. *Tiger Brands Limited currently has share-based payment schemes in place for senior employees. So as not to prejudice employees as a result of the unbundling, the original share options awarded to both Tiger Brands and Adcock employees will be amended in order for employees to receive options in respect of both Tiger shares (ex Adcock) and the new Adcock unbundled shares. This will result in an adjustment for accounting purposes in respect of IFRS 2: Share-based Payments. To the extent that Tiger Brands will be required in future years to issue Tiger Brands shares to Adcock employees, the IFRS 2 expense needs to be accelerated. This adjustment has been calculated at R0.4m using market information and assumptions at 30 September 2007 and may differ going forward depending on actual circumstances after the unbundling. This is a non-continuing adjustment.*
7. *As a result of the unbundling and listing, the Adcock Group will incur expenses of approximately R6.6m for attorney and financial advisory fees. This is a non-continuing adjustment.*
8. *The Adcock Group have historically paid management fees to Tiger Brands of R61.6m for services such as human resources, payroll services, legal services, rentals and information technology support. As a result of the unbundling these fees will no longer be payable to Tiger Brands, however, it will cost approximately R67.9m to source these services from third party service providers. The listing will result in an additional cost of R4.1m as a result of additional professional fees and non-executive director fees. These are continuing annual adjustments relating to additional expenditure to be incurred as a result of the separation from the Tiger Brands Group.*
9. *As a consequence of the recapitalisation of the Adcock Group referred to above, the Adcock Group will earn additional interest in the first year after unbundling compared to that reflected in the adjusted Adcock Group income statement (refer to Note 5 above). This adjustment reflects the approximate interest impact had the recapitalisation taken place at the beginning of the period.*
10. *Certain subsidiary companies in the Tiger Brands Group made capital contributions to the Black Managers Trust ("BMT"). The object of the BMT is to facilitate the economic ownership of and voting rights in the shares by black managers employed by Tiger Brands or its subsidiaries in accordance with the provisions set out in terms of the Broad-Based Black Empowerment Act, No. 53 of 2003. The unbundling of Adcock will result in an adjustment to the original capital contributions made to the BMT by the Adcock Group. This adjustment will be calculated with reference to the number of Tiger Brands shares not actually allocated to black managers employed by Adcock at the time of the unbundling. This adjustment is non-continuing.*
11. *In reorganising the Adcock Group for unbundling certain future transactions are anticipated. Using the audited balances at 30 September 2007, dividends of approximately R66.8m will be declared to Tiger Brands Group companies prior to unbundling. This has been adjusted for as a non-continuing adjustment.*
12. *In reorganising the Adcock Group for unbundling certain future transactions are anticipated. Using the audited balances at 30 September 2007, the net Tiger Brands Group loan balances of approximately R1 101.8m will be repaid by the Tiger Brands Group prior to unbundling. This has been adjusted for as a non-continuing adjustment.*
13. *This column re-allocates balance sheet amounts to ensure fairer presentation with the envisaged final balance sheet of the Adcock Group to be unbundled.*
14. *Share capital of R1 104.7m will be created in the Adcock Group as a consequence of the reorganisation of the Adcock Group prior to the unbundling.*

Note:

Shareholders are referred to Note 32 of Annexure 5 on page 127 (segmental disclosure) for an indication as to what the financial statements of Adcock would have approximated without the Consumer Division in 2006.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF THE ADCOCK GROUP FOR THE YEAR ENDED 30 SEPTEMBER 2007

"The Directors
Adcock Ingram Holdings Limited
1 New Road
Midrand
1685

16 July 2008

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF ADCOCK INGRAM HOLDINGS LIMITED

Introduction

We have performed our limited assurance engagement in respect of the *pro forma* financial information set out in Annexure 9 to the pre-listing statement, dated on or about 29 July 2008, issued in connection with the proposed unbundling of the shares in Adcock Ingram Holdings Limited by way of a dividend *in specie* ("the transaction").The *pro forma* financial information has been prepared in accordance with the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the transaction might have affected the reported historical information presented, had the corporate action been undertaken at the commencement of the period or at the date of the *pro forma* balance sheet being reported on.

Responsibilities

The directors are responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the pre-listing statement and for the financial information from which it has been prepared. Their responsibility includes determining that:

- the *pro forma* financial information has been properly compiled on the basis stated;
- the basis is consistent with the accounting policies of Adcock Ingram Holdings Limited;
- the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

Our responsibility is to express our limited assurance conclusion on the *pro forma* financial information included in the pre-listing statement to Tiger Brands Limited shareholders. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on *Pro Forma* Financial Information issued by SAICA. This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Adcock Ingram Holdings Limited, considering the evidence supporting the *pro forma* adjustments and discussing the *pro forma* financial information with the directors of Tiger Brands Limited in respect of the transaction. In arriving at our conclusion, we have relied upon financial information prepared by the directors of Tiger Brands Limited and other information from various public, financial and industry sources. While our work performed has involved an analysis of the historical published and audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that, in terms of Sections 8.17 and 8.30 of the JSE Listings Requirements:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Adcock Ingram Holdings Limited; and
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed.

Derek Engelbrecht
Partner

Ernst & Young Inc.
Registered Auditors

Johannesburg"

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF THE ADCOCK GROUP FOR THE SIX MONTHS ENDED 31 MARCH 2008

The unaudited *pro forma* financial information is the responsibility of the directors of Adcock Ingram Holdings Limited (hereafter "Adcock") and has been prepared for illustrative purposes only. Due to its nature, the unaudited *pro forma* financial information may not fairly present Adcock's consolidated financial position, changes in equity, results of operations or cash flows. The unaudited *pro forma* financial information has been prepared to illustrate the impact of the unbundling and separate listing of Adcock on the JSE for the six months ended 31 March 2008 had the unbundling occurred on 1 October 2007 for income statement purposes and on 31 March 2008 for balance sheet purposes. No adjustments have been made to the pro-forma financial information in respect of post-balance sheet events except as provided for in IFRS on *Events After Balance Sheet* or in respect of the particular corporate action for which the *pro forma* financial information is presented or in respect of any post balance sheet corporate action where it would be misleading not to make an adjustment.

