



## CFR PHARMACEUTICALS S.A.

(Incorporated in Chile)

(Securities Regulation Registry number: 1067)

(Registration number: 48102, page 33498 of the Registry of Commerce of Santiago of the year 2010)

(Chilean tax identity number: 76.116.242-K)

(Share code: CRF ISIN: CL0001762831)

(Short name: CFR Pharm)

("CFR" or "the Company")

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## COMBINED PROSPECTUS AND PRE-LISTING STATEMENT

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**The definitions and interpretations commencing on page 9 of this document apply to this entire document, including this cover page, except where the context indicates a contrary intention.**

A scheme of arrangement in terms of section 114 of the Companies Act has been proposed by the Adcock Ingram Board between Adcock Ingram and the holders of Adcock Ingram Ordinary Shares (other than the holder of the Treasury Shares), pursuant to which Scheme, if implemented, CFR, through its wholly-owned subsidiary, CFR Inversiones, will acquire all of the Scheme Shares from the Scheme Participants, and each Scheme Participant shall receive the Scheme Consideration, on the basis that each Scheme Participant shall, subject to the provisions of paragraph 6.3 of the Circular, which provisions are duplicated in Section 2, Paragraph 3.3 of this Prospectus, be entitled to elect to receive:

- a cash amount of R73.51 per Scheme Share held by such Scheme Participants; or
- the Relevant Number of CFR Shares per Scheme Share held by such Scheme Participants; or
- a combination of cash and CFR Shares.

Scheme Participants should be aware that their elections may not be given effect to in full and are dependent on the aggregation of the elections (and deemed elections) made by all Scheme Participants.

Upon implementation of the Scheme, the Adcock Ingram Ordinary Shares will be delisted from the Main Board of the JSE, and the CFR Shares will be listed on the Main Board of the JSE, in the "Health Care – Pharmaceuticals and Biotechnology – Pharmaceuticals" sector by way of a secondary listing. The Secondary Listing is an inward listing with "domestic status".

**The offer to the Scheme Participants in terms of the Scheme to receive the Share Consideration as a part of their Scheme Consideration constitutes an offer to the public in terms of section 95(1)(h) of the Companies Act. This document is therefore issued in terms of section 99(2) of the Companies Act.**

This Prospectus is issued in compliance with the Companies Act, the Companies Regulations and the Listings Requirements for the purposes of giving information to the Scheme Participants, and is accompanied by the Circular.

This Prospectus is a copy of a registered prospectus which was filed with the CIPC on 5 November 2013, and registered by the CIPC on 15 November 2013.

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**Financial Advisor to CFR**



**Sponsor to CFR**



**Legal Advisor to CFR as to South African Law**



**Legal Advisor to CFR as to Chilean Law**



**Reporting Accountant to CFR**



**Reporting Accountant to Adcock Ingram**



**Transfer Secretaries**



**Public Relations Advisor to CFR**



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**Date of issue: 18 November 2013**

Please refer to the "Important Information" section of this document for information on the share capital of the Company and the directors' responsibility statements.

This Prospectus is only available in English. Copies of the registered Prospectus may be obtained during normal business hours from the registered office of the Company and the offices of Deutsche Securities (SA) Proprietary Limited and the Transfer Secretaries at their respective addresses set out in the "Corporate Information and Advisors" section of this Prospectus from Monday, 18 November 2013 until Wednesday, 18 December 2013.

*This Prospectus, together with a non-official translation thereof into Spanish, will be filed, as required by the Chilean Securities Market Law, with the SVS, with a copy provided to all stock exchanges on which CFR's shares are currently listed in Chile, and published on CFR's website: [www.cfr-corp.com](http://www.cfr-corp.com).*

**This offer by the Company is made to the holders of securities of a South African company, being Adcock Ingram, by means of the Scheme. The offer is subject to disclosure requirements under South African Law that are different from those of the US and Chile. Financial statements included in this Prospectus have been prepared in accordance with South African accounting standards and International Financial Reporting Standards, and may not be comparable to the financial statements of US or Chilean companies.**

**It may be difficult for you to enforce your rights and any claim you may have arising under the US federal securities laws, since CFR is located in Chile and Adcock Ingram is located in South Africa, and some of their officers and directors reside outside of the US. You may not be able to sue CFR or Adcock Ingram or their respective officers or directors in a foreign court, including South African and Chilean courts, for violations of the US securities laws. It may be difficult to compel CFR and/or Adcock Ingram and their respective affiliates to subject themselves to a US court's judgment.**

**You should be aware that CFR may purchase Adcock Ingram Ordinary Shares otherwise than under the Scheme, such as in open market or privately negotiated purchases.**

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## **CORPORATE INFORMATION AND ADVISORS**

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### **Corporate Legal Secretary and Registered Office**

Agustín Eguiguren Correa  
Avenida Pedro de Valdivia No. 295  
Providencia, 7500524  
Santiago, Chile

### **Transfer Secretaries**

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)

### **Legal Advisors to CFR as to South African Law**

Bowman Gilfillan Incorporated  
(Registration number 1998/021409/21)  
165 West Street  
Sandton, 2196  
(PO Box 785812, Sandton, 2146)

### **Legal Advisors to CFR as to Chilean Law**

Honorato, Russi & Eguiguren Limitada  
(Chilean tax identity number 78.413.930-1)  
Avenida El Bosque Norte 0177, oficina 1102  
Las Condes, 7550100  
Santiago, Chile

### **Financial Advisors to CFR**

Credit Suisse Securities (USA) LLC  
(Registration number 3605871)  
Corporation Service Company  
2711 Centerville Road  
Wilmington  
Delaware, 19808  
U.S.A.

### **Reporting Accountants to CFR**

Deloitte and Touche  
(Practice number 902279)  
Deloitte Place, The Woodlands  
20 Woodlands Drive  
Woodmead, Sandton, 2196  
(Private Bag X6, Gallo Manor, Johannesburg, 2052)

### **Reporting Accountants to Adcock Ingram**

Ernst & Young Incorporated  
(Registration number 2006/018200/21)  
Wanderers Office Park, 52 Corlett Drive  
Illovo, Johannesburg, 2196  
(Private Bag X14, Northlands, 2116)

### **Sponsor**

Deutsche Securities (SA) Proprietary Limited  
(Registration number 1995/011798/07)  
3 Exchange Square, 87 Maude Street  
Sandton, 2196  
(Private Bag, X9933, Sandton, 2146)

### **Public Relations Advisor to CFR**

College Hill Proprietary Limited  
(Registration number 1997/002334/07)  
Fountain Grove, 5 2nd Road  
Hyde Park  
Sandton, 2196  
(PO Box 413187, Craighall, 2014)

### **Website**

[www.cfr-corp.com](http://www.cfr-corp.com)

### **Date and place of incorporation**

8 September 2010 – Chile

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## IMPORTANT INFORMATION

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The definitions and interpretations commencing on page 9 of this document apply to this section on "Important Information" (unless the context indicates a contrary intention).

### **SPECIAL NOTE IN REGARD TO THE OFFER**

This Prospectus has been prepared on the assumption that the Scheme Resolutions proposed in the notice convening the Combined General Meeting and the Ordinary General Meeting forming part of the Circular, which accompanies this Prospectus, will be passed at the Combined General Meeting and the Ordinary General Meeting.

**On the date of the Secondary Listing, the authorised share capital of the Company will consist of 11 512 000 000 CFR Shares.**

**Prior to the implementation of the Capital Increase, the issued share capital of the Company was 8 416 000 000 CFR Shares. The authorised and issued shares of the Company are of the same series and rank *pari passu* in every respect. The CFR Shares do not carry any conversion or exchange rights. The number of issued shares in the Company following the implementation of the Capital Increase and the Small Pre-emptive Offer contemplated in Section 1, Paragraph 4.2 of this Prospectus will be between 11 062 226 260 and 11 416 000 000, depending on the number of CFR Shares issued in terms of the Small Pre-emptive Offer, if any.**

The CFR Shares comprising the Share Consideration will, upon issue, be fully paid-up and freely transferable.

### **RESPONSIBILITY**

The directors of the Company, being the persons set out in Section 1, Paragraph 2.1.2 and Section 1, Paragraph 2.1.3 of this document, collectively and individually accept full responsibility for the accuracy of the information provided in this Prospectus (but only insofar as it relates to the Company and only to the extent that they are required to accept such responsibility in terms of the Companies Act or the Listings Requirements) and certify that to the best of their knowledge and belief there are no facts relating to the Company that have been omitted which would make any statement relating to the Company false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Prospectus contains all information relating to the Company required by law and the Listings Requirements, save to the extent that an exemption therefrom has been sought from and granted by the JSE and/or the CIPC.

The directors of Adcock Ingram, being the persons set out in Section 1, Paragraph 2.2 of this document, collectively and individually accept full responsibility for the accuracy of the information provided in this Prospectus (but only insofar as it relates to Adcock Ingram and only to the extent that they are required to accept such responsibility in terms of the Companies Act or the Listings Requirements) and certify that to the best of their knowledge and belief there are no facts relating to Adcock Ingram that have been omitted which would make any statement relating to Adcock Ingram false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Prospectus contains all information relating to Adcock Ingram required by law and the Listings Requirements, save to the extent that an exemption therefrom has been sought from and granted by the JSE and/or the CIPC.

### **FORWARD-LOOKING STATEMENTS**

This Prospectus contains statements about the Company and Adcock Ingram that are or may be forward-looking statements. All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industry; production; cash, costs and other operating results; growth prospects and outlook for operations, individually or in the aggregate; and liquidity, capital resources, expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current views concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as "believe", "aim", "expect", "anticipate", "intend", "foresee", "forecast", "likely", "should", "planned", "may", "estimated", "potential" or similar words and phrases. Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth (including in the pharmaceutical market), estimates of capital expenditures, acquisition strategy, future expansion projects or future capital expenditure levels and the expected Rand to US\$ and/or the Ch\$ rate of exchange, sales forecasts and parameters and other economic factors, such as, *inter alia*, interest rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company and Adcock Ingram caution that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Adcock Ingram and the Company operate may differ materially from those made in, or suggested by, the forward-looking statements contained in this Prospectus.

All these forward-looking statements are based on estimates and assumptions, as regards the Company and/or Adcock Ingram, as communicated by the Company and/or Adcock Ingram in publicly available documents, all of which estimates and assumptions are inherently uncertain although Adcock Ingram and/or CFR believe them to be reasonable. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include matters not yet known to the Company and/or Adcock Ingram or not currently considered material by the Company and/or Adcock Ingram. Important factors that could cause actual events to differ materially from the Company's and/or Adcock Ingram's expectations include the following: changes in political, economic, legal and social conditions in South Africa, Chile and elsewhere; fluctuations in currencies; future legislation, including regulations and rules, as well as changes in enforcement policies; and other factors beyond Adcock Ingram's and/or CFR's control.

Adcock Ingram Shareholders should keep in mind that any forward-looking statement made in this Prospectus or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Adcock Ingram and/or the Company not to develop as expected may emerge from time to time and it is not possible to predict all of them. Further, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Adcock Ingram and the Company have no duty to, and do not intend to, update or revise the forward-looking statements contained in this Prospectus after the date of this Prospectus, except as may be required by law or the requirements of the JSE.

None of the forward-looking statements have been reviewed or reported on by the Company's auditors.

## **FOREIGN SHAREHOLDERS AND APPLICABLE LAWS**

This Prospectus has been prepared for the purposes of complying with the Companies Act, the Companies Regulations and the Listings Requirements, and the information disclosed may not be the same as that which would have been disclosed if this Prospectus had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa or the listings requirements of any securities exchange other than the JSE.

The Scheme may be affected by the laws of the relevant jurisdictions of Adcock Ingram Shareholders not resident in South Africa. Such non-resident Adcock Ingram Shareholders should inform themselves about, observe, and advise Adcock Ingram in writing of, any applicable legal requirements of such jurisdictions. Any failure to comply with such applicable requests or requirements may constitute a violation of the laws of such jurisdiction. It is the responsibility of any non-resident Adcock Ingram Shareholder to satisfy itself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Scheme including the obtaining of any governmental, exchange control or other consents or the making of any filings which may be required, the compliance with other necessary formalities, the payment of any issue, transfer or other taxes or other requisite payments due in respect of such jurisdiction.

This Prospectus and any accompanying documentation are not intended to, and do not constitute, or form part of, an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction in which it is unlawful to make such an offer, invitation or solicitation, or such offer, invitation or solicitation would require Adcock Ingram or CFR to comply with disproportionately onerous filing and/or other disproportionately onerous regulatory obligations. In those circumstances or otherwise if the distribution of this Prospectus and any accompanying documentation in jurisdictions outside of South Africa are restricted or prohibited by the laws of such jurisdiction, this Prospectus and any accompanying documentation are deemed to have been sent for information purposes only and should not be copied or redistributed. Adcock Ingram Shareholders who are not resident in South Africa must satisfy themselves as to the full observance of the laws of any applicable jurisdiction concerning their election to receive the Share Consideration, including any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes due in such other jurisdictions and are required to advise Adcock Ingram of all such filing or regulatory obligations as Adcock Ingram or CFR may be required to

comply with in such jurisdictions in relation to the Transaction. Adcock Ingram, CFR and their respective boards of directors accept no responsibility for the failure by an Adcock Ingram Shareholder to inform itself about, or to observe, any applicable legal requirements in any relevant jurisdiction, or for any failure by Adcock Ingram or CFR to observe the requirements of any jurisdiction.

Without derogation from the above, these materials are not an offer for sale of, or solicitation for offers to purchase or subscribe for securities in the US. The securities referenced herein have not been registered under the US Securities Act and may not be offered, exercised, or sold in the United States absent registration or an exemption from registration under the US Securities Act. CFR does not intend to register any part of the offering in the US or to conduct a public offering of securities in the US.

Without derogation from the above, this communication is only being distributed to and is only directed at: (i) persons who are outside the United Kingdom; or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Articles 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The CFR Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such shares will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

If the offer to or receipt by a non-resident or person with a registered address outside of South Africa would require Adcock Ingram or CFR to comply with disproportionately onerous filing and/or other disproportionately onerous regulatory obligations, or if it would be unlawful to offer or receive the Share Consideration, in the jurisdiction in which such Adcock Ingram Shareholder is resident or has its registered address (a "Cash-Only Shareholder"), such Cash-Only Shareholder will be deemed to have elected to receive or deemed to elect to receive the Cash Consideration, irrespective of its actual election.

The Scheme and this Prospectus are governed by the laws of South Africa (excluding the conflicts of laws rules of that jurisdiction to the extent such rules indicate the application of the laws of any other country) and is subject to applicable South African laws and regulations, including the Companies Act, the Takeover Regulations and the Listings Requirements.

Any Adcock Ingram Shareholder who is in doubt as to its position, including, without limitation, tax status and effects, should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

## **CURRENCIES**

All references in this Prospectus to "Rand", "R", "ZAR" or "cents" are references to the lawful currency of South Africa. All references in this Prospectus to "Chilean peso" or "Ch\$" are references to the lawful currency of Chile. All references in this Prospectus to "US Dollars", "\$" or "US\$" are references to the lawful currency of the United States.

## **TIMES**

All references in this Prospectus to times are to South African Standard Time.

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## DEFINITIONS AND INTERPRETATIONS

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In this Prospectus, unless the context indicates a contrary intention, an expression which denotes any gender includes the other genders, a natural person include a juristic person, a trust and a partnership, and *vice versa*, the singular includes the plural and *vice versa*, and the following expressions bear the meanings assigned to them below:

“A” Ordinary Agreement”	a legally binding agreement entered into by Adcock Ingram, CFR, Blue Falcon 69 Trading Proprietary Limited (registration number 2009/016091/07), Kagiso Strategic Investments III Proprietary Limited (registration number 2007/023000/07), the trustees for the time being of the Mookodi Pharma Trust (Master’s reference number IT314/2010), Mookodi Technologies Proprietary Limited (registration number 1999/004892/07) and the trustees for the time being of the Kurisani Youth Development Trust (Master’s reference number IT374/87);
“Adcock Ingram”	Adcock Ingram Holdings Limited (registration number 2007/016236/06), a company incorporated in accordance with the laws of South Africa and listed on the Main Board of the JSE;
“Adcock Ingram “A” Ordinary Shareholder”	a registered holder of Adcock Ingram “A” Ordinary Shares;
“Adcock Ingram “A” Ordinary Shares”	automatically convertible “A” Ordinary Shares in Adcock Ingram with a par value of 10 cents each, which shares have the same voting rights as the Adcock Ingram Ordinary Shares, and rank <i>pari passu</i> with the Adcock Ingram Ordinary Shares save that, among other things, the holders of Adcock Ingram “A” Ordinary Shares are not entitled to participate in special dividends, and which shares are not listed on any securities exchange;
“Adcock Ingram “B” Ordinary Shareholder”	a registered holder of Adcock Ingram “B” Ordinary Shares;
“Adcock Ingram “B” Ordinary Shares”	automatically convertible “B” Ordinary Shares in Adcock Ingram with a par value of 10 cents each, which shares have the same voting rights as the Adcock Ingram Ordinary Shares, and rank <i>pari passu</i> with the Adcock Ingram Ordinary Shares save that, among other things, the holders of Adcock Ingram “B” Ordinary Shares are not entitled to participate in special dividends, and which shares are not listed on any securities exchange;
“Adcock Ingram Board”	the board of directors of Adcock Ingram, for the time being and from time to time, which, as at the Last Practicable Date, is comprised of the persons set out in Section 1, Paragraph 2.2 of this Prospectus;
“Adcock Ingram Business Plan”	Adcock Ingram’s management five-year plan, as at 11 September 2013;
“Adcock Ingram Group”	Adcock Ingram and its subsidiaries;
“Adcock Ingram Limited”	Adcock Ingram Limited (registration number 1949/034385/06), a company incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of Adcock Ingram;

“Adcock Ingram Material Adverse Clearance Effect”

- (i) an aggregate reduction or decrease in the consolidated net asset value of Adcock Ingram, as measured with reference to its unaudited financial statements as at 31 March 2013, of R50 000 000 or more; or
- (ii) an aggregate reduction in the consolidated gross revenue of Adcock Ingram and its Group, or an aggregate increase in the consolidated operating expenditure of Adcock Ingram and its Group, in respect of any immediately preceding 12-month period, in each case as measured with reference to the unaudited financial statements of Adcock Ingram for the 12 months ended 31 March 2013, of R30 000 000 or more; or
- (iii) factual circumstances or reasonable evidence to indicate a likely reduction in the projected annual consolidated revenue of Adcock Ingram and its Group, as measured with reference to any particular forecast financial year in the Adcock Ingram Business Plan, of not less than 3% of projected annual consolidated revenue in that year and that would result in a reduction in annual consolidated earnings before interest, tax, depreciation and amortisation (EBITDA) in that year of not less than 3%; or
- (iv) factual circumstances or reasonable evidence to indicate a likely increase in projected annual consolidated operating expenditure of Adcock Ingram and its Group, as measured with reference to any particular forecast financial year in the Adcock Ingram Business Plan, of not less than R30 000 000 and that would result in a reduction in EBITDA in that year of not less than 3%; or
- (v) a combination of a likely reduction in the projected annual consolidated revenue and a likely increase in projected annual consolidated operating expenditure of Adcock Ingram and its Group as contemplated in (iii) and (iv) above, as measured with reference to any particular forecast financial year in the Adcock Ingram Business Plan (other than for the 2014 financial year), that would result in a reduction of EBITDA in that year of not less than 3%, provided that in respect of the 2014 financial year, the threshold shall be a reduction of EBITDA in that year of not less than 4.2%,

save that any costs related to the Transaction shall not be taken into account for the purposes of (i) to (v) above;

“Adcock Ingram Ordinary Shareholders” registered holders of Adcock Ingram Ordinary Shares;

“Adcock Ingram Ordinary Shares” ordinary shares in Adcock Ingram with a par value of 10 cents each (it being recorded that such shares do not include the Adcock Ingram “A” Ordinary Shares or the Adcock Ingram “B” Ordinary Shares, which shares are of different classes);

“Adcock Ingram Shareholders” collectively, Adcock Ingram Ordinary Shareholders, Adcock Ingram “A” Ordinary Shareholders and Adcock Ingram “B” Ordinary Shareholders;

“Adcock Ingram Shares” collectively, Adcock Ingram Ordinary Shares, Adcock Ingram “A” Ordinary Shares and Adcock Ingram “B” Ordinary Shares;

“ADR” American depositary receipt;

“ADS” American depositary share;

“Appraisal Rights”	the rights afforded to shareholders in terms of section 164 of the Companies Act, an extract of which is set out in Annexure 13 of the Circular;
“Baxter”	Baxter Healthcare S.A. (registration number CH-170.3.023.618-3), a <i>société anonyme</i> incorporated in accordance with the laws of Switzerland, a direct subsidiary of Baxter Healthcare Holding GmbH and which is ultimately controlled by Baxter International Inc., the major shareholders of which are Capital Group Inc., Blackrock Inc., Vanguard Inc. and State Street Corp.;
“Baxter Option Agreement”	the option agreement between Baxter, CFR, Adcock Ingram and Adcock Ingram Critical Care Proprietary Limited, dated 14 October 2013;
“Baxter Waiver Letter”	the waiver letter between CFR and Baxter, dated 14 October 2013;
“ “B” Ordinary Agreement”	a legally binding agreement entered into by Adcock Ingram, CFR and the trustees for the time being of Mpho Ea Bophelo Trust (Master’s reference number IT330/2010), acting in their capacity as such, which trust holds all the issued Adcock Ingram “B” Ordinary Shares;
“BEE”	Black Economic Empowerment as defined in the Broad-Based Black Economic Empowerment Act 53 of 2003;
“Bridge Loan Agreement”	the Bridge Loan and SBLC Reimbursement Agreement, dated on or about 14 November 2013, between, among others, CFR International, as borrower, and Banco Bilbao Vizcaya Argentaria, Chile; Banco Santander – Chile; Bancolombia (Panama) S.A.; Bancolombia S.A. and Bank of America, N.A., as funding banks;
“Broker”	any person registered as a broking member (equities) in terms of the rules of the JSE made in accordance with the Financial Markets Act;
“Business Day”	any day other than a Saturday, Sunday or statutory holiday in South Africa, Chile, England or New York, United States of America;
“Capital Increase”	<ul style="list-style-type: none"> <li>(i) the increase of CFR’s share capital by creating 3 000 000 000 new CFR Shares which was approved by resolution at the extraordinary meeting of CFR Shareholders on 22 July 2013, currently in the process of registration with the SVS;</li> <li>(ii) the resolution amending the resolution referred to in (i) above, which resolution was approved at an extraordinary meeting of CFR’s Shareholders held on Monday, 21 October 2013 and its corresponding approval by, and registration with, the SVS, which amended resolution approved: <ul style="list-style-type: none"> <li>(a) the contribution to CFR of Adcock Ingram Ordinary Shares in terms of the Scheme, as payment in kind for the CFR Shares which are created pursuant to the capital increase contemplated in (i) above and which will be issued in terms of the Scheme; and</li> <li>(b) the valuation of the Adcock Ingram Ordinary Shares as set out in the valuation report issued on 4 October 2013 by IM Trust Asesorías Financieras S.A., signed by Fernando Edwards Alcalde, in the capacity of expert, as required in terms of Chilean Corporations Law in relation to the delivery of Adcock Ingram Ordinary Shares as payment in kind in terms of the Transaction; and</li> </ul> </li> </ul>

	(iii) the Pre-emptive Offer, so as to result in not less than 1 926 577 675 CFR Shares and not more than 2 646 226 260 CFR Shares becoming available to be issued by CFR to settle the Scheme Consideration;
“Capital Increase Number”	the total number of CFR Shares which are available to be issued by CFR in terms of the Scheme following the completion of the Capital Increase, being not less than 1 926 577 675 CFR Shares and not more than 2 646 226 260 CFR Shares;
“Cash Consideration”	the amount of cash, in ZAR, payable to each Scheme Participant, as determined in accordance with the provisions of paragraph 6.3 of the Circular, which provisions are duplicated in Section 2, Paragraph 3.3 of this Prospectus;
“Cash-Only Shareholders”	persons who are non-residents of South Africa, or who have registered addresses outside of South Africa, who are not entitled to receive CFR Shares in terms of the Scheme unless Adcock Ingram and/or CFR complies with disproportionately onerous filing and/or other disproportionately onerous regulatory obligations in the jurisdiction in which such persons are resident or have their registered addresses;
“Certificated Shares”	Adcock Ingram Shares, represented by a share certificate or other document of title, which are not Dematerialised Shares;
“CFR Board”	the board of directors of CFR, for the time being and from time to time, which, as the Last Practicable Date, is comprised of those persons identified as CFR directors in Section 1, Paragraph 2.1 of this Prospectus;
“CFR Controlling Shareholders”	(i) Inversiones Photon Limitada (Chilean tax identity number 76.131.953-1), a limited liability company incorporated in accordance with the laws of Chile; (ii) Inversiones Quantum Limitada (Chilean tax identity number 76.131.979-5), a limited liability company incorporated in accordance with the laws of Chile; and (iii) Inversiones Quark Limitada (Chilean tax identity number 71.134.041-7), a limited liability company incorporated in accordance with the laws of Chile,  it being recorded that each of the entities referred to above are indirectly controlled by Alejandro Kostia Nicolas Weinstein Crenovich, Alejandro Esteban Weinstein Manieu and Nicolas Francisco Weinstein Manieu, members of the Weinstein Family. Such control is exercised by CFR’s CEO, Alejandro Esteban Weinstein Manieu, acting for the benefit of such named members of the Weinstein Family. There are no other individuals or legal entities that participate in the control of CFR other than those mentioned. The CFR Controlling Shareholders have a duly formalised joint-action agreement, as set forth in the shareholders’ agreement signed by them on 18 March 2011;
“CFR Group”	CFR and its subsidiaries;
“CFR International”	CFR International SpA (Chilean tax identity number 76.116.262-4), a company incorporated in accordance with the laws of Chile, being CFR’s only major subsidiary (as contemplated by the Listings Requirements);
“CFR Inversiones”	CFR Inversiones SpA, a company incorporated in accordance with the laws of Chile, a wholly owned subsidiary of CFR International;

“CFR Material Adverse Clearance Effect”	<p>(i) an aggregate reduction or decrease in the consolidated net asset value of CFR, as measured with reference to the unaudited financial statements of CFR as at 30 June 2013, of US\$5 000 000 or more; or</p> <p>(ii) an aggregate reduction in the consolidated gross revenue of CFR and its Group, or an aggregate increase in the consolidated operating expenditure of CFR and its Group (being selling, general and administrative expenses and distribution expenses), in respect of any immediately preceding six-month period, in each case as measured with reference to the unaudited financial statements of CFR for the six-month period ended 30 June 2013, of US\$3 000 000 or more,</p> <p>save that any costs related to the Transaction shall not be taken into account for the purposes of (i) and (ii) above;</p>
“CFR Shareholders”	holders of CFR Shares;
“CFR Shares”	ordinary, nominative, no par value shares in CFR, being shares of the same single series and having identical rights and privileges;
“CFR’s 10-Day VWAP”	in respect of a 10 trading-day period, the total value of CFR Shares traded on the Santiago Stock Exchange during such 10 trading-day period divided by the total number of CFR Shares traded on the Santiago Stock Exchange over such 10 trading day period, and for the purposes of this definition, a “trading day” means a day on which trading in CFR Shares occurs on the Santiago Stock Exchange;
“Chile”	the Republic of Chile;
“Chilean Corporations Law”	Chilean Law 18.046 of Stock Corporations, as amended from time to time;
“CIPC”	the Companies and Intellectual Property Commission, established in terms of section 185 of the Companies Act;
“Circular”	the Scheme circular to Adcock Ingram Shareholders, which circular was provided to Adcock Ingram Shareholders together with a copy of this Prospectus;
“Clearance”	all approvals, consents, clearances, permissions and waivers that may need to be obtained, all filings that may need to be made and all waiting periods that may need to have expired, from or under the laws, regulations or practices applied by any relevant regulatory authority (whether inside or outside of South Africa) in connection with the implementation of the Transaction;
“Closing Settlement Arrangements”	<p>the arrangements and/or agreements concluded pursuant to the fulfilment of the Pre-Condition referred to in clause 2.2.5 of the Transaction Implementation Agreement, namely:</p> <p>(i) a written Escrow and Flow of Funds Agreement entered into by, among others, CFR and Adcock Ingram for the escrowing of funds raised pursuant to the Capital Increase which will be used to discharge a portion of the Cash Consideration; and</p> <p>(ii) the closing settlement memorandum signed by CFR and Adcock Ingram which sets out the salient features of the mechanics of the settlement of the Scheme Consideration;</p>

“Combined General Meeting”	the meeting of Ordinary Scheme Members, holders of “A” Ordinary Shares and holders of “B” Ordinary Shares to be convened and to be held (subject to any postponement or cancellation thereof) at 10h00 on Wednesday, 18 December 2013, in the Auditorium at Adcock Ingram’s offices, 1 New Road, Midrand, Gauteng, South Africa, to consider and if deemed fit, approve the relevant Scheme Resolution. A notice convening such meeting is attached to, and forms part of, the Circular;
“COMESA”	Common Market for Eastern and Southern Africa;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	the South African Companies Act 71 of 2008;
“Companies Regulations”	the Companies Regulations, 2011, published in terms of Section 223 and item 14 of Schedule 5 to the Companies Act;
“Competition Act”	the South African Competition Act 89 of 1998;
“Competition Authorities”	the Competition Commission, Competition Tribunal and/or Competition Appeal Court established in terms of the Competition Act;
“Conditions Precedent”	the conditions precedent to which the Scheme is subject, as set out in paragraph 6.2 of the Circular, which conditions precedent are duplicated in Section 2, Paragraph 3.2 of this Prospectus;
“Cosme Farma”	Cosme Farma Laboratories Limited (registration number U24246GA1981PLC000465), a company incorporated in accordance with the laws of India;
“Court”	any South African court of competent jurisdiction;
“CSDP”	a person that holds in custody and administers securities or an interest in securities and that has been accepted in terms of the Financial Markets Act by a central securities depository as a participant in that central securities depository or a “participant”, as defined in the Financial Markets Act;
“Currency and Exchanges Act”	the South African Currency and Exchanges Act 9 of 1933;
“Deemed Scheme Participant”	a Dissenting Shareholder who is deemed to be a Scheme Participant as contemplated in any of paragraphs 6.8.5, 6.8.7 or 6.8.10 of the Circular, which provisions are duplicated in Section 2, Paragraphs 3.4.5, 3.4.7 and 3.4.10 of this Prospectus;
“Dematerialised Shares”	Adcock Ingram Ordinary Shares that have been dematerialised through a CSDP or a Broker and are held in a sub-register in electronic form;
“Dissenting Shareholders”	Adcock Ingram Ordinary Shareholders who validly exercise their Appraisal Rights by objecting to the special resolution approving the Scheme set out in either of the notices of General Meetings and demanding, in terms of sections 164(5) to 164(8) of the Companies Act, that Adcock Ingram pay them the fair value of all of their Adcock Ingram Ordinary Shares;
“this document” or “this Prospectus”	this bound combined prospectus and pre-listing statement, dated 18 November 2013, issued in terms of section 99(2) of the Companies Act, containing the pre-listing particulars of the CFR Shares as required in terms of Section 6 of the Listings Requirements;

“Domesco”	Domesco Medical Import Export Joint Stock Corporation (business registration certificate number 1400460395), a company incorporated in accordance with the laws of Vietnam;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, made in terms of Section 9 of the Currency and Exchanges Act;
“Exchange Control Rulings”	the Exchange Control Rulings, issued by the Financial Surveillance Department of SARB on 2 August 2010;
“Financial Markets Act”	the South African Financial Markets Act 19 of 2012;
“General Meetings”	the Ordinary General Meeting and the Combined General Meeting, together with any meetings held as a result of any postponement or adjournment or a reconvening thereof, and “General Meeting” means either one of them, as the context may require;
“Group”	in relation to: <ul style="list-style-type: none"> <li>(i) any person (other than Adcock Ingram or CFR, as the case may be), its subsidiaries, subsidiary companies and holding companies and the subsidiaries and subsidiary companies of any such holding company (each such term as defined in the Companies Act, whether or not such company is incorporated in South Africa); and</li> <li>(ii) Adcock Ingram or CFR, as the case may be: <ul style="list-style-type: none"> <li>(a) its subsidiaries, subsidiary companies and holding companies and the subsidiaries and subsidiary companies of any such holding company (each such term as defined in the Companies Act, whether or not such company is incorporated in South Africa); and</li> <li>(b) the entities set out in Schedule 3 to the Transaction Implementation Agreement;</li> </ul> </li> </ul>
“In the Money Option”	a Phantom Option, whether exercised or not, and if not exercised, whenever exercisable, in respect of which the grant price is less than R73.51;
“JSE”	as the context requires, either JSE Limited (registration number 2005/022939/06), a company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act, or the securities exchange operated by that company;
“Lafrancol”	Lafrancol S.A.S. and its related companies;
“Lafrancol S.A.S.”	Laboratorio Franco Colombiano Lafrancol S.A.S. (tax identity number 890.000.760-1), a company incorporated in accordance with the laws of Colombia;
“Last Practicable Date”	Friday, 25 October 2013, the last practicable date before this document was finalised;
“Listings Requirements”	the listings requirements of the JSE, as amended from time to time;
“Long Stop Date”	14 April 2014, or such later date as Adcock Ingram and CFR agree in writing on or before 14 April 2014, in which event the provisions of paragraph 6.3.7 of the Circular shall apply, which provisions are duplicated in Section 2, Paragraph 3.3.7 of this Prospectus;
“Maximum Cash Amount”	subject to paragraph 6.3.7 of the Circular, the lesser of the following amounts, or if they are equal, then that amount:

	(i) R6 428 385 646 plus (the number of CFR Shares which are subscribed and timeously paid for pursuant to the Pre-emptive Offer multiplied by 2.334, expressed in ZAR; and
	(ii) R8 108 045 443;
“Maximum Share Amount”	such number of CFR Shares as is determined as follows: (R12 604 677 736 minus the Maximum Cash Amount) divided by 2.334, up to a maximum of 2 646 226 260;
“Medreich”	Medreich Limited (registration number U24232KA197PLC002383), a company incorporated in accordance with the laws of India;
“Medreich Consent Letter”	the consent letter between Adcock Ingram, Medreich, CFR and Pharma I Holdings Proprietary Limited (registration number 1978/003199/07), dated 22 October 2013;
“Medreich JV Agreement”	the joint venture agreement between Medreich and Adcock Ingram, dated 5 February 2007, as amended;
“MOI”	the Memorandum of Incorporation of Adcock Ingram;
“OECD Code”	the OECD Code of Corporate Governance for Chile;
“Orders and Rules”	the orders and rules issued in terms of the Exchange Control Regulations;
“Ordinary General Meeting”	the meeting of Ordinary Scheme Members to be convened and to be held (subject to any postponement or cancellation thereof) at 10h30, or ten minutes after the conclusion or adjournment of the Combined General Meeting, whichever is the later, on Wednesday, 18 December 2013, in the Auditorium at Adcock Ingram’s offices, 1 New Road, Midrand, Gauteng, South Africa, to consider and if deemed fit, approve the relevant Scheme Resolution. A notice convening such meeting is attached to, and forms part of, the Circular;
“Ordinary Scheme Members”	those persons (other than the holder of the Treasury Shares) who are in terms of the Companies Act and the MOI entitled to vote in respect of the Scheme at the Ordinary General Meeting, being those persons (other than the holder of the Treasury Shares) recorded in the Register as having an interest in Ordinary Shares at the close of business on the Voting Record Date (it being recorded that if, in respect of an Adcock Ingram Ordinary Share, a person is the registered holder of such share, and one or more persons has/have a beneficial interest in such share in terms of the register of disclosures of Adcock Ingram, only one of those persons shall be entitled to vote in respect of that share);
“Phantom Options”	Options in respect of not more than 3 868 514 Phantom Shares (“Options” and “Phantom Shares” as defined in clauses 1.2.12 and 1.2.15, respectively, of the rules of the Phantom Scheme);
“Phantom Scheme”	Adcock Ingram’s Phantom Cash Option Scheme;
“Phantom Scheme Offer”	the offer to holders of Phantom Options as contemplated in paragraph 9 of the Circular;
“PLC Nominees”	PLC Nominees Proprietary Limited (registration number 1889/002235/07), a company incorporated in accordance with the laws of South Africa. Stock Exchange Nominees Proprietary Limited holds 100% of the issued share capital of PLC Nominees on behalf of the registered CSDPs from time to time;

“Pre-emptive Offer”	the mandatory offer by CFR to its shareholders to subscribe on a <i>pro rata</i> basis for 2 646 226 260 CFR Shares pursuant to the pre-emptive rights process as contemplated in paragraph 5 of the Circular;
“Register”	(i) the register of shareholders of Adcock Ingram (including the relevant sub-registers of the CSDPs (as contemplated in the Financial Markets Act) administering the sub-registers of Adcock Ingram); or  (ii) the register of disclosures of Adcock Ingram;
“Relevant Number”	73.51 divided by 2.334;
“Relevant Ratio”	in respect of a Scheme Participant, the ratio of cash to CFR Shares determined in terms of the provisions of sub-paragraph (i) of paragraph 6.3.1 of the Circular, which provisions are duplicated in paragraph (i) of Section 2, Paragraph 3.3.1 of this Prospectus;
“Rounding Principle”	the rounding up or down to the nearest whole number of a fraction, if any, of a CFR Share if the aggregate number of CFR Shares to be issued to, and subscribed for by, a Scheme Participant in terms of the Scheme is not a whole number, on the basis that such fraction will be:  (i) rounded up to the nearest whole number if the fraction is equal to or greater than 0.5 of a CFR Share; and  (ii) rounded down to the nearest whole number if the fraction is less than 0.5 of a CFR Share;
“SARB”	the South African Reserve Bank;
“Scheme”	the acquisition by CFR Inversiones of all of the Adcock Ingram Ordinary Shares, other than the Treasury Shares, by way of a scheme of arrangement in terms of section 114 of the Companies Act, proposed by the Adcock Ingram Board between Adcock Ingram and the holders of Adcock Ingram Ordinary Shares (other than the holder of the Treasury Shares) upon the terms and subject to the Conditions Precedent, and which, if implemented, will result in CFR Inversiones acquiring the Scheme Shares from each Scheme Participant and each Scheme Participant receiving the Scheme Consideration, the full terms of which are more fully set out in the Circular (subject to any modification or amendment made thereto to which Adcock Ingram and CFR may agree in writing (and which the TRP and the JSE approved, to the extent that the TRP’s or the JSE’s approval is required));
“Scheme Consideration”	the Cash Consideration and the Share Consideration, determined in accordance with the provisions of paragraph 6.3 of the Circular, which provisions are duplicated in Section 2, Paragraph 3.3 of this Prospectus;
“Scheme Finalisation Date”	the date on which the “finalisation date announcement” (as contemplated by the Listings Requirements) is released on SENS, which date shall fall on the later of:  (i) the Business Day following the date on which all the Conditions Precedent are fulfilled or waived, as the case may be; and  (ii) the third Business Day following the date on which the matters contemplated in the Closing Settlement Arrangements, which relate to the period before the date of the publication of the “finalisation date announcement” (as contemplated by the Listings Requirements), have been completed;

“Scheme Implementation Date”	the date on which the Scheme is implemented, which is intended to be the Monday immediately following the Scheme Record Date (or such other date as the JSE may direct), which date is expected to be Monday, 10 March 2014;
“Scheme LDT”	the last day to trade Adcock Ingram Ordinary Shares on the JSE in order to be eligible to receive the Scheme Consideration, being the first Friday on which trading on the JSE occurs following the week in which the Scheme Finalisation Date occurs (or such other date as the JSE may direct), which date is expected to be Friday, 28 February 2014;
“Scheme Participants”	all persons who are recorded as having an interest in Adcock Ingram Ordinary Shares in the Register as at close of business on the Scheme Record Date, excluding the holder of the Treasury Shares and Dissenting Shareholders who have not, whether voluntarily or pursuant to a final order of the Court, withdrawn their demands made in terms of sections 164(5) to (8) of the Companies Act before the Scheme Record Date, or allowed any offers made to them in terms of section 164(11) of the Companies Act to lapse before the Scheme Record Date, being persons who are entitled to receive the Scheme Consideration (it being recorded that, if, in respect of an Adcock Ingram Ordinary Share, a person is the registered holder of such share, and one or more persons has/have a beneficial interest in such share in terms of the register of disclosures of Adcock Ingram, only one of those persons shall be entitled to receive the Scheme Consideration for that share);
“Scheme Record Date”	the date on, and time at which, a person must be recorded in the Register in order to be eligible to receive the Scheme Consideration, being the close of business on the first Friday following the Scheme LDT (or such other date and time as the JSE may direct), which date is expected to be on Friday, 7 March 2014;
“Scheme Resolutions”	<p>(i) the special resolution to approve the Scheme which is proposed to be passed at the Ordinary General Meeting; and</p> <p>(ii) the special resolution to approve the Scheme which is proposed to be passed at the Combined General Meeting,</p> <p>and “Scheme Resolution” means either of them, as the context may require;</p>
“Scheme Shares”	all of the Adcock Ingram Ordinary Shares held by a Scheme Participant on the Scheme Record Date;
“Secondary Listing”	the proposed listing of CFR in the “Health Care – Pharmaceuticals and Biotechnology – Pharmaceuticals” sector of the Main Board of the JSE and on the basis that such listing constitutes a “secondary listing” as contemplated by the Listings Requirements;
“SENS”	the Stock Exchange News Service, the news service operated by the JSE;
“Share Consideration”	the number of listed CFR Shares to be issued to and subscribed for by PLC Nominees for the benefit of a Scheme Participant, in terms of the Scheme, which number shall be determined in accordance with the provisions of paragraph 6.3 of the Circular, which provisions are duplicated in Section 2, Paragraph 3.3 of this Prospectus;
“Share Option Deed”	the trust deed in respect of the Adcock Ingram Holdings Limited Employee Share Trust (2008);

“Share Options”	not more than 546 200 “Options” as defined in the Share Option Deed;
“Share Option Scheme”	the scheme set out in the Share Option Deed;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Limited (registration number 1998/022242/06), a company incorporated in accordance with the laws of South Africa, which is a registered central securities depository and which is responsible for the electronic settlement system used by the JSE;
“SVS”	the Superintendencia de Valores y Seguros, being the Chilean government agency created by law which is responsible for supervising the activities and entities participating in the securities and insurance markets in Chile;
“Takeover Regulations”	the Takeover Regulations prescribed by the South African Minister of Trade and Industry in terms of section 120 of the Companies Act;
“Transaction”	means all of the transactions contemplated by the Circular, including without limitation, the Capital Increase, the Scheme, the Secondary Listing, the matters contemplated in the “A” Ordinary Agreement, the matters contemplated in the “B” Ordinary Agreement, and the other matters contemplated in paragraph 9 of the Circular;
“Transaction Implementation Agreement”	the transaction implementation agreement, together with its Schedules, entered into between the Company and Adcock Ingram on 11 September 2013, as amended;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a company incorporated in accordance with the laws of South Africa;
“Treasury Shares”	4 285 163 Adcock Ingram Ordinary Shares held by Adcock Ingram Limited, which will be retained by Adcock Ingram Limited upon implementation of the Scheme;
“TRP”	the Takeover Regulation Panel established by section 196 of the Companies Act;
“UF”	Unidades de Fomento, an inflation-indexed, Peso-denominated monetary unit, calculated and published by the National Statistics Institute of Chile, that is linked to, and adjusted daily to reflect changes in, the previous month’s Chilean consumer price index;
“Uman Pharma”	Uman Pharma Incorporated (Federal reference number 82758 0952 RC001/ Numéro d’entreprise Québec (NEQ) 1164871049), a company incorporated in accordance with the laws of Canada;
“US” or “United States”	the United States of America;
“US Securities Act”	the US Securities Act of 1933, as amended; and

“Voting Record Date”

the date on which an:

- (i) Ordinary Scheme Member, a holder of “A” Ordinary Shares and a holder of “B” Ordinary Shares must be recorded in the Register in order to be eligible to vote to approve the Scheme at the Combined General Meeting; and
- (ii) Ordinary Scheme Member must be recorded in the Register in order to be eligible to vote to approve the Scheme at the Ordinary General Meeting,

which date is expected to be Friday, 6 December 2013.

In this Prospectus, unless the context indicates a contrary intention:

1. any word or expression defined in the Companies Act or the Companies Regulations and not expressly defined in this Prospectus shall have the meaning given in the Companies Act or the Companies Regulations (as applicable);
2. headings are to be ignored in construing this Prospectus;
3. references to a paragraph or Annexure are to a paragraph of, or annexure to, this Prospectus;
4. any reference to a time of day is a reference to South Africa Standard Time;
5. a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified, replaced or re-enacted;
6. a reference to any other document referred to in this Prospectus is a reference to that other document as amended, revised, varied, novated or supplemented at any time;
7. where any number of days is prescribed, those days shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which event the last day shall be the next succeeding Business Day;
8. the use of the word “including”, “include/s”, “in particular” or any similar such word followed by a specific example/s shall not be construed as limiting the meaning of the general wording preceding it and the *ejusdem generis* rule shall not be applied in the interpretation of such general wording or such specific example/s;
9. references to law and regulation or any similar such word shall be deemed to include the rules of any stock exchange by which Adcock Ingram or CFR is bound, and specifically includes the Listings Requirements;
10. no rule of construction shall be applied to the disadvantage of a signatory party of this Prospectus because that signatory party was responsible for or participated in the preparation of this Prospectus or any part of it;
11. references to “THUS\$” are to thousands of US\$;
12. all references in this Prospectus to “Rand”, “R”, “ZAR” or “cents” are references to the lawful currency of South Africa. All references in this Prospectus to “Chilean peso” or “Ch\$” are references to the lawful currency of Chile. All references in this Prospectus to “US Dollars”, “\$” or “US\$” are references to the lawful currency of the United States; and
13. if for any purpose in relation to this Prospectus it is necessary to convert one currency to another currency in relation to a specific date, the exchange rate which shall apply shall be the simple arithmetic average of the daily mid-rates at 15:55 South African time of Citibank, New York, of the 5 Business Days prior to the relevant date.



## **CFR PHARMACEUTICALS S.A.**

(Incorporated in Chile)

(Securities Regulation Registry number: 1067)

(Registration number: 48102, page 33498 of the Registry of Commerce of Santiago of the year 2010)

(Chilean tax identity number: 76.116.242-K)

(Share code: CRF ISIN: CL0001762831)

(Short name: CFR Pharm)

("CFR" or "the Company")

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## **COMBINED PROSPECTUS AND PRE-LISTING STATEMENT**

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### **DOCUMENTS AND CONSENTS AVAILABLE FOR INSPECTION**

In terms of Regulation 53 of the Companies Regulations and section 7G of the Listings Requirements, the following documents will be available for inspection at the Company's registered office (being Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile) and the office of the Company's sponsor, Deutsche Securities (SA) Proprietary Limited (being 3 Exchange Square, 87 Maude Street, Sandton, 2196) from the date of this Prospectus until the 10th Business Day following the Scheme Record Date:

- the bylaws of CFR;
- the bylaws of CFR International;
- the bylaws of Uman Pharma, CFR's only significant subsidiary with a minority shareholder;
- the MOI;
- the Transaction Implementation Agreement;
- the Bridge Loan Agreement;
- the "A" Ordinary Agreement;
- the "B" Ordinary Agreement;
- the Baxter Option Agreement;
- the Baxter Waiver Letter;
- the Medreich JV Agreement;
- the Medreich Consent Letter;
- CFR's historical financial results for the financial years ended 31 December 2010, 31 December 2011 and 31 December 2012;
- the independent reporting accountants' report on the Company's historical financial information included in this Prospectus;
- CFR's interim financial results for the period ended 30 June 2013;
- the independent reporting accountants' report in terms of Regulation 79 on the Company's historical financial information included in this Prospectus;
- Adcock Ingram's historical financial results for the financial years ended 30 September 2010, 30 September 2011 and 30 September 2012, and interim financial results for the period ended 31 March 2013;
- the independent reporting accountants' report on Adcock Ingram's historical financial information;
- the independent auditors' report in terms of Regulation 78 of the Companies Act on the financial information included in this Prospectus;
- the independent reporting accountants' assurance report on the compilation of the *pro forma* financial information included in this Prospectus;
- the written consent of each of the persons referred to in section 1, Paragraph 2.6 of this Prospectus; and
- the written power of attorney executed by each director of the Company not signing this Prospectus.

## **Dispensation granted by the JSE**

Pursuant to Paragraph 6.16 of the Listings Requirements, dispensation was granted by the JSE from the requirement to make available for inspection certain contracts identified as material contracts, namely the licence agreement, the distribution agreement and the raw materials supply agreement with Baxter and the sale and purchase agreement for the acquisition of Lafrancol.

In relation to the licence agreement, the distribution agreement and the raw materials supply agreement with Baxter, the application for dispensation was made on the basis that the agreements were subject to confidentiality provisions and contained sensitive information, the disclosure of which would be detrimental to CFR's business. The JSE granted the request for dispensation in terms of Paragraph 6.16(c) of the Listings Requirements on the grounds that disclosure of the agreements would be seriously detrimental and that non-disclosure would not likely mislead investors with regard to any important or material facts or circumstances.

In relation to the sale and purchase agreement for the acquisition of Lafrancol, the application for dispensation was made on the bases that:

- this Prospectus contains a description of the acquisition (see Section 1, Paragraph 11.2 of this Prospectus);
- the agreement has been implemented and there are no outstanding obligations (save for certain rights which CFR and/or its subsidiaries may have for breach of warranty); and
- the agreement is subject to confidentiality provisions.

The JSE granted the request for dispensation in terms of Paragraph 6.16(a) of the Listings Requirements on the grounds that disclosure of the agreement would be of minor importance and would not influence any assessment of the financial position, changes in equity, results of operations or cash flows.

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## SECTION 1 – INFORMATION ABOUT THE COMPANY WHOSE SECURITIES ARE BEING OFFERED

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### 1. NAME, ADDRESS AND INCORPORATION

#### 1.1 Name and Registration Number

CFR Pharmaceuticals S.A., registration number: 48102, page 33498 of the Registry of Commerce of Santiago of the year 2010.

#### 1.2 Addresses

##### 1.2.1 *Registered office and principle place of business*

Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile.

##### 1.2.2 *Address of South African Transfer Secretary*

Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001.

#### 1.3 Date of Incorporation

8 September 2010.

#### 1.4 Jurisdiction of Incorporation

Chile.

#### 1.5 Date of Filing of Governing Document and List of Directors

As required in terms of Section 99(1)(b) of the Companies Act, the Company filed a copy of its bylaws, and a list of the names and addresses of its directors on 5 November 2013, being within 90 Business Days before the date of the offer contemplated in this Prospectus.

#### 1.6 Name and Address of Holding Company

1.6.1 Inversiones Photon Limitada is the Company's holding company, with a shareholding of approximately 52.9% of the Company's shares. Inversiones Photon Limitada, together with Inversiones Quantum Limitada and Inversiones Quark Limitada, holds approximately 72.8% of the Company's shares. Inversiones Photon Limitada, Inversiones Quantum Limitada and Inversiones Quark Limitada are indirectly controlled by Alejandro Kostia Nicolas Weinstein Crenovich, Alejandro Esteban Weinstein Manieu and Nicolas Francisco Weinstein Manieu, members of the Weinstein Family.

##### 1.6.2 *Registered office address:*

Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile.

#### 1.7 Name, Date and Place of Incorporation of Subsidiaries

Details of the Company's material subsidiaries are set out below. Details of all of the Company's subsidiaries are set out in Annexure 16 of this Prospectus.

<b>Name of subsidiary and registration/tax identity number</b>	<b>Direct and indirect interest</b>	<b>Economic purpose</b>	<b>Jurisdiction</b>	<b>Date of incorporation</b>
CFR Chile S.A. (76.116.219-5)	100.00%	Investment	Chile	7 September 2010
CFR International SpA (76.116.262-4)	100.00%	Investment	Chile	24 September 2010
Novasalud S.A. (96.591.490-7)	100.00%	Pharmacy	Chile	1 February 2001
Laboratorios Recalcine S.A. (91.637.000-8)	100.00%	Manufacturer	Chile	13 June 1955

<b>Name of subsidiary and registration/tax identity number</b>	<b>Direct and indirect interest</b>	<b>Economic purpose</b>	<b>Jurisdiction</b>	<b>Date of incorporation</b>
Farmacologia en Aqua Cultura Veterinaria FAV S.A. (76.026.848-8)	100.00%	Veterinary Services	Chile	26 June 2008
Recben Xenerics Farmaceutica Ltda. (78.740.450-2)	100.00%	Manufacturer	Chile	11 August 1995
Laboratorios Lafi Ltda. (94.398.000-4)	100.00%	Investment	Chile	10 December 1981
Gynopharm de Venezuela S.A. (J-30597777-1)	100.00%	Sales	Venezuela	26 February 1999
Pharmatech Boliviana S.A. (1028387024)	100.00%	Sales	Bolivia	4 May 1992
Pharma International S.A. (80018716)	100.00%	Sales	Paraguay	26 October 1988
Farindustria S.A. (20262996329)	100.00%	Manufacturer	Peru	1 March 1995
Laboratorio Internacional Argentino S.A. (30-50167689-2)	100.00%	Manufacturer	Argentina	20 September 2001
Sundelight Corp (838975-1-503190)	100.00%	Trader	Panama	6 September 2005
Inversiones Komodo SrL (1-30-08113-1)	100.00%	Sales	Dominican Republic	7 June 2004
Atlas Farmaceutica S.A. (33-70393642-9)	100.00%	Manufacturer	Argentina	24 October 1996
Uman Pharma Inc. (Federal reference number 82758 0952 RC001/ Numéro d'entreprise Québec (NEQ) 1164871049)	50.80%	Manufacturer	Canada	20 December 2007
Doral Investments International Inc. (2140021-1-763576)	100.00%	Investment	Panama	14 March 2012
Laboratorio Franco Colombiano Lafrancol S.A.S. (890.301.463-8)	100.00%	Manufacturer and Distributor	Colombia	29 September 1958
Laboratorio Sinthesys S.A. (860.000.760-1)	100.00%	Manufacturer	Colombia	7 July 1950
Lafrancol Internacional S.A.S. (815.003.912-2)	100.00%	Sales	Colombia	9 May 2002
Andland Overseas S.A. (2247638-1-780883)	100.00%	Trader	Panama	19 September 2012

Details of all of Adcock Ingram's subsidiaries are set out in Annexure 17 of this Prospectus.

## 2. DIRECTORS, OTHER OFFICE HOLDERS OR MATERIAL THIRD PARTIES

### 2.1 Executive Officers and Directors of the Company

#### 2.1.1 *Executive officers*

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#### **Alejandro Esteban Weinstein Manieu (55)**

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Nationality:	Chilean
Business address:	Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile
Date appointed:	8 September 2010 (being the date of incorporation of the Company, but has acted as the Chief Executive Officer of the group since 24 November 2000)
Qualifications:	Mr Weinstein received the degrees of auditor and business administration from Pontificia Universidad Católica de Chile. He also completed post-graduate studies at Harvard University
Occupation:	Chief Executive Officer
Position/Principal activities:	Chief Executive Officer
Term of office:	Indefinite

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#### **Daniel Salvadori (35)**

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Nationality:	Italian
Business address:	Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile
Date appointed:	24 September 2012
Qualifications:	Mr Salvadori received a Bachelor of Arts degree in Economics from the Hebrew University, as well as an MBA from Harvard University
Occupation:	Executive President, Complex Therapeutics
Position/Principal activities:	Executive President, Complex Therapeutics
Term of office:	Indefinite

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#### **Patricio Vargas Muñoz (40)**

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Nationality:	Chilean
Business address:	Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile
Date appointed:	8 September 2010
Qualifications:	Mr Vargas received a degree in industrial civil engineering from Pontificia Universidad Católica de Chile, and he also received an MBA from Universidad Adolfo Ibáñez
Occupation:	Chief Financial Officer
Position/Principal activities:	Chief Financial Officer
Term of office:	Indefinite

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The directors' committee has considered and is satisfied that Patricio Vargas Muñoz has the appropriate expertise and experience to act as the chief financial officer of CFR.

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**Claudio Gabriel Colombano (54)**

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Nationality: Argentinean

Business address: Avenida Pedro de Valdivia, No. 295, Providencia, 7500524, Santiago, Chile

Date appointed: 8 September 2010

Qualifications: Mr Colombano received both his degree in chemical science and his doctorate in chemical science from Universidad de Buenos Aires. He also completed a post-doctorate in molecular photo-biology at Max Planck Institute, Germany

Occupation: Manufacturing and Quality Vice President

Position/Principal activities: Manufacturing and Quality Vice President

Term of office: Indefinite

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**Jorge Nieto (49)**

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Nationality: Argentinean

Business address: Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile

Date appointed: 8 March 2013

Qualifications: Mr Nieto graduated as a pharmacist at the University of Buenos Aires, specialising in pharmaceutical development in 1987 and got his degree as bachelor in Pharmacy from the University of Costa Rica in 2003

Occupation: Chief Corporate of Research, Development, Regulatory and IP

Position/Principal activities: Chief Corporate of Research, Development, Regulatory and IP

Term of office: Indefinite

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**Chetan Parekh (44)**

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Nationality: Indian

Business address: Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile

Date appointed: 1 September 2012

Qualifications: Mr Parekh has an MBA from the Nasik College of Pharmacy

Occupation: Vice President for Strategic Sourcing

Position/Principal activities: Vice President for Strategic Sourcing

Term of office: Indefinite

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**Agustín Eguiguren Correa (44)**

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Nationality:	Chilean
Business address:	Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile
Date appointed:	8 September 2010
Qualifications:	Mr Eguiguren received his law degree from Universidad Diego Portales and completed a LLM at University of Dundee, Scotland
Occupation:	Lawyer
Position/Principal activities:	Corporate Legal Secretary and Chief Chilean Counsel
Term of office:	Indefinite

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The board of directors of CFR has considered and satisfied itself on the competence, qualifications, and experience of Mr Agustín Eguiguren Correa to act as the corporate legal secretary of CFR.

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**Jose Guillermo Frugone Domke (45)**

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Nationality:	Chilean
Business address:	Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile
Date appointed:	8 September 2010
Qualifications:	Mr Frugone received a degree in commercial engineering from Pontificia Universidad Católica de Chile, and an MBA from the University of Southern California
Occupation:	Chief Corporate Cost Control Officer and M&A
Position/Principal activities:	Chief Corporate Cost Control Officer and M&A
Term of office:	Indefinite

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**Thian Phin Chiew (51)**

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Nationality:	Vietnamese
Business address:	Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile
Date appointed:	17 July 2013
Qualifications:	Mr Thian Phin Chiew acquired an MBA from Herriot Watt University, United Kingdom
Occupation:	President Area South East Asia
Position/Principal activities:	President Area South East Asia
Term of office:	Indefinite

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## 2.1.2 **Non-executive directors**

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### **Alejandro Kostia Nicolás Weinstein Crenovich (78)**

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Nationality:	Chilean
Business address:	Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile
Date appointed:	29 April 2011
Qualifications:	Mr Weinstein Crenovich studied in the Business Administration Institute and in the Organization and Management Institute of Universidad de Chile
Occupation:	Businessman
Position/Principal activities:	Chairman
Term of office:	Three years

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### **Nicolás Francisco Weinstein Manieu (53)**

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Nationality:	Chilean
Business address:	Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile
Date appointed:	29 April 2011
Qualifications:	Mr Weinstein received his industrial engineer degree from Pontificia Universidad Católica de Chile
Occupation:	Consultant
Position/Principal activities:	Director
Term of office:	Three years

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### **Alberto Eguiguren Correa (48)**

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Nationality:	Chilean
Business address:	Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile
Date appointed:	29 April 2011
Qualifications:	Mr Eguiguren received his law degree from Pontificia Universidad Católica de Chile and an LLM degree from Duke University
Occupation:	Lawyer
Position/Principal activities:	Director
Term of office:	Three years

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### **Eliahu Shohet (56)**

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Nationality:	Israeli
Business address:	Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile
Date appointed:	29 April 2011
Qualifications:	Mr Shohet received a degree in business administration and economics from Bar Ilan University
Occupation:	Consultant
Position/Principal activities:	Director
Term of office:	Three years

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**Guillermo Arturo Tagle Quiroz (55)**

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Nationality:	Chilean
Business address:	Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile
Date appointed:	29 April 2011
Qualifications:	Mr Tagle has a degree in business from Pontificia Universidad Católica de Chile, as well as an MBA from the University of California, Los Angeles
Occupation:	CEO, IM Trust – Creditcorp Capital
Position/Principal activities:	Director
Term of office:	Three years

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**Juan Cruz Domingo Bilbao Hormaeche (54)**

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Nationality:	Chilean
Business address:	Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile
Date appointed:	29 April 2011
Qualifications:	Mr Bilbao has a degree in business from Pontificia Universidad Católica de Chile, as well as an MBA from the University of Chicago
Occupation:	Chairman and CEO – Consorcio Financiero S.A.
Position/Principal activities:	Director
Term of office:	Three years

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**2.1.3 Independent director**

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**Juan Antonio Guzmán Molinari (65)**

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Nationality:	Chilean
Business address:	Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile
Date appointed:	29 April 2011
Qualifications:	Mr Guzmán has a degree in civil industrial engineering from Pontificia Universidad Católica de Chile and a Ph.D. from the Polytechnic of North London
Occupation:	Businessman
Position/Principal activities:	Director
Term of office:	Three years

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The Company believes that Mr Guzmán is an independent director under the Chilean Corporations Law. Persons who have: (i) had a commercial, professional, economic or financial interest, of a material nature, in the Company or other companies of the same group, or its controller, or who have served as directors, officers or managers of the same entities; (ii) certain degrees of kinship with the persons mentioned in (i); (iii) served as directors, managers or the main officer of non-for-profit organisations which have received contributions, of a material nature, from any of the persons referred to in (i); (iv) been partners, shareholders or controllers of more than 10% of, or served as directors, managers or the main officer of, legal or consultancy providers to the Company which received fees, of a material nature, from any of the persons mentioned in (i) and (v) been partners, shareholders or controllers of more than 10% of, or have served as directors, managers or

the main officer of significant competitors, suppliers or customers of the Company, in each case in the past 18 months are deemed not to be independent.

Short CVs of the Company's directors and executive officers are set out in Annexure 18 of this Prospectus.

## 2.2 Directors of Adcock Ingram

### 2.2.1 *Executive Directors*

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#### **Dr Jonathan James Louw (44)**

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Nationality:	South African
Business address:	1 New Road, Midrand, 1685
Date appointed:	15 July 2008
Qualifications:	Dr Louw has an MB.ChB and an MBA
Occupation:	Chief Executive Officer
Position/Principal activities:	Chief Executive Officer
Term of office:	Undefined, subject to clause 18 of the MOI

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#### **Andrew Gideon Hall (51)**

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Nationality:	South African
Business address:	1 New Road, Midrand, 1685
Date appointed:	15 July 2008
Qualifications:	Mr Hall has a B. Pharm and a CA(SA)
Occupation:	Deputy Chief Executive Officer and Financial Director
Position/Principal activities:	Deputy Chief Executive Officer and Financial Director
Term of office:	Undefined, subject to clause 18 of the MOI

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### 2.2.2 *Non-Executive Directors*

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#### **Dr Khotso David Kenneth Mokhele (58)**

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Nationality:	South African
Business address:	1 New Road, Midrand, 1685
Date appointed:	15 July 2008
Qualifications:	Dr Mokhele has a PhD (Microbiology), an MSc (Food Science) and a BSc (Agriculture)
Occupation:	Director of companies
Position/Principal activities:	Non-executive Chairman
Term of office:	The non-executive directors hold office for a period of three years or more since their last election, and thereafter 1/3 thereof retire by rotation at every annual general meeting but may make themselves available for re-election provided they are eligible

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**Dr Tlalane Lesoli (63)**

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Nationality:	South African
Business address:	1 New Road, Midrand, 1685
Date appointed:	15 July 2008
Qualifications:	Dr Lesoli has an MB BS (Lond) and Diploma of Child Health (SA)
Occupation:	Director of companies
Position/Principal activities:	Non-executive director
Term of office:	The non-executive directors hold office for a period of three years or more since their last election, and thereafter 1/3 thereof retire by rotation at every annual general meeting but may make themselves available for re-election provided they are eligible

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**Clifford David Raphiri (50)**

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Nationality:	South African
Business address:	1 New Road, Midrand, 1685
Date appointed:	15 July 2008
Qualifications:	Mr Raphiri has a BSc (Mechanical Engineering), a Graduate Diploma (Engineering) and an MBA
Occupation:	Manufacturing and technical director, South African Breweries
Position/Principal activities:	Non-executive director
Term of office:	The non-executive directors hold office for a period of three years or more since their last election, and thereafter 1/3 thereof retire by rotation at every annual general meeting but may make themselves available for re-election provided they are eligible

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**Leon Edward Schönknecht (60)**

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Nationality:	South African
Business address:	1 New Road, Midrand, 1685
Date appointed:	15 July 2008
Qualifications:	Mr Schönknecht has a B.Compt (Hons) and a CA(SA)
Occupation:	Chairman of New Teltron
Position/Principal activities:	Non-executive director
Term of office:	The non-executive directors hold office for a period of three years or more since their last election, and thereafter 1/3 thereof retire by rotation at every annual general meeting but may make themselves available for re-election provided they are eligible

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**Andrew Murray Thompson (56)**

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Nationality:	South African
Business address:	1 New Road, Midrand, 1685
Date appointed:	15 July 2008
Qualifications:	Mr Thompson has a BSc (Civil Engineering) and an MBA
Occupation:	Director of Companies
Position/Principal activities:	Non-executive director
Term of office:	The non-executive directors hold office for a period of three years or more since their last election, and thereafter 1/3 thereof retire by rotation at every annual general meeting but may make themselves available for re-election provided they are eligible

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**Dr Roger Ian Stewart (61)**

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Nationality:	South African
Business address:	1 New Road, Midrand, 1685
Date appointed:	15 July 2008
Qualifications:	Dr Stewart has a Ph.D (Med), an M.B, a Ch.B. and a Graduate Diploma Comp. Dir F Inst Directors
Occupation:	Lead partner in a business consulting practice
Position/Principal activities:	Non-executive director
Term of office:	The non-executive directors hold office for a period of three years or more since their last election, and thereafter 1/3 thereof retire by rotation at every annual general meeting but may make themselves available for re-election provided they are eligible

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**Paul Mpho Makwana (43)**

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Nationality:	South African
Business address:	1 New Road, Midrand, 1685
Date appointed:	1 February 2012
Qualifications:	Mr Makwana has a B.Admin (Honours), and a Post-Grad Diploma (Retailing Management)
Occupation:	Director of companies
Position/Principal activities:	Non-executive director
Term of office:	The non-executive directors hold office for a period of three years or more since their last election, and thereafter 1/3 thereof retire by rotation at every annual general meeting but may make themselves available for re-election provided they are eligible

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**Professor Matthias Haus (64)**

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Nationality:	South African
Business address:	1 New Road, Midrand, 1685
Date appointed:	1 June 2012
Qualifications:	Professor Haus has an MB ChB, an M.D., a D.C.H., an F.C.F.P. and F.F.P.M and a Dip Mid COG
Occupation:	Director of companies
Position/Principal activities:	Non-executive director
Term of office:	The non-executive directors hold office for a period of three years or more since their last election, and thereafter 1/3 thereof retire by rotation at every annual general meeting but may make themselves available for re-election provided they are eligible

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Short CVs of Adcock Ingram's directors are set out in Annexure 19 of this Prospectus.