PRO FORMA ADCOCK INGRAM HOLDINGS LIMITED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 31 MARCH 2008

R'm	Unadjusted Reviewed 2008 1*	2*	Adjusted Reviewed 2008 3*	4*	5*	6*	7*	*Pro forma* Group 2008
REVENUE	1 690.7	(87.4)	1 603.3	–	–	–	–	1 603.3
TURNOVER	1 542.1	–	1 542.1	–	–	–	–	1 542.1
Operating income before abnormal items	**503.0**	**–**	**503.0**	**–**	**(6.6)**	**(7.4)**	**–**	**489.0**
Abnormal items	(53.5)	–	(53.5)	(0.4)	–	–	–	(53.9)
Operating income after abnormal items	**449.5**	**–**	**449.5**	**(0.4)**	**(6.6)**	**(7.4)**	**–**	**435.1**
Interest paid	(120.7)	33.3	(87.4)	–	–	–	–	(87.4)
Interest received	138.0	(87.4)	50.6	–	–	–	16.1	66.7
Dividend income	10.6	–	10.6	–	–	–	–	10.6
Profit before taxation	**477.4**	**(54.1)**	**423.3**	**(0.4)**	**(6.6)**	**(7.4)**	**16.1**	**425.0**
Taxation	(138.8)	15.1	(123.7)	–	–	2.1	(4.5)	(126.1)
PROFIT FOR THE PERIOD	**338.6**	**(39.0)**	**299.6**	**(0.4)**	**(6.6)**	**(5.3)**	**11.6**	**298.9**
Attributable to equity holders of the parent	334.6	(39.0)	295.6	(0.4)	(6.6)	(5.3)	11.6	294.9
Attributable to minorities	4.0	–	4.0	–	–	–	–	4.0
	338.6	**(39.0)**	**299.6**	**(0.4)**	**(6.6)**	**(5.3)**	**11.6**	**298.9**
Number of shares to be issued (m)	172.4	172.4						
Earnings per share (cents)	194.1	(22.6)	**171.5**	(0.2)	(3.8)	(3.1)	**6.7**	**171.1**
Headline earnings per share (cents)	196.4	(22.6)	**173.8**	(0.2)	(3.8)	(3.1)	**6.7**	**173.4**

PRO FORMA ADCOCK INGRAM HOLDINGS LIMITED CONSOLIDATED BALANCE SHEET AT 31 MARCH 2008

R'm	Unadjusted Reviewed 2008 1*	2*	Adjusted Reviewed 2008 3*	5 and 6*	8*	9*	*10	11*	*Pro forma* Group 2008
Non-current assets	**772.5**	**(47.7)**	**724.8**		**–**	**–**	**–**	**–**	**724.8**
Property, plant and equipment	330.0	(1.1)	328.9	–	–	–	–	–	328.9
Goodwill and other intangibles	225.6	–	225.6	–	–	–	–	–	225.6
Investments	207.5	(46.6)	160.9	–	–	–	–	–	160.9
Deferred taxation	9.4	–	9.4	–	–	–	–	–	9.4
Current assets	**3 277.1**	**(1 698.3)**	**1 578.8**	**2.1**	**(130.3)**	**19.6**	**216.5**	**(53.5)**	**1 633.2**
Inventories	423.8	–	423.8	–	–	–	–	–	423.8
Trade and other receivables	706.3	–	706.3	–	–	–	–	–	706.3
Amounts due by holding company and fellow subsidiary	1 823.1	(1 294.2)	528.9	–	–	(528.9)	–	–	–
Taxation receivable	41.6	(20.6)	21.0	2.1	–	–	–	–	23.1
Cash and cash equivalents	282.3	(383.5)	(101.2)	–	(130.3)	548.5	216.5	(53.5)	480.0
Total assets	**4 049.6**	**(1 746.0)**	**2 303.6**	**2.1**	**(130.3)**	**19.6**	**216.5**	**(53.5)**	**2 358.0**
EQUITY AND LIABILITIES									
Capital and reserves	**1 924.6**	**(627.6)**	**1 297,0**	**(11.9)**	**(130.3)**	**–**	**–**	**–**	**1 154.8**
Ordinary share capital and share premium	1 204.4	–	1 204.4	–	–	–	–	–	1 204.4
Non-distributable reserves	40.1	(0.2)	39.9	–	–	–	–	–	39.9
Accumulated (deficit)/profit	646.1	(627.4)	18.7	(11.9)	(130.3)	–	–	–	(123.5)
Share based payment reserve	34.0	–	34.0	–	–	–	–	–	34.0
Minority interest	21.9	–	21.9		–	-	–	–	21.9
Total equity	**1 946.5**	**(627.6)**	**1 318.9**	**(11.9)**	**(130.3)**	**–**	**–**	**–**	**1 176.7**
Non-current liabilities	**447.8**	**(8.0)**	**439.8**	**–**	**–**	**–**	**–**	**–**	**439.8**
Deferred taxation	24.3	–	24.3	–	–	–	–	–	24.3
Provision for post-retirement medical aid	13.3	–	13.3	–	–	–	–	–	13.3
Long-term borrowings	410.2	(8.0)	402.2	–	–	–	–	–	402.2
Current liabilities	**1 655.3**	**(1 110.4)**	**544.9**	**14.0**	**–**	**19.6**	**216.5**	**(53.5)**	**741.5**
Trade and other payables	479.5	(26.3)	453.2	14.0	–	–	–	(53.5)	413.7
Taxation	–	–	–	–	–	–	–	–	–
Amounts due to Holding company and fellow subsidiaries	708.1	(708.1)	–	–	–	-	–	–	–
Short-term borrowings	467.7	(376.0)	91.7	–	–	19.6	216.5	–	327.8
Shareholders for dividends	–	–	–	–	–	–	–	–	
Total equity and liabilities	**4 049.6**	**(1 746.0)**	**2 303.6**	**2.1**	**(130.3)**	**19.6**	**216.5**	**(53.5)**	**2 358.0**
Net asset value per share (cents)	1 116.4	(364.0)	**752.3**	(6.9)	(75.6)	–	–	–	**669.8**
Tangible net asset value per share (cents)	985.5	(364.0)	**621.5**	(6.9)	(75.6)	–	–	–	**539.0**

Notes:

1. Extracted from the reviewed consolidated Adcock Ingram Holdings (Pty) Ltd interim financial information for the six months ended 31 March 2008. The group interim financial information for the period ended 31 March 2008 has been prepared in terms of IAS 34. Furthermore, transactions specifically executed for the unbundling have been reversed to fairly reflect the group result and facilitate comparability with the prior reporting period.
2. Certain statutory entities within the consolidated Adcock Group at 31 March 2008 will not be unbundled and will remain within the Tiger Brands Group. The income statement adjustment of R33.3m reverses the interest charge included in the Adcock Group's income statement which will be borne by the Tiger Brands Group after the unbundling going forward on a continuous basis and reverses the interest earned (R87.4m) on the loan between the Adcock Group and the Tiger Brands group which will be settled as part of the reorganisation of the Adcock Group prior to unbundling. The balance sheet adjustments remove the balance sheet balances of the entities included within the consolidated Adcock Group at 31 March 2008 which will remain within the Tiger Brands Group subsequent to the unbundling.
3. Sub-total relating to all *pro forma* adjustments which are based on reviewed historical balances recorded within the consolidated Adcock Ingram Holdings (Pty) Ltd interim financial statements for the six months ended 31 March 2008.
4. Tiger Brands Limited currently has share-based payment schemes in place for senior employees. So as not to prejudice employees as a result of the unbundling, the original share options awarded to both Tiger Brands and Adcock employees will be amended in order for employees to receive options in respect of both Tiger shares (ex-Adcock) and the new Adcock unbundled shares. This will result in an adjustment for accounting purposes in respect of IFRS 2: Share-based Payments. To the extent that Tiger Brands will be required in future years to issue Tiger Brands shares to Adcock employees, the IFRS 2 expense needs to be accelerated. This adjustment has been calculated at R0.4m using market information and assumptions at 30 September 2007 and may differ going forward depending on actual circumstances after the unbundling. This is a non-continuing adjustment.
5. As a result of the unbundling and listing, the Adcock Group will incur expenses of approximately R6.6m for attorney and financial advisory fees. This is a non-continuing adjustment.
6. The Adcock Group have historically paid management fees to Tiger Brands of R29.3m for services such as human resources, payroll services, legal services, rentals and information technology support. As a result of the unbundling, these fees will no longer be payable to Tiger Brands, however, it will cost approximately R34.7m to source these services from third party service providers. The listing will result in an additional cost of R2m as a result of additional professional fees and non-executive director fees. These are continuing annual adjustments relating to additional expenditure to be incurred as a result of the separation from the Tiger Brands Group.
7. As a consequence of the recapitalisation of the Adcock Group referred to above, the Adcock Group will earn additional interest in 2009 compared to that reflected in the adjusted reviewed Adcock Group income statement (refer to Note 3 above). This adjustment reflects the approximate interest impact had the recapitalisation taken place at the beginning of the period.
8. In reorganising the Adcock Group for unbundling certain future transactions are anticipated. Using the reviewed balances at 31 March 2008, dividends of approximately R130.3m will be declared to Tiger Brands Group companies prior to unbundling. This has been adjusted for as a non-continuing adjustment.
9. In reorganising the Adcock Group for unbundling certain future transactions are anticipated. Using the reviewed balances at 31 March 2008, the net Tiger Brands Group loan balances of approximately R548.5m will be repaid by the Tiger Brands Group prior to unbundling. This has been adjusted for as a non-continuing adjustment.
10. This column re-allocates balance sheet amounts to ensure fairer presentation with the envisaged final balance sheet of the Adcock Group to be unbundled.
11. Prior to unbundling of the Adcock Group, it is anticipated that the fine imposed by the Competition Commission, as confirmed by the Competition Tribunal on 2 June 2008, will be settled. This has been adjusted for as a non-continuing adjustment.

Note:

Shareholders are referred to Note 32 of Annexure 5 on page 127 (segmental disclosure) for an indication as to what the financial statements of Adcock would have approximated without the Consumer Division in 2006.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF THE ADCOCK GROUP FOR THE SIX MONTHS ENDED 31 MARCH 2008

"The Directors
Adcock Ingram Holdings Limited
1 New Road
Midrand
1685

16 July 2008

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF ADCOCK INGRAM HOLDINGS LIMITED

Introduction

We have performed our limited assurance engagement in respect of the *pro forma* financial information set out in Annexure 11 to the pre-listing statement, dated on or about 29 July 2008, issued in connection with the proposed unbundling of the shares in Adcock Ingram Holdings Limited by way of a dividend *in specie* ("the transaction").The *pro forma* financial information has been prepared in accordance with the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the transaction might have affected the reported historical information presented, had the corporate action been undertaken at the commencement of the period or at the date of the *pro forma* balance sheet being reported on.

Responsibilities

The directors are responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the circular and for the financial information from which it has been prepared. Their responsibility includes determining that:

- the *pro forma* financial information has been properly compiled on the basis stated;
- the basis is consistent with the accounting policies of Adcock Ingram Holdings Limited; and
- the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

Our responsibility is to express our limited assurance conclusion on the *pro forma* financial information included in the pre-listing statement to Tiger Brands Limited shareholders. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements applicable to Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Guide on *Pro Forma* Financial Information issued by SAICA. This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted financial information with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Adcock Ingram Holdings Limited, considering the evidence supporting the *pro forma* adjustments and discussing the *pro forma* financial information with the directors of Tiger Brands Limited in respect of the transaction. In arriving at our conclusion, we have relied upon financial information prepared by the directors of Tiger Brands Limited and other information from various public, financial and industry sources. While our work performed has involved an analysis of the historical published and audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that, in terms of Sections 8.17 and 8.30 of the JSE Listings Requirements:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of Adcock Ingram Holdings Limited; and
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed.

Derek Engelbrecht
Partner

Ernst & Young Inc.
Registered Auditors

Johannesburg"

DETAILS OF ADCOCK'S MAJOR SUBSIDIARIES

Name	Adcock Ingram Healthcare (Pty) Ltd (formerly Newshelf 900 (Pty) Ltd)
Date of becoming a subsidiary	4 February 2008
Percentage holding	100%
Country of incorporation	Republic of South Africa
Registration number	2007/019928/07
Issued share capital	R815 390 001, comprising 100 ordinary shares of R1.00 each and a share premium of R815 389 901
Main activity	Manufacturing, marketing and distribution of healthcare products
Name	Adcock Ingram Critical Care (Pty) Ltd
Date of becoming a subsidiary	4 August 2000
Percentage holding	100%
Country of incorporation	Republic of South Africa
Registration number	2000/004208/07
Issued share capital	R284 978 566, comprising 178 ordinary shares of R1.00 each and a share premium of R284 978 388
Main activity	The manufacture, marketing, sale and distribution of intravenous solutions and other hospital products
Name	Adcock Ingram Intellectual Property (Pty) Ltd
Date of becoming a subsidiary	20 March 2000
Percentage holding	100%
Country of incorporation	Republic of South Africa
Registration number	2000/004110/07
Issued share capital	R104 000 000, comprising 100 ordinary shares of R1.00 each and a share premium of R103 999 900
Main activity	Owning, managing and licensing of intellectual property
Name	Adcock Ingram Limited
Date of becoming a subsidiary	23 March 2000
Percentage holding	100%
Country of incorporation	Republic of South Africa
Registration number	1949/034385/06
Issued share capital	R33 208 268, comprising 28 832 448 ordinary shares of R1.00 each, 400 000 000 "N" ordinary shares of 1 cent each and a share premium of R375 820
Main activity	Owning, managing and licensing of intellectual property, dossier registrations and investment holdings
Name	The Scientific Group (Pty) Ltd
Date of becoming a subsidiary	1 November 2005
Percentage holding	74%
Country of incorporation	Republic of South Africa
Registration number	1999/022637/07
Issued share capital	R100, comprising 50 000 ordinary shares of R0.002 cent each
Main activity	Purchase, sale and distribution of medical equipment, medical consumables and pharmaceutical products

DETAILS OF MAJOR DISPOSALS AND ACQUISITIONS

DISPOSALS

Business disposed	**Consumer division**
Nature of business	Personal Care, Home Care and Baby Care
Date of disposal	1 April 2007
Shareholding disposed	N/A (the assets and liabilities were disposed)
Disposal price	R1.8 billion was debited to an inter-company loan account (which will not be unbundled with the Adcock Group)
Buyer	Tiger Consumer Brands Limited, which is a 100% subsidiary of Tiger Brands (located at 3010 William Nicol Drive, Bryanston, 2021), which currently does not have a controlling shareholder
Rationale for disposal	Consolidation of Tiger Brands core activities into one legal entity

ACQUISITIONS

The Adcock Group has made a number of minor acquisitions in the past three years, none of which were material to the prospects or results of the Adcock Group.