### 2.3 Changes of Directors and Executives after the Implementation of the Scheme

- 2.3.1 CFR has undertaken to procure that a person who is a South African resident and who has knowledge of and expertise in the South African pharmaceutical industry will be appointed on the Scheme Implementation Date, or as soon as possible after the Scheme is implemented, to serve as a second independent director of CFR (and, consequently, on CFR's directors' committee) on an interim basis until CFR's next shareholders' meeting at which the appointment of CFR's entire board of directors is required in terms of CFR's bylaws and Chilean law (expected to take place in April 2014).
- 2.3.2 CFR has undertaken to procure the submission to the vote of CFR Shareholders, at CFR's next shareholders' meeting at which the appointment of CFR directors is required in terms of CFR's bylaws and Chilean law (expected to take place in April 2014), a list of seven CFR board nominees. Included among that list will be a person who would qualify as an independent director of CFR who is a South African resident and has knowledge of and expertise in the South African pharmaceutical industry and at least one other person who would qualify as an independent director of CFR.
- 2.3.3 Each of the CFR Controlling Shareholders have, in turn, undertaken: (i) to procure that the CFR Board gives effect to the undertakings referred to section 1, Paragraph 2.3.1 of this Prospectus; (ii) to use its best endeavours to procure that the CFR Board gives effect to section 1, Paragraph 2.3.2 (provided that such CFR Controlling Shareholder will not be obliged to convene an extraordinary shareholders meeting to reconstitute the CFR board) and (iii) to vote in favour of the list of nominees proposed by CFR as contemplated in Section 1, Paragraph 2.3.2 (subject to certain qualifications designed to ensure that the CFR Controlling Shareholders do not lose their ability to appoint the majority of the directors on the CFR board).
- 2.3.4 As Adcock Ingram will be a subsidiary of CFR from the date of implementation of the Scheme, CFR intends to reconstitute the board of Adcock Ingram on or after that date.
- 2.3.5 CFR intends to retain Adcock Ingram's existing senior management and intends that Adcock Ingram's CEO shall continue to manage Adcock Ingram's and its group company's operations for Africa. Adcock Ingram's current CEO shall report to the current CEO of CFR and each of Adcock Ingram's senior executives will be offered a new employment contract and incentives. These contracts and incentives will be similar to the employment contracts of and incentives provided to CFR's current senior executives. CFR intends to maintain Adcock Ingram's legacy and track record in relation to labour relations.

## 2.4 **Executive Officers and Directors of CFR International**

The board of directors of CFR International consists of Mr Alejandro Kostia Nicolás Weinstein Crenovich, Mr Alejandro Esteban Weinstein Manieu and Mr Nicolás Francisco Weinstein Manieu (whose details are contained in section 1, Paragraph 2.1 of this Prospectus).

The executives of CFR International are Mr Alejandro Esteban Weinstein Manieu and Mr Patricio Vargas Muñoz (whose details are contained in section 1, Paragraph 2.1 of this Prospectus).

## 2.5 **Name and Business Address of the Corporate Legal Secretary and Chief Chilean Legal Officer**

### **Agustín Eguiguren Correa**

Business address: Avenida Pedro de Valdivia No. 295, Providencia, 7500524, Santiago, Chile

Date appointed: 8 September 2010

Qualifications: LLB and LLM

Occupation: Lawyer

Term of office: Indefinite

## 2.6 **Name and Address of the Auditors, Attorneys, Banker, Stockbroker and Underwriters**

### 2.6.1 ***Auditors: Deloitte Auditores y Consultores Limitada***

Rosario Norte 407, piso 5  
Las Condes, Santiago  
Chile

A copy of the consent letter of Deloitte Auditores y Consultores Limitada to be named as the Company's auditors in this Prospectus is attached as Annexure 11 of this Prospectus.

### 2.6.2 ***Legal Advisors as to South African Law: Bowman Gilfillan Incorporated***

165 West Street  
Sandton, 2196  
(PO Box 785812, Sandton, 2146)

A copy of the consent letter of Bowman Gilfillan Incorporated to be named as the Company's legal advisors as to South African law in this Prospectus is attached as Annexure 12 of this Prospectus.

### 2.6.3 ***Legal Advisors as to Chilean Law: Honorato, Russi & Eguiguren Limitada***

Avenida El Bosque Norte 0177, piso 11  
Office 1102 Las Condes  
Postal Code 7550100 Santiago, Chile

A copy of the consent letter of Honorato, Russi & Eguiguren Limitada to be named as the Company's legal advisors as to Chilean law in this Prospectus is attached as Annexure 13 of this Prospectus.

### 2.6.4 ***Sponsor: Deutsche Securities (SA) Proprietary Limited (A non-bank member of the Deutsche Bank Group)***

3 Exchange Square, 87 Maude Street  
Sandton, 2196  
(Private Bag, X9933, Sandton, 2146)

A copy of the consent letter of Deutsche Securities (SA) Proprietary Limited to be named as the Company's sponsor in this Prospectus is attached as Annexure 14 of this Prospectus.

The Company has not appointed stockbrokers or underwriters in respect of the Scheme. The Company has also not appointed bankers in South Africa.

## 2.7 Directors' Service Contracts

### 2.7.1 **CFR Group executive officers' service contracts**

The service contracts for all of the executive officers of the CFR Group are for an indefinite period. In terms of the shareholders' agreement between the CFR Controlling Shareholders (which controlling shareholders are indirectly controlled by the Weinstein Family), Alejandro Esteban Weinstein Manieu has the authority and power to exercise all of the rights of the CFR Controlling Shareholders in relation to CFR. This allows him to appoint a majority of the directors of CFR which, in turn, elect the senior management and executives of the CFR Group.

### 2.7.2 **CFR Group directors' service contracts**

None of the directors of CFR is subject to a service contract, and all of the directors have been appointed in accordance with the Company's bylaws and the Chilean Corporations Law. The members of the board of directors of the Company are elected for a term of three years at the Company's annual ordinary shareholders' meeting and can be re-elected indefinitely.

A description of the procedure relating to the appointment of directors of CFR is set out in Section 1, Paragraph 3.4 of this Prospectus. In terms of the shareholders' agreement between the CFR Controlling Shareholders (which controlling shareholders are indirectly controlled by the Weinstein Family), Alejandro Esteban Weinstein Manieu is entitled to exercise all of the rights of the CFR Controlling Shareholders in relation to CFR. This allows him to appoint a majority of the directors of CFR.

### 2.7.3 **Adcock Ingram Group service contracts**

Adcock Ingram's policy is to employ each executive director, senior manager and employee in a critical position under a service contract which is subject to one or two months' notice of termination. The contract provides for a salary to be paid for any unexpired period of notice. All other employees are subject to 30 days' notice of termination.

In order to retain highly mobile and talented employees, the Adcock Ingram Group selectively, and in exceptional circumstances, agrees to make retention payments to such employees on the basis that such retention payments must be repaid if the employee leaves within a stipulated period.

## 2.8 Directors' and Executives' Remuneration

### 2.8.1 **Directors**

In accordance with Article 33 of the Chilean Corporations Law, the directors' remuneration is fixed on an annual basis at the ordinary shareholders' meeting of the Company.

The remuneration receivable by the directors of the Company will not be varied in consequence of the Transaction. No fees were paid or accrued to any third party *in lieu* of directors' fees.

As set by the ordinary shareholders' meeting of the Company on 26 April 2013, the Company's directors receive UF 150 as *per diem* remuneration for the attendance to each board meeting, establishing a maximum of UF 150 per month.

The board receives no additional remuneration or benefits from the CFR Group.

The remuneration paid to the directors of the Company for the six-month period ended 30 June 2013 is set out below:

Name	Position	Ordinary fees ThUS\$	Committee fees ThUS\$	Financial and legal advice ThUS\$	Salaries ThUS\$	Total ThUS\$
Alejandro Kostia Nicolás Weinstein Crenovich <sup>(1)</sup>	Chairman	–	–	–	183	183
Juan Antonio Guzmán Molinari	Director	57	64	–	–	121
Nicolás Francisco Weinstein Manieu <sup>(1)</sup>	Director	–	–	–	197	197
Juan Cruz Domingo Bilbao Hormaeche	Director	43	–	–	–	43
Guillermo Arturo Tagle Quiroz	Director	57	64	–	–	121
Alberto Eguiguren Correa	Director	57	64	–	–	121
Eliahu Shohet	Director	75	–	78	–	153
<b>Total</b>		<b>289</b>	<b>192</b>	<b>78</b>	<b>380</b>	<b>939</b>

<sup>(1)</sup> Alejandro Kostia Nicolás Weinstein Crenovich and Nicolas Weinstein Manieu renounced their ordinary fees for the six-month period ended 30 June 2013.

The remuneration paid to the directors of the Company for the year ended 31 December 2012 is set out below:

Name	Position	Ordinary Fees ThUS\$	Committee fees ThUS\$	Financial and legal advice ThUS\$	Salaries ThUS\$	Total ThUS\$
Alejandro Kostia Nicolás Weinstein Crenovich <sup>(1)</sup>	Chairman	–	–	–	385	385
Juan Antonio Guzmán Molinari	Director	104	84	–	–	188
Nicolás Francisco Weinstein Manieu <sup>(1)</sup>	Director	–	–	–	411	411
Juan Cruz Domingo Bilbao Hormaeche	Director	90	–	–	–	90
Guillermo Arturo Tagle Quiroz	Director	104	84	–	–	188
Alberto Eguiguren Correa	Director	104	84	–	–	188
Eliahu Shohet	Director	90	–	156	–	246
<b>Total</b>		<b>492</b>	<b>252</b>	<b>156</b>	<b>796</b>	<b>1 696</b>

<sup>(1)</sup> Alejandro Kostia Nicolás Weinstein Crenovich and Nicolas Weinstein Manieu renounced their ordinary fees for the year ended 31 December 2012.

The directors' committee of CFR was formed in May 2012, its members being: Juan Antonio Guzmán Molinari (independent director), Guillermo Tagle Quiroz (non-executive director) and Alberto Eguiguren Correa (non-executive director). Additional information on the directors' committee is set out in Section 1, Paragraph 3.4 of this Prospectus. As set by the ordinary shareholders' meeting of the Company on 26 April 2013, each member of the directors' committee receives the sum of UF 225 as monthly remuneration.

#### 2.8.2 **Executives**

The aggregate remuneration paid to the executives of the CFR Group (comprising 45 individuals) for the year ended 31 December 2012 was approximately US\$13.5 million.

### 2.9 **Borrowing Powers of the Company Exercisable by the Directors**

#### 2.9.1 **Borrowing Powers Exercisable by Directors of CFR**

The directors of CFR may from time to time raise, borrow or secure the payment of any sum or sums of money for the purposes of the Company.

The borrowing powers of CFR exercisable by the directors are divided into the following categories:

- Any two of Alejandro Kostia Weinstein Crenovich, Alejandro Esteban Weinstein Manieu, Nicolas Francisco Weinstein Manieu, Nicolas Weinstein Diaz and Alberto Eguiguren Correa, acting together, may exercise the borrowing powers of the Company without limit.
- Any one of Alejandro Kostia Weinstein Crenovich, Alejandro Esteban Weinstein Manieu, Nicolas Francisco Weinstein Manieu, Nicolas Weinstein Diaz and Alberto Eguiguren Correa, acting together with any one of Patricio Vargas Muñoz, Agustin Eguiguren Correa, Victor Julio Chunco Orlandini, Miguel Angel Saavedra Ochoa and Daniel Salvadori, may exercise the borrowing powers of the Company without limit.
- Any two of Patricio Vargas Muñoz, Agustin Eguiguren Correa, Victor Julio Chunco Orlandini, Miguel Angel Saavedra Ochoa and Daniel Salvadori, acting together, may exercise the borrowing powers of the Company up to a limit of US\$3 million.
- Any one of Patricio Vargas Muñoz, Agustin Eguiguren Correa, Victor Julio Chunco Orlandini, Miguel Angel Saavedra Ochoa and Daniel Salvadori, acting together with any one of Julio Espinoza Ovalle, Juan Ignacio Ceballos Argo, Rosanna Vega Tomljenovic and Alexander Cahn Sauerteig, may exercise the borrowing powers of the Company up to a limit of US\$1 million.
- Any two of Julio Espinoza Ovalle, Juan Ignacio Ceballos Argo, Rosanna Vega Tomljenovic and Alexander Cahn Sauerteig, acting together, may exercise the borrowing powers of the Company up to a limit of US\$100 000.

CFR's bylaws do not contain any provisions relating to the borrowing powers exercisable by the directors of CFR. The borrowing powers exercisable by the directors are set by the directors of CFR and can be varied by a resolution passed by the board of directors of CFR. The borrowing powers of CFR exercisable by the directors, as set out above, were set on 24 May 2013.

The borrowing powers of CFR's subsidiaries are exercisable by the directors (or equivalent officers) of those subsidiaries, and not by the directors of CFR. However, the exercise by directors (or equivalent officers) of CFR's subsidiaries of the borrowing powers of those subsidiaries remains subject to the oversight of the directors of CFR.

The borrowing powers of CFR and its subsidiaries exercisable by the directors have not been exceeded in the three years prior to the date of this Prospectus, and, save as otherwise provided by law, there are no exchange control or other restrictions on the borrowing powers of the Company.

#### 2.9.2 **Borrowing Powers Exercisable by Directors of Adcock Ingram**

In terms of the MOI, the directors of Adcock Ingram may exercise all the powers of Adcock Ingram 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 Adcock Ingram or any third party.

The borrowing powers of Adcock Ingram exercisable by its directors can be varied by a special resolution passed by the shareholders of Adcock Ingram amending the MOI.

The borrowing powers of Adcock Ingram's subsidiaries are exercisable by the directors (or equivalent officers) of those subsidiaries, and not by the directors of Adcock Ingram. However, the exercise by directors (or equivalent officers) of Adcock Ingram's subsidiaries of the borrowing powers of those subsidiaries remains subject to the oversight of the directors of Adcock Ingram.

The borrowing powers of Adcock Ingram and its subsidiaries exercisable by the directors of Adcock Ingram have not been exceeded in the three years prior to the date of this Prospectus, and, save as otherwise provided by law, there are no exchange control or other restrictions on the borrowing powers of Adcock Ingram in the MOI.

## 2.10 **Appointment, Qualification and Remuneration of Directors**

In terms of CFR's bylaws, the board of directors of CFR will last for a period of three years, after which it must be renewed completely. The next renewal of directors shall be made at the next ordinary shareholders' meeting to be held within the first four months of 2014. Directors may be re-elected indefinitely and shall be entitled to be remunerated for their duties. The amount of the remuneration shall be set annually by the annual general meeting of shareholders. CFR's bylaws do not contain any provisions relating to the qualification of directors, any power enabling the directors to vote on remuneration to themselves or any member of the board, or the retirement or non-retirement of directors under an age limit.

No person has any right, contractual or otherwise, to appoint a particular director or a number of directors of CFR. However, in terms of the shareholders' agreement between the CFR Controlling Shareholders (which controlling shareholders are indirectly controlled by the Weinstein Family), Alejandro Esteban Weinstein Manieu has the authority and power to exercise all of the rights of the CFR Controlling Shareholders in relation to CFR. This allows him to appoint a majority of the directors of CFR which, in turn, elect the senior management and executives of the CFR Group.

In terms of the bylaws of CFR International, the directors of CFR International serve for an indefinite period. Directors of CFR International are not entitled to be remunerated for their duties. CFR International's bylaws do not contain any provisions relating to the qualification of directors, any power enabling the directors to vote on remuneration to themselves or any member of the board, or the retirement or non-retirement of directors under an age limit.

## 2.11 **Directors' Declarations**

None of the Company's or Adcock Ingram's directors:

- has been declared bankrupt or insolvent, or has entered into an individual voluntary compromise arrangement to surrender his or her estate;
- is or was a director with an executive function of any company at the time of (or within 12 months preceding) any business rescue (or any similar or equivalent process in a foreign jurisdiction), or any company that has adopted a resolution proposing business rescue (or any similar or equivalent process in a foreign jurisdiction) or made application to be put under business rescue (or any similar or equivalent process in a foreign jurisdiction) or any notices in terms of section 129(7) of the Companies Act (or any similar or equivalent provision under any foreign law), or any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any compromise or arrangement with its creditors generally or with any class of its creditors;
- is or has been a partner in a partnership at the time of, or within 12 months preceding, any compulsory liquidation, administration or voluntary arrangements of such partnership;
- is or has been a partner in a partnership at the time of, or within 12 months preceding, a receivership of any assets of such partnership;
- has had any of his or her assets subject to receivership;

- is or has been publicly criticised by any statutory or regulatory authorities, including recognised professional bodies or 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;
- is or has been convicted of any offence involving dishonesty;
- has been removed from an office of trust on the grounds of misconduct involving dishonesty; or
- has been declared delinquent or placed under probation in terms of section 162 of the Companies Act or Section 47 of the South African Close Corporations Act, 69 of 1984, as amended (or any similar or equivalent provision under any foreign law), or has been disqualified by a court to act as a director in terms of Section 69 of the Companies Act.

## 2.12 Management Contracts

Neither the business of the Company or any subsidiary of the Company, nor any part thereof, is managed or is proposed to be managed by a third party under a contract.

## 2.13 Royalties

No royalties are payable by the CFR Group. However, the CFR Group has entered into various licence agreements which involve profit-sharing arrangements. Those licence agreements are not material and were entered into in the ordinary course of the CFR Group's business. During the period ended 31 December 2012, the aggregate amount paid by the CFR Group in terms of those licence agreements amounted to US\$24.9 million.

The Adcock Ingram 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 in the financial year ended 30 September 2012 totalled ZAR7.01 million.

## 3. HISTORY, STATE OF AFFAIRS AND PROSPECTS OF THE COMPANY

### 3.1 History of the Company

The Company was incorporated as an open stock corporation (*sociedad anónima abierta*) in Chile on 8 September 2010, but the origins of the CFR Group's business can be traced back to 1922, when Mr Nicolás Weinstein Rudoy opened a drug store in Santiago, Chile called *Botica Italiana*. Mr Weinstein Rudoy focused first on marketing imported products and then on manufacturing products.

The Company was incorporated for the purpose of acting as a holding company. Its shareholders on incorporation were Talpiot Investments S.A., Lafi Holding Inversiones Limitada and Inversiones East Europe Pharma S.A. (which companies were and still are indirectly controlled by the Weinstein Family). Its capital was paid in by the contribution of shares in the following companies: CFR Chile S.A. and Inversiones K2 SpA. CFR International was incorporated as a wholly-owned subsidiary of CFR on 24 September 2010.

On 30 November 2010, the share capital of the Company was increased by the issue of new CFR Shares to Talpiot Investments S.A., Inversiones East Europe Pharma S.A. and Fondo de Inversion Privado Sancata (a company also indirectly controlled by the Weinstein Family).

On 31 December 2010, the shares in the Company held by Talpiot Investments S.A., Lafi Holding Inversiones Limitada and Inversiones East Europe Pharma S.A. were transferred to new investment companies, with the result that the shareholders of the Company were Inversiones Quantum Limitada (a wholly-owned subsidiary of Talpiot Investments S.A.), Inversiones Photon Limitada (a wholly-owned subsidiary of Inversiones East Europe Pharma S.A.), Inversiones Quark Limitada (a wholly-owned subsidiary of Lafi Holding Inversiones Limitada) and Fondo de Inversion Privado Sancata.

On 5 May 2011, 2 032 000 000 shares were placed on the Santiago Stock Exchange under the market trading mechanism called "Tender of an Order Book". 1 696 000 000 of those shares were new shares issued by the Company and 336 000 000 of those shares were issued shares sold by Fondo de Inversion Privado Sancata. Following this placement, the total subscribed and paid shares of the Company amounted to 8 416 000 000 CFR Shares. (There are 96 million CFR Shares reserved for share purchase options granted to executives within the CFR Group. For more information on the share purchase options, please see Section 1, Paragraph 5 of this Prospectus.)

A total of US\$370 million was raised as a result of the listing. Of that, approximately US\$310 million was paid to CFR and was used to finance the Company's growth. The balance was paid to Fondo de Inversion Privado Sancata.

Holdings in joint ventures in Vietnam and Argentina were increased to 100% during 2012 and joint ventures in Mexico and Thailand were terminated. In 2012, the Company acquired 41.88% of Domesco in Vietnam and 50.79% of Uman Pharma in Canada. More information on the Domesco and Uman Pharma acquisitions is set out in Section 1, Paragraph 11.4.1 and Section 1, Paragraph 11.4.2 of this Prospectus, respectively.

On 8 November 2012, the Company made its successful debut on the Chilean corporate bond market with a placement equal to approximately US\$142 million. More information on the bonds placed on the Chilean corporate bond market is set out in Section 1, Paragraph 9.1.1 of this Prospectus.

In December 2012, the Company issued notes on international markets through its subsidiary, CFR International, for US\$300 million. The notes carried a 10-year term at issue with the principal to be repaid at maturity. More information on the notes placed on international markets is set out in Section 1, Paragraph 9.1.2 of this Prospectus.

On 12 December 2012, the Company completed the acquisition of 100% of Lafrancol, a Colombian group of private companies that manufacture pharmaceuticals, for a net consideration of US\$541.1 million. More information on the Lafrancol acquisition is set out in Section 1, Paragraph 11.2 of this Prospectus.

### 3.2 About the Company and the Scheme

#### General

CFR is an open stock corporation (*sociedad anónima abierta*) organised under the laws of Chile. Its principal assets are the common shares of CFR International, CFR Chile S.A. and Inversiones K2 SpA (which companies hold, directly or indirectly, the shares in all of CFR's operating subsidiaries). CFR is a holding company and derives its operating income and cash flow from the operations of its indirect subsidiaries. It is indirectly controlled by Alejandro Esteban Weinstein Manieu, CFR's CEO, acting for the benefit of the Weinstein Family.

The CFR Group is a multi-national emerging markets pharmaceutical group based in Chile with a market capitalisation of approximately US\$2 billion. The CFR Group employs over 6 672 people including a sales force comprising nearly 2 000 sales representatives.

The CFR Group is a market leader in Latin America and operates the principal pharmaceutical laboratory in each of Chile, Colombia and Peru. It also has operations in 12 other countries in Latin America and has a growing presence in other emerging and niche markets including Canada, the United Kingdom and Vietnam.

The CFR Group's business model is focused on the development, manufacture and commercialisation of off-patent and locally unpatented branded specialty pharmaceutical products. The CFR Group maintains a broad product portfolio across specialty areas that include neurology, psychiatry, cardiology, women's health, oncology, dermatology, injectable products and products for institutional use in connection with transplants and dialysis and over-the-counter products, among others. The majority of the CFR Group's portfolio consists of prescription products that are promoted primarily to specialist physicians by its sales force.

The CFR Group manages its pharmaceutical product portfolio along business segments, including three core segments. The business segments are dedicated to specific therapeutic areas or formulations, led by divisional and regional managers, and benefit from a dedicated commercial team.

Previously, CFR's business segments consisted of the following:

- Drugtech;
- Gynopharm;
- Recalcine;
- Complex Injectables;

- Biomedical Sciences;
- K2 Health & Wellness; and
- other.

However, in line with its growth and in order to employ the best practices within the CFR Group, the CFR Group, in 2012, introduced a series of changes in its organisational structure in order to maintain and deepen its competitive advantages which are its constant innovation, speed of execution, control of costs and proximity to the market. The operations and business areas of the CFR Group were therefore restructured under the following business segments which follow the CFR Group's new organisational structure and its internal reporting scheme:

- Specialty Pharma;
- Complex Therapeutics;
- Health & Wellness; and
- others (which includes veterinary medicine products).

A description of the business segments is set out below:

### **Specialty Pharma**

Specialty Pharma is the segment that specialises in chronic, semi-chronic and acute drugs for sale mainly in pharmacies under medical prescription. This segment consists of the following divisions:

*Gynopharm*: this division specialises in feminine health, having a wide range of products that cover a high proportion of the therapeutic needs in gynaecology, including oral contraceptives, hormone replacement therapy, anti-androgens, anti-mycotics, anti-resorptives and nutritional supplements for pregnancy, all produced to the highest quality standards.

*Drugtech*: this division specialises in neuro-science and psychiatric products, mainly chronic drugs for treating illnesses like depression, bipolar affective disorder, alzheimers, schizophrenia, among others.

*Recalcine*: this is the CFR Group's oldest division and offers a variety of therapeutic alternatives of the highest quality for treatments related to the digestive, rheumatological, myorelaxant and neurotonic apparatus.

*Neumobiotics*: this division specialises in acute treatments related to respiratory problems, anti-histaminics, anti-tussives, anti-biotics, anti-asthmatics and anti-influenza drugs.

*Cardiopharm*: this division specialises in chronic and semi-chronic treatments of the cardiological class.

*Mediderm*: this division specialises in dermatology and anti-mycotics, medical-professional solutions for the treatment, care and aesthetics of the skin. It also includes dressings for plastic and aesthetic surgery, all under medical prescription, mainly acute and semi-chronic treatments.

*Generics*: this division, as the name indicates, comprises all those products classified as generic which consist in the molecule of the drug without extra components.

### **Complex Therapeutics**

Complex Therapeutics, due to the type of illnesses treated, is mainly focused on customers like State institutions, hospitals, private clinics and complex treatment centres. The drugs included in this line require the strictest measures of control to guarantee the quality of the finished products. This segment consists of the following divisions:

*Biomedical Sciences*: this division specialises in complex therapeutic areas such as oncology, organ transplants, dialysis, diabetes and autoimmune diseases. Among the treatments sold by this division are immunosuppressant drugs for organ transplants, specific treatments for breast cancer and chronic myeloid leukemia, anti-neoplastic therapies for different solid and hematological tumours in oncology, and monoclonal anti-bodies. The seriousness of the illnesses covered by Biomedical Sciences requires it to remain in the leadership in scientific advances.

*Complex Injectables*: this division specialises in the production and sale of injectables for its infectology, anesthesia, cardiology and critical-care lines, which require the strictest measures of control to ensure the quality of the finished products.

*Generics*: this division, as the name indicates, comprises all those products classified as generic which consist in the molecule of the drug without extra components.

*Atlas*: this division refers to all those products that contain the therapeutic classes of ophthalmology in its different presentations.

*Others*: this division specialises in manufacturing and research services.

### Health & Wellness

The Health & Wellness segment specialises in the sale of over-the-counter products for nutrition, skin care, food supplements and homeopathic medicines. It has a wide range of products for personal care, wellbeing and beauty, including sweeteners, energisers, dermo-cosmetics, cosmetics, anti-allergy, weight reducers, dental products, vitamins and triglyceride level regulators.

### Others

Others consists of those products that are not classifiable within the three business segments, particularly the veterinary medicine line.

*Veterinary medicine*: this division is mainly focused on the shrimp, cattle and salmon markets, with a presence mainly in Ecuador, Brazil and Chile.

*Others*: this division specialises in the sale of raw materials, production services and materials, and research projects.

The results by segment as of 30 June 2013 were as follows:

	<b>Specialty Pharma ThUS\$</b>	<b>Complex Therapeutics ThUS\$</b>	<b>Health &amp; Wellness ThUS\$</b>	<b>Others ThUS\$</b>	<b>Total ThUS\$</b>
Ordinary revenue	231 990	78 715	42 830	20 499	374 034
Cost of sales	(45 283)	(44 905)	(12 640)	(6 273)	(109 102)
Gross margin	186 707	33 810	30 189	14 226	264 932

The results by segment as of 30 June 2012 were as follows:

	<b>Specialty Pharma ThUS\$</b>	<b>Complex Therapeutics ThUS\$</b>	<b>Health &amp; Wellness ThUS\$</b>	<b>Others ThUS\$</b>	<b>Total ThUS\$</b>
Ordinary revenue	155 285	70 136	23 413	23 973	272 807
Cost of sales	(22 581)	(44 361)	(3 430)	(12 830)	(83 202)
Gross margin	132 704	25 775	19 983	11 143	189 605

### Discussion on business segment results

*SpecialtyPharma*. Net revenues in the second quarter of 2013 increased by 50.1% to US\$129.8 million, compared to US\$86.5 million in the second quarter of 2012. Net revenues in the six-month period ended 30 June 2013 increased by 49.4% to US\$232 million, compared to US\$155.3 million in the previous period. This was a result of increased sales in most of the countries where the CFR Group operates, mainly in Colombia (net sales of US\$75.1 million, a 425.5% increase compared to the six-month period ended 30 June 2012), driven by the consolidation with Lafrancol; and Peru (net sales of US\$48.1 million, increasing by 18.2%) and Chile (net sales of US\$58.1 million, increasing by 12.9%), driven by a positive performance in all major brands of the segment.

In Peru and Chile, the CFR Group has started to see the positive effects of the new division it launched last year: Neumobiotics. Focusing on inhalers and respiratory products being sourced mainly from its inhalers facility in Argentina, the increasing revenues are starting to generate leverage over fixed costs.

Specialty Pharma's top products were Femelle, Quetidín and Tace, which experienced net sales of US\$13.2 million (40.4% increase), US\$6.6 million (36.1% increase) and US\$5 million (512.7% increase), respectively. Tace's sales were boosted by incorporating Lafrancol's homologue Postday.

Specialty Pharma's gross profit increased by 40.7% to US\$186.7 million or 80.5% of net sales for the six-month period ended 30 June 2013, compared to US\$132.7 million or 85.5% of net sales in the same period of 2012. The decrease in gross margin was a result of the product mix as the CFR Group incorporated Lafrancol products.

Units sold reached 38.2 million, compared to 19 million in the previous period, and average price per unit reached US\$6.10, compared to US\$8.10 in the six-month period ended 30 June 2012.

*Complex Therapeutics.* Net revenues in the second quarter of 2013 increased by 6.9% to US\$40.5 million, compared to US\$37.8 million in the second quarter of 2012. Net revenues in the six-month period ended 30 June 2013 increased by 12.2% to US\$78.7 million, compared to US\$70.1 million in the previous period. This was a result of increased sales mainly in Colombia (net sales of US\$8.3 million, a 297.6% increase compared to the six-month period ended 30 June 2012) and Venezuela (net sales of US\$5.1 million, increasing by 399.3%), where the CFR Group were awarded the tender for Imipenem and Meropenem; partly offset by Argentina (net sales of US\$49.1 million, decreasing by 2.1%), that had a negative impact from currency depreciation.

Although sales related to the new oncology products that the CFR Group is in the process of registering across Latin America are just starting, it is already seeing the positive effects, as they start to partly absorb the fixed costs of the facility the CFR Group commissioned last year.

Complex Therapeutics's top products were Heparin, Enoxaparin and Meropenem, which exhibited net sales of US\$5.1 million (13.2% increase), US\$4.9 million (88.1% increase) and US\$4.5 million (53.3% increase), respectively.

Complex Therapeutics's gross profit increased by 31.2% to US\$33.8 million or 43% of net sales for the period ended 30 June 2013, compared to US\$25.8 million or 36.8% of net sales in the previous period, ended 30 June 2012. The increase in gross margin is a result of the strategy to try to focus in higher margin products.

Units sold reached 126.4 million, compared to 112.5 million in the previous period, and average price per unit reached US\$0.6 similar to that of the six-month period ended 30 June 2012.