SCHEDULE OF MATERIAL IMMOVABLE PROPERTIES OWNED AND LEASED BY THE ADCOCK GROUP

MATERIAL IMMOVABLE OWNED PROPERTY

	Wadeville (Gauteng)	**Clayville (Gauteng)**	**Bangalore (India)**
Main activities	Production of liquids including syrups, ear and nose drops, tablets, capsules and ointments	Production of effervescents, creams and medicated lozenges	Production of tablets and capsules
Site	Land: 27 052m^2 Building: 16 831m^2	Land: 54 724m^2 Building: 12 673m^2	Land: 6 595m^2 Building: 12 864m^2 (includes all floors)
Facility space	Production: 5 639m^2 Warehouse: 6 506m^2 Other: 4 686m^2	Production: 5 736m^2 Warehouse: 4 678m^2 Other: 2 259m^2	Production: 5 761m^2 Warehouse: 3 396m^2 Other: 3 707m^2
Ownership	100% owned	100% owned	50% owned
	Aeroton (Gauteng)		
Main activities	R&D; manufactures IV fluid bags, blood bags, pour bottles and dialysis fluid		
Site	Land: 100 496m^2 Building: 27 886m^2		
Facility space	R&D 2 200m^2 Manufacturing: 12 609m^2 Warehouse: 7 144m^2 Amenities (including training centre): 1 473m^2 QA Laboratories: 783m^2 Administration: 3 677m^2		
Ownership	100% owned		

MATERIAL IMMOVABLE LEASED PROPERTY

	Isando (Gauteng)	**Midrand (Gauteng)**	**Midrand (Gauteng)**
Main activities	Distribution centre	Distribution centre	Head office
Site	Building: 14 097m^2	Building: 6 502m^2	Building: 7 000m^2
Lessor	Tiger Consumer Brands Limited	Copper Penny (Proprietary) Limited	Growthpoint Properties Limited
Current rental/ month	R530 895	R350 400	R1 051 388
Unexpired term	Month-to-month contract	31 October 2009	30 June 2018

CORPORATE GOVERNANCE AND KING CODE

1. INTRODUCTION

Adcock considers good governance as an important feature of Adcock, underpinned by a multi-stakeholder approach. Stakeholders include Adcock shareholders, employees, customers, the community and Government. Adcock will endeavour to comply with the highest possible standards of accountability and integrity in the running of its business and reporting to shareholders and other stakeholders. Appropriate policies and procedures will be put in place by the new board pursuant to the unbundling.

The key features of Adcock's approach to corporate governance are set out below. In addition, special attention will also be given to:

1.1 providing all stakeholders and the financial investment community with clear, concise and timely information about Adcock's operations and results;

1.2 ensuring appropriate business and financial risk management;

1.3 ensuring that employees and trade unions are consulted and kept fully informed on issues and affairs of significance and relevance;

1.4 ensuring that no employee may deal, directly or indirectly, in Adcock shares on the basis of unpublished price-sensitive information regarding the business of Adcock;

1.5 ensuring that no director, or management official who participates in the Adcock share incentive scheme, trades in Adcock shares during restricted periods as determined by the Board; and

1.6 acknowledging Adcock's responsibility for transformation.

It is the objective of Adcock to comply with the requirements of the King Code. All entities in the Adcock Group will be required to subscribe to the spirit and principles of the King Code. The tenets and disciplines contained in the King Code will be applied as far as possible in the underlying subsidiaries of Adcock.

2. BOARD OF DIRECTORS

In terms of the King Code, the Board should be of sufficient size and depth to meet the organisation's requirements. Its membership should ensure an appropriate balance of skills, experience and diversity to ensure effective leadership and sound governance within the organisation.

Adcock's unitary board will comprise two executive directors and eight non-executive directors.

In categorising the capacity of each director as executive, non-executive or independent, Adcock has been guided by the provisions of the King Code.

The proposed members of the Board were selected based on a set of criteria which were deemed appropriate for Adcock, given the nature of Adcock and the industry within which it operates as well as the transformation objectives of the Adcock Group. These criteria included, *inter alia*:

2.1 functional expertise;

2.2 demographic diversity;

2.3 experience;

2.4 independence; and

2.5 specific industry or company knowledge in respect of Adcock.

The retirement age for non-executive directors of Adcock will be 70 years, becoming effective at the annual general meeting after the date on which a director turn 70. In terms of the current articles, the Chairman of Adcock will be appointed for a term not exceeding one year. The Chairman of Adcock will be nominated from amongst the ranks of the independent non-executive directors.

The executive directors, together with the executive management committee will be responsible for the day-today management of Adcock's operations. Criteria used for selection included, *inter alia,* leadership qualities, depth of experience and skills, personal integrity and business acumen.

The non-executive directors bring to the Board a range of additional and complementary skills and unfettered independent views, aimed at ensuring that the interests of all Adcock's shareholders, suppliers, customers and employees are fully and effectively protected.

Adcock attach great value to having such independent views and will therefore seek to ensure that, at all times, the current independent status of its non-executive directors is not compromised in any way. The primary responsibility of the Board includes the setting of Adcock's strategic direction, approval and regular review of business plans, budgets and policies. The Board will retain full and effective control over the organisation on all material matters with power and authorities delegated to management clearly and comprehensively documented and regularly reviewed. The Board will monitor the activities of the executive management committee and ensure that Adcock operates ethically and conforms to the highest standards of corporate governance. It will also ensure that the internal controls, both operational (including environmental) and financial, are adequate and that through effective internal controls the financial accounts accurately and objectively reflect Adcock's business.

The Board will be chaired by a non-executive Chairman who will not be the Chief Executive Officer. Terms of office of the non-executive directors are subject to a three-year rotation in terms of the articles, however directors may offer themselves for re-election.

The Board will meet at least four times annually and more frequently if required. The Adcock company secretary will provide the Board, *inter alia,* with advice on the execution of their governance role and will ensure that the required statutory procedures and applicable rules and regulations are followed.

3. EXECUTIVE MANAGEMENT COMMITTEE

The executive management committee will be chaired by the Chief Executive Officer and will consist of nine functional divisional executives. The executive management committee will meet formally at least three times a month.

The executive management committee will be mandated, empowered and held accountable for implementing the strategies, business plans and policies as approved by the Board, managing and monitoring the business affairs of Adcock in accordance with the approved plans and budgets, prioritising the allocation of capital and other resources and establishing best management and operating practices.

The executive management committee will also be responsible for management succession planning and the identification, development and advancement of Adcock's future leaders. Also within the executive management committee's ambit is the setting of operational standards, codes of conduct and corporate ethics.

The executive management committee will be responsible, in terms of the mandate from the Board, for overseeing the levels of insurance cover for potential losses related to property and third party liabilities (including product liabilities). The executive management committee will be responsible for implementing an appropriate system to identify, asses and control risks. This role will include sourcing professional external advisers and insurance agents to review and verify its risk management approach.

4. BOARD COMMITTEES

The Board will initially have three committees: the "Audit and Risk Committee", the "Human Resources, Remuneration and Nominations Committee" and the "Transformation Committee". These committees will be fully mandated by the Board as to their membership, scope of authority, responsibilities and duties. Additional committees may be constituted from time to time, either on a permanent or *ad hoc* basis, should the business require.

4.1 Audit and Risk Committee

The Audit and Risk Committee will consist of two non-executive directors. Adcock's Chief Executive Officer, Chief Financial Officer and internal and external auditors will attend all the Audit and Risk Committee Meetings and have unrestricted access to the chairman of this committee. The Audit and Risk Committee, in turn, will communicate freely with the Chairman of the Board, who will not be a serving member of the Audit and Risk Committee.

The committee's responsibilities will include:

4.1.1 setting standards and internal controls to reduce:

4.1.1.1 operational risks (including environmental, litigation and intellectual property right risks);

4.1.1.2 financial risks;

4.1.1.3 errors; or

4.1.1.4 loss in a cost effective manner;

4.1.2 reviewing interim reports, the annual audited financial statements and the auditors' report on the financial statements, prior to their submission to the board for approval;

4.1.3 annually reviewing the scope and plan for external and internal audits;

4.1.4 reviewing accounting policies and financial reporting practices;

4.1.5 reviewing Adcock's internal control and risk management systems and procedures;

4.1.6 setting the principles for recommending the use of the external auditors for non-audit services; and

4.1.7 meeting regularly with the external auditors independently of management of Adcock.

To perform these functions, the Audit and Risk Committee will meet half-yearly, or more frequently if required.

If deemed necessary, the Risk Committee will be established as a committee independent of the Audit Committee.

4.2 Human Resources, Remuneration and Nominations Committee

The Human Resources, Remuneration and Nominations Committee will be chaired by the non-executive Chairman, and will consist of at least two non-executive directors and will meet half-yearly, or more frequently if required. The committee will have a clearly defined mandate from the Board aimed at:

4.2.1 ensuring that Adcock's Chairman, directors and senior executives are fairly rewarded for their individual contributions to Adcock's overall performance;

4.2.2 ensuring that Adcock's remuneration strategies and packages, including share incentive schemes, are related to performance, are suitably competitive and give due regard to the interests of the shareholders and the financial and commercial health of Adcock;

4.2.3 ensuring appropriate human resource strategies, policies and practices; and

4.2.4 reviewing executive succession and development plans and recommending to the board candidates for senior positions in Adcock.

In discharging its responsibilities, this committee will consult widely within Adcock and draw extensively on external surveys and independent advice and information.

4.3 Transformation Committee

The Transformation Committee will consist of non-executive and executive directors and appropriate members of management. The committee will be responsible for guiding, monitoring, reviewing and evaluating Adcock's progress in respect of transformation.

To perform these functions, the committee will meet half-yearly, or more frequently if required.

EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF ADCOCK

3. SHARES – RIGHTS ATTACHING TO SHARES AND VARIATION OF RIGHTS ATTACHING TO SHARES

3.1 Subject to any relevant provisions of the Memorandum of the company and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares in the company, any shares whether in the initial or in any increased capital may be issued with such preferred, deferred, or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the company may from time to time determine. Preference shares may be issued and existing shares may be converted into preference shares on the basis that they are, or at the option of the company are liable, to be redeemed on such terms and in such manner as shall be prescribed in these Articles or the resolution authorising or effecting such issue or conversion.

3.2 With the prior approval of the company in general meeting, subject to the Statutes and the approval of the Issuer Services Division of the JSE (where necessary) any securities in the company authorised but unissued from time to time may be issued by the directors to such person or persons on such terms and conditions and with such rights or restrictions attached thereto as the directors may determine. Securities in the company which are authorised but unissued shall be offered to the existing members pro rata to their shareholding in the company, unless:

3.2.1 otherwise empowered by a general meeting of members; or

3.2.2 issued for the acquisition of assets or reduction of debt.

3.3 The company shall, subject to the provisions of the Companies Act, be entitled to provide financial assistance for the purchase of or subscription for shares of the company or its holding company, provided the directors are satisfied that:

3.3.1 subsequent to the transaction, the consolidated assets of the company, fairly valued, will be more than its consolidated liabilities;

3.3.2 subsequent to providing the assistance and for the duration of the transaction, the company will be able to pay its debts as they become due in the ordinary course of business.

3.4 All or any of the rights, privileges or conditions for the time being attached to any class of shares for the time being forming part of the share capital of the company may (unless otherwise provided by the terms of issue of the shares of that class) whether or not the company is being wound up, be varied in any manner with the consent in writing of the holders of not less than three-fourths of the issued shares of that class, or with the sanction of a resolution passed in the same manner as a special resolution of the company at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to a general meeting shall mutatis mutandis apply to any such separate general meeting, except that:

3.4.1 the necessary quorum shall be a member or members of the class present in person, or represented by proxy and holding at least 51% (fifty-one per cent) of the capital paid or credited as paid on the issued shares of that class;

3.4.2 if at any such general meeting a quorum is not present it shall be adjourned until the same time on the fifth business day after the date originally stipulated, and if at such adjourned meeting of such holders a quorum as above defined is not present, those holders who are present shall be a quorum;

3.4.3 any holder of shares of the class present in person or represented by proxy may demand a poll and, on a poll, shall have 1 (one) vote for each share of the class of which he is the holder.

3.5 No person shall be recognised by the company as holding any share upon any trust, and no notice of any trust expressed or implied or constructive shall be entered in the register or be receivable by the company, and the company shall not, except only as otherwise provided by these Articles or by the Statutes or by any order of a Court of competent jurisdiction, be bound by or compelled in any way to recognise any equitable, contingent, future, partial or representative interest in any share or any right in or in respect of any share other than an absolute right to the entirety thereof in the registered holder and such other rights in case of transmission thereof as are hereinafter mentioned.

12. BORROWING POWERS (*)

12.1 The directors may exercise all the powers of the company to borrow money and to mortgage or encumber its undertaking and property or any part thereof and to issue debentures or debenture stock (whether secured or unsecured) and other securities (with such special privileges, if any, as to allotment of shares or stock, attending and voting at general meetings, appointment of directors or otherwise as may be sanctioned by a general meeting) whether outright or as security for any debt, liability or obligation of the company or of any third party.