*Health & Wellness.* Net revenues in the second quarter of 2013 increased by 96.1% to US\$25.9 million, compared to US\$13.2 million in the second quarter of 2012. Net revenues in the six-month period ended 30 June 2013 increased by 82.9% to US\$42.8 million, compared to US\$23.4 million in the previous period. This was a result of increased sales in Colombia (net sales of US\$23.5 million, a 207.5% increase compared to the six-month period ended 30 June 2012), mostly due to the incorporation of Lafrancol, which brings a strong portfolio of over-the-counter products; and Peru (net sales of US\$10.3 million, increasing by 22.8%), due to a positive performance in the segment's brands.

Health & Wellness's top products were three products new to the CFR Group: Sevedol, Ensoy and Soy Plus, which exhibited net sales of US\$5.5 million, US\$4.9 million and US\$4.8 million, respectively.

Health & Wellness's gross profit increased by 51.1% to US\$30.2 million or 70.5% of net sales for the six-month period ended 30 June 2013, compared to US\$20 million or 85.4% of net sales in the previous period, ended 30 June 2012. The decrease in gross margin was a result of the product mix as the CFR Group incorporated Lafrancol products.

Units sold reached 7.7 million, compared to 3.8 million in the previous period, and average price per unit reached US\$5.6, compared to US\$6.8 in the period ended 30 June 2012.

*Others.* Net revenues in the second quarter of 2013 decreased by 20% to US\$10.7 million, compared to US\$13.4 million in the second quarter of 2012. Net revenues in the six-month period ended 30 June 2013 decreased by 14.5% to US\$20.5 million, compared to US\$24 million in the previous period. This was a result of lower sales in Colombia (net sales of US\$0.9 million, a 62% decrease compared to the same period in 2012) and Chile (net sales of US\$18.7 million, decreasing by 7.4%).

Others' gross profit increased by 27.7% to US\$14.2 million or 69.4% of net sales as of 30 June 2013, compared to US\$11.1 million or 46.5% of net sales as of 30 June 2012.

There is no government protection or investment law affecting the business of the CFR Group.

## **The Scheme**

It was announced on SENS on 15 November 2013 and in the South African press on 18 November 2013 that the pre-conditions set out in the Transaction Implementation Agreement have been fulfilled or waived and that the Transaction Implementation Agreement has become effective. Consequently, the Transaction Implementation Agreement constituted notification by CFR to the Adcock Ingram Board of the firm intention of CFR to make an offer to acquire (through its wholly-owned subsidiary, CFR Inversiones) all of the Adcock Ingram Ordinary Shares, other than the Treasury Shares, by way of a scheme of arrangement in terms of section 114 of the Companies Act, for the Scheme Consideration. Accordingly, the aforementioned announcement constituted a firm intention announcement as contemplated by Regulation 101 of the Takeover Regulations.

The Adcock Ingram Board proposes the Scheme, in terms of section 114 of the Companies Act, between Adcock Ingram and the holders of Adcock Ingram Ordinary Shares (other than the holder of the Treasury Shares). If the Scheme becomes operative, CFR Inversiones will acquire the Scheme Shares and Scheme Participants will, subject to the terms to the Circular, receive the Scheme Consideration.

The total aggregate Scheme Consideration (based on an attributed value of ZAR2.334 per CFR Share) will be settled partly in cash and partly in CFR Shares as follows:

- a minimum of 51.0% and up to a maximum of 64.3% will be settled in cash in South African Rand; and
- a minimum of 35.7% and up to a maximum of 49% will be settled in CFR Shares.

Pursuant to the Scheme, CFR Inversiones will, subject to section 164 of the Companies Act, become the owner of all the issued Adcock Ingram Ordinary Shares (other than the Treasury Shares).

If the Scheme is implemented, Adcock Ingram will become a subsidiary of CFR and will be delisted from the JSE, and CFR will be listed in the “Healthcare – Pharmaceuticals and Biotechnology – Pharmaceuticals” sector of the Main Board of the JSE by way of a secondary listing.

The JSE has approved the suspension of the listing of the Adcock Ingram Ordinary Shares on the JSE with effect from the commencement of trading on the JSE on the Business Day following the Scheme LDT and, subject to the Scheme becoming operative, the termination of the listing of Adcock Ingram on the JSE from the commencement of trading on the Business Day following the Scheme Implementation Date.

### **3.3 History and Background of Adcock Ingram**

Adcock Ingram’s business initially commenced trading in Krugersdorp, South Africa as E.J. Adcock Pharmacy in 1890. The founders of the business later branched out into new product development, manufacturing, distribution, and sales and marketing. In 1940, the business commissioned its first pharmaceutical manufacturing facility.

Adcock Ingram was first listed on the JSE in 1950 and enjoyed blue-chip status. In 1978, Tiger Oats (now known as Tiger Brands) acquired a majority shareholding in Adcock Ingram. In December 1999, Adcock Ingram became a wholly-owned subsidiary of Tiger Brands and was delisted from the JSE. Adcock Ingram was then operated as a wholly-owned subsidiary of Tiger Brands. On 25 August 2008, Adcock Ingram was unbundled from Tiger Brands and relisted on the JSE.

Save for the Broad-Based BEE Transaction concluded in 2009 (which led to the issue of the Adcock Ingram “A” Ordinary Shares and the Adcock Ingram “B” Ordinary Shares), and the acquisition of the assets of Cosme Farma in 2013 (details of which are set out in Section 1, Paragraph 11.3 of this Prospectus), there have not been any material changes to the Adcock Ingram Group during the past five years.

Some historical milestones in Adcock Ingram's business are set out below:

<b>Year</b>	<b>Event</b>
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 Ingram Group signs a joint venture agreement with Disperse (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 Ingram Group's franchise in the over-the-counter market with brands such as Panado
1994	Acquisition of Laser, Pharmatec, Zurich Pharmaceuticals, Cavan Pharmaceuticals and Salters, as well as leading over-the-counter 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
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 Ingram Group's range of generic products and boosted the Adcock Ingram 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

<b>Year</b>	<b>Event</b>
2006	R&D facility achieves WHO accreditation. It is the first stand-alone facility to achieve such accreditation in Southern Africa
2008	Unbundled from Tiger Brands and independently listed on the JSE Partnership with Baxter extended Takes occupation of state of the art distribution centre PIC/s accreditation of manufacturing facilities
2009	Kenyan operations launched Acquired 100% shareholding in Tender Loving Care Proprietary Limited, a South African hygienic product, cosmetic and baby product business Acquired the assets of Unique Formulations, a South African vitamins, minerals and supplements business Broad-Based BEE Transaction concluded
2010	Acquired 65.59% in Ayrton Drug Manufacturing Limited, a listed Ghanaian company Multi-national contracts for co-promotion and distribution secured with companies including MSD, Lilly and Novartis
2011	Sale of 74% shareholding in the Scientific Group Proprietary Limited Acquired the assets of Nutrilida Proprietary Limited, a vitamins, minerals and supplements business Acquired 51% in Bioswiss Proprietary Limited, a specialised diabetes pharmaceutical company
2013	Acquired the assets of Cosme Farma, an Indian pharmaceutical company

### 3.4 **Corporate Governance**

#### 3.4.1 ***OECD Code***

Since its incorporation, the Company has complied with the provisions of the OECD Code. The JSE has advised that it is satisfied for CFR's compliance with the OECD Code to take precedence over the King Code on Corporate Governance for South Africa (as amended or replaced from time to time), given that the Company is fully disclosing its corporate governance principles and practices in this Prospectus.

The five core governance policies of the OECD Code are as follows:

- Ensuring a consistent regulatory framework that provides for the existence and effective enforcement of shareholder rights and the equitable treatment of shareholders, including minority and foreign shareholders.
- Requiring timely and reliable disclosure of corporate information in accordance with internationally recognised standards of accounting, auditing and non-financial reporting.
- Establishing effective separation of the government's role as an owner of State-owned companies and the government's role as regulator, particularly with regard to market regulation.
- Ensuring a level playing field in markets where State-owned enterprises and private sector companies compete in order to avoid market distortions.
- Recognising stakeholder rights as established by law or through mutual agreements, and the duties, rights and responsibilities of corporate boards of directors.

CFR has adopted the governance policies recommended by the OECD and complies fully with the OECD Code.

### 3.4.2 **Philosophy**

CFR's values of integrity, responsibility, honesty, accountability, fairness and transparency form the foundation for effective leadership and a culture of risk awareness and ethical behaviour throughout the CFR Group. Conduct of both the board of directors and management is aligned with these values.

### 3.4.3 **Framework**

The Company is fully committed to maintaining high standards of corporate governance. Its corporate governance framework is directed towards achieving the Company's business objectives while providing direction and oversight which is consistent with regulatory requirements and acceptable risk parameters.

CFR's bylaws (read with the Chilean Corporations Law) regulate the governance of CFR, and are continually reviewed and updated in order to ensure that the Company remains at the forefront of best business practice and in compliance with Chilean corporate law.

The CFR Group expects and requires that its employees act in accordance with the highest level of business integrity, to comply with all laws and regulations of the countries in which the companies within the CFR Group operate and to ensure that high standards of corporate behaviour are never compromised for the sake of results.

### 3.4.4 **Board representation and management**

#### **Background**

As required by Chilean law, CFR has two governance organs, the board of directors and the directors' committee, the latter being a sub-committee of the board comprising three board members.

The CFR board comprises seven directors, one of whom is required to be independent. Persons who have (i) had a commercial, professional, economic or financial interest, of a material nature, in the Company or other companies of the same group, or its controller, or who have served as directors, officers or managers of the same entities; (ii) certain degrees of kinship with the persons mentioned in (i); (iii) served as directors, managers or the main officer of non-for-profit organisations which have received contributions, of a material nature, from any of the persons referred to in (i); (iv) been partners, shareholders or controllers of more than 10% of, or served as directors, managers or the main officer of, legal or consultancy providers to the Company which received fees, of a material nature, from any of the persons mentioned in (i); (v) been partners, shareholders or controllers of more than 10% of, or have served as directors, managers or the main officer of significant competitors, suppliers or customers of the Company, in each case in the past 18 months are deemed not to be independent.

The administration of a company under Chilean law is vested in the board of directors, save that certain decisions may also have to be approved by the directors' committee or by shareholders.

The board as a whole (and not individual directors) may be removed by shareholders by way of an ordinary resolution.

CFR's by-laws provide that CFR directors remain in office for three years unless the CFR board is removed at a CFR shareholders' meeting. CFR directors may be indefinitely re-elected.

#### **Appointments to the Board of Directors**

The board of directors of CFR is of sufficient calibre, experience and number to enable it to provide effective and responsible leadership based on an ethical foundation.

Directors are appointed through a formal process in a shareholders' meeting. The directors' committee may assist with the identification of suitable board members. Directors may also be nominated directly by the shareholders of the Company.

Once directors are nominated, they are elected by the shareholders of the Company, either at a special or general shareholders' meeting. According to Chilean Corporations Law,

shareholders may vote each CFR Share they hold in respect of one nominee only, although they can distribute their votes among different nominees. Nominees with the seven highest number of votes will therefore be appointed to the CFR board, save that the independent director will be appointed even if he does not obtain any of the seven highest number of votes. Accordingly, upon implementation of the Scheme, the CFR Controlling Shareholders will have the power unilaterally to appoint four of the seven directors to the CFR board, and depending on shareholder attendance, may be able to appoint more than four directors. The other CFR Shareholders will have the power, if they elect to do so, to nominate and appoint the balance of the directors to the CFR board.

The leadership of the board of directors is the responsibility of the chairman. The leadership of the Company is the responsibility of the chief executive officer. The office of the chief executive officer and the chairman are separated with Mr Alejandro Kostia Nicolás Weinstein Crenovich, a non-executive director, holding the position of chairman and Mr Alejandro Esteban Weinstein Manieu, an executive officer, holding the position of chief executive officer. Mr Alejandro Kostia Nicolás Weinstein Crenovich is not an independent director.

#### 3.4.5 ***Balance of power and decision-making***

The board ensures that there is an appropriate balance of power and authority of the board, such that no one individual or block of individuals has unfettered powers of decision-making. Each member of the board has one vote, regardless of the shareholder he or she represents (if any). In addition, the Chilean Corporations Law provides that board members elected by a group or class of shareholders have the same duties towards the corporation as the rest of the board members, and they may not defend the interests of the shareholders who elected them.

That said, in terms of the shareholders' agreement between the CFR Controlling Shareholders (which controlling shareholders are indirectly controlled by the Weinstein Family), Alejandro Esteban Weinstein Manieu has the authority and power to exercise all of the rights of the CFR Controlling Shareholders in relation to CFR. This allows him to appoint a majority of the directors of CFR which, in turn, elect the senior management and executives of the CFR Group.

#### 3.4.6 ***Directors' committee***

The Company is required by the Chilean Corporations Law to have a directors' committee.

The Company's directors' committee comprises at least one independent director (determined in accordance with Chilean Corporations Law), currently Mr Juan Antonio Guzmán Molinari and two non-executive directors, currently Mr Alberto Eguiguren Correa and Mr Guillermo Tagle Quiroz. According to the Chilean Corporations Law, independent directors elected to the board of CFR automatically become members of the directors' committee and if there is only one independent director appointed, he or she shall appoint the other two members of the directors' committee.

In addition to making recommendations to the board and shareholders with regards to appointments of directors, the directors' committee's responsibilities include examining background data in relation to related party transactions, reviewing the reports from external audits, as well as ensuring the integrity of the balance sheet and financial statements of the Company. In addition, this committee may propose potential candidates to the external audit and credit rating agents.

The directors' committee also examines remuneration systems and compensation plans of managers, executives and other staff members within the Company.

#### 3.4.7 ***Chief financial officer***

Mr Patricio Vargas Muñoz acts as the Company's chief financial officer. The directors' committee has considered and is satisfied that Mr Patricio Vargas Muñoz has the appropriate expertise and experience to act as the chief financial officer of CFR. The directors' committee will, on an annual basis, consider and satisfy itself of the appropriateness of the expertise and experience of the chief financial officer.

#### 3.4.8 **Corporate legal secretary and chief Chilean counsel**

Mr Agustín Eguiguren Correa acts as the Company's corporate legal secretary and chief Chilean counsel. The board of directors of CFR has considered and satisfied itself on the competence, qualifications and experience of Mr Agustín Eguiguren Correa. Mr Agustín Eguiguren Correa is not a director of the Company. His brother, Alberto Eguiguren Correa is a non-executive director of CFR, but the board of directors of CFR believes that Mr Agustín Eguiguren Correa maintains an arm's length relationship with the board because he does not have relationships with other board members that could affect his judgement.

### 3.5 **Material Changes**

Up to the Last Practicable Date, there has been no material change in the nature of the business or financial or trading position of the Company or its subsidiaries since the end of the last financial period for which either audited annual financial statements or unaudited interim reports have been published.

The third quarter financial results of the Company were released in Santiago on 13 November 2013. An English translation of these results will be available on the Company's website on or before 25 November 2013.

### 3.6 **Prospects**

The boards of CFR and Adcock Ingram believe that the acquisition of Adcock Ingram by CFR should create a strong combination, resulting in a uniquely diversified and well-positioned emerging markets pharmaceuticals company with listings in Santiago and Johannesburg, targeting a market of over two billion patients across Latin America, Africa and South East Asia.

The Transaction would enable the creation of a pan-emerging markets pharmaceuticals leader, which should benefit from:

- a unique footprint with significant market positions;
- a distinctive complementary product portfolio; and
- a strong platform positioned to maximise profitability and growth.

CFR and Adcock Ingram believe that the Transaction will bring increased value to their respective shareholders, employees and other stakeholders.

The combination of the CFR Group and the Adcock Ingram Group is expected to create a substantial and diversified emerging markets pharmaceuticals company with a presence in more than 23 countries and employing more than 10 000 people; benefiting from access to high-growth markets, an expanded manufacturing footprint and a complementary product portfolio; and with the potential to generate substantial revenue and cost synergies (unrelated to retrenchments) over time.

The combined group will be well positioned to capitalise on attractive market opportunities in Latin America, Africa, South East Asia and India. In particular, CFR believes that Adcock Ingram's world-class manufacturing facilities should allow it to be well positioned to export South African manufactured products to Latin America and South East Asia.

Through its strong local presence in Latin America, CFR intends to open Adcock Ingram's products to new and attractive markets. CFR today targets a market of over 500 million patients, representing a commercial opportunity of US\$25 billion in Latin American pharmaceuticals alone. Additionally, through its presence in Vietnam, CFR should also represent an attractive platform through which Adcock Ingram's products could be distributed to South East Asia. Conversely, Adcock Ingram's strong local presence will allow CFR to tap into South Africa and the sub-Saharan region.

A combination of CFR and Adcock Ingram should unlock significant value through complementary product portfolios, business structures, geographical presence and manufacturing footprints. CFR estimates total synergies arising from the combination of at least US\$440 million (approximately ZAR4.4 billion as at the Last Practicable Date) on a net present value basis.

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

- ageing population;
- increased access to healthcare services pursuant to different government programmes;

- continued economic growth and the emergence of a sizeable middle class in the markets where the CFR Group and the Adcock Ingram Group operate, with a result in a higher healthcare expenditure;
- general under-diagnosis of many diseases;
- private and public hospital infrastructure expansion; and
- a move away from traditional remedies to western medicines.

### 3.7 State of Affairs of the Company and any Subsidiary

CFR is a holding company with its principal assets being the common shares of CFR International, CFR Chile S.A. and Inversiones K2 SpA.

The table below sets forth certain information regarding ownership of the issued shares of CFR, as of the Last Practicable Date. The shareholders denominated as “controlling companies” together directly own approximately 72.8% of the shares in CFR and are indirectly controlled by Alejandro Kostia Nicolas Weinstein Crenovich, Alejandro Esteban Weinstein Manieu and Nicolas Francisco Weinstein Manieu, members of the Weinstein Family. Such control is exercised by CFR’s CEO, Alejandro Esteban Weinstein Manieu, acting for the benefit of such named members of the Weinstein Family.

<b>Name of Shareholder</b>	<b>Number of Shares Directly Owned</b>	<b>Percentage Share Ownership</b>
Inversiones Photon Limitada*	4 455 553 218	52.9
Inversiones Quantum Limitada*	1 170 391 322	13.9
Inversiones Quark Limitada*	501 300 874	6.0
Others	2 288 754 586	27.2
<b>Total</b>	<b>8 416 000 000</b>	<b>100.0</b>

\*Controlling companies

Information on changes in the Company’s share capital since the date of its incorporation is set out in Section 1, Paragraph 4.3 of this Prospectus.

The shares in the Company are, and the CFR Shares comprising the Share Consideration will be listed on the Santiago Stock Exchange, the Valparaiso Stock Exchange and Chilean Electronic Stock Exchange. Subject to the Scheme becoming operative, the Company’s shares will also be listed on the Main Board of the JSE by way of the Secondary Listing.

Details of the Company’s subsidiaries, including their issued securities, with details of the shares held by the Company, and the date on which they became subsidiaries of the Company, and their main businesses, are set out in Annexure 16 to this Prospectus.

Details of the directors and executive officers of the Company are set out in Section 1, Paragraph 2.1 of this Prospectus.

### 3.8 Principal Immovable Properties

#### CFR owned property – manufacturing plants

<b>Situation (City/ies – Country)</b>	<b>Company</b>	<b>Number of facilities</b>	<b>Area in m<sup>2</sup></b>
Santiago – Chile	Laboratorios Lafi Ltda	1	43 000
Quilmes, La Plata, Pompeya, Liniers, Pilar – Argentina	Laboratorio Internacional Argentino	5	45 000
Villa del Parque – Argentina	Atlas	2	16 000
Lima – Peru	Farminindustria	1	13 500
Cali – Colombia	Lafranco	1	21 800
Zona Franca – Colombia	Lafranco	1	4 400
Bogotá – Colombia	Synthesis	1	8 000
Montreal – Canada	Uman Pharma	1	2 700
Worthing – United Kingdom	Allergy Therapeutics*	2	7 000

\*Associate

### CFR leased property

The Company leases its corporate headquarters in Santiago, Chile, under a lease which endures until February 2016. The quarterly instalment under the lease is UF2 143. The Company has an option to purchase the leased premises upon expiry of the lease. The area of the leased premises is 4 436m<sup>2</sup>.

### Adcock Ingram owned property – manufacturing plants

Situation (City/ies – Country)	Company	Number of facilities	Area in m <sup>2</sup>
Wadeville – South Africa	Adcock Ingram Healthcare (Pty) Ltd	1	27 052
Clayville – South Africa	Adcock Ingram Healthcare (Pty) Ltd	1	144 150
Aeroton – South Africa	Adcock Ingram Critical Care (Pty) Ltd	1	100 496
Bangalore – India*	Adcock Ingram Limited (India)	1	6 595

\*49.9% owned

In addition to the manufacturing plants referred to above, the Adcock Ingram Group also owns an effective 78.32% of a manufacturing plant in Accra, Ghana (Ayrton) and 100% of a manufacturing plant in Bulawayo, Zimbabwe (Datlabs). Neither of these plants are considered material.

### Adcock Ingram leased property

The Adcock Ingram Group has entered into the following leases which are considered material:

- The lease of a property in Midrand (Gauteng, South Africa), which serves as a distribution centre and as the Adcock Ingram Group's head office. The property is leased from Growthpoint Properties Limited for a monthly rental of ZAR1 416 053 excluding VAT. The building area is 21 536m<sup>2</sup> and the expiry date of the lease is 20 November 2021.
- The lease of a property in Cape Town (South Africa), which serves as a distribution centre. The property is leased from Growthpoint Properties Limited for a monthly rental of ZAR187 701 excluding VAT. The building area is 5 744m<sup>2</sup> and the expiry date of the lease is 31 August 2022.
- The lease of a property in Durban (South Africa), which serves as a distribution centre. The property is leased from the Truzen Trust for a monthly rental of ZAR431 708 excluding VAT. The building area is 5 438m<sup>2</sup> and the expiry date of the lease is 30 October 2020.

### 3.9 Commitments for the Purchase, Construction or Installation of Buildings, Plant and Machinery

The Company and its material subsidiaries do not have any plans for, and have not made any commitments to, purchase, construct or install, any additional buildings, plant or machinery.

### 3.10 CFR Group Particulars and Dividend Policy

	Year ended 31 December 2012 ThUS\$	Year ended 31 December 2011 ThUS\$	Year ended 31 December 2010 ThUS\$
Turnover	570 832	490 946	378 219
Profit before income tax	86 243	98 636	74 002
Profit after income tax	77 540	90 936	64 302
Dividends paid <sup>(1)</sup>	26 258	30 045	–
Dividends per share (US\$ per share) <sup>(2)</sup>	0.00312	0.00357	–
Dividend cover <sup>(3)</sup>	3.0	3.0	–

#### Notes:

(1) Dividends paid include the following: US\$0.00197 per share paid on 6 February 2012, US\$0.00160 per share paid on 17 May 2012, both to be charged against year 2011 profits; and US\$0.00226 per share paid on 11 January 2013, and US\$0.00086 per share paid on 15 May 2013, both to be charged against year 2012 profits.

(2) Calculated on a basic earnings per share basis, considering 8 416 000 000 fully paid shares.

(3) Calculated as profit after income tax divided by dividends paid.

Article 79 of the Chilean Corporations Law states that, unless a shareholders' meeting unanimously agrees otherwise, publicly-traded companies must distribute at least 30% of their earnings each year to their shareholders as cash dividends *pro rata* to their shares or in the proportion stated by the bylaws if there are preferred shares, except when it is necessary to absorb accumulated losses from previous years. In its bylaws, the Company has stated that it will distribute at least 30% of its earnings for the year as dividends. The current policy of the Company is to distribute 33% of its earnings for the year as dividends, which was approved by a shareholders' meeting of the Company on 26 April 2013.

### 3.11 Inter-company Financial and Other Transactions

Accounts receivable from related entities as of 30 June 2013 and 31 December 2012 were as follows:

Company	Relationship	Currency	30 June 2013		31 December 2012	
			Current ThUS\$	Non-Current ThUS\$	Current ThUS\$	Non-Current ThUS\$
Allergy Therapeutics <sup>(1)</sup>	Related	US\$	–	6 434	–	6 735
Domesco	Related	US\$	1 312	–	581	–
Others	Related	Others	109	8	125	9
<b>Total</b>			<b>1 421</b>	<b>6 442</b>	<b>706</b>	<b>6 744</b>

<sup>(1)</sup> Relate to loans to Allergy Therapeutics granted in 2012 with a term of 24 months and interest accruing at 3%.

Accounts payable to related entities as of 30 June 2013 and 31 December 2012 were as follows:

Company	Relationship	Currency	30 June 2013		31 December 2012	
			Current ThUS\$	Non-Current ThUS\$	Current ThUS\$	Non-Current ThUS\$
Inversiones Quark Ltda. <sup>(1)</sup>	Shareholder	Pesos	1 016	–	1 565	–
Inversiones Photon Ltda. <sup>(1)</sup>	Shareholder	Pesos	9 023	–	14 000	–
Inversiones Quantum Ltda. <sup>(1)</sup>	Shareholder	Pesos	2 371	–	3 653	–
Allergy Therapeutics <sup>(2)</sup>	Associate	Pounds	367	–	329	–
Others	Related	Others	13	–	326	–
<b>Total</b>			<b>12 790</b>	<b>–</b>	<b>19 873</b>	<b>–</b>

<sup>(1)</sup> Relate to all the minimum dividends provided for as of 30 June 2013 and 31 December 2012, less the dividends paid in previous periods.

<sup>(2)</sup> Purchases of finished products.

Significant transactions with related entities as at 30 June 2013 were as follows:

Company	Relationship	Transaction	30 June 2013	Effect on results
			Amount ThUS\$	Amount ThUS\$
Domesco	Associate	Dividend	881	881
Eliahu Shohet	Director	Advisory services	78	78
Allergy Therapeutics Plc.	Associate	Interest	95	95
Honorato Russi & Eguiguren Ltda. <sup>(1)</sup>	Directors	Legal services	147	147

<sup>(1)</sup> Alberto Eguiguren is a member of the board of directors of CFR and partner in this company.

Significant transactions with related entities as at 31 December 2012 were as follows:

Company	Relationship	Transaction	31 December 2012	Effect on results
			Amount ThUS\$	Amount ThUS\$
Allergy Therapeutics Plc.	Associate	Sale of assets	15	15
Domesco	Associate	Dividends	827	827
Eliahu Shohet	Director	Advisory services	156	156
Honorato Russi & Eguiguren Ltda. <sup>(1)</sup>	Directors	Legal services	516	516
Allergy Therapeutics Plc.	Associate	Loan	6 584	–
Allergy Therapeutics Plc.	Associate	Interest	151	151

<sup>(1)</sup> Alberto Eguiguren is a member of the board of directors of CFR and partner in this company.

Transactions between related parties are carried out at market prices. No guarantees have been provided or received for receivables from or payables to related parties, other than those reported.

As of 30 June 2013 and 31 December 2012, there are no significant transactions with related parties in amounts exceeding US\$50 000 that have not been disclosed in CFR's most recent financial statements.

#### 4. SHARE CAPITAL OF THE COMPANY

- 4.1 The authorised and issued share capital of the Company immediately prior to the Capital Increase is as follows:

##### Authorised share capital

8 512 000 000 ordinary, nominative no par value shares of the same single series and having identical rights and privileges

##### Issued share capital

8 416 000 000 ordinary, nominative no par value shares of the same single series and having identical rights and privileges \*

\* There are 96 million CFR Shares reserved for share purchase options granted to executives within the CFR Group. For more information on the share purchase options, please see Section 1, Paragraph 5 of this Prospectus.

The total value of the stated capital account for the issued CFR Shares immediately prior to the Capital Increase is US\$525 293 582.

- 4.2 The authorised and issued share capital of the Company on the date of the Secondary Listing (i.e. immediately after the completion of the Capital Increase) will be as follows:

##### Authorised share capital

11 512 000 000 ordinary, nominative no par value shares of the same single series and having identical rights and privileges

##### Issued share capital

Between 11 062 226 260 and 11 416 000 000 ordinary, nominative no par value shares of the same single series and having identical rights and privileges \*

\* The number of shares will depend on the number of shares issued in terms of the Small Pre-emptive Offer contemplated in this Section 1, Paragraph 4.2.

\* There are 96 million CFR Shares reserved for share purchase options granted to executives within the CFR Group. For more information on the share purchase options, please see Section 1, Paragraph 5 of this Prospectus.

The total value of the stated capital account for the issued CFR Shares on the date of the Secondary Listing (i.e. immediately after the completion of the Capital Increase) will be approximately US\$1 275 293 582.

No CFR Shares are held in treasury.

Notwithstanding anything to the contrary contained in the Circular or this Prospectus, CFR shall be entitled at any time after the 30-day pre-emptive rights period prescribed under Chilean law in connection with the Pre-emptive Offer has expired to:

- (a) make another pre-emptive offer (“Small Pre-emptive Offer”) to its shareholders of up to 353 773 740 CFR Shares (being the difference between the 3 000 000 000 CFR Shares created in terms of the Capital Increase and the 2 646 226 260 CFR Shares offered in terms of the Pre-emptive Offer) at the same or higher price as the price under the Pre-emptive Offer, and otherwise substantially on the same terms and conditions as the terms and conditions under the Pre-emptive Offer; and
- (b) issue such CFR Shares which become available after the conclusion of the Small Pre-emptive Offer to any person,

provided that: (i) the CFR Shares issued pursuant to paragraphs 12.3.1 or 12.3.2 of the Circular, the provisions of which are duplicated in Section 1, Paragraphs 4.2(a) and 4.2(b) of this Prospectus, shall not be offered at a price per CFR Share less than the Chilean Peso equivalent of R2.334 determined in accordance with the provisions of note 13 on page 20 of this Prospectus; and (ii) CFR’s shareholders on its South African sub-register would hold 15% or more of CFR’s issued shares immediately after the completion of the Small Pre-emptive Offer and implementation of the Scheme.

#### 4.3 Alterations to the Share Capital

The following alterations to the share capital of the Company have been effected:

The Company was incorporated on 8 September 2010 with a share capital of Ch\$75 000 000 000, divided into 75 000 000 000 shares. Upon incorporation, all of the issued shares in the Company were held by Talpiot Investments S.A., Lafi Holding Inversiones Limitada and Inversiones East Europe Pharma S.A. (which companies were and still are indirectly controlled by the Weinstein Family).

On 30 November 2010, the share capital of the Company was increased from Ch\$75 000 000 000 to Ch\$113 283 423 000, divided into 113 283 423 000 shares. The additional shares issued pursuant to this capital increase were subscribed for by Talpiot Investments S.A., Inversiones East Europe Pharma S.A. and Fondo de Inversión Privado Sancata (a company indirectly controlled by the Weinstein Family).

On 14 December 2010, the functional currency of the Company was converted from Ch\$ to US\$. As a result, the capital changed from Ch\$113 283 423 000 to US\$234 226 037. Also, the number of issued shares decreased from 113 283 423 000 to 6 720 000 000. On the same day, the authorised share capital was increased to US\$308 291 370, divided into 8 512 000 000 shares.

On 31 December 2010, the shares in the Company held by Talpiot Investments S.A., Lafi Holding Inversiones Limitada and Inversiones East Europe Pharma S.A. were transferred to new investment companies, with the result that the shareholders of the Company were Inversiones Quantum Limitada (a wholly-owned subsidiary of Talpiot Investments S.A.), Inversiones Quark Limitada (a wholly-owned subsidiary of Lafi Holding Inversiones Limitada), Inversiones Photon Limitada (a wholly-owned subsidiary of Inversiones East Europe Pharma S.A.) and Fondo de Inversión Privado Sancata.

In May 2011, 2 032 000 000 shares in the Company were placed on the Santiago Stock Exchange under the market trading mechanism called “Tender of an Order Book” as part of a global offering of shares. Pursuant to this global offering, the Company issued 1 696 000 000 CFR Shares and Fondo de Inversión Privado Sancata sold 336 000 000 CFR Shares in the Company.

As part of the global offering:

- the Company and Fondo de Inversión Privado Sancata offered CFR Shares to the public in Chile; and
- the Company and Fondo de Inversión Privado Sancata offered CFR Shares, including in the form of ADSs, to qualified institutional buyers in the United States in reliance on Rule 144A under the US Securities Act, and to certain investors outside the United States and Chile in reliance on Regulation S under the US Securities Act.

Each ADS represents 100 CFR Shares and is evidenced by ADRs.

The offer price for the shares under the global offering was Ch\$85.00 per CFR Share (equivalent to US\$18.21 per ADS, based on an exchange rate of Ch\$466.70 per US\$1.00).

In connection with the global offering, CFR was required under Chilean law to make a pre-emptive rights offering to its existing shareholders. As at the date of the global offering, all of its existing shareholders waived their pre-emptive rights to permit the global offering.

The table below sets out certain information regarding the ownership of the Company's shares before and after this global offering.

Name of Shareholder	Shares Owned Before the Global Offering		Shares Owned After the Global Offering	
	Number	%	Number	%
Inversiones Quantum Limitada	1 170 391 322	17.42	1 170 391 322	13.90
Inversiones Quark Limitada	501 300 874	7.46	501 300 874	5.96
Fondo de Inversión Privado Sancata <sup>(1)</sup>	470 400 000	7.00	134 400 000	1.60
Inversiones Photon Limitada	4 577 907 804	68.12	4 577 907 804	54.40
New investors	–	–	2 032 000 000	24.14
<b>Total</b>	<b>6 720 000 000</b>	<b>100.00</b>	<b>8 416 000 000</b>	<b>100.00</b>

<sup>(1)</sup> Fondo de Inversión Privado Sancata, which is indirectly controlled by the Weinstein Family, sold 336 000 000 common shares, including in the form of ADSs, in the global offering.

As a result of the global offering, completed on 5 May 2011, the paid-in capital of the Company was US\$525 293 582.

On 26 December 2012, Inversiones Photon Limitada sold 90 499 161 shares in the Company and Fondo de Inversión Privado Sancata sold a further 134 400 000 shares in the Company.

On 17 January 2013, Inversiones Photon Limitada sold 31 855 425 shares in the Company.

On 22 July 2013, a resolution was passed at an extraordinary meeting of CFR's shareholders approving an increase of CFR's share capital by the creation of 3 000 000 000 shares.

As at 30 June 2013, the shares in the Company were held as follows:

Name of Shareholder	Number of Shares Owned	Percentage Share Ownership
Inversiones Photon Limitada	4 455 553 218	52.9
Inversiones Quantum Limitada	1 170 391 322	13.9
Inversiones Quark Limitada	501 300 874	6.0
Others	2 288 754 586	27.2
<b>Total</b>	<b>8 416 000 000</b>	<b>100.0</b>

There are no founders' or management deferred shares.

Information on alterations to the share capital of CFR International, is set out in Annexure 20 of this Prospectus.

#### 4.4 Issues of the Company's Shares

Other than the shares offered in terms of the global offering referred to above and the Capital Increase, the Company has not offered any of its shares to the public for subscription or sale since the date of its incorporation.

Since the date of CFR's incorporation, there has been no sub-division or consolidation of its shares.

#### 4.5 Authority to Issue Shares

The CFR Shares to be issued by the Company as the Share Consideration are created by virtue of the following resolutions, authorisations and approvals:

- a resolution of the extraordinary meeting of CFR's shareholders on 22 July 2013 approving an increase of CFR's share capital by the creation of 3 000 000 000 new CFR Shares;
- registration of the resolution referred to above with the SVS; and
- a resolution amending the resolution referred to above by at least two thirds of the votes attaching to all the issued and outstanding CFR Shares at an extraordinary meeting of CFR's shareholders, which amended resolution approves:
  - the contribution to CFR of Adcock Ingram Ordinary Shares in terms of the Scheme, as payment in kind for the CFR Shares which are created pursuant to the resolution increasing CFR's share capital referred to above and which will be issued in terms of the Scheme; and
  - the valuation of the Adcock Ingram Ordinary Shares as set out in the report of an independent expert appointed by CFR for that purpose.

Save for the issue of any CFR Shares in terms of the Small Pre-emptive Offer contemplated in Section 1, Paragraph 4.2 of this Prospectus, the CFR Board does not have the power to issue further shares in CFR, save with the prior approval of an extraordinary shareholders meeting of the Company.

#### 4.6 **Rights Attaching to Shares**

All of CFR's issued shares are ordinary, nominative shares of the same series and rank *pari passu* in every respect. CFR's issued shares do not carry any conversion or exchange rights and CFR has not issued any convertible securities.

In terms of the Chilean Corporations Law, the rights and restrictions attached to all or any shares of any class may be amended, modified, varied or cancelled by way of a resolution passed by shareholders holding at least two-thirds of the voting shares or of the class of shares in question.

At a meeting of CFR Shareholders, every CFR Shareholder who is present in person, by authorised representative or by proxy, shall have one vote for every CFR Share held on a show of hands or on a poll. No special voting rights are reserved for any founder, director or other person.

The holders of beneficial interests in CFR Shares enjoy all the benefits of the underlying shares, except that they are not entitled to attend or vote at CFR meetings and, to the extent that they wish to vote their beneficial interests, they will have to instruct PLC Nominees as to their votes on any matter.

If the Company is to be wound up, the assets remaining after payment of the debts and liabilities of the Company and the costs of the liquidation, will be paid to the CFR Shareholders, in proportion to the number of CFR Shares held by them.

#### 4.7 **Other Classes of Listed Securities**

On 8 November 2012, the Company made its successful debut on the Chilean corporate bond market with a placement of 6 000 bonds equal to approximately US\$142 000 000. Those bonds are listed on the Santiago Stock Exchange. Further information on the bonds is set out in Section 1, Paragraph 9.1.1 of this Prospectus.

In December 2012, the Company's subsidiary, CFR International, issued notes for US\$300 000 000 on international markets. The notes are listed on the Luxembourg Stock Exchange and have been admitted to trade on the Euro MFT Market. Further information on the notes is set out in Section 1, Paragraph 9.1.2 of this Prospectus.

### 5. **OPTIONS OR PREFERENTIAL RIGHTS IN RESPECT OF SHARES**

Save as set out below, there are no agreements or arrangements or proposed agreements or arrangements for options or preferential rights to subscribe for shares in the Company:

In order to retain certain skills that are considered instrumental to the continuing success of the Company, certain compensation plans have been implemented for executives within the CFR Group through the granting of share purchase options. As part of these plans, a total of 96 million CFR Shares have been reserved for assignment. As at the Last Practicable Date, 82 099 200 of those CFR Shares were assigned to a group of 28 executives of the CFR Group, leaving a balance of 13 900 800 CFR Shares available for future allocations. CFR is of the view that the issue of the CFR Shares which are the subject of the share purchase options will have an insignificant dilutionary effect on CFR Shareholders.

None of the executives to whom CFR Shares were assigned have exercised their share purchase options.

The share purchase options are granted as remuneration and no consideration is payable for the options.

The share purchase options are allocated by the CFR Board in its discretion, which has the ability to designate the eligible employees and the number of shares allocated to each of them. After any such decision is communicated to the employee, the employee has five calendar days to accept or reject the offer.

The plan consists of a share-option contract in terms of which 30% of the options vest in November 2013 and 70% of the options vest in August 2015. The option holders then have a term of 90 days to exercise the options. The strike price to be paid for the shares is UF0.0043 per share.

## 6. **COMMISSIONS PAID AND PAYABLE IN RESPECT OF UNDERWRITING**

No consideration has been paid by the Company or Adcock Ingram in the preceding three years, and no commissions are payable in respect of the Scheme, as commission to any person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any securities in the Company.

## 7. **MATERIAL CONTRACTS**

The Company has entered into the following material contracts, being material contracts entered into otherwise than in the ordinary course of business carried on by the CFR Group, and entered into within the two years prior to the date of this Prospectus; or entered into at any time and containing an obligation or settlement that is material to CFR or its subsidiaries as at the date to this Prospectus:

- the Transaction Implementation Agreement;
- the Bridge Loan Agreement;
- the "A" Ordinary Agreement;
- the "B" Ordinary Agreement;
- the Baxter Option Agreement;
- the Baxter Waiver Letter;
- the Medreich JV Agreement; and
- the Medreich Consent Letter.

The contents of the Transaction Implementation Agreement are, for the most part, contained in the Circular.

A summary of the Bridge Loan Agreement is set out in Section 1, Paragraph 9.1.3 of this Prospectus, and summaries of the other material contracts referred to above are set out in Annexure 21 to this Prospectus.

Save for the Medreich JV Agreement and the Medreich Consent Letter, Adcock Ingram and its subsidiaries have no material contracts entered into otherwise than in the ordinary course of business carried on by the Adcock Ingram Group, and:

- entered into within the two years prior to the date of this Prospectus; or
- entered into at any time and containing an obligation or settlement that is material to Adcock Ingram or its subsidiaries as at the date of this Prospectus.

A summary of the Medreich JV Agreement and the Medreich Consent Letter is set out in Annexure 21 to this Prospectus.

## 8. **INTERESTS OF DIRECTORS AND PROMOTERS**

No consideration has been paid, or agreed to be paid, to any director or related party or another company in which a director has a beneficial interest, or of which such director is also a director, nor to any partnership, syndicate or other association of which the director is a member:

- to induce the director to become a director;
- to qualify as a director; or
- for services rendered by the director or by a company, partnership, syndicate or other association in connection with the promotion or formation of the Company.

The directors of the Company had no interest in the promotion of the Company during the three years preceding the date of this Prospectus.

None of the directors, or any company in which such director is beneficially interested or of which he is a director, or any partnership or association of which he is a member, has received or agreed to receive any sums within the last three years to induce him to become or otherwise qualify him or her as a director, or otherwise for services rendered by the directors or any of the aforementioned companies in connection with the promotion or formation of the Company.

The direct and indirect interests of the directors in CFR Shares are set out below:

	<b>Direct beneficial</b>	<b>Indirect beneficial</b>	<b>Total</b>	<b>Percentage of the issued share capital</b>
Juan Cruz Domingo Bilbao Hormaeche <sup>(1)</sup>	36 696 272	–	36 696 272	0.436%
Guillermo Arturo Tagle Quiroz <sup>(2)</sup>	–	176 530	176 530	0.002%
Juan Antonio Guzmán Molinari <sup>(3)</sup>	–	40 624	40 624	0.000%
Alberto Eguiguren Correa <sup>(4)</sup>	–	733 925	733 925	0.009%

<sup>(1)</sup> During 2012, Yelcho Inmobiliaria S.A., related to the director Juan Cruz Bilbao Hormaeche sold 28 189 597 shares in CFR.

<sup>(2)</sup> There have been no changes on the interests occurring between the end of the preceding financial year and the Last Practicable Date.

<sup>(3)</sup> There have been no changes on the interests occurring between the end of the preceding financial year and the Last Practicable Date.

<sup>(4)</sup> There have been no changes on the interests occurring between the end of the preceding financial year and the Last Practicable Date.

In addition, Alejandro Kostia Nicolás Weinstein Crenovich and Nicolás Francisco Weinstein Manieu, together with Alejandro Esteban Weinstein Manieu indirectly control approximately 72.8% of the Company's shares. Also, between 26 March 2013 and 1 April 2013, Alejandro Esteban Weinstein Manieu acquired 773 504 CFR shares.

Set out below are details of transactions entered into between the Company and directors or entities related to directors of the Company for the six-month period ended 30 June 2013:

<b>Director/Company</b>	<b>Relationship</b>	<b>Transaction</b>	<b>30 June 2013</b>	<b>Effect on results</b>
			<b>Amount ThUS\$</b>	<b>Amount ThUS\$</b>
Eliahu Shohet	Director	Advisory services	78	78
Honorato, Russi & Eguiguren Ltda. <sup>(1)</sup>	Director	Legal services	147	147

<sup>(1)</sup> Alberto Eguiguren is a member of the board of directors of CFR and partner in this company.

Set out below are details of transactions entered into between the Company and directors or entities related to directors of the Company for the year ended 31 December 2012:

<b>Director/Company</b>	<b>Relationship</b>	<b>Transaction</b>	<b>31 December 2012</b>	<b>Effect on results</b>
			<b>Amount ThUS\$</b>	<b>Amount ThUS\$</b>
Eliahu Shohet	Director	Advisory services	156	156
Honorato, Russi & Eguiguren Ltda. <sup>(1)</sup>	Director	Legal services	516	516

<sup>(1)</sup> Alberto Eguiguren is a member of the board of directors of CFR and partner in this company.

Set out below are details of transactions entered into between the Company and directors or entities related to directors of the Company for the year ended 31 December 2011:

<b>Director/Company</b>	<b>Relationship</b>	<b>Transaction</b>	<b>31 December 2011</b>	<b>Effect on results</b>
			<b>Amount ThUS\$</b>	<b>Amount ThUS\$</b>
Eliahu Shohet	Director	Advisory services	206	206
Honorato, Russi & Eguiguren Ltda. <sup>(1)</sup>	Director	Legal services	804	804

<sup>(1)</sup> Alberto Eguiguren is a member of the board of directors of CFR and partner in this company.

## 9. LOANS

### 9.1 Material Loans Made to the Company

#### 9.1.1 *Chilean bonds*

On 8 November 2012, the Company made its successful debut on the Chilean corporate bond market with a placement of 6 000 bonds equal to approximately US\$142 million.

The issue price of the bonds was equal to 100.43%.

The bonds accrue interest at a rate of 4.0% per annum. The interest on the bonds is payable semi-annually in arrears on 31 March and 30 September, beginning on 31 March 2013.

The bonds carried a 21-year term at issue and will mature on 30 September 2033.

The bonds are listed on the Santiago Stock Exchange.

The bonds are senior unsecured obligations of the Company and rank:

- equally with all of the Company's existing and future senior unsecured indebtedness, other than certain obligations granted preferential treatment pursuant to applicable law; and
- senior to all of the Company's future subordinated indebtedness.

The bonds effectively rank junior to all of the Company's existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness.

The bonds can be redeemed from 30 September 2017, at "make-whole" amount mechanism.

The bonds are not convertible.

#### 9.1.2 *International notes*

In December 2012, the Company's subsidiary, CFR International, issued notes for US\$300 000 000.

These global notes were created in terms of an indenture (Global Note pursuant to Rule 114A under the US Securities Act, 1933, and Global Note pursuant to Regulation S under the US Securities Act, 1933). The notes were issued in denominations of US\$200 000 and in integral multiples of US\$1 000 in excess thereof.

The notes are fully and unconditionally guaranteed on a senior unsecured basis by the Company and certain subsidiaries of the Company, including Lafrancol S.A.S. and Lafrancol Internacional S.A.S.

The issue price of the notes was equal to 100%, plus accrued interest, if any, from 6 December 2012.

The notes accrue interest at a rate of 5.125% per annum. The interest on the notes is payable semi-annually in arrears on 6 June and 6 December of each year, beginning on 6 June 2013.

The notes carried a 10-year term at issue and will mature on 6 December 2022.

The notes are listed on the Luxembourg Stock Exchange and have been admitted to trade on the Euro MFT Market.

The notes and the guarantees are senior unsecured obligations of CFR International and the guarantors, respectively, and rank:

- equally with all of CFR International's and the guarantors' respective existing and future senior unsecured indebtedness, other than certain obligations granted preferential treatment pursuant to applicable law; and
- senior to all of CFR International's and the guarantors' respective future subordinated indebtedness.

The notes and the guarantees effectively rank junior to all of CFR International's and the guarantors' respective existing and future secured indebtedness, to the extent of the value of the assets securing such indebtedness. The notes are structurally subordinated to all existing and future liabilities of any subsidiaries of the Company that do not guarantee the notes.

CFR International may redeem the notes, in whole or in part, prior to 6 December 2017, by paying the greater of: (i) 100% of the outstanding principal amount of the notes being redeemed and (ii) a “make-whole” amount, in each case plus accrued and unpaid interest, if any, to the date of redemption. CFR International may also redeem the notes, in whole or in part, on or after 6 December 2017 at the redemption prices set out below (expressed as a percentage of principal amount of the notes to be redeemed), plus accrued and unpaid interest on the notes, if any, to the applicable redemption date, if redeemed during the twelve-month period beginning on 6 December of each of the years indicated below:

<b>Year</b>	<b>Percentage</b>
2017	102.563
2018	101.708
2019	100.854
2020 and after	100.000

In addition, CFR International may redeem the notes, in whole but not in part, at a price equal to 100% of the outstanding principal amount, plus accrued and unpaid interest, if any, to the date of redemption and any additional amounts, at any time upon the occurrence of certain changes in tax laws. At any time on or prior to 6 December 2015, CFR International may also redeem up to 35% of the outstanding principal amount of the notes using the proceeds of certain equity offerings at the redemption price of 105.125% of the outstanding principal amount, plus accrued and unpaid interest, if any, to the date of redemption.

The notes are not convertible.

### 9.1.3 **The Bridge Loan Agreement**

CFR International has entered into the Bridge Loan Agreement with the funding banks for the purposes of satisfying a portion of the Cash Consideration and for settling the transaction costs in relation to the Scheme, the material terms of which are set out below:

<b>Facility</b>	<b>Amount (USD)</b>	<b>Interest</b>
Bridge loan	600 000 000	(i) Eurodollar Rate plus an applicable margin*
<b>Total</b>	<b>600 000 000</b>	

\* The applicable margin is staggered for the number of days after the closing and funding date under that agreement as follows. 0 – 90 days after closing, it is 1.5%; 91 – 180 days after closing, it is 3.5%; 181 – 270 days after closing, it is 4%; and more than 271 days after closing, it is 4.5%.

The bridge loan in terms of the Bridge Loan Agreement is secured by guarantees from CFR and certain subsidiaries of CFR (including Laboratorios Recalcine S.A., Farminindustria S.A., Lafrancol S.A.S., Lafrancol International S.A.S., Laboratorios Synthesis S.A.S. and Sundelight Corp. and by Adcock Ingram (and certain subsidiaries of Adcock Ingram) immediately following the implementation of the Scheme), as well as a pledge over the Adcock Ingram Ordinary Shares to be acquired by CFR pursuant to the Scheme.

The bridge loan in terms of the Bridge Loan Agreement is payable in full on the earlier of the date falling:

- (a) sixteen months after the date on which the conditions precedent set forth in section 4.1 of the Bridge Loan Agreement are satisfied; and
- (b) twelve months after the date on which the conditions precedent set out in section 4.2 of the Bridge Loan Agreement are satisfied.

## 9.2 **Material Loans Made by the Company**

Save as set out below, no material loans have been advanced by the Company, or any of its subsidiaries:

On 28 February 2013, a US\$103 198 172 loan was advanced by the Company to CFR International. The loan bears interest at a rate of 5.125% per annum and is to be repaid in 22 equal and consecutive semi-annual instalments, starting on 28 March 2023. The loan was made for the purposes of providing funds to CFR International to acquire Lafrancol. The loan will either be capitalised or

repaid by using internally generated cash flows by the subsidiaries of CFR International. The loan is unsecured because it is between group companies.

### 9.3 **Material Loans Made to Adcock Ingram**

Details of material loans made to Adcock Ingram as at 30 September 2013 are set out below:

- A ZAR63.75 million secured loan (originally ZAR510 million) from Rand Merchant Bank (a division of FirstRand Bank Limited) and Nedbank Limited (in equal shares) bearing interest at JIBAR plus 265 basis points. Interest is payable quarterly in arrears and the capital is being repaid in quarterly instalments from March 2012, with the final instalment due in December 2013.
- A ZAR36.25 million secured loan (originally ZAR290 million) from Rand Merchant Bank (a division of FirstRand Bank Limited) and Nedbank Limited (in equal shares) bearing interest at JIBAR plus 180 basis points. Interest is payable quarterly in arrears and the capital is being repaid in quarterly instalments from March 2012, with the final instalment due in December 2013.

Both loans were raised in order to finance upgrades to Adcock Ingram's facilities. The shares in Adcock Ingram held by Group companies which were regarded as material subsidiaries were provided as security for both loans. There are no conversion or redemption rights associated with the loans. The final instalment is payable within 12 months and is to be paid out of Adcock Ingram's working capital facility and existing reserves.

As at 30 September 2013, the net overdraft situation of Adcock Ingram was as follows:

- a ZAR1 048.6 million overnight loan at Nedbank; and
- a ZAR259.4 million overnight loan at Rand Merchant Bank.

Both bear interest at prime less 150 basis points and interest is payable monthly in arrears. There are no fixed terms of repayment and these are secured by cross-guarantees issued by material subsidiaries in the Adcock Ingram Group.

### 9.4 **Material Loans Made by Adcock Ingram**

Save as set out below, no material loans have been advanced by Adcock Ingram, or any of its subsidiaries.

The ZAR63.75 million loan and the ZAR36.25 million loan referred to in Section 1, Paragraph 9.3 of this Prospectus have been on-loaned to Adcock Ingram Critical Care Proprietary Limited and Adcock Ingram Healthcare Proprietary Limited on substantially similar terms.

### 9.5 **Loans Made or Security Furnished for the Benefit of Directors or Managers**

The Company has not advanced any material loans to any party and has not made any loans nor furnished any security for the benefit of any director or manager, or any associate of any director or manager as at the date of this Prospectus.

Adcock Ingram has not advanced any material loans to any party and has not made any loans nor furnished any security for the benefit of any director or manager, or any associate of any director or manager as at the date of this Prospectus.

### 9.6 **Debentures**

The Company has not issued debentures by way of conversion or replacement of debentures previously issued.

### 9.7 **Material Commitments, Lease Payments and Contingent Liabilities**

Details of the Company's lease obligations as at 30 June 2013 is set out in Annexure 22 of this Prospectus.

Details of the Company's material commitments, lease payments and contingent liabilities, as at the Last Practicable Date, are set out in the Company's financial statements.

## 10. **SHARES ISSUED OR TO BE ISSUED OTHERWISE THAN FOR CASH**

Except for the CFR Shares which will be issued to Scheme Participants as part of their Scheme Consideration if the Scheme becomes operative, no shares in CFR have been issued other than for cash since its incorporation, and no other agreement has been entered into in terms of which CFR Shares will be issued other than for cash. There have been no repurchases by CFR of any of its shares since its incorporation.

## 11. **PROPERTY ACQUIRED OR TO BE ACQUIRED**

### 11.1 **Immovable Property**

Neither CFR nor any of its subsidiaries has acquired any immovable property which is material to the CFR Group's business, where:

11.1.1 the purchase price of which:

11.1.1.1 is to be defrayed in whole or in part out of the proceeds of the issue; or

11.1.1.2 is to be or was within the preceding three years paid in whole or in part: (a) by the issue of securities of CFR or any of its subsidiaries or (b) out of the funds of CFR or any of its subsidiaries, whether in cash or securities; or

11.1.2 the purchase or acquisition of which has not been completed at the date of this document, and the nature of the title or interest therein acquired by the Company or any of its subsidiaries.

### 11.2 **Acquisition of Lafrancol**

On 10 August 2012, the Company entered into an agreement to acquire, through CFR International, all of the outstanding capital stock of Lafrancol S.A.S., as well as capital stock of the following subsidiaries and related companies of Lafrancol S.A.S.:

- Lafrancol Internacional S.A.S.;
- Doral Investment International Inc.;
- Lafrancol Peru S.A.;
- Lafrancol Guatemala S.A.;
- Laboratorio Franco-Colombiano del Ecuador S.A.;
- Lafrancol Dominicana S.A.;
- American Generics S.A.S.;
- Laboratorios Naturmedik S.A.S.;
- Distribuciones Uquifa S.A.S.;
- Focus Pharmaceutical S.A.S.; and
- Laboratorios Pauly Pharmaceutical S.A.S.

Doral Investment International Inc. is/was the holding company of Lafrancol S.A.S., while the other entities constituted the consolidated subsidiaries of Lafrancol S.A.S. (other than Lafrancol (USA) Corp., the share capital of which was not included in the acquisition).

The capital stock was acquired from Esther I. Ventura de Rendón (Colombian ID 38.979.831-4, domiciled in the city of Bogota, Colombia), Roberto Maurice Ventura Cristino (Colombian ID 9.086.004-4, domiciled in the city of Cali, Colombia), Bella Clara Ventura de Mitrotti, (Colombian ID 41.501.981-1, domiciled in the city of Bogota, Colombia), Joyce Ventura de Durand (Colombian ID 41.458.692-9, domiciled in the city of Bogota, Colombia), Juan María Rendón Gutierrez (Colombian ID 17.125.100-8, domiciled in the city of Bogota, Colombia) and Atavida Holdings GmbH (duly incorporated and existing under the laws of the Swiss Confederation).

The Lafrancol group of companies is based in Colombia. It was established by the vendors and grew over many years. It carries on the business of manufacturing pharmaceuticals. The purchase consideration amounted to US\$562 million, less some adjustments for bank debt, related balances and minimum working capital, leaving a net amount consideration of US\$541.1 million, payable in cash.

The acquisition was booked using the acquisition method stated in IFRS 3, as a combination of businesses. The fair values of the assets and liabilities of the Lafrancol group were determined by an independent specialist, resulting in goodwill of ThUS\$427 043 (historic), after comparing the participation in the equity at fair value with the amount paid.

The detail of the purchase of the Lafrancol group shares as determined by an independent professional (historical values at 31 December 2012) is as follows:

	<b>ThUS\$</b>
<b>Amount paid for the group's shares</b>	<b>541 133</b>
<b>Assignment of fair value</b>	
(1) Market value of inventories	2 280
(2) Land	2 938
(3) Buildings	3 528
(4) Machinery	2 084
(5) Customer portfolio	81 910
(6) Product trademarks	8 730
(7) Lafrancol name	48 873
(8) Contingent liabilities	(16 571)
(9) Deferred tax liabilities	(45 483)
<b>Sub total of valued assets and liabilities</b>	<b>88,289</b>
IFRS equity of the group acquired	25,801
<b>Total equity</b>	<b>114,090</b>
<b>Goodwill generated</b>	<b>427,043</b>

The vendors did not guarantee the book debts or other assets, and "normal" warranties were provided. An amount was also placed in escrow to serve as security for claims which CFR may have under the agreement.

As is customary for agreements of this nature, the vendors are subject to non-compete obligations for a period of three years after the date of the acquisition. No cash or other payments are payable in relation to those non-compete obligations.

No promoter or director of CFR had any beneficial interest in the acquisition.

The capital stock was transferred to CFR International and none of the shares has been pledged or ceded.

### 11.3 Acquisition of Assets of Cosme Farma

On 17 January 2013, Adcock Ingram, through its Indian subsidiary, Adcock Ingram Private Limited, acquired certain assets of Cosme Farma, a division of the Cosme Group, based in Goa, India. Cosme Farma was established by the Menezes family. It is a mid-sized sales and marketing pharmaceuticals business which has been operating in the Indian domestic market for the past 40 years and is ranked in the top 70 of approximately 5 000 pharmaceutical companies in India, per IMS Health, with a sales force of approximately 1 000 staff.

The assets were purchased from Cosme Farma Laboratories Limited (5th Floor, Dempo Towers, Patto Plaza, Panaji, Goa, 403001), Cosme Pharma Limited (Vatadav Wadda, Sarvona, Bicholim, Goa, 403529) and Cosme Remedies Limited (797, Alto, Betim, Bardez, Goa, 403521). These companies are controlled by the majority shareholder, Mr Cosme Menezes.

The purchase consideration for the assets was R782.4 million, payable in cash. It was paid to the vendors as follows: Cosme Farma Laboratories Limited – R597.7 million; Cosme Pharma Limited – R172.1 million and Cosme Remedies Limited – R12.6 million.

The fair value of identifiable assets as at the date of the acquisition was ZAR720.9 million. Goodwill of ZAR61.5 million was recognised as a result of the acquisition. The significant factors that contributed to the recognition of goodwill of ZAR61.5 million include, but are not limited to, the establishment of a presence within the domestic Indian market, with local management and

expertise to drive the Company's product sales into the various channels and customers that exist within this market.

The vendors did not guarantee the book debts or other assets, and "normal" warranties were provided.

A three-year non-compete agreement was signed with the main shareholder (namely, Mr Cosme Menezes) as well as with the key managerial personnel. No cash or other payments were made in respect of these non-compete agreements.

The acquisition was financed out of existing cash reserves.

No promoter or director of Adcock Ingram had any beneficial interest in the acquisition.

The assets were transferred to Adcock Ingram Private Limited and none of the assets has been pledged.

#### **11.4 Immaterial Acquisitions during 2010 and 2011**

The CFR Group acquired entities in 2010 and 2011, but these are not considered material or significant. Included in these acquisitions were the acquisitions of Domesco and Uman Pharma, brief details of which are set out below:

##### **11.4.1 Acquisition of Domesco**

In October 2011, the Company acquired a 38.58% interest in Domesco, a manufacturing company in Vietnam, for US\$13.3 million. Domesco's business is manufacturing products and clinical equipment. The Company acquired a further 7.36% stake in Domesco in March 2012 for US\$2.6 million, thereby increasing its stake in Domesco to 45.94%. Both acquisitions were funded using the Company's own capital and proceeds from the initial public offering undertaken in May 2011.

##### **11.4.2 Acquisition of Uman Pharma**

In November 2011, the Company acquired a controlling stake (50.8%) in Uman Pharma, a Canadian high-tech laboratory company focused on specialty oncology products and other injectable products, as well as "orphan drugs" (pharmaceutical agents that have been developed specifically to treat a rare medical condition). The amount of the transaction was US\$26.6 million. The acquisition was funded using the Company's own capital and proceeds from the initial public offering undertaken in May 2011. The purchase agreement included certain conditions which could result in an increase in CFR's percentage shareholding at no additional cost. The conditions for this shareholding change are:

- compliance with projected EBITDA for the years 2013, 2014 and 2015; and
- approval by the US Food and Drug Administration of the plant during pre-determined periods.

#### **11.5 Disposals**

No material property (as described in Paragraph 7.D.9 of the Listings Requirements) has, during the past three years, been, or is to be, disposed of by the CFR Group or the Adcock Ingram Group.

#### **12. AMOUNTS PAID OR PAYABLE TO PROMOTERS**

No promoter has any material beneficial interest in the Company's promotion.

The Company has not paid any amount (whether in cash or in securities), nor given any benefit to any promoters or partnership, syndicate or other association of which a promoter was a member within the preceding three years or in relation to the Transaction.

#### **13. PRELIMINARY EXPENSES AND ISSUE EXPENSES**

The following expenses and provisions are expected, or have been provided for in connection with the Secondary Listing. All the fees payable to the parties below are exclusive of VAT.

<b>Service</b>	<b>Name of service provider</b>	<b>ZAR'000</b>
Legal advisors	Bowman Gilfillan Incorporated	2 500
	Honorato, Russi & Eguiguren Limitada	1 500
Sponsor	Deutsche Securities (SA) Proprietary Limited	500
CIPC Registration of Prospectus	The CIPC	7
Documentation inspection fees	JSE	100.3
Listing fee	JSE	1 362
Auditors and reporting accountants to CFR	Deloitte & Touche	935
	Deloitte Auditores y Consultores Limitada	750
Auditors and reporting accountants to Adcock Ingram	Ernst & Young	1 710
Communications advisor	College Hill Proprietary Limited	500
Printing	Ince Proprietary Limited	1 200
Transfer secretarial services	Computershare Investor Services Proprietary Limited	115
<b>Total</b>		<b>11 179.3</b>

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## SECTION 2 – INFORMATION ABOUT THE OFFERED SECURITIES

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*This Section 2 contains a summary of the terms of the Scheme and is not intended to create an independent source of rights or obligations with respect to the Scheme. Full terms of the Scheme are set out in the Circular. If any conflict or inconsistency arises between the provisions of this Section 2 and the provisions of the Scheme as contained in the Circular, the provisions of the Scheme as contained in the Circular shall prevail to the extent of such conflict or inconsistency.*

### 1. PURPOSE OF THE OFFER

It was announced on SENS on 15 November 2013 and published in the South African press on 18 November 2013 that the pre-conditions set out in the Transaction Implementation Agreement have been fulfilled or waived and that the Transaction Implementation Agreement has become effective. Consequently, the Transaction Implementation Agreement constituted notification by CFR to the Adcock Ingram Board of the firm intention of CFR to make an offer to acquire (through its wholly-owned subsidiary, CFR Inversiones) all of the Adcock Ingram Ordinary Shares, other than the Treasury Shares, by way of a scheme of arrangement in terms of section 114 of the Companies Act, and each Scheme Participant shall receive the Scheme Consideration. Accordingly, the aforementioned announcement constituted a firm intention announcement as contemplated by Regulation 101 of the Takeover Regulations.

The Adcock Ingram Board has proposed the Scheme, in terms of section 114 of the Companies Act, between Adcock Ingram and the holders of Adcock Ingram Ordinary Shares (other than the holder of the Treasury Shares). If the Scheme becomes operative, CFR Inversiones will acquire the Scheme Shares and Scheme Participants shall, subject to the terms to the Circular, be entitled to receive the Scheme Consideration.

The aggregate Scheme Consideration (based on an attributed value of ZAR2.334 per CFR Share) will be settled partly in cash and partly in CFR Shares, as follows:

- a minimum of 51% and up to a maximum of 64.3% will be settled in cash in South African Rand; and
- a minimum of 35.7% and up to a maximum of 49% will be settled in CFR Shares.

The offer mix referred to above is dependent on the results of the Capital Increase.

In terms of the Scheme, each Adcock Ingram Ordinary Shareholder may benefit from a mix-and-match facility, whereby it may elect, prior to settlement, to receive ZAR73.51 per Adcock Ingram Ordinary Share or the "Relevant Number" of CFR Shares (approximately 31.5 CFR Shares) per Adcock Ingram Ordinary Share or any combination of cash and CFR Shares. The aggregate amount of cash and the aggregate number of CFR Shares being offered to Adcock Ingram Ordinary Shareholders will, however, not change because of the mix-and-match facility or the elections made thereunder. Accordingly, the elections made by Adcock Ingram Ordinary Shareholders will be considered and, if necessary, adjusted equitably after taking into account the aggregate amount of cash and CFR Shares available, being the aggregate determined pursuant to the Capital Increase. To the extent that an Adcock Ingram Ordinary Shareholder does not make any election, he will (unless he is a Cash-Only Shareholder) be deemed to have elected to receive his Scheme Consideration in the Relevant Ratio.