12.2 For the purpose of the provisions of Article 12.1, the borrowing powers of the company shall be unlimited.

(*) This article (like other articles) can only be amended by special resolution.

13. DIRECTORS – APPOINTMENT, TERMS OF OFFICE, QUALIFICATIONS, REMUNERATION MATERIAL INTERESTS, REMOVAL AND RETIREMENT

13.1 Until otherwise determined by a meeting of members, the number of directors shall not be less than 4 (four).

13.2 The directors shall have power at any time and from time to time to appoint any person as a director, either to fill a casual vacancy or as an addition to the board, but so that the total number of the directors shall not at any time exceed the maximum number fixed. Subject to the provisions of Article 16.2, any person appointed to fill a casual vacancy or as an addition to the board shall retain office only until the next following annual general meeting of the company and shall then retire and be eligible for re-election.

13.3 The appointment of a director shall take effect upon compliance with the requirements of the Statutes.

13.4 The shareholding qualification for directors and alternate directors may be fixed, and from time to time varied, by the company at any meeting of members and unless and until so fixed no qualification shall be required.

13.5 The remuneration of the executive directors shall from time to time be determined by a sub-committee created by an appointed quorum of non-executive directors, and when appropriate assisted by independent advisers. The remuneration of non-executive directors shall be approved by the company in general meeting.

13.6 The directors shall be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of the company, and in attending meetings of the directors or of committees thereof, and if any director shall be required to perform extra services or to go or to reside abroad or otherwise shall be specially occupied about the company's business, he shall be entitled to receive a remuneration to be fixed by a disinterested quorum of the directors which may be either in addition to or in substitution for the remuneration provided for in Article 13.5.

13.7 The continuing directors may act, notwithstanding any casual vacancy in their body, so long as there remain in office not less than the prescribed minimum number of directors duly qualified to act; but if the number falls below the prescribed minimum, the remaining directors shall not act except for the purpose of filling such vacancy or calling general meetings of shareholders.

13.8 A director shall cease to hold office as such:

13.8.1 if he becomes insolvent, or assigns his estate for the benefit of his creditors, or suspends payment or files a petition for the liquidation of his affairs, or compounds generally with his creditors; or

13.8.2 if he becomes of unsound mind; or

13.8.3 if (unless he is not required to hold a share qualification) he has not duly qualified himself within 2 (two) months of his appointment or if he ceases to hold the required number of shares to qualify him for office; or

13.8.4 if he is absent from meetings of the directors for 6 (six) consecutive months without leave of the directors and is not represented at any such meetings during such 6 (six) consecutive months by an alternate director and the directors resolve that the office be vacated, provided that the directors shall have power to grant any director leave of absence for any or an indefinite period; or

13.8.5 if he is removed under Article 13.16; or

13.8.6 1 (one) month or, with the permission of the directors earlier, after he has given notice in writing of his intention to resign; or

13.8.7 if he shall pursuant to the provisions of the Statutes be disqualified or cease to hold office or be prohibited from acting as director.

13.9 The company and the directors shall comply with the provisions of the Statutes with regard to the disclosure of the interests of directors in contracts or proposed contracts; subject thereto, no director or intending director shall be disqualified by his office from contracting with the company, either with regard to such office or as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the company, in which any director shall be in any way interested, be or be liable to be avoided, nor shall any directors so contracting or being so interested be liable to account to the company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established.

13.10 No director shall, as a director, vote in respect of any contract or arrangement in which he is so interested as aforesaid, and if he does so vote, his vote shall not be counted, nor shall he be counted for the purpose of any resolution regarding the same in the quorum present at the meeting, but these prohibitions shall not apply to:

13.10.1 any contract or dealing with a company or partnership or corporation of which the directors of the company or any of them may be directors, members, managers, officials or employees or otherwise interested;

13.10.2 any contract by or on behalf of the company to give to the directors or any of them any security by way of indemnity or in respect of advances made by them or any of them;

13.10.3 any contract to subscribe for or to underwrite or sub-underwrite any shares in or debentures or obligations of the company or any company in which the company may in any way be interested;

13.10.4 any resolution to allot shares in or debentures or obligations of the company to any director of the company or to any matter arising out of or consequent upon any such resolution; and

13.10.5 any contract for the payment of commission in respect of the subscription for such shares, debentures or obligations.

The above prohibitions may at any time or times be suspended or relaxed to any extent by the company in general meeting.

13.11 A director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat any other director is appointed to hold any office or place of profit under the company or whereat the terms of any such appointment are arranged, and he may vote on any such appointment or arrangement notwithstanding that at such meeting his own appointment or an arrangement in connection therewith is a matter before the board of directors.

13.12 Any general notice given to the directors of the company by a director to the effect that he is a member of a specified company or firm shall comply with the provisions of the Statutes.

13.13 For the purpose of this Article an alternate director shall not be deemed to be interested in any contract or arrangement merely because the director for whom he is an alternate is so interested.

13.14 Nothing in this Article contained shall be construed so as to prevent any director as a member from taking part in and voting upon all questions submitted to a general meeting whether or not such director shall be personally interested or concerned in such questions.

13.15 A director may be employed by or hold any office of profit under the company or under any subsidiary company in conjunction with the office of director, other than that of auditor of the company or of any subsidiary company, and upon such terms as to appointment, remuneration and otherwise as the directors may determine, and any remuneration so paid may be in addition to the remuneration payable in terms of Article 13.5 or 13.6 : Provided that the appointment of a director in any other capacity in the company and his remuneration must be determined by a disinterested quorum of directors.

13.16 Subject to the provisions of the Statutes, a majority of directors may remove a director at a directors' meeting before the expiration of his period of office and by an ordinary resolution elect another person in his stead. The person so elected shall hold office until the next following annual general meeting of the company and shall then retire and be eligible for re-election.

15. ROTATION OF DIRECTORS

15.1 Subject to Article 16, at the first annual general meeting all of the directors shall retire, and at the annual general meeting held in each year thereafter $^1/_3$ (one-third) of the directors, or if their number is not a multiple of 3 (three), then the number nearest to, but not less than $^1/_3$ (one-third) shall retire from office, provided that in determining the number of directors to retire no account shall be taken of any director who by reason of the provisions of Article 16.2 is not subject to retirement. The directors so to retire at each annual general meeting shall be firstly those retiring in terms of Article 13.2 and secondly those referred to in terms of Article 13.16 and lastly those who have been longest in office since their last election or appointment. As between directors of equal seniority, the directors to retire shall, in the absence of agreement, be selected from among them by lot: Provided that, notwithstanding anything herein contained, if, at the date of any annual general meeting any director will have held office for a period of 3 (three) years since his last election or appointment he shall retire at such meeting, either as one of the directors to retire in pursuance of the foregoing or additionally thereto. A retiring director shall act as a director throughout the meeting at which he retires. The length of time a director has been in office shall, save in respect of directors appointed or elected in terms of the provisions of Articles 13.2 and 13.16, be computed from the date of his last election or appointment.