Upon implementation of the Scheme, CFR Inversiones will, subject to section 164 of the Companies Act, become the owner of all the issued Adcock Ingram Ordinary Shares (other than the Treasury Shares).

If the Scheme is implemented, Adcock Ingram will become an indirect subsidiary of CFR, Adcock Ingram will be delisted from the JSE and CFR being listed in the "Health Care – Pharmaceuticals and Biotechnology – Pharmaceuticals" sector of the Main Board of the JSE by way of a secondary listing.

The JSE has approved the suspension of the listing of the Adcock Ingram Ordinary Shares on the JSE with effect from the commencement of trading on the JSE on the Business Day following the Scheme LDT and, subject to the Scheme becoming operative, the termination of the listing of Adcock Ingram on the JSE from the commencement of trading on the Business Day following the Scheme Implementation Date.

The purpose of this Prospectus is to facilitate the implementation of the Scheme by allowing for the CFR Shares which comprise the Share Consideration to be issued to the Scheme Participants, in the manner contemplated in Section 2, Paragraph 3 of this Prospectus, in part exchange for their Adcock Ingram Ordinary Shares. In terms of the Scheme, a Scheme Participant will not be required to pay any cash consideration for the Share Consideration. The CFR Shares comprising the Share Consideration will be issued in part exchange for the Scheme Participant's Adcock Ingram Ordinary Shares.

The Company is not seeking to raise any funds in connection with the issue of the CFR Shares comprising the Share Consideration.

## 2. TIME AND DATE OF THE OPENING AND OF THE CLOSING OF THE OFFER

	<b>Expected date</b>
Date on which the offer contemplated in this Prospectus will be open is the same date on which the Circular is issued to Adcock Ingram Shareholders	18 November 2013
The date on which the CFR Shares will be admitted to listing on the JSE and on which dealings will commence	3 March 2014
Date on which the offer contemplated in this Prospectus will close is the Business Day before the Scheme Record Date	6 March 2014
Scheme Record Date	7 march 2014

\* The above dates may change, and such changes will be released on SENS and published in the press.

## 3. PARTICULARS OF THE OFFER

In terms of section 114(1) of the Companies Act, the Adcock Ingram Board has proposed the Scheme as set out in Paragraph 6 to the Circular, extracts of which are duplicated in this Paragraph 3 between Adcock Ingram and the Adcock Ingram Ordinary Shareholders (other than the holder of the Treasury Shares).

### 3.1 Terms of the Scheme

- 3.1.1 In terms of the Scheme, CFR Inversiones shall acquire the Scheme Shares from the Scheme Participants and each of the Scheme Participants shall receive the Scheme Consideration.
- 3.1.2 Subject to the Scheme becoming unconditional, with effect from the Scheme Implementation Date:
  - 3.1.2.1 the Scheme Participants (whether they were Ordinary Scheme Members or not and whether they voted in favour of the Scheme Resolutions or not or abstained or refrained from voting) shall be deemed to have disposed of (and shall be deemed to have undertaken to transfer) their Scheme Shares, free of encumbrances, to CFR Inversiones, and PLC Nominees shall be deemed to have subscribed (to the extent applicable) with effect from the Scheme Implementation Date for the Share Consideration for the benefit of the Scheme Participants, and CFR Inversiones shall be deemed to have acquired registered and beneficial ownership of all the Scheme Shares, free of encumbrances, with effect from the Scheme Implementation Date, against discharge of the Scheme Consideration in terms of paragraphs 6.1.4 and 6.1.5 to the Circular, the provisions of which are duplicated in Section 2, Paragraphs 3.1.4 and 3.1.5 of this Prospectus;
  - 3.1.2.2 each Scheme Participant shall be deemed to have transferred to CFR Inversiones, with effect from the Scheme Implementation Date, against discharge of the Scheme Consideration in terms of paragraphs 6.1.4 and 6.1.5 of the Circular, the provisions of which are duplicated in section 2, Paragraphs 3.1.4 and 3.1.5 of this Prospectus, all of the Scheme Shares held by such Scheme Participant, without any further act or instrument being required;
  - 3.1.2.3 the Scheme Participants shall be entitled to receive the Scheme Consideration, subject to the remaining provisions of this Paragraph 3;
  - 3.1.2.4 although PLC Nominees will be the registered holder of the CFR Shares, it will hold them for the benefit of the Scheme Participants, which shall have all of the beneficial interests in the CFR Shares.
- 3.1.3 Each Scheme Participant irrevocably, unconditionally and *in rem suam* authorises and empowers, to the fullest extent permissible in law, Adcock Ingram, as principal, with power of substitution, to cause:
  - 3.1.3.1 the Scheme Shares disposed of by the Scheme Participant in terms of the Scheme (including without limitation all rights, interests and benefits attaching thereto) to be transferred to, and registered in the name of, CFR Inversiones on or at any time after the Scheme Implementation Date, and to do all such things and take

all such steps (including the execution of any transfer form) as Adcock Ingram in its discretion considers necessary in order to effect that transfer and registration; and

- 3.1.3.2 the CFR Shares (including without limitation all rights, interests and benefits attaching thereto) subscribed or deemed to be subscribed for by PLC Nominees (to the extent applicable) in terms of the Scheme to be issued to, and registered in the name of, PLC Nominees for the benefit of Scheme Participants on or at any time after the Scheme Implementation Date, and to do all such things and take all such steps (including the execution of any application form or subscription document) as Adcock Ingram in its discretion considers necessary in order to effect that transfer and registration.
- 3.1.4 CFR will, on the Scheme Implementation Date, deliver or cause such delivery (or have caused such delivery) to Strate and the Transfer Secretaries, each as agent for and on behalf of Adcock Ingram, a cash amount in ZAR equal to the total Cash Consideration to which Scheme Participants are entitled and each such agent for and on behalf of Adcock Ingram will, once it has received same, discharge the Cash Consideration due to Scheme Participants in terms to the Circular. Scheme Participants will be entitled to receive the Cash Consideration from Adcock Ingram only.
- 3.1.5 CFR will, on the Scheme Implementation Date, make available (or cause to be made available) to the Transfer Secretaries as agent for and on behalf of Adcock Ingram, the aggregate number of CFR Shares required in order to settle the total Share Consideration (including without limitation all rights, interests and benefits attaching thereto) and the Transfer Secretaries, as agent for and on behalf of Adcock Ingram, will, once it has received same, discharge the Share Consideration due to Scheme Participants in terms to the Circular. Scheme Participants will be entitled to receive the Share Consideration from Adcock Ingram only.
- 3.1.6 Delivery by CFR of the Scheme Consideration as set out in paragraphs 6.1.4 and 6.1.5 of the Circular, which provisions are duplicated in Section 2, Paragraphs 3.1.4 and 3.1.5 of this Prospectus, shall be the sole and exclusive manner of discharge by CFR of its obligations in respect of the Scheme Consideration. Upon compliance with paragraphs 6.1.4 and 6.1.5 of the Circular, which provisions are duplicated in section 2, Paragraphs 3.1.4 and 3.1.5 of this Prospectus, Adcock Ingram and the Scheme Participants shall have no further claim against CFR in relation to discharge of the relevant portion of the Scheme Consideration so delivered or so made available. CFR shall discharge the Scheme Consideration due to Deemed Scheme Participants in accordance with the provisions of paragraphs 6.1.4 and 6.1.5 of the Circular, which provisions are duplicated in Section 2, Paragraphs 3.1.4 and 3.1.5 of this Prospectus, which shall apply *mutatis mutandis*.
- 3.1.7 Adcock Ingram, as principal, shall (unless the Scheme is terminated in accordance with the provisions of the Circular) procure that CFR complies with its obligations under the Scheme, and Adcock Ingram alone shall have the right to enforce these obligations (if necessary) against CFR.
- 3.1.8 The right of the Scheme Participants to receive the Scheme Consideration will be rights enforceable by the Scheme Participants against Adcock Ingram only. Such rights will only be enforceable against Adcock Ingram if Adcock Ingram or its agents have received the Scheme Consideration from CFR. The Scheme Participants shall be entitled to require Adcock Ingram to enforce its rights in terms of the Scheme against CFR. Scheme Participants shall not be entitled to require Adcock Ingram to deliver or procure the delivery of the Scheme Consideration if Adcock Ingram or its agents have not received the Scheme Consideration or to hold Adcock Ingram liable for damages or the payment of any amount, save to the extent that Adcock Ingram itself is in breach of its obligations in terms of the Scheme.
- 3.1.9 The effect of the Scheme will, among other things, be that CFR Inversiones shall, with effect from the Scheme Implementation Date and against discharge of the Scheme Consideration in terms of paragraphs 6.1.4 and 6.1.5 to the Circular, which provisions are duplicated in section 2, Paragraphs 3.1.4 and 3.1.5 of this Prospectus, become the registered and beneficial owner of all the Scheme Shares; free of encumbrances, and the

Scheme Participants shall receive all the beneficial interests, free of encumbrances, of the CFR Shares making up the Share Consideration, which shares will be registered in the name of PLC Nominees for the benefit of Scheme Participants, and shall receive the Cash Consideration. Subject to paragraph 6.1.12 of the Circular, the provisions of which are duplicated in Section 2, Paragraph 3.1.12 of this Prospectus, the Scheme shall not result in any of the Scheme Shares being transferred to any person other than CFR Inversiones and none of the Scheme Consideration shall be discharged or paid to any person other than the Scheme Participants, save that PLC Nominees shall be the registered holder of the CFR Shares.

- 3.1.10 Subject to the fulfilment or waiver, as the case may be, of all the Conditions Precedent, the Scheme will be implemented with effect from the Scheme Implementation Date.
- 3.1.11 Each Scheme Participant is deemed, on the Scheme Implementation Date, to have warranted and undertaken in favour of Adcock Ingram and CFR that the relevant Scheme Shares are not subject to a pledge or otherwise encumbered, or if subject to any such pledge or encumbrance, that such Scheme Shares will be released from such pledge or other encumbrance immediately on payment and discharge of the Scheme Consideration.
- 3.1.12 Notwithstanding anything to the contrary contained in the Circular, or this Prospectus, CFR Inversiones shall be the entity which will acquire title to the Scheme Shares in terms of the Scheme, provided that CFR Inversiones shall serve no other purpose in terms of the Scheme and only CFR shall be entitled to enforce the Scheme, but CFR shall in any event be liable in full for discharging the Scheme Consideration and fulfilling its other obligations in terms of the Scheme.

### 3.2 **Conditions Precedent to the Scheme**

- 3.2.1 The Scheme is subject to the fulfilment or waiver, as applicable, of the following conditions precedent by no later than the Long Stop Date:
  - 3.2.1.1 the approval of the Scheme Resolutions at the General Meetings in terms of the Companies Act and, if the provisions of section 115(2)(c) of the Companies Act become applicable:
    - 3.2.1.1.1 the approval of the Scheme by the High Court; and
    - 3.2.1.1.2 if applicable, Adcock Ingram not treating either of the Scheme Resolutions as a nullity as contemplated in section 115(5)(b) of the Companies Act;
  - 3.2.1.2 in relation to any objection to the Scheme by Adcock Ingram Shareholders, either:
    - 3.2.1.2.1 Adcock Ingram Shareholders give notice objecting to the Scheme as contemplated in section 164(3) of the Companies Act and vote against either of the Scheme Resolutions at either of the General Meetings in respect of no more than 5% of all of the Adcock Ingram Ordinary Shares; or
    - 3.2.1.2.2 if Adcock Ingram Shareholders give notice objecting to the Scheme and vote against either of the Scheme Resolutions at either of the General Meetings in respect of more than 5% of all of the Adcock Ingram Ordinary Shares, shareholders have not exercised appraisal rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of more than 5% of all of the Adcock Ingram Ordinary Shares within 30 Business Days following the relevant General Meetings;
  - 3.2.1.3 all Clearances to effect the Scheme and to implement the Transaction are granted, including without being limited to:
    - 3.2.1.3.1 the issue by the TRP of a compliance certificate with respect to the Scheme in terms of section 121(b) of the Companies Act;
    - 3.2.1.3.2 approval of the Competition Authorities in terms of the Competition Act;

- 3.2.1.3.3 approval of the relevant competition authorities in Kenya, Botswana, Zimbabwe, Swaziland and Namibia, and by the COMESA Competition Commission;
- 3.2.1.3.4 approval of the SARB in terms of the South African Exchange Control Regulations, including the approval of the listing of the CFR Shares (and all related arrangements to give effect to such listing) on the JSE as an “inward listing” for Exchange Control purposes;
- 3.2.1.3.5 approval of the JSE, including, among other things, all approvals required from the JSE in connection with:
  - 3.2.1.3.5.1 the Secondary Listing, with effect from the Scheme Implementation Date, at the latest; and
  - 3.2.1.3.5.2 the termination of the listing of the Adcock Ingram Ordinary Shares from the List (as defined in the Listings Requirements);
- 3.2.1.3.6 registration and approval of the Capital Increase by the SVS with the Chilean Securities Registry;
- 3.2.1.3.7 registration of the Prospectus by the CIPC;
  - provided that if any condition or qualification:
    - (i) of a material nature is attached to a Clearance, CFR and Adcock Ingram may, by written agreement concluded within five Business Days of the imposition of the condition or qualification, consent to the imposition of such condition or qualification, whereupon the Condition Precedent shall be deemed to have been fulfilled, and failing which the Condition Precedent shall be deemed not to have been fulfilled; and
    - (ii) not of a material nature is attached to the Clearance, then the Conditions Precedent shall be deemed to have been fulfilled.

A condition or qualification attaching to a Clearance shall be of a material nature if the condition or qualification has, will have or is reasonably likely to have a CFR Material Adverse Clearance Effect or an Adcock Ingram Material Adverse Clearance Effect;
- 3.2.1.4 approval of the SARB in terms of the Exchange Control Regulations for the furnishing by the Company, and those of its subsidiaries which are required to provide guarantees, of guarantees to the:
  - 3.2.1.4.1 various lenders under the Bridge Loan Agreement and the guarantors thereto, as contemplated in that agreement; and
  - 3.2.1.4.2 various holders of notes under the notes issued by CFR International in terms of the senior note indenture dated 6 December 2012, as contemplated in that note indenture;
- 3.2.1.5 that the Chilean Tax Authority rules that trading and settlement of the beneficial interests in CFR Shares, on the basis that the Share Consideration shall be registered in certificated form in the name of PLC Nominees and the Scheme Participants will have their beneficial interest in the Share Consideration recorded and settled through the Strate system, as contemplated in clause 4.2.2 of the Transaction Implementation Agreement, will have the same tax consequences as those determined in previous Chilean tax authority rulings for the trading of other non-Chilean based titles (such as ADRs) with the result that registration of the Share Consideration in the name of PLC Nominees, as contemplated by that clause 4.2.2, will not result in any person that is not resident or domiciled in Chile, or deemed not to be resident or domiciled in Chile, being:

- 3.2.1.5.1 liable for Chilean Capital Gains Tax which may arise from the trading of the beneficial interests in CFR Shares on the JSE;
  - 3.2.1.5.2 liable for Chilean tax, arising from the trading of the beneficial interests in CFR Shares on the JSE, under the indirect transfer rule set out in section 10 of the Chilean Income Tax Law;
  - 3.2.1.5.3 liable for Chilean tax, if the holder of a beneficial interest in a CFR Share has the registered title in that share transferred to it; or
  - 3.2.1.5.4 obliged to be inscribed before the Chilean Internal Revenue Service and obtain a Chilean tax payer ID number, except for PLC Nominees or any person who subsequently becomes a registered holder of CFR Shares held by PLC Nominees.
- 3.2.2 CFR shall be entitled on written notice to Adcock Ingram to waive the Conditions Precedent stipulated in paragraphs 6.2.1.4 and 6.2.1.5 of the Circular, which Conditions Precedent are duplicated in section 2, Paragraphs 3.2.1.4 and 3.2.1.5 of this Prospectus. The Condition Precedent stipulated in paragraph 6.2.1.1 of the Circular, which Condition Precedent is duplicated in section 2, Paragraph 3.2.1.1 of this Prospectus, is not capable of waiver. In addition, Adcock Ingram and CFR by written agreement may waive any Condition Precedent contemplated in paragraph 6.2.1.3 of the Circular, which Condition Precedents are duplicated in Section 2, Paragraph 3.2.1.3 of this Prospectus, save for any Condition Precedent which is required to be fulfilled in terms of South African or Chilean law for the implementation of the Transaction.
- 3.2.3 CFR shall be entitled to waive the Condition Precedent stipulated in paragraph 6.2.1.2 of the Circular, which Condition Precedent is duplicated in Section 2, Paragraph 3.2.1.2 of this Prospectus, only with the prior written consent of the administrative agent under the Bridge Loan Agreement. The provisions of paragraph 6.2.3 of the Circular, which provisions are duplicated in Section 2, Paragraph 3.2.3 of this Prospectus, constitute a stipulation for the benefit of that administrative agent (on behalf of the lenders) under the Bridge Loan Agreement, which may be accepted by that administrative agent (on behalf of the lenders) at any time.
- 3.2.4 Within one Business Day of the fulfilment or waiver, to the extent permitted, of all of the Conditions Precedent, Adcock Ingram and CFR shall execute a written certificate to such effect. Upon execution of the aforementioned certificate, all the Conditions Precedent shall be deemed to have been fulfilled or waived, to the extent permitted, notwithstanding that either of CFR or Adcock Ingram may subsequently discover that any Condition Precedent may not have been fulfilled or waived (as applicable).
- 3.2.5 An announcement will be released on SENS and published in the South African press as soon as possible after the fulfilment, waiver or non-fulfilment, as the case may be, of all of the Conditions Precedent.

### 3.3 Scheme Consideration

- 3.3.1 Subject to the provisions of paragraph 6.3 of the Circular, which provisions are duplicated in the ensuing provisions of this Paragraph 3.3, in terms of the Scheme, each Scheme Participant shall be entitled to elect to receive:
- 3.3.1.1 a cash amount of R73.51 per Scheme Share held by such Scheme Participant; or
  - 3.3.1.2 the Relevant Number of CFR Shares per Scheme Share held by such Scheme Participant, subject to the Rounding Principle; or
  - 3.3.1.3 a combination of cash and CFR Shares, subject to the Rounding Principle,
- by way of a mix and match facility, subject to the following:
- (i) in the absence of an election being received by the Transfer Secretaries by 12h00 on the Business Day before the Scheme Record Date, Scheme Participants (other than Cash-Only Shareholders) shall be deemed to have elected to receive their entire Scheme Consideration in a combination of cash and CFR Shares as follows:

(a) The amount of cash will be calculated as follows:

$$A = (B/C) \times D \times E$$

Where:

A = the total cash amount payable to such Scheme Participant;

B = the Maximum Cash Amount;

C = R12 604 677 736;

D = R73.51; and

E = the number of Scheme Shares held by such Scheme Participant;

(b) The number of CFR Shares will be calculated as follows:

$$U = (V - (W \div X)) \times Y \times Z, \text{ subject to the Rounding Principle}$$

Where:

U = the total number of CFR Shares which will be issued to and subscribed for by PLC Nominees for the benefit of such Scheme Participant;

V = 1;

W = the Maximum Cash Amount;

X = 12 604 677 736;

Y = the Relevant Number; and

Z = the number of Scheme Shares held by such Scheme Participant;

The ratio of (a) to (b) above is referred to in this Prospectus as the Relevant Ratio.

- (ii) Cash-Only Shareholders shall be deemed to have elected to receive their entire Scheme Consideration in cash, irrespective of their actual election;
- (iii) Deemed Scheme Participants (other than Cash-Only Shareholders) shall be deemed to have elected to receive the entire Scheme Consideration in a combination of cash and CFR Shares in the Relevant Ratio;
- (iv) Dissenting Shareholders which are neither Scheme Participants nor Deemed Scheme Participants will be deemed to have elected to receive their entire Scheme Consideration in a combination of cash and CFR Shares in the Relevant Ratio, notwithstanding that they may ultimately be entitled to be paid in cash pursuant to the valid exercise by them of their Appraisal Rights.

3.3.2 Subject to paragraph 6.3.7 of the Circular, the provisions of which are duplicated in Section 2, Paragraph 3.3.7 of this Prospectus, but otherwise notwithstanding anything to the contrary contained in the Circular or this Prospectus, the amount of cash payable by CFR in terms of the Scheme will not exceed the Maximum Cash Amount.

3.3.3 Notwithstanding anything to the contrary contained anywhere else in the Circular or this Prospectus, the number of CFR Shares to be issued in terms of the Scheme will not exceed the Maximum Share Amount.

3.3.4 Subject to paragraph 6.3.7 of the Circular, the provisions of which are duplicated in Section 2, Paragraph 3.3.7 of this Prospectus, if either:

- (a) the Maximum Share Amount is insufficient to discharge the total number of CFR Shares which would otherwise have to be issued to PLC Nominees for the benefit of persons which have elected, or are deemed to have elected, to receive CFR Shares in terms of the Scheme (after applying the Rounding Principle); or
- (b) the Maximum Cash Amount is insufficient to discharge the total cash amount which would otherwise have to be paid to all persons which have elected, or are deemed to have elected, to receive cash in terms of the Scheme,

then the composition of the Scheme Consideration which each Scheme Participant will receive will be determined in accordance the provisions of Annexure 23 (Part A) and Annexure 23 (Part B), as applicable, subject to any adjustment(s): (1) required by the JSE or the TRP; (2) agreed to by CFR and Adcock Ingram and, to the extent required by law and/or regulation, approved by the JSE and/or TRP or (3) which either CFR or Adcock Ingram may reasonably require in order to ensure that the Scheme can be implemented

as contemplated in the Transaction Implementation Agreement or to ensure equitable treatment of Scheme Participants (after taking cognisance of the number of Scheme Shares held by the Scheme Participant and the elections of the Scheme Participant) and, to the extent required by law and/or regulation, approved by the JSE and/or TRP.

- 3.3.5 If, as a result of the provisions of (b) of paragraph 6.3.4 of the Circular, the provisions of which are duplicated in (b) of section 2, Paragraph 3.3.4 of this Prospectus, Cash-Only Shareholders become obliged to receive CFR Shares, such shares will not be issued to such Cash-Only Shareholders, but shall instead be retained by CFR or a third party nominated by CFR, which shall in each case hold such shares as nominee for and behalf of such Cash-Only Shareholders and at their risk. CFR, or the third party to whom such shares are issued, shall be obliged to dispose of such CFR Shares (or the beneficial interests in and to those CFR Shares) and to remit the proceeds of such disposal (net of applicable fees, expenses, taxes and charges) to such Cash-Only Shareholders, at such Cash-Only Shareholders' risk.
- 3.3.6 If the application of the Rounding Principle for the purposes of: (i) of paragraph 6.3.1.3 or paragraph 6.3.4 of the Circular, the provisions of which are duplicated in (i) of section 2, Paragraph 3.3.1.3 and section 2, Paragraph 3.3.4 of this Prospectus (read with Annexure 23) would otherwise result in the total number of CFR Shares which are required to be issued in terms of the Scheme exceeding the Maximum Share Amount, then, for purposes of the formulae set out in (i) of paragraph 6.3.1.3 or paragraph 6.3.4 of the Circular, which formulae are duplicated in (i) of section 2, Paragraph 3.3.1.3 and section 2, Paragraph 3.3.4 of this Prospectus, or Annexure 23, the Maximum Share Amount will be reduced to such number as would upon application of the Rounding Principle result in the sum of the total number of CFR Shares which are required to be issued in terms of the Scheme being equal in number to, or as near as equal in number as possible to (but never exceeding) the Capital Increase Number.
- 3.3.7 The Conditions Precedent are required to be fulfilled or waived (as permitted) on or before the Long Stop Date. If the Parties agree in writing to extend the Long Stop Date, the total Cash Consideration payable by CFR in terms of the Scheme and the cash amount payable under the Phantom Scheme Offer will be increased by an amount equal to:
- $$(A - B) \times C$$
- Where:
- A = the total Cash Consideration payable in terms of the Scheme and the Phantom Scheme Offer;
- B = the total amount of any dividend declared or paid, which declaration and payment shall require the consent of CFR, by Adcock Ingram in respect of the financial year to September 2013 over and above that paid in June 2013; and
- C = the prime rate, as published by Citibank SA, from time to time, less 3% compounded on a monthly basis and accrued on a daily basis from the 150th day after the TIA Effective Date ("Interest Date") to the date of discharge in full of the aggregate Cash Consideration ("Discharge Date") (inclusive of the Interest Date and the exclusive of the Discharge Date).
- 3.3.8 Since all the CFR Shares will be issued to PLC Nominees, all references herein to CFR Shares to which a Scheme Participant may elect or may acquire means the beneficial interests in and to such CFR Shares.

#### 3.4 **Dissenting Shareholders**

Adcock Ingram Ordinary Shareholders are advised of their Appraisal Rights in terms of section 164 of the Companies Act:

- 3.4.1 Should any Adcock Ingram Ordinary Shareholder wish to exercise its rights in terms of section 164 of the Companies Act, it must, before the relevant Scheme Resolution is voted on at the Ordinary General Meeting and/or the Combined General Meeting, give notice to Adcock Ingram in writing objecting to the Scheme in terms of section 164(3) of the Companies Act.

- 3.4.2 If the Scheme Resolutions are approved at the Relevant General Meetings, Adcock Ingram is required in terms of section 164(4) of the Companies Act, within 10 Business Days after the date of such approval, to send notice to Adcock Ingram Ordinary Shareholders who gave notice to Adcock Ingram objecting to the Scheme and did not withdraw such written notice or vote in support of the Scheme, notifying them that the Scheme has been approved.
- 3.4.3 Each Adcock Ingram Ordinary Shareholder who has given written notice to Adcock Ingram in terms of section 164(1) of the Companies Act (and has not withdrawn that notice), who voted against the Scheme and who has complied with all the procedural requirements set out in section 164, may, in terms of sections 164(5) to 164(8) of the Companies Act, within 20 Business Days of receiving notice from Adcock Ingram in terms of section 164(4) of the Companies Act, demand that Adcock Ingram pay it fair value for the Adcock Ingram Ordinary Shares held by that Adcock Ingram Ordinary Shareholder and in respect of which it has given the aforesaid written notice.
- 3.4.4 If Adcock Ingram receives a written demand in terms of sections 164(5) to 164(8) of the Companies Act from any Adcock Ingram Ordinary Shareholder and such demand is not withdrawn on the Scheme Implementation Date, Adcock Ingram shall, in accordance with section 164(11) of the Companies Act, within five Business Days of the Scheme Implementation Date, make an offer to that Adcock Ingram Ordinary Shareholder to purchase its Adcock Ingram Ordinary Shares.
- 3.4.5 A Dissenting Shareholder who has sent a demand in terms of sections 164(5) to 164(8) may withdraw the demand before Adcock Ingram makes an offer in accordance with section 164(11) of the Companies Act or if Adcock Ingram fails to make such an offer. If a Dissenting Shareholder voluntarily withdraws its demand made in terms of sections 164(5) to 164(8) of the Companies Act, it will no longer be a Dissenting Shareholder and will become a Scheme Participant if it withdraws its demand before the Scheme Record Date, in which case the Adcock Ingram Ordinary Shares in respect of which it is the registered owner will be acquired by CFR Inversiones in terms of the Scheme, or be deemed to be a Scheme Participant if it withdraws its demand on or after the Scheme Record Date, in which case the Adcock Ingram Ordinary Shares in respect of which it is the registered owner will be acquired by CFR Inversiones, in accordance with Paragraphs 6.5.5 or 6.5.7 of the Circular, with retrospective effect from the Scheme Implementation Date.
- 3.4.6 A Dissenting Shareholder who has sent a demand in terms of sections 164(5) to 164(8) has no further rights in relation to Adcock Ingram Ordinary Shares in respect of which it is the registered owner, other than to be paid the fair value of such Adcock Ingram Ordinary Shares, unless:
- 3.4.6.1 that Dissenting Shareholder withdraws that demand before Adcock Ingram makes an offer in accordance with section 164(11) of the Companies Act;
  - 3.4.6.2 Adcock Ingram fails to make an offer in accordance with section 164(11) of the Companies Act and that Dissenting Shareholder withdraws its demand;
  - 3.4.6.3 Adcock Ingram makes an offer in accordance with section 164(11) of the Companies Act and the Dissenting Shareholder allows such offer to lapse; or
  - 3.4.6.4 Adcock Ingram, by a subsequent special resolution(s), revokes the Scheme Resolution(s),
- in which case that Adcock Ingram Ordinary Shareholder's rights shall, in terms of section 164(10) of the Companies Act, be reinstated without interruption.
- 3.4.7 The offer made in accordance with section 164(11) of the Companies Act will, in terms of section 164(12)(b) of the Companies Act, lapse if it is not accepted by the Dissenting Shareholder within 30 Business Days after it was made. If the Dissenting Shareholder allows that offer to lapse, it will cease to be a Dissenting Shareholder and will be deemed to be a Scheme Participant whose Adcock Ingram Ordinary Shares will be acquired by CFR Inversiones, in accordance with paragraph 6.5.5 or 6.5.7 of the Circular, with retrospective effect from the Scheme Implementation Date.
- 3.4.8 A Dissenting Shareholder who accepts an offer made in terms of section 164(11) of the Companies Act will not participate in the Scheme. The Dissenting Shareholder must thereafter, if it: (i) holds Certificated Shares tender the documents of title in respect of such Certificated

Shares to Adcock Ingram or the Transfer Secretaries or (ii) holds Dematerialised Shares, instruct its CSDP or Broker to transfer those Adcock Ingram Ordinary Shares to Adcock Ingram or the Transfer Secretaries. Adcock Ingram must pay that Dissenting Shareholder the agreed amount within 10 Business Days after the Dissenting Shareholder has accepted the offer and tendered the documents of title or directed the transfer to Adcock Ingram of the Dematerialised Shares.

- 3.4.9 A Dissenting Shareholder who considers the offer made by Adcock Ingram in accordance with section 164(11) of the Companies Act to be inadequate, may, in accordance with section 164(14) of the Companies Act, apply to Court to determine a fair value in respect of the Adcock Ingram Ordinary Shares that were the subject of that demand, and an order requiring Adcock Ingram to pay the Dissenting Shareholder the fair value so determined. The Court will, in accordance with section 164(15)(v) of the Companies Act, be obliged to make an order requiring:
- 3.4.9.1 the Dissenting Shareholders to either withdraw their respective demands or to tender their Adcock Ingram Ordinary Shares as contemplated in Paragraph 3.4.8; and
- 3.4.9.2 Adcock Ingram to pay the fair value in respect of the Adcock Ingram Ordinary Shares (as determined by the Court) to each Dissenting Shareholder who tenders its Adcock Ingram Ordinary Shares, subject to any conditions the Court considers necessary to ensure that Adcock Ingram fulfills its obligations under section 164 of the Companies Act.
- 3.4.10 If, pursuant to any order of the Court, any Dissenting Shareholder withdraws its demand, the Dissenting Shareholder will cease to be a Dissenting Shareholder and will be deemed to be a Scheme Participant whose Adcock Ingram Ordinary Shares will be transferred to CFR Inversiones, in accordance with paragraph 6.5.5 or 6.5.7 of the Circular, with retrospective effect from the Scheme Implementation Date.
- 3.4.11 If, pursuant to the order of Court, a Dissenting Shareholder tenders its Adcock Ingram Ordinary Shares to Adcock Ingram, such Dissenting Shareholder will not participate in the Scheme.
- 3.4.12 A copy of section 164 of the Companies Act, which sets out the Appraisal Rights is included in Annexure 13 of the Circular.

### 3.5 **Previous Issues of Securities**

In the three years preceding the date of this Prospectus, the Company issued the following shares:

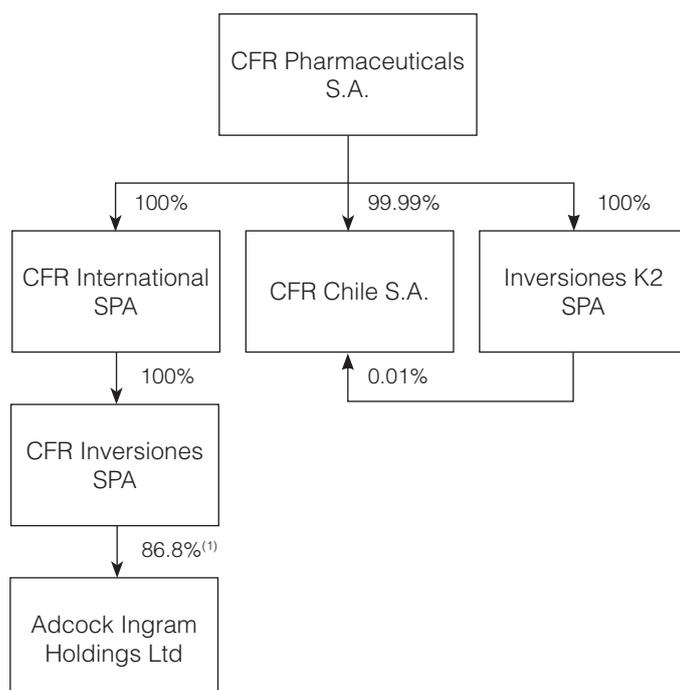
- On 30 November 2010, the Company issued 13 021 633 352 CFR Shares to Talpiot Investments S.A., 62 598 996 030 CFR Shares to Inversiones East Europe Pharma S.A. and 7 929 839 610 CFR Shares to Fondo de Inversión Privado Sancata for a subscription price of US\$1.00 per CFR Share.
- In May 2011, the Company issued 1 696 000 000 CFR Shares as part of a global offering. The offer price for the CFR Shares under the global offering was CH\$85.00 per CFR Share. More information on the global offering is set out in section 1, Paragraph 4.3 of this Prospectus.