15.2 Retiring directors shall be eligible for re-election. No person other than a director retiring at the meeting shall, unless recommended by the directors for election, be eligible for election to the office of director at any general meeting unless, not less than 7 (seven) days nor more than 14 (fourteen) days before the day appointed for the meeting, there shall have been given to the company secretary notice in writing by some member duly qualified to be present and vote at the meeting for which such notice is given of the intention of such member to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

15.3 Subject to Article 15.2, the company in general meeting may fill the vacated offices by electing a like number of persons to be directors and may fill any other vacancies. In electing directors the provisions of the Statutes shall be complied with.

15.4 If at any general meeting at which an election of directors ought to take place, the place of any retiring director is not filled, he shall if willing continue in office until the dissolution of the annual general meeting in the next year, and so on from year to year until his place is filled, unless it shall be determined at such meeting not to fill such vacancy.

16. EXECUTIVE DIRECTORS

16.1 The directors may from time to time appoint: (a) managing and other executive directors (with or without specific designation or portfolio) or (b) any director to any other executive office in the company (subject to the JSE Listings Requirements), as the directors deem fit, for a period not exceeding 5 (five) years and may, subject to any contract between him or them and the company, from time to time terminate his or their appointment and appoint another or others in his or their place or places, provided that less than half of the directors may be appointed to any such executive position.

16.2 Any executive director appointed in terms of Article 16.1:

16.2.1 shall not (subject to the terms of the contract under which he is appointed) whilst he continues to hold that position of office, be subject to retirement in terms of Article 13.2 or 15; and

16.2.2 shall not, during the currency of such appointment, be taken into account in determining the rotation or retirement of directors; and

16.2.3 shall otherwise be subject to the same provisions as to removal as the other directors of the company, without prejudice to any claims for damages which may accrue to him as a result of such termination.

16.3 A director appointed in terms of the provisions of Article 16.1 to the office of managing director of the company, or to any other executive office in the company, may be paid in addition to the remuneration payable in terms of Article 13.5 or 13.6, such remuneration – not exceeding a reasonable maximum in each year – in respect of such office as may be determined by a disinterested quorum of the directors.

16.4 The directors may from time to time entrust and confer upon a managing director or other executive officer for the time being such of the powers and authorities vested in them as they think fit, and may confer such powers and authorities for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they may think expedient and they may confer such powers and authorities either collaterally with, or to the exclusion of, and in substitution for, all or any of the powers and authorities of the directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers and authorities. A managing director appointed pursuant to the provisions hereof shall not be regarded as an agent or delegate of the directors and, after powers have been conferred upon him by the directors in terms hereof, he shall be deemed to derive such powers directly from this Article.

DIRECTORS' REMUNERATION, OPTIONS AND SHAREHOLDINGS

EXECUTIVE DIRECTOR REMUNERATION FOR THE YEAR ENDED 30 SEPTEMBER 2007

Directors	Period	Salaries and bonus (including travel allowance) R	Pension, medical and other R	Total R
Paid by Tiger Consumer Brands Limited				
J. Louw	01/10/06 to 30/09/07	2 424 937	364 183	2 789 120
Paid by Adcock Ingram Healthcare (Pty) Limited				
C. Booyens	01/10/06 to 30/09/07	1 464 002	234 440	1 698 442
		3 888 939	598 623	4 487 562

There were no non-executive directors and no directors with service contracts with notice periods of longer than three months.

For the year ended 30 September 2007 only Jonathan Louw was an executive director of the Adcock Group and there were no non-executive directors.

In the 2008 financial year, one executive director resigned and was replaced, and eight non-executive directors were appointed, details of which are provided in paragraph 12.1 commencing on page 44.

SHARE OPTIONS

Current executive director's unexercised options over shares in Tiger Brands at the last practicable date are as set out below:

Name	Offer date	Offer price	Exercisable from	Vested options	Unvested options	Unexercised options
J. Louw	1 September 2001	R49.89	1 September 2006	33	–	33
	31 March 2003	R56.10	31 March 2007	13 000	–	13 000
	31 March 2003	R56.10	31 March 2008	13 000	–	13 000
	29 January 2004	R64.91	29 January 2008	7 700	–	7 700
	29 January 2004	R64.91	29 January 2009	–	7 700	7 700
	25 January 2005	R95.09	25 January 2008	5 600	–	5 600
	25 January 2005	R95.09	25 January 2009	–	5 600	5 600
	25 January 2005	R95.09	25 January 2010	–	5 800	5 800
				39 333	19 100	58 433

The Tiger Brands directors have resolved that the following provisions shall apply to employees and former employees of the Tiger Brands group, whose existing Tiger Brands options remain unexercised at the last day to trade:

(a) the trustees of the Adcock Ingram Holdings Employee Share Trust shall grant the same number of Adcock options to the holders of the existing Tiger Brands options (i.e. on a one-for-one basis), the terms and conditions of which shall be *mutatis mutandis* as those pertaining to the existing Tiger Brands options, save that:

(b) the strike price in respect of each Adcock option shall be the market price of an Adcock share (equal to the 5 (five)-day volume weighted average price at which the Adcock shares trade on the JSE from the listing date of the Adcock shares) divided by the aggregate market price of an Adcock and a Tiger Brands share (the market price of a Tiger Brands share equal to the 5 (five)-day volume weighted average price at which the Tiger Brands shares trade on the JSE from the listing date of the Adcock shares) multiplied by the strike price of the existing Tiger Brands options at the last day to trade (the "Adcock option price"); and

(c) where Adcock options are granted as described in paragraph (a) above, the relevant holder shall retain his existing Tiger Brands options but the strike price of each existing Tiger Brands option shall *ipso facto* be reduced by the Adcock option price.

SHAREHOLDINGS

At the last practicable date, the only director with an interest in the share capital of Tiger Brands was Mr A.G. Hall, executive director, who had a direct beneficial holding of 100 Tiger Brands shares. Accordingly the total directors' interests as a percentage of the issued share capital of Adcock is less than 0.01%.