For the purposes of the Scheme, a value of ZAR2.334 has been attributed to each CFR Share to derive an exchange ratio of the Relevant Number of CFR Shares per Scheme Share held by Scheme Participants.

### 3.6 **Proposed Group Structure Post Implementation of the Transaction**

As stated in Section 2, Paragraph 3.1.12, CFR Inversiones shall be the entity which will acquire title to the Scheme Shares in terms of the Scheme, provided that CFR Inversiones shall serve no other purpose in terms of the Scheme and only CFR shall be entitled to enforce the Scheme, but CFR shall in any event be liable in full for discharging the Scheme Consideration and fulfilling its other obligations in terms of the Scheme.

Accordingly, post implementation of the Transaction, the Company's corporate structure will be as depicted in the diagram below:



<sup>(1)</sup> Based on all ordinary shares and A and B shares owned by the BEE shareholders, excluding treasury shares.

#### 4. MINIMUM SUBSCRIPTION

In terms of section 108(2) of the Companies Act, a company is required to state the minimum amount which must be raised by the issue of securities in order to provide for the matters prescribed in the prospectus to be covered by such minimum subscription amount. The purpose of the Scheme is not to raise capital for the Company. In terms of the Scheme, each Scheme Participant will be entitled to receive the Share Consideration as part of the Scheme Consideration payable to them in exchange for their Adcock Ingram Ordinary Shares. As a result, the Scheme is not subject to an aggregate minimum subscription.

#### 5. THE COMPANY'S SHAREHOLDING

The controlling shareholders of CFR are Inversiones Photon Limitada, Inversiones Quantum Limitada and Inversiones Quark Limitada. These shareholders together own approximately 72.8% of the shares in CFR and are indirectly controlled by Alejandro Kostia Nicolas Weinstein Crenovich, Alejandro Esteban Weinstein Manieu and Nicolas Francisco Weinstein Manieu, members of the Weinstein Family. Such control is exercised by CFR's CEO, Alejandro Esteban Weinstein Manieu, acting for the benefit of such named members of the Weinstein Family.

The shares held by the CFR Controlling Shareholders are set out below:

Name of Shareholder	Number of Shares Owned	Percentage Share Ownership
Inversiones Photon Limitada	4 455 553 218	52.9
Inversiones Quantum Limitada	1 170 391 322	13.9
Inversiones Quark Limitada	501 300 874	6.0
<b>Total</b>	<b>6 127 245 414</b>	<b>72.8</b>

As far as CFR is aware, on the assumption that the default Scheme Consideration will be paid, the only CFR Shareholders that will directly or indirectly hold 5% or more of the issued CFR Shares post implementation of the Transaction are Inversiones Photon Limitada and Inversiones Quantum Limitada.

## 6. **DIVIDENDS**

Entitlements to: (i) minimum payable dividends (30% of the financial exercise's profits in the case of publicly traded corporations) arise within 30 days from the date on which the CFR Shareholders' meeting approved the dividend distribution; (ii) additional dividends (above the statutory minimum of 30%) arise on the date determined by the CFR Shareholders' meeting or by the CFR Board if the CFR Shareholders delegated on it the determination of the payment date. The current policy of the Company is to distribute 33% of its earnings for the year as dividends, which was approved by a CFR Shareholders' meeting on 26 April 2013.

The entitlement to dividends lapse after five years from the date in which they are declared payable by the CFR Board.

Dividends paid and not collected by the holder of CFR Shares after five years from the date in which they became payable lapse in favour of the Firemen Corps of Chile.

There are no arrangements in terms of which future dividends are waived or agreed to be waived.

## 7. **MARKET VALUE OF SECURITIES**

A table of the aggregate volumes and values traded and the highest and lowest prices traded in CFR Shares for each month over the 12 months prior to the date of issue of this Prospectus; for each quarter over the two years prior to that twelve-month period; and for each day over the 30 days preceding the Last Practicable Date is set out in Annexure 24 of this Prospectus.

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## **SECTION 3 – STATEMENTS AND REPORTS RELATING TO THE OFFER**

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### **1. STATEMENTS AS TO ADEQUACY OF CAPITAL**

The CFR Board is of the opinion that the issued capital of the Company will be adequate for the purposes of the business of the Company and its subsidiaries and of meeting the aforementioned financial obligations of the Company and its subsidiaries over the next twelve months. The loan obligations under the Bridge Loan Agreement will be refinanced with medium or long term facilities to be provided by the funding banks, or by issuing notes, either in the Chilean market or in international markets, as the Company has done in the past, due to its wide access to the capital markets.

As at the Last Practicable Date, Adcock Ingram is not a subsidiary of the Company, but will become a subsidiary of the Company if the Scheme becomes operative. However, the CFR Board has engaged with the executive management of Adcock Ingram and as a consequence are of the opinion that:

- Each of CFR and Adcock Ingram will be able in the ordinary course of business to pay its debts for a period of twelve months after the date of this Prospectus.
- The assets of CFR and the assets of Adcock Ingram will be in excess of the liabilities of CFR and the liabilities of Adcock Ingram, as applicable, and this will likely continue for a period of twelve months after the date of this Prospectus.
- The share capital and reserves of each of CFR and Adcock Ingram are adequate for ordinary course of business purposes and this appears likely to continue for a period of twelve months after the date of this Prospectus.
- The working capital of each of CFR and Adcock Ingram will be adequate for the ordinary course of business purposes of CFR or Adcock Ingram, as applicable, for a period of twelve months after the date of this Prospectus.

The CFR Board is of the opinion that should the Scheme become operative, that the issued capital of the Company and its subsidiary companies will be adequate for the purposes of the business of the Company and its subsidiaries and meeting the financial obligations of the Company and its subsidiaries over the next twelve months, and that the working capital available to the Company and its subsidiary companies is sufficient for the ordinary course of business for the next twelve months after the date of this Prospectus.

### **2. REPORT OF DIRECTORS AS TO MATERIAL CHANGES**

The CFR Board confirms that as at the date of this Prospectus, there have been no material changes in the assets and liabilities of the Company that occurred between the financial year of the Company in respect of which its most recent annual financial statements report and the date of this Prospectus.

### **3. STATEMENT AS TO LISTING ON A STOCK EXCHANGE**

CFR's shares are currently listed on, and the CFR Shares comprising the Share Consideration will upon implementation of the Scheme be listed on, the Santiago Stock Exchange, the Valparaiso Stock Exchange and the Chilean Electronic Stock Exchange. In anticipation of the Secondary Listing, the Company has submitted an application for the CFR Shares to be listed on the Main Board of the JSE. The approval of such application is a condition precedent to the Scheme, and this Prospectus also contains the information required for the purposes of the Secondary Listing, as envisaged in the Listings Requirements.

### **4. REPORT BY THE AUDITOR WHERE BUSINESS UNDERTAKING TO BE ACQUIRED**

The Company will not receive any cash proceeds from the issue of the Share Consideration to Scheme Participants in terms of the Scheme, and the Company does not intend to apply any funds derived from the issue of CFR Shares in terms of the Transaction in order to acquire any business undertaking.

5. **REPORT BY THE AUDITOR WHERE COMPANY WILL ACQUIRE A SUBSIDIARY**

Historical financial information in respect of Adcock Ingram and its subsidiaries for the preceding three years is available on Adcock Ingram's website: [www.adcock.com](http://www.adcock.com) and the report of the auditors of Adcock Ingram thereon, as required by Regulation 78 of the Companies Regulations, is set out in Annexure 8 of this Prospectus.

6. **REPORT BY THE AUDITOR OF THE COMPANY**

Historical financial information in respect of the Company and its subsidiaries for the preceding three years is available on the Company's website: [www.cfr-corp.com](http://www.cfr-corp.com) and the report of the auditors of the Company thereon, as required by Regulation 79 of the Companies Regulations, is set out in Annexure 4 of this Prospectus.

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## SECTION 4 – ADDITIONAL MATERIAL INFORMATION

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The following additional disclosures are made in respect of the Company in accordance with Section 6 of the Listings Requirements and Regulation 56:

### 1. TAXATION

The following constitutes a summary of the principal tax matters arising for potential investors with respect to the receipt, holding and trading in CFR Shares and should be reviewed carefully. Please note that this commentary is illustrative only and does not constitute either a legal or taxation opinion by CFR or its advisors. CFR recommends that each potential investor seeks appropriate advice based on their specific circumstances in order to ascertain the taxation implication arising therefrom:

Potential investors are also referred to the tax matters set out in Annexure 10 of the Circular.

#### 1.1 Chilean Taxation

##### 1.1.1 *Dividend withholding tax*

Dividend distributions made by CFR to CFR Shareholders who are not domiciled in or residents of Chile (“Non-Resident Holders”) is subject to dividend withholding tax (“Dividend WHT”) in Chile.

Dividend WHT is levied at a rate of 35%. Companies, however, have the right to claim a tax credit for any corporate taxes paid in Chile, if any. The current corporate tax rate in Chile is 20% (effective from the commencement of the 2012 Chilean commercial year) and prior to that it was 17%. Accordingly, the effective Dividend WHT rate applied to dividends paid to Non-Resident Holders will be 18.75% (21.69% based on the previous corporate tax rate of 17%), depending on the corporate tax paid by CFR.

This Dividend WHT rate is not altered by any of the Double Tax Treaties in force in Chile, including the Chile and South Africa Double Tax Treaty which is currently signed but not yet ratified.

The obligation to withhold and pay Dividend WHT rests with the paying company (CFR in this case) when the dividend is paid or remitted. The paying company must then pay the corresponding tax to the Chilean Internal Revenue Service (hereinafter “Chilean IRS”). The obligation to pay the Dividend WHT can be shifted from the paying company to a withholding agent in Chile in certain circumstances but will never rest with the Non-Resident Holder.

##### 1.1.2 *Capital Gains Tax*

- **Sales and dispositions of beneficial interests**

CFR has been advised by its Chilean tax advisors that sales or dispositions of the beneficial ownership interests (“Beneficial Interests”) in CFR Shares that are to trade on the JSE by Non-Resident Holders will not give rise to Capital Gains Tax (“CGT”) in Chile given that, under South African law, it is the Beneficial Interests that are traded on the JSE and not the CFR Shares themselves. The trading in Beneficial Interests does not constitute the trading of an asset located within the country, therefore avoiding the generation of Chilean source income.

The Chilean IRS has not specifically addressed the tax treatment of sales or dispositions of Beneficial Interests in the shares of Chilean companies by Non-Resident Holders outside of Chile, and the matter is not entirely free from doubt.

In the event that the trading of the Beneficial interests is deemed, in any way, to be the trading of the CFR Shares themselves, any gain derived from such trading could be subject to CGT in Chile, at a rate of 35% or corporate tax as a sole lien (20%), depending on the circumstances of the sale. Should the Chilean IRS take a different interpretation and levy CGT in Chile, the Chilean CGT may be able to be claimed under section 6quat of the ITA. Under section 6quat, South African tax payers may be able to claim a credit for any foreign taxes paid.

- **Indirect transfer rule**

Indirect transfer rules in Chile provides that income obtained by a foreign transferor in relation to the alienation of any kind of interests in a foreign entity will be deemed to be Chilean sourced income (and will therefore be subject to CGT in Chile), if certain requirements are fulfilled.

As it is the Beneficial Interests which are to be traded on the JSE and not the CFR Shares themselves, the delivery of the Beneficial Interests in the CFR Shares to Adcock Ingram Shareholders in part settlement of the Scheme Consideration should not create a CGT exposure in Chile under the application of the indirect transfer rule in Chile.

- **Transfer of registered share title from PLC Nominees to South African shareholders**

In the event that South African shareholders require that registered title to those CFR Shares to which they are entitled be transferred into their own name by PLC Nominees, the conversion should not be considered a taxable event in Chile given that the holder of the Beneficial Interest remains as the holder of the CFR Shares, with no alienation having taken place for either tax or legal purposes.

### 1.1.3 **Chilean stamp tax**

The trading of Beneficial Interests in CFR Shares on the JSE should not trigger the levy of Chilean stamp tax.

### 1.1.4 **Chilean value-added tax**

The trading of Beneficial Interests in CFR Shares on the JSE will not trigger the levy of Chilean value-added tax.

### 1.1.5 **Other direct or indirect Chilean taxes**

The trading of Beneficial Interests in CFR Shares on the JSE will not trigger the levy of other Chilean taxes, direct or indirect.

## 1.2 **South African taxation**

Please note that these comments are intended for South African resident shareholders. If Scheme Participants believe they may qualify as non-residents, such could be exposed to a different tax treatment in regards to South African CGT and income tax. Therefore if this is the case, non-residents should consult with appropriate professional advisors to ascertain whether they are non-residents for tax purposes and whether or, on what basis, they will be liable for tax.

### 1.2.1 **CGT**

If the Scheme Shares are held as an investment on capital account, the sale of said shares to CFR will trigger a disposal for Scheme Participants for CGT purposes. The Scheme Participants will realise either a capital gain or capital loss, being the difference between the base cost of the Adcock Ingram shares and the proceeds (i.e. the cash and share component) in respect of the disposal. The base cost and proceeds will be determined in accordance with the Eighth Schedule to the Income Tax Act, No. 58 of 1962 (“the ITA”) (the “CGT Legislation”).

The Scheme Participants will receive a step up in base cost for the new CFR Shares received, being the amount paid (i.e. the cash and share component) for the CFR Shares. The base cost will also include any South African securities transfer tax, to the extent imposed.

The effective tax rate for a SA corporate will be 18.7% (rounded); whilst for individuals it can be up to 13.3%. Tax exempt entities (such as pension funds) will be exempt from CGT.

In terms of the CGT legislation the annual exclusion for an individual (or special trust) is R30 000 per year. Broadly, this means that a Scheme Participant will not pay CGT on the first R30 000 of the aggregate capital gain per year in respect of all disposals (including any capital gain from the present acquisition). The annual exclusion will similarly reduce any aggregate capital loss of the taxpayer.

- **Capital gain tax on future disposals of CFR Shares**

South Africa taxes South African tax residents on a basis of world-wide income.

Assuming that the CFR Shares are held as an investment, a capital gain (or loss) must be determined in relation to any future disposals of CFR Shares. The South African tax consequences are as described in terms of this section.

Under section 6quat, South African taxpayers may be able to claim a credit for any foreign taxes paid.

#### 1.2.2 **Income tax**

If the Scheme Participant does not hold the Scheme Shares as an investment, but as a share dealer or as part of a profit-making arrangement, the taxable profit will be subject to income tax (taxed at the relevant income tax rate) and not CGT in the hands of the Scheme Participant.

#### 1.2.3 **Securities transfer tax**

Securities transfer tax ("STT") as previously stated is applicable in respect the transfer of shares of a South African incorporated company, or the JSE-listed shares of a non-resident company and is calculated at a rate of 0.25%. STT is triggered on the transfer of a security (i.e. a share) such as the acquisition of the Scheme Shares. Note that any issue of shares (i.e. allotment of shares) does not attract STT.

#### 1.2.4 **Dividends received from CFR**

To the extent that a South African tax resident CFR Shareholder receives a cash dividend from CFR once CFR is listed on the JSE, such dividend may be subject to South African dividends tax (taxed at 15% subject to certain exemptions) with a rebate granted for any Chilean withholding tax imposed on the dividend under section 6quat of the ITA.

The South African tax implications would be dependent upon the legal nature of the shareholder concerned, and therefore further particular advice on this issue will need to be obtained by each CFR Shareholder.

#### 1.2.5 **Non-resident shareholders**

A Scheme Participant who is not a South African resident for tax purposes and who does not carry on business in South Africa will under certain circumstances not be liable for the taxes set out above. Scheme Participants who believe that they may qualify as non-residents should consult with appropriate professional advisors to ascertain whether they are non-residents for tax purposes and whether or, on what basis, they will be liable for tax.

### 1.3 **Chilean CGT Considerations**

Under South African law, it is the Beneficial Interests that will be traded on the JSE, rather than the CFR Shares themselves. CFR has been advised by its Chilean tax advisors that sales or dispositions of the Beneficial Interests in CFR Shares that trade on the JSE by Non-Resident Holders will not give rise to CGT in Chile. Scheme Participants are, however, cautioned that the Chilean IRS has not specifically addressed the tax treatment of sales of Beneficial Interests in shares of Chilean companies by Non-Resident Holders outside of Chile, and the matter is not entirely free from doubt.

CFR will apply to the Chilean IRS for a ruling that the sales or dispositions of the Beneficial Interests in CFR Shares by Non-Resident Holders do not give rise to CGT in Chile and that Non-Resident Holders do not become subject to various obligations under Chilean tax and foreign exchange regulations. It is a condition precedent to the implementation of the Scheme that CFR obtains a positive ruling from the Chilean IRS in this regard. If CFR does not receive a positive ruling from the Chilean IRS in this regard, the Scheme will not become unconditional and will fail, unless CFR waives the fulfilment of this condition precedent.

If the Chilean IRS reaches a different conclusion on the subject, sales or dispositions of the Beneficial Interests will give rise to CGT in Chile. In addition, Non-Resident Holders may become subject to certain obligations under Chilean tax and foreign exchange regulations, including obtaining a TAX ID and periodic filing obligations and reporting obligations. If this is the case however, it should be noted that in terms of section 6quat of the ITA, if a South African resident taxpayer pays CGT in a foreign country, in calculating its South African tax liability, it may be able to claim a tax credit in respect of any foreign taxes imposed.

If the Chilean IRS conclude that the sale of Beneficial Interests gives rise to a taxable event for the purposes of Chilean CGT, CFR may consider the waiver of the condition precedent and the implementation of a depository receipt program in South Africa under which South African depository receipts (“SADRs”), representing underlying CFR Shares deposited with a reputable depository will be issued to Non-Resident Holders electing to hold their CFR Shares through an SADR. CFR has been advised that the transfer of securities issued under substantially similar structures will not give rise to a taxable event under Chilean CGT. CFR will keep Non-Resident Holders fully informed should it decide to follow this route.

CFR will under no circumstances be responsible for Chilean CGT or other tax related obligations of its Non-Resident Holders in any jurisdiction.

## 2. **SOUTH AFRICAN EXCHANGE CONTROL**

### 2.1 **General**

The information contained in this Paragraph 2 (excluding the information contained in Paragraph 2.3) has been extracted from the “Applicable Legislation” referred to in Paragraph 2.2. The following is a general summary of the current position, and is intended as a guide only and is therefore not comprehensive. Adcock Ingram Shareholders who are in any doubt as to the position in any particular case should consult their independent professional advisors. Please note that CFR is not responsible for obtaining any Exchange Control consents that any investor might need to obtain in order to acquire or sell CFR Shares.

### 2.2 **Applicable Legislation**

In terms of section 9 of the Currency and Exchanges Act, the President of South Africa is empowered to make regulations with regard to any matter directly or indirectly relating to or affecting or having any bearing upon currency, banking and exchanges. The regulations made in terms of the Currency and Exchanges Act are contained in the Exchange Control Regulations and the Orders and Rules. The exchange control system is used principally to control capital movements by South African residents to countries outside the Common Monetary Area.

#### 2.2.1 ***Delegation of powers***

The Minister of Finance of South Africa has, pursuant to Exchange Control Regulation 22E, delegated to the Governor, the Deputy Governors and certain other employees of the SARB all the powers, functions and duties assigned to and imposed on the Treasury under the Exchange Control Regulations with the exception of the powers, functions and duties assigned to and imposed on the Treasury by Regulations 3(5), 3(8), 16, 20 and 22 (excluding Regulations 22A, 22B, 22C and 22D from such exemption). The financial surveillance department of the SARB has wide discretion in implementing and enforcing the requirements of the Exchange Control Regulations. Such discretion is, however, not exercised arbitrarily but is based upon a set of norms, and is subject to the policy guidelines laid down by the Minister of Finance and Director General: Finance of South Africa.

#### 2.2.2 ***Authorised Dealers***

In terms of the Exchange Control Regulations and pursuant to the Orders and Rules, certain commercial banks are appointed by the Minister of Finance as “authorised dealers” in foreign exchange. Their function is to undertake and deal with certain aspects of exchange controls on behalf of their clients and in terms of the Exchange Control Rulings. All approvals sought and which do not fall within the ambit of (and are not authorised by) the Exchange Control Rulings, must be referred by an authorised dealer to the financial surveillance department of the SARB for its consideration. All applications to the financial surveillance department of the SARB have to be made through an authorised dealer. The Exchange Control Rulings are issued by the financial surveillance department of the SARB to the authorised dealers under powers delegated by the Minister of Finance of South Africa. The Exchange Control Rulings contain certain administrative responsibilities as well as permissions, conditions and limits applicable to transactions in foreign exchange which may be undertaken by authorised dealers and/or on behalf of their customers. The Exchange Control Rulings are amended from time to time by way of Exchange Control circulars also issued by the financial surveillance department of the SARB to the authorised dealers.

### 2.2.3 **Transactions subject to the Exchange Control Regulations**

Transactions between South African residents and non-residents are subject to the Exchange Control Regulations. Under the Exchange Control Regulations, the ordinary shares of a South African company are freely transferable outside South Africa to persons who are not residents of the Common Monetary Area (but subject to certain administrative procedures having been complied with, i.e. that securities purchased by a non-resident must be endorsed as “non-resident”). The only requirement is that such transfer must take place for fair value and the purchase consideration must be received in South Africa. Additionally, where ordinary shares are sold on the JSE on behalf of shareholders who are not residents of the Common Monetary Area, the proceeds of such sales will be freely exchangeable into foreign currency and remittable to them. There are no exchange control restrictions on the remittance abroad of dividends to non-resident shareholders by a South African company, including a company in which 75% or more of the voting stock, capital or earnings is held or controlled, directly or indirectly, by non-residents.

### 2.2.4 **General South African Reserve Bank requirements**

Adcock Ingram Ordinary Shareholders’ attention is drawn to the SARB’s requirements that all share transactions pertaining to ordinary shares registered on the South African register shall be subject to South African tax legislation which is already in force or which may come into force.

### 2.2.5 **Relaxation of Exchange Controls**

The South African Government has committed itself to a gradual relaxation of exchange controls . Exchange controls over non-residents were abolished on 13 March 1995 with the effect that the local sale proceeds of non-resident owned South African assets are regarded as freely transferable from South Africa, provided that the local sale is at arm’s length and at market value (which it will be if transacted on the JSE) and the purchase consideration is received in South Africa. Significant relaxations of exchange controls have occurred in recent years, the most significant of which are that:

- South African institutional investors (being retirement funds, asset managers, long-term insurers and collective investment scheme management companies) may invest in foreign portfolios within predetermined prudential limits;
- South African companies may acquire foreign investments, subject to complying with the financial surveillance department of the SARB’s criteria in respect thereof. There is no limit on the size of such investment;
- South African companies who have received approval to acquire a foreign investment need not repatriate profits or dividends to South Africa and may expand their operations abroad on notification to the financial surveillance department of the SARB and provided that there is no recourse to South Africa; and
- emigrants of the Common Monetary Area are entitled, subject to the payment of a 10% levy, to transfer all their assets out of South Africa.

## 2.3 **Inward Listing on the JSE**

CFR has, subject to the implementation of the Scheme, obtained SARB approval for the Secondary Listing.

The SARB approval specifically provides the following:

- the approval of the inward listing of CFR on the JSE in terms of section H.(B)(iv) of the Exchange Control Rulings; and
- the approval of the acquisition by CFR of all of the Adcock Ingram Ordinary Shares (other than the Treasury Shares).

As a result of the approval for the inward listing of CFR, CFR's South African shareholders will be treated according to the provisions of section H(A) of the Exchange Control Rulings following the Secondary Listing.

Upon listing of the CFR Shares on the JSE and pursuant to the Scheme, the CFR Shares will be regarded as inward listed shares in terms of the provisions of section H. of the Exchange Control Rulings, which provisions will apply to the acquisition of CFR Shares by South African residents.

In terms of section H.(A) of the Exchange Control Rulings institutional investors, corporates, trusts, partnerships and private individuals which are all South African residents as well as authorised dealers in foreign exchange may invest in inward listed shares without restriction.

This is a summary of the Exchange Control Regulations insofar as they have application to shareholders in relation to the holding of CFR Shares. This summary is intended as a guide only and is therefore not comprehensive. If you are in any doubt you should consult an appropriate professional advisor immediately.

#### 2.3.1 ***Non-residents of the Common Monetary Area***

Non-residents of the Common Monetary Area may acquire CFR Shares on the JSE, provided that payment is received in foreign currency or ZAR from a non-resident account. However, former residents of the Common Monetary Area who have emigrated may not use emigrant blocked funds to acquire CFR Shares.

Non-residents of the Common Monetary Area may sell CFR Shares on the JSE and repatriate the proceeds without restriction.

#### 2.3.2 ***Trading***

CFR Shares may not be traded by South African residents outside of the South African overseas branch register without the approval of the financial surveillance department of the SARB. Trading among CFR shareholders registered on such branch register is not restricted by the Exchange Control Regulations.

### 3. **SETTLEMENT AND TRADING**

#### 3.1 **Strate**

Strate is the authorised Central Securities Depository ("CSD") for the electronic settlement of all financial instruments in South Africa. Shares which are not represented by documents of title and which have been replaced with electronic records of ownership are referred to as dematerialised or uncertificated shares. Shares which are evidenced by share certificates or other documents of title are referred to as certificated shares.

The CSDPs are the only market participants who can liaise directly with Strate. There are currently nine CSDPs, most of which are banks. Under the Strate system, there are essentially two types of clients: controlled and non-controlled.

A controlled broker client is one who elects to keep its shares and cash in the custody of its Broker and, therefore, indirectly the Broker's chosen CSDP. Because CSDPs are the only market players which liaise directly with Strate, all Brokers must have accounts with CSDPs and communicate electronically with them using an international network called SWIFT (Society for Worldwide Inter-bank Financial Telecommunications). A controlled client deals directly and exclusively with its Broker and its regular share statement comes from its Broker.

A non-controlled broker client is one who appoints its own CSDP to act on its behalf. It surrenders its certificates and opens an account with its selected CSDP, while dealing with its Broker only when it wants to trade. It would have to provide its Broker with the details of its share account at the CSDP when trading. A non-controlled client receives its share statements directly from its CSDP.

Brokers are obliged to register clients' shares in their nominees' names. Of the nine CSDPs, only the Transfer Secretaries currently offer 'own-name registration'. All other CSDPs will register all shares in their nominees' names.

Issuers are obliged to distribute company information to all beneficial shareholders, which are investors recorded in the records of the broker or CSDP, who wish to receive it, irrespective of how their shares are registered. As such, there will be a designated field on the mandate signed with a Broker or CSDP that gives the option to elect to receive such information from the Company.

### 3.2 Shares

The CFR Shares will only be traded and settled on the JSE through Strate as uncertificated CFR Shares.

Under Chilean law, before any person is entitled to hold shares in a company incorporated in Chile, it must comply with certain legal requirements, which are set out in Paragraph 3.5 below. To enable Scheme Participants to avoid having to comply with those requirements, and to facilitate trading on the JSE through Strate, all dematerialised CFR Shares on the South African overseas branch register of CFR ("branch register") will be immobilised and registered in certificated form in the name of PLC Nominees. This will not, however, affect the operation of the Strate system. The beneficial holders of such CFR Shares will have their beneficial interests in such CFR Shares recorded in accounts maintained by each CSDP and transfer and settlement of such beneficial title will be effected through Strate and in accordance with the Strate rules. Each beneficial holder will be required to maintain an account with a CSDP or Broker and will instruct its CSDP or Broker regarding voting and other matters in accordance with the mandate entered into between such beneficial holder and its CSDP or Broker. A beneficial holder may not, however, attend any meeting of CFR in person because of Chilean legal requirements – PLC Nominees may appoint only one person to represent it at meetings of CFR. The dividends due to the beneficial holders will be paid into their accounts by their CSDPs or Brokers. CFR will procure the distribution of all circulars and other documentation to all beneficial holders who have indicated their wish to receive such circulars and other relevant documentation.

All of the CFR Shares issued in terms of the Scheme will be issued to and held by PLC Nominees for the benefit of all the Scheme Participants, including Scheme Participants who hold certificated Adcock Ingram Ordinary Shares. Each Scheme Participant will therefore not be issued with a share certificate for the CFR Shares it acquires in terms of the Scheme. If it is a dematerialised Scheme Participant, it will have its beneficial interests in such CFR Shares recorded in accounts maintained by its CSDP or Broker. If it is a certificated Scheme Participant, it will have its beneficial interests recorded in accounts maintained by the South African transfer secretaries of CFR ("SA transfer secretaries"). Such certificated Scheme Participant may instruct the SA transfer secretaries regarding the voting of its CFR Shares, but may not, for the reasons stated above, attend any meeting of CFR in person. A certificated Scheme Participant is entitled to dividends but is not entitled to trade its beneficial interests in its CFR Shares unless and until it has opened an account with a CSDP or Broker. Unless and until it has opened an account with a CSDP or Broker, it does not have to pay custody charges.

### 3.3 Overseas Branch Register

The SA transfer secretaries will establish the branch register, reflecting as CFR Shareholders PLC Nominees and any person which has converted its beneficial interest in the CFR Shares held by PLC Nominees into a direct shareholding in CFR and holding a corresponding share certificate. As mentioned below, no person holding beneficial interests in the CFR Shares registered in the name of PLC Nominees may become a certificated holder of CFR Shares on the branch register, unless CFR agrees otherwise. A full register will be maintained by CFR's transfer secretaries in Chile ("Chile Register"). The Chile Register will reflect all of CFR's shareholders including those on the portion of the Chile Register corresponding to the branch register ("Mirror Register"), which will be blocked for purposes of the transfer of CFR Shares by any CFR Shareholder on the branch register to any person not reflected in the Mirror Register. CFR Shares may not be traded by South African residents outside of the branch register without the approval of the Financial Surveillance Department of the SARB.

In accordance with the conditions laid down by the SARB in terms of the Exchange Control Regulations, which regulations are applicable in all countries within the Common Monetary Area, the position relating to Scheme Participants acquiring CFR Shares on the JSE pursuant to the Scheme will be as follows:

### 3.3.1 ***Residents of the Common Monetary Area***

The CFR Shares received by a Scheme Participant who had, whether as the beneficial holder or through a nominee, a registered address within the Common Monetary Area will:

- in the case of a dematerialised Scheme Participant, be credited to its securities account at its CSDP or Broker and accounted for as “non-resident”;
- in the case of a certificated Scheme Participant, be credited to a securities account maintained by the SA transfer secretaries and endorsed as “non-resident”.

### 3.3.2 ***Emigrants from the Common Monetary Area***

The CFR Shares received by a Scheme Participant who is an emigrant from the Common Monetary Area will:

- in the case of a dematerialised Scheme Participant, be credited to his blocked securities account at his CSDP or Broker;
- in the case of a certificated Scheme Participant, be credited to a blocked securities account at the SA transfer secretaries.

### 3.3.3 ***All other non-residents of the Common Monetary Area***

The CFR Shares received by a Scheme Participant who had, whether as the beneficial holder or through a nominee, a registered address outside the Common Monetary Area and is not an emigrant from the Common Monetary Area will:

- in the case of a dematerialised Scheme Participant, be credited to his securities account at his CSDP or Broker;
- in the case of a certificated Scheme Participant, be credited to a securities account at the SA transfer secretaries.

Holders of beneficial interests in CFR Shares registered in the name of PLC Nominees who wish to hold CFR Shares solely on the Chilean share register of CFR, will be entitled to do so, on condition they obtain the necessary exchange control approvals to do so, if any, for which purpose they should approach an authorised dealer, and they also comply with the requirements of Chilean law for foreign passive shareholders, as set out in Paragraph 3.5 below. No person holding beneficial interests in the CFR Shares registered in the name of PLC Nominees may become a certificated holder of CFR Shares on the branch register, unless CFR agrees otherwise.

There are certain costs associated with the various transfers.

## 3.4 **Overseas Branch Register Rules**

The following is a summary of the rules applicable to the branch register:

The overseas branch register will be kept at the offices of the SA transfer secretaries.

Subject to any written requests from the transferee to register otherwise, CFR will lodge a transfer of CFR Shares in South Africa on the branch register if the instrument of transfer is lodged in South Africa.