SALIENT FEATURES OF ADCOCK SHARE INCENTIVE SCHEMES

SALIENT TERMS OF THE ADCOCK INGRAM HOLDINGS LIMITED EMPLOYEE SHARE TRUST (2008)

Establishment of the Trust	The Adcock Ingram Holdings Limited Employee Share Trust (2008) (the "trust") is in the process of being established. It is intended to incentivise employees (as defined in the trust deed) to promote the continued growth of the company by giving them an opportunity to acquire shares therein and by assisting employees with the acquisition of shares.
Appointment of Trustees	There shall at all times be a minimum of 2 (two) and a maximum of 4 (four) trustees of the trust. No person who is a trustee of the trust shall be entitled to be a beneficiary under the scheme. No person who is an executive director of the company is entitled to be a trustee. The first trustees will be Mr. P.J. Hope and Mr. A. Cadman who are attorneys at Read Hope Phillips Thomas & Cadman Inc.
Powers of Trustees	In terms of the trust deed, the trustees will be conferred with the powers necessary to implement and administer the trust.
Duties of Trustees	Along with the other duties imposed by the trust deed, the trustees shall make offers and grant options to offerees as directed by the directors from time to time and shall ensure that the scheme is effected in accordance with its terms.
Termination of the Trust	The trust shall terminate as soon as it ceases to hold any Scheme shares and the directors resolve that it so terminate and, provided it has received payment in full of all amounts owed by the beneficiaries and when the trustees have discharged all of their other obligations.
Funding	Adcock Ingram Holdings Limited ("Adcock") or its subsidiaries shall lend and advance monies to the trustees for the purpose of carrying out their duties under the scheme.
Purchase Price	The purchase price for any shares awarded in terms of an offer or option is the simple average closing market price of a share on the JSE for the 30 (thirty) trading days preceding the offer or option date, as the case may be, which is a date determined by the directors of Adcock not earlier than 90 (ninety) days before the actual date on which the offer is made or option granted, as the case may be.
Limitation	The maximum number of shares that may be allocated to the scheme shall be 8 620 000 (eight million six hundred and twenty thousand) shares, being 5% (five per cent) of the total issued share capital of Adcock at the listing date. The maximum number of shares that may be allocated in respect of any one employee shall be 1 290 000 (one million two hundred and ninety thousand) shares, comprising not more than 0.75% (naught point seven five per cent) of the entire issued share capital of Adcock. Upon any beneficiary paying the outstanding purchase price in respect of his or her reserved shares in full, whether pursuant to the exercise of an option or pursuant to the acceptance of an offer – (1) such shares and any rights issue and capitalisation shares and dividend capitalisation shares linked thereto shall cease to be reserved shares and any burden attaching to such shares in terms of the deed shall cease; and

	(2) save as may be expressly provided for to the contrary and subject to certain other relaxation of restrictions, the trustees shall upon payment of the securities tax, if any, payable upon the release of the shares financed by the trust and subject to the attainment of the relevant performance criteria, if any, release the shares only as to $33^1/_3$% (thirty-three and a third per cent) thereof after the 3rd (third) year from the offer date or option date, a further $33^1/_3$% (thirty-three and a third per cent) after the 4th (fourth) year from the offer date or option date; the final $33^1/_3$% (thirty-three and a third per cent) after the 5th (fifth) year from the offer date or option date, as the case may be, to the beneficiary, on a cumulative basis, and provided further the directors of Adcock shall be entitled to determine shorter or longer periods than that provided for above at any time thereafter and whether pursuant to the failure to meeting performance criteria or not.
Voting	In terms of Schedule 14 of the JSE Listings Requirements ("Listings Requirements"), the shares held by a share trust or scheme will not have their votes at general/annual general meetings taken into account of, nor will they be taken into account for the purposes of determining approval of resolutions in terms of the Listings Requirements. Such shares will also not be allowed to be taken into account for purpose of determining categorisations as detailed in Section 9 of the Listings Requirements.

SALIENT TERMS OF THE ADCOCK INGRAM HOLDINGS LIMITED PHANTOM CASH OPTION SCHEME

Establishment of the Scheme	The Adcock Ingram Holdings Limited Phantom Cash Option Scheme (the "Scheme") proposed to be adopted at the general meeting on 14 August 2008. It is intended to incentivise employees to promote the continued growth of Adcock Ingram Holdings Limited ("Adcock") and/or its subsidiaries by giving them cash settled call options in the manner and on the terms set out in the Scheme.
Nature of the Scheme	The grant price of the cash option is linked to the share price (simple average of the closing price of an Adcock share on the JSE for 30 trading-days immediately prior to the date of grant) in accordance with the Scheme and when the employee exercises the said cash option, the employer company will settle the cash option in cash as a bonus and no allotment or transfer of shares will take place.
Delegation of Powers	The directors of Adcock may delegate or confer some or all of the powers exercisable by them in terms of the rules of the scheme to the Remuneration Committee of Adcock, which delegation is revocable.
Grant of Options and Eligibility	The directors of Adcock shall be entitled, but not obliged, from time to time, to grant options to eligible employees. The directors of Adcock shall in their discretion determine the number of options to be granted and the price thereof. Any employee, including an executive director, employed on a full-time basis by Adcock or its subsidiaries shall be eligible for and shall participate in the cash option Scheme if and to the extent that cash options are granted, accepted and to the extent specified in the rules, exercised by the employees.

Exercise of Cash Options	Each cash option may only be exercised by an employee or retired employee in portions of 1/3 (one-third) exercisable after the 3rd (third), 4th (fourth) and 5th (fifth) years, respectively, from the date of grant of the cash options. Each cash option will remain in force for a period not exceeding 6 (six) years from the date of grant. Continued employment is a condition of exercising the options subject to certain limited exceptions in respect of, *inter alia*, retirement and death.
Unbundling from Tiger Brands	In order to place certain employees in the position they would have been had the unbundling from Tiger Brands Limited not affected their rights and obligations in terms of the Tiger Brands Phantom Cash Option Scheme (in terms of which the relevant employees' options lapsed) the holders of those lapsed options are granted cash options in terms of the scheme in accordance with the formula contained in the Scheme.
Amendments to the Scheme	The rules of the Scheme may be amended by the directors in any manner, provided that: 1. no such amendment shall affect the rights and obligations of any employee or retired employee who has, prior to the amendment, become a participant under the Scheme without their prior written consent; and 2. any amendment dealing with the basis for determining the cash settlement amount, the grant price and the relevant time periods shall not operate unless it has received the approval of the company in general meeting.
Termination	The directors of Adcock shall, acting in their discretion, be entitled to terminate the cash option Scheme on any date, provided there is no prejudice to existing participants.

ROYALTIES PAYABLE

The Adcock Group manufactures and/or markets products on behalf of various licensors in terms of which royalties are payable. Royalties are generally calculated as a percentage of sales.

Royalties paid for the last three financial years

Years ended 30 September	**2005 R'000**	**2006 R'000**	**2007 R'000**
Pharmaceutical division	15 926	17 461	17 937
Hospital Products division	4 833	6 724	6 679
Total royalties paid	**20 759**	**24 185**	**24 616**

The majority of the Adcock Group's licence agreements are of indefinite duration, with a small percentage renewable on an annual basis.

No material licence agreements have been terminated or expired between 31 March 2008 and the last practicable date. Adcock is not aware of any material licensors seeking to withdraw any licence agreements. The Adcock Group has not entered into any new material licence agreements between 31 March 2008 and the last practicable date.

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