A CFR Shareholder may request to withdraw his CFR Shares from the branch register. CFR may refuse to process a removal request from a CFR Shareholder if the request is not accompanied by all documentation and approvals required by applicable laws.

## 3.5 **Chilean Requirements**

The following is a general summary of the current position in relation to the Chilean requirements which must be satisfied in order for any person to become a registered holder of CFR Shares, and is intended as a guide only and is therefore not comprehensive. Adcock Ingram Shareholders who are in any doubt as to the position in any particular case should consult their independent professional advisors. Please note that CFR is not responsible for fulfilling any of the following requirements:

### 3.5.1 **Taxation**

Non-Chilean residents acquiring shares of a Chilean entity, no matter in which territory the acquisition occurs, according to Chilean tax law should: (i) apply for a Chilean Tax ID number (Rol Unico Tributario, hereinafter referred to as a "RUT"); (ii) give notice of beginning of activities to the Chilean IRS; (iii) keep accounting books, if applicable and (iv) annually file tax returns, because they will be subject to taxation in Chile regarding dividends and capital gain arising from such Chilean shares.

According to Resolution 36/2011 dated March 14, 2011, a non-Chilean resident receiving Chilean source income from dividends or capital gains from Chilean shares, must apply for a RUT and give notice beginning of activities to the Chilean IRS.

However the same resolution states that non-Chilean residents will be exempt from giving notice of beginning of activities if they agree on a contract with a bank, stock broker or securities book runner (incorporated in Chile) by which they become responsible for centralising the operations associated, withhold taxes (unless it is proven that previously were the corresponding taxes withheld) and/or certify tax payments thereof.

Resolution 36/2011, issued by the Chilean IRS, sets this simplified procedure for non-Chilean residents by which any non-residents whose Chilean income sources only come from investments in shares or other operations listed in such resolution, who apply for RUTs by this simplified procedure through institutions operating in Chile as "responsible tax agents for tax purposes in Chile", shall then be released from obligations of giving notice of beginning of activities to the Chilean IRS, accounting and annually tax return filing. The responsible tax agent in Chile, according to the resolution, will be responsible for the tax return filing and tax payments regarding any operation regarding the investment of the non-residents. Responsible tax agents for tax purposes in Chile are banks operating in Chile, brokers, securities bookrunners, general fund management entities, mutual fund management entities and public funds management entities, all locally incorporated in Chile.

The non-Chilean resident therefore must directly, or through its representatives, zonal, regional, global custodians, sub custodians or international securities deposits, enter into a contract with a responsible tax agent in Chile, in which it must be expressly stated that the "agent" shall be responsible for compliance with the following obligations:

- **Registration.** Keep track of investments or operations of non-resident taxpayers and withholding, tax return filing or tax payments made with respect to them.
- **Tax return filing and payment of taxes.** Declare and pay the taxes that affect these non-resident taxpayers investments arising from dividends or capital gains, carried out in the period in which the contract has been in force, even in the case of dividend withholding tax when whoever should have carried out that withholding in Chile, did not fulfil its obligation.

If the shares are registered in the name of the agent in the company's register, the responsible tax agents in Chile will be responsible for the declaration and payment of withholding or other applicable taxes on dividends, capital gains and other amounts accrued, paid, remitted, made available or credited, as applicable, unless the responsible tax agent in Chile at the moment of registry of the shares states in writing to the issuer that it holds securities on behalf of a non-Chilean resident investor, indicating it is Chilean and leaving a record of that fact on the share registry. In the case of investment in shares, the agent must notify the company no later than the fifth business day prior to the date set for payment of dividends, if it has changed the taxpayer's own account holding the shares, expressly indicating the number RUT of the new owner.

- **Information to the Chilean Internal Revenue Service.** Give the Chilean IRS background required for the purposes of checking compliance with the requirements referred to in Resolution 36/2011 and any tax obligations that may apply.

To qualify for the simplified procedure of Resolution 36/2011, investments or transactions undertaken by non-Chilean residents domiciled, resident or established in countries or territories that are considered tax havens and preferential tax regimes, according to the list

established by the Chilean Ministry of Finance by Supreme Decree N° 628, may not exceed in aggregate in each calendar year, a total amount equivalent to US\$500,000 considering the exchange rate of the date of each investment. However no limit applies when Chile has signed with such country or territory an agreement that allows the exchange of tax information.

### 3.5.2 **Procedure to apply for Chilean Tax ID (RUT)**

#### 3.5.2.1 *Where to file the Tax ID (RUT) application form*

At the Chilean IRS office having jurisdiction over: (i) the non-Chilean resident domicile in Chile, if any or (ii) the non-Chilean residents representative domicile in Chile.

#### 3.5.2.2 *Form to be used in the request*

Form number 4415 should be used to apply for Registration of Tax ID (RUT).

#### 3.5.2.3 *Who must file the application for Registration for the Tax ID (RUT)*

- If an individual, he or she may submit it personally or through their representatives. The mandate shall be in writing and be at least authorised by a notary public.
- In the case of legal entities, they may submit it through their legal representatives holding administration powers of the entity or they may request their representatives in Chile to do so.

### 3.5.3 **Foreign Exchange Control regulations**

The Chilean foreign exchange regime imposes certain obligations under chapter XIV of the central banks compendium of foreign exchange regulations (“Compendium”) that may apply to non-Chilean residents. Under the Compendium, foreign investors are allowed to freely enter into any kind of foreign exchange transaction in Chile, provided that certain transactions, established in the regulations, are conducted through the Formal Exchange Market (comprised by banks and exchange entities authorised by the central bank of Chile (“Central Bank”)) and reported to the Central Bank under the Compendium. The entity participating in the transaction must provide the information described below to the Central Bank. If there are payments made outside of Chile, the foreign investor must provide the relevant information to the Central Bank directly or through the Formal Exchange Market within 10 calendar days following the date on which payment was made, in the applicable form.

The information required by the Central Bank in compliance with chapter XIV of the Compendium is listed in annex 4 of such chapter. It should be submitted to the Central Bank through a special 13-point form that the Central Bank has available for these cases. This information consists of:

- general information: general information from the investors such as name, country and business;
- type of investment in Chile: the investment will consist of the acquisition of shares in a Chilean company;
- currency name and code: the currency in which the transaction has been made as well as the special code the Central Bank has designated for each currency (e.g. ZAR for South African Rands);
- investment sum: this is the total sum of the exchange operation;
- share investment sum; and
- offshore payments.

## 4. **ARRANGEMENTS WITH BEE SHAREHOLDERS AND OPTION ARRANGEMENTS**

### 4.1 **BEE Shareholders**

South African law provides for a system of broad-based black economic empowerment, which is a central part of the South African Government’s transformation strategy. CFR is aware of the

importance for Adcock Ingram's ability to operate successfully in South Africa that it advances broad-based black economic empowerment.

CFR has entered into an agreement with each of Blue Falcon 69 Trading Proprietary Limited, the holder of all the issued Adcock Ingram "A" Ordinary Shares, and the Mpho Ea Bophelo Trust, the holder of all the issued Adcock Ingram "B" Ordinary Shares. Blue Falcon 69 Trading Proprietary Limited is the vehicle through which Adcock Ingram's strategic empowerment shareholders hold their interest in Adcock Ingram. Blue Falcon 69 Trading Proprietary Limited's shareholders are Kagiso Strategic Investments III Proprietary Limited, the Mookodi Pharma Trust and the Kurisani Youth Development Trust. The beneficiaries of the Mpho Ea Bophelo Trust are the BEE staff members of Adcock Ingram.

Blue Falcon 69 Trading Proprietary Limited holds 1 883 000 Adcock Ingram Ordinary Shares and 19 458 196 Adcock Ingram "A" Ordinary Shares. Blue Falcon 69 Trading Proprietary Limited will dispose of its Adcock Ingram Ordinary Shares pursuant to the Scheme.

The Mpho Ea Bophelo Trust holds 688 000 Adcock Ingram Ordinary Shares and 6 486 065 Adcock Ingram "B" Ordinary Shares. The Mpho Ea Bophelo Trust will dispose of its Adcock Ingram Ordinary Shares pursuant to the Scheme.

Upon and after the implementation of the Scheme, Blue Falcon 69 Trading Proprietary Limited and the Mpho Ea Bophelo Trust will remain invested in the Adcock Ingram "A" Ordinary Shares and the Adcock Ingram "B" Ordinary Shares respectively, which shares equate to approximately 13% of the issued Adcock Ingram Shares.

The TRP has in terms of a letter dated 15 October 2013, granted an exemption for CFR and Adcock Ingram to comply with the provisions of section 125(2)(b) of the Companies Act and the relevant regulations in relation to the arrangements entered into with the Adcock Ingram "A" Ordinary Shareholders and the Adcock Ingram "B" Ordinary Shareholders.

#### 4.2 **Phantom Scheme**

As required by the Takeover Regulations, holders of Phantom Options will receive an offer concurrently with the Scheme in terms of which:

- each holder of Phantom Options may waive its rights under the Phantom Scheme (to the extent such rights are in existence as at the Scheme Implementation Date) and agree to the cancellation of his Phantom Options; and
- on the Scheme Implementation Date each holder of a Phantom Option who has provided the waiver contemplated above, shall receive, in respect of each In The Money Option which it holds on that date, an amount in cash equal to R73.51 less the grant price of the relevant In The Money Option.

As at the Last Practicable Date, there were 3 868 514 Phantom Options outstanding, all of which are In The Money Options, resulting in a potential aggregate payment to holders of Phantom Options under the Phantom Scheme Offer of up to R82.3 million.

The report of the Independent Expert prepared in accordance with section 114(3) of the Companies Act and regulation 90 of the Companies Regulations in relation to the Scheme and incorporating the Phantom Scheme Offer is provided in Annexure 1 to the Circular.

#### 4.3 **Share Option Scheme**

The Share Option Scheme, introduced by Adcock Ingram in 2008, is a long-term share incentive scheme (a legacy of the unbundling of Adcock Ingram from the Tiger Brands group) in favour of certain executives and employees in the Adcock Ingram Group.

The Share Option Scheme effectively provides that if the Scheme is proposed, each participant in the Share Option Scheme will be entitled to exercise all his options under the Share Option Scheme and implement the resulting sale within a specified period. Adcock Ingram intends to provide the relevant notification in sufficient time for the participants in the Share Option Scheme to participate in the Scheme in respect of the shares forming the subject matter of the options. The Share Option Scheme provides that the options will lapse if not exercised or if the resultant sale is not implemented within that specified period.

## 5. **LITIGATION STATEMENT**

CFR's operating environment (including the relevant jurisdictions, products and competitors) has led to litigation, and litigation has to be accepted as an inevitable part of doing business in this industry and these jurisdictions. CFR has provided a comprehensive statement of current litigation in the interests of transparency. CFR is well resourced to deal with and defend its interests in relation to such litigation. The track record of CFR in relation to litigation demonstrates that it has suffered no major adverse outcomes.

The details of all of the legal or arbitration proceedings, including any proceedings that are pending or threatened of which the Company is aware, that may have or have had in the recent past, being at least the previous twelve months, a material effect on the CFR Group's financial position are set out in Annexure 25 of this Prospectus.

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened of which Adcock Ingram is aware, that may have or have had in the recent past, being at least the previous twelve months, a material effect on the Adcock Ingram Group's financial position.

## 6. **EXPERTS' CONSENTS**

Deloitte & Touche and Ernst & Young have given and have not withdrawn their written consents to the issue of this Prospectus and to their reports being included in the Prospectus in the form and context in which they appear.

Ernst & Young Limitada has given and has not withdrawn its written consent to the inclusion of a reference in Section 4, Paragraph 1 of this Prospectus to a statement made by it that sales or dispositions of the beneficial ownership interests in CFR Shares that trade on the JSE by shareholders of CFR who are not domiciled in or resident in Chile will not give rise to capital gains tax in Chile given that, under South African law, it is the beneficial ownership interests in CFR Shares that are traded on the JSE, rather than the CFR Shares themselves.

## 7. **RISK STATEMENT**

A risk statement in respect of the CFR Group and the Adcock Ingram Group is set out in Annexure 26 of this Prospectus.

## 8. **DIRECTORS' RESPONSIBILITY STATEMENT**

The directors of the Company, being the persons set out in section 1, Paragraphs 2.1.2 and 2.1.3 of this Prospectus, collectively and individually, accept full responsibility for the accuracy of the information provided in this Prospectus (but only insofar as it relates to the Company and only to the extent that they are required to accept such responsibility in terms of the Companies Act or the Listings Requirements) and certify that, to the best of their knowledge and belief, there are no facts relating to the Company that have been omitted which would make any statement relating to the Company false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Prospectus contains all information relating to the Company required by law and the Listings Requirements, save to the extent that an exemption therefrom has been sought from and granted by the JSE and/or the CIPC.

The directors of Adcock Ingram, being the persons set out in section 1, Paragraph 2.2 of this Prospectus, collectively and individually, accept full responsibility for the accuracy of the information provided in this Prospectus (but only insofar as it relates to Adcock Ingram and only to the extent that they are required to accept such responsibility in terms of the Companies Act or the Listings Requirements) and certify that, to the best of their knowledge and belief, there are no facts relating to Adcock Ingram that have been omitted which would make any statement relating to Adcock Ingram false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Prospectus contains all information relating to Adcock Ingram required by law and the Listings Requirements, save to the extent that an exemption therefrom has been sought from and granted by the JSE and/or the CIPC.

## 9. **SERVICE OF DUE PROCESS AND NOTICES**

If the Scheme is implemented and the Secondary Listing occurs, the Transfer Secretaries are appointed and authorised to accept service of due process and notices on behalf of the Company in South Africa. Contact details of the Transfer Secretaries are set out below:

Address: 70 Marshall Street, Johannesburg, 2001  
Telephone number: 0861 100 933  
Facsimile number: +27 11 688 5355  
Email: #zacsjhblegal@computershare.co.za

#### 10. **INFORMATION ON CHILEAN REGULATORY ENVIRONMENT**

Annexure 27 of this Prospectus provides a brief overview of the legal and regulatory environment in Chile as well as a summary of rights and protections afforded to investors and minority shareholders under Chilean law. The contents of that Annexure do not purport to constitute personal legal advice or to comprehensively deal with the legal, regulatory and tax implications of the holding of CFR Shares for each Scheme Participant. Adcock Ingram Shareholders are accordingly advised to consult their relevant professional advisors about their personal legal, regulatory and tax positions regarding the holding of CFR Shares.

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## **SECTION 5 – INAPPLICABLE OR IMMATERIAL MATTERS**

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The following paragraphs of the Companies Regulations dealing with the requirements for a Prospectus are not applicable to this Prospectus:

57(1)(b)(i), 57(2)(b)(i), 59(2)(a), 70(b), 73, 74(2)(b), 77 and 80.

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## **SIGNATURE PAGE**

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By order of the CFR Board

**CARLOS RUSSI CALEGARI**  
**ATTORNEY IN FACT**

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**Date:**

**Place:**

**ON BEHALF OF ALL THE DIRECTORS OF CFR**

**Registered office**

Avenida Pedro de Valdivia No. 295  
Providencia  
7500524  
Santiago, Chile

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## HISTORICAL FINANCIAL INFORMATION OF CFR AND ITS SUBSIDIARIES

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### Directors' responsibility statement

The directors of CFR are responsible for the preparation of the annual financial statements in accordance with applicable laws and regulations.

Company law requires the directors of CFR to prepare financial statement in accordance with International Financial Reporting Standards (IFRS) for each financial year giving a true and fair view of CFR's state of affairs at the end of the year and profit and loss for the year.

In preparing the Company's financial statements, International Accounting Standard 1, Presentation of Financial Statements, requires that the directors:

- properly select and consistently apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosure when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

### Basis of preparation

#### (a) Consolidated financial statements

The information contained in these condensed consolidated financial statements is the responsibility of the Company's board of directors, which states expressly that it has applied all the principles and criteria included in IFRS as issued by the International Accounting Standards Board (IASB) and approved by the board at its meeting held in August 2013.

These condensed consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS; the interpretations adopted by the IASB and include disclosures as required by IAS 34: Interim Financial Reporting.

The condensed consolidated financial statements have been prepared using accounting policies that comply with IFRS and are consistent with those applied in the preparation of the financial statements for year ended 31 December 2012.

These condensed consolidated financial statements have been prepared based on the accounting records kept by the Company and its subsidiaries. Each entity prepares its financial statements following the accounting principles and criteria in force in their respective countries, and subsequently the necessary adjustments and reclassifications are made in the consolidation process to standardise such principles and criteria and bring them into line with IFRS.

The condensed consolidated financial statements for 31 December 2012 have been audited and the condensed financial statements for periods ended 31 December 2011 and 2010 have been reviewed by the auditors. A copy of the Reporting Accountant's report is set out in Annexure 2 to this Prospectus.

#### (b) Functional and presentation currency

The functional currency of CFR and subsidiaries is the currency of the main economic environment in which they operate. Transactions other than those performed in the entity's functional currency are translated at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional one are translated at the period-end exchange rates. Gains or losses from transactions in currencies other than the functional currency are booked to results in the net gains and losses of the period within other financial items.

The functional currency of CFR and some of its subsidiaries is the US Dollar. In the consolidation, the financial statements of the foreign and Chilean subsidiaries whose functional currency is other than the US Dollar have been translated using the methodology stipulated in IAS 21: The Effects of Changes in

Foreign Exchange Rates. The financial statements of the subsidiary in Venezuela, which is considered to be a hyperinflationary economy, are converted by restating such financial statements in the unit of measure current at the date of presentation of the information and translating them at the respective period-end exchange rate, in accordance with IAS 29: Financial Reporting in Hyperinflationary Economies.

**(c) Basis of consolidation**

The consolidated financial statements include the assets, liabilities, results and cash flows of the Company and its subsidiaries. The balances and effects of significant transactions between the companies comprising the consolidated Group have been eliminated, as well as unrealised income, and the participation of minority interests has been booked in the statements of financial position and of comprehensive results, as non-controlling interests.

**Annual financial statements for the years ended 31 December 2012, 2011, 2010 and interim financial information for the six-month period ended 30 June 2013**

	Notes	<b>Audited 31.12.2012 ThUS\$</b>	<b>Reviewed 31.12.2011 ThUS\$</b>	<b>Reviewed 31.12.2010 ThUS\$</b>
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	7	150,501	258,655	45,679
Other financial assets		6,650	18,338	–
Other non-financial assets		3,124	2,644	4,427
Trade and other receivables		196,545	138,379	110,576
Trade receivables with related entities	8	706	126	3,191
Inventories	9	149,620	133,602	115,090
Tax assets		22,804	16,194	12,439
<b>Total current assets</b>		<b>529,950</b>	<b>567,938</b>	<b>291,402</b>
<b>Non-current assets</b>				
Other financial assets		5,921	491	1,015
Other non-financial assets		1,819	1,169	690
Collection rights		1,814	1,512	9
Trade receivables with related entities	8	6,744	9	2,623
Investments in associate and joint venture companies		53,269	40,171	29,704
Intangible assets other than goodwill	10	167,716	19,662	14,190
Goodwill	11	485,420	60,831	50,773
Property, plant and equipment	12	200,757	156,661	129,729
Deferred tax assets	13	31,151	12,853	7,576
<b>Total non-current assets</b>		<b>954,611</b>	<b>293,359</b>	<b>236,309</b>
<b>Total assets</b>		<b>1,484,561</b>	<b>861,297</b>	<b>527,711</b>
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Other financial liabilities	14	34,941	31,683	96,473
Trade and other accounts payable		115,884	74,661	70,624
Trade payables with related entities	8	19,873	22,936	309
Other provisions		8,874	8,077	1,580
Tax liabilities		8,014	9,152	4,952
Provisions for employee benefits		12,256	7,364	6,025
Other non-financial liabilities		489	912	384
<b>Total current liabilities</b>		<b>200,331</b>	<b>154,785</b>	<b>180,347</b>

	Notes	<b>Audited 01.01.2012 31.12.2012 ThUS\$</b>	<b>Reviewed 01.01.2011 31.12.2011 ThUS\$</b>	<b>Reviewed 01.01.2010 31.12.2010 ThUS\$</b>
<b>Non-current liabilities</b>				
Other financial liabilities	14	466,415	16,603	16,606
Other accounts payable	1	18	2,109	
Trade payables with related entities	8	–	–	491
Other provisions		18,382	1,123	855
Deferred tax liabilities	13	71,206	17,445	14,587
Provisions for employee benefits		7,210	4,838	2,645
Other non-financial liabilities		1,605	1,008	1,812
<b>Total non-current liabilities</b>		<b>564,819</b>	<b>41,035</b>	<b>39,105</b>
<b>Equity</b>				
Issued share capital		525,294	525,294	234,227
Retained income		224,215	170,906	109,831
Other reserves		(41,526)	(43,495)	(36,619)
Total shareholders' funds		707,983	652,705	307,439
Non-controlling interest		11,428	12,772	820
<b>Total equity</b>		<b>719,411</b>	<b>665,477</b>	<b>308,259</b>
<b>Total equity and liabilities</b>		<b>1,484,561</b>	<b>861,297</b>	<b>527,711</b>
<b>Income Statement</b>				
	Notes	<b>Audited 01.01.2012 31.12.2012 ThUS\$</b>	<b>Reviewed 01.01.2011 31.12.2011 ThUS\$</b>	<b>Reviewed 01.01.2010 31.12.2010 ThUS\$</b>
Sales		570,832	490,946	378,219
Cost of sales		(171,342)	(144,406)	(84,791)
Gross profit		399,490	346,540	293,428
Selling and administrative expenses		(299,820)	(244,983)	(195,679)
Distribution expenses		(18,005)	(15,569)	(12,774)
Other income		982	14,344	516
Foreign exchange gain/(loss)		9,670	3,223	(3,561)
Profit from operations		92,317	103,555	81,930
Income from associates and joint venture companies		1,319	1,426	(624)
Profit before net finance costs		93,636	104,981	81,306
Finance income		3,245	3,339	395
Finance costs	15	(10,638)	(9,684)	(7,699)
Net profit before taxation		86,243	98,636	74,002
Taxation	16	(8,703)	(7,700)	(9,700)
<b>Net profit after taxation</b>		<b>77,540</b>	<b>90,936</b>	<b>64,302</b>
<b>Earnings/(loss) attributable to:</b>				
Owners of the Company		79,566	91,084	64,587
Non-controlling interest		(2,026)	(148)	(285)
<b>Net profit</b>		<b>77,540</b>	<b>90,936</b>	<b>64,302</b>
<b>Earnings per share</b>				
<b>Common shares:</b>				
Basic earnings per share US\$	19	0.009450	0.010823	0.009611
Diluted earnings per share US\$	19	0.009367	0.011602	0.009611

	<b>Audited</b> <b>01.01.2012</b> <b>31.12.2012</b> <b>ThUS\$</b>	<b>Reviewed</b> <b>01.01.2011</b> <b>31.12.2011</b> <b>ThUS\$</b>	<b>Reviewed</b> <b>01.01.2010</b> <b>31.12.2010</b> <b>ThUS\$</b>
<b>Statement of other comprehensive income</b>			
Net profit for the year	77,540	90,936	64,302
Gains from exchange differences on translation, before taxes	(605)	( 6,856)	24,235
Net fair value gain on financial assets available for sale, before taxes	3,395	–	–
Income taxes related to financial assets available for sale	(678)	–	–
<b>Total comprehensive income</b>	<b>79,652</b>	<b>84,080</b>	<b>88,537</b>
<b>Comprehensive income attributable to:</b>			
Owners of the company	80,996	83,908	87,863
Non-controlling interests	(1,344)	172	674
<b>Total comprehensive income</b>	<b>79,652</b>	<b>84,080</b>	<b>88,537</b>

	Issued capital ThUS\$	Reserve for exchange differences on translation ThUS\$	Reserves for revaluation of financial assets available for sale ThUS\$	Other reserves ThUS\$	Total other reserves ThUS\$	Retained income ThUS\$	Equity attributable to owners of the Company ThUS\$	Non-controlling interests ThUS\$	Total equity ThUS\$
Opening balance at 01/01/2012	525,294	34,666	-	(78,161)	(43,495)	170,906	652,705	12,772	665,477
Net profit	-	-	-	-	-	79,566	79,566	(2,026)	77,540
Other comprehensive income	-	(1,287)	2,717	-	1,430	-	1,430	682	2,112
Dividends paid	-	-	-	-	-	(26,257)	(26,257)	-	(26,257)
Increase for transfers and other changes	-	-	-	539	539	-	539	-	539
Closing balance at 31/12/2012	525,294	33,379	2,717	(77,622)	(41,526)	224,215	707,983	11,428	719,411
Opening balance at 01/01/2011	234,227	41,842	-	(78,461)	(36,619)	109,831	307,439	820	308,259
Net profit	-	-	-	-	-	91,084	91,084	(148)	90,936
Other comprehensive income	-	(7,176)	-	-	(7,176)	-	(7,176)	320	(6,856)
Capital increase	291,067	-	-	-	-	-	291,067	-	291,067
Increase for changes in non-controlling interests	-	-	-	-	-	-	-	11,780	11,780
Dividends paid	-	-	-	-	-	(30,009)	(30,009)	-	(30,009)
Increase for transfers and other changes	-	-	-	300	300	-	300	-	300
Closing balance at 31/12/2011	525,294	34,666	-	(78,161)	(43,495)	170,906	652,705	12,772	665,477
Opening balance at 01/01/2010	234,227	18,566	-	(86,338)	(67,772)	71,467	237,922	146	238,068
Net profit	-	-	-	-	-	64,587	64,587	(285)	64,302
Other comprehensive income	-	23,276	-	-	23,276	-	23,276	959	24,235
Dividends	-	-	-	-	-	(26,223)	(26,223)	-	(26,223)
Increase for transfers and other changes	-	-	-	7,877	7,877	-	7,877	-	7,877
Closing balance at 31/12/2010	234,227	41,842	-	(78,461)	(36,619)	109,831	307,439	820	308,259

<b>Statements of cash flows, indirect</b>	<b>Audited 01.01.2012 31.12.2012 ThUS\$</b>	<b>Reviewed 01.01.2011 31.12.2011 ThUS\$</b>	<b>Reviewed 01.01.2010 31.12.2010 ThUS\$</b>
<b>Cash flows provided by/(used in) operating activities</b>			
Net profit for the year	77,540	90,936	64,302
Adjustments for reconciliation of income/(loss)			
Adjustments for income tax charge	8,703	7,700	258
Adjustments for decreases/(increases) in inventories	(1,067)	(18,315)	(36,400)
Adjustments for decreases/(increases) in trade accounts receivable	(6,119)	(38,469)	(39,920)
Adjustments for decreases/(increases) in other receivables from operating activities	(12,742)	(236)	691
Adjustments for increases/(decreases) in trade accounts payable	12,227	(576)	25,651
Adjustments for increases/(decreases) in other payables from operating activities	(17,769)	(12,698)	445
Adjustments for depreciation and amortisation charges	15,352	12,991	11,232
Adjustments for provisions	2,282	331	–
Adjustments for non-controlling interests	(1,319)	(1,426)	247
Other adjustments for non-cash items	–	712	6,276
Adjustments for losses/(gains) on disposal of non-current assets	–	(14,561)	–
Total adjustments for reconciliation of income/(loss)	<b>(452)</b>	<b>(64,547)</b>	<b>(31,520)</b>
Income tax refunded/(paid)	–	–	(26,223)
<b>Net cash flow provided by/(used in) operating activities</b>	<b>77,088</b>	<b>26,389</b>	<b>6,559</b>
<b>Cash flows provided by/(used in) investment activities</b>			
Cash flows from the loss of control over subsidiaries or other businesses	–	10,060	–
Cash flows used to gain control over subsidiaries or other businesses	(541,133)	(26,551)	(75,132)
Cash flows used in purchasing non-controlling interests	(12,975)	(13,526)	–
Loans to related entities	(6,735)	–	–
Proceeds of sales of property, plant and equipment	–	4,068	–
Purchases of property, plant and equipment	(25,304)	(18,667)	(17,476)
Purchases of intangible assets	(11,401)	(2,196)	(4,351)
Dividends received	827	–	–
Other cash inflows	8,606	10,298	–
<b>Net cash flow provided by/(used in) investment activities</b>	<b>(588,115)</b>	<b>(36,514)</b>	<b>(96,959)</b>
<b>Cash flows provided by/(used in) financing activities</b>			
Proceeds of share issues	–	291,067	–
Proceeds of non-current loans	456,802	–	–
Proceeds of current loans	–	–	91,310
<b>Total loan proceeds</b>	<b>456,802</b>	<b>291,067</b>	<b>91,310</b>
Repayments of loans	(13,694)	(66,419)	–
Payments of financial lease obligations	(1,562)	–	–
Dividends paid	(30,006)	–	–
Interest paid	(7,115)	(9,193)	–
Other cash inflows/(outflows)	(9,312)	–	–
<b>Net cash flow provided by/(used in) financing activities</b>	<b>395,113</b>	<b>215,455</b>	<b>91,310</b>
Net increase/(decrease) in cash and cash equivalents before the effect of exchange rate changes	(115,914)	205,330	910
Effects of exchange rate changes on cash and cash equivalents	7,760	7,646	23,276
Net increase/(decrease) in cash and cash equivalents	(108,154)	212,976	24,186
Cash and cash equivalents at beginning of period	258,655	45,679	21,493
Cash and cash equivalents at end of period	<b>150,501</b>	<b>258,655</b>	<b>45,679</b>

## (1) ENTITY REPORTING

### (a) General information

These consolidated financial statements reflect the relevant information from the audited consolidated financial statements at 31 December 2012, and reviewed consolidated financial statements for 31 December 2011 and 2010, which are filed with the Superintendency of Securities and Insurance, and on CFR's website: [www.cfr-corp.com](http://www.cfr-corp.com)

In CFR's management's opinion, these notes provide sufficient information for readers, but in less detail than that contained in the stand-alone and consolidated financial statements filed with the Superintendency of Securities.

### (b) Seasonality

Seasonality of the Company's operations has no significant impact on the condensed consolidated financial statements.

### (c) Description of main operations and activities

CFR is a leading pharmaceutical company in Latin America with operations in 15 countries in the region (principally Chile, Peru, Argentina and Colombia) and other emerging and niche markets.

It has eleven production facilities in Chile, Argentina, Colombia, Peru and Canada, with the capacity to produce solids, creams, ointments and liquids, which enables it to manufacture products that meet rigorous quality parameters.

The Company's segments are as described below:

#### **Specialty Pharma:**

Specialty Pharma focuses on chronic, semi-chronic and acute medications, sold mainly in pharmacies and by prescription.

#### **Complex Therapeutics:**

Mainly due to the kind of diseases that this area treats, this segments is focused on customers such as government institutions, hospitals, private clinics and institutions dedicated to complex treatments. The drugs included in this line of business require more stringent control measures to ensure the quality of finished products.

#### **Health and Wellness:**

This segments specialises in the sale of responsible self-medication and pharmaceutical recommended products, including nutrition, dermocare, nutritional supplements and homeopathic medicines. It has a wide range of products for personal care, well being and beauty, including sweeteners, energisers, dermo-cosmetics, cosmetics, anti-allergy, weight reducers, dental products, vitamins and triglyceride level regulators.

#### **Other:**

Includes those products that are not classifiable within the previous three segments, among others is our veterinary medicine division.

## (2) BASIS OF PREPARATION

### (a) Consolidated financial statements

The information contained in these condensed consolidated financial statements is the responsibility of the Company's Board of Directors, which states expressly that it has applied all the principles and criteria included in International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and approved by the board at its meeting held in August 2013.

These condensed consolidated financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS; the interpretations adopted by the IASB and include disclosures as required by IAS 34: Interim Financial Reporting.

The condensed consolidated financial statements have been prepared using accounting policies that comply with IFRS and are consistent with those applied in the preparation of the financial statements for year ended 31 December 2012.

These condensed consolidated financial statements have been prepared based on the accounting records kept by the Company and its subsidiaries. Each entity prepares its financial statements following the accounting principles and criteria in force in their respective countries, and subsequently the necessary adjustments and reclassifications are made in the consolidation process to standardize such principles and criteria and bring them into line with IFRS.

The condensed consolidated financial statements for 31 December 2012 have been audited and the condensed financial statements for periods ended 31 December 2011 and 2010 have been reviewed by the auditors. A copy of the Reporting Accountants' report is set out in Annexure 2 to this Prospectus.

(b) **Functional and presentation currency, continued**

The functional currency of CFR and subsidiaries is the currency of the main economic environment in which they operate. Transactions other than those performed in the entity's functional currency are translated at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional one are translated at the period-end exchange rates. Gains or losses from transactions in currencies other than the functional currency are booked to results in the net gains and losses of the period within other financial items.

The functional currency of CFR and some of its subsidiaries is the US dollar. In the consolidation, the financial statements of the foreign and Chilean subsidiaries whose functional currency is other than the US dollar have been translated using the methodology stipulated in IAS 21: The Effects of Changes in Foreign Exchange Rates. The financial statements of the subsidiary in Venezuela, which is considered to be a hyperinflationary economy, are converted by restating such financial statements in the unit of measure current at the date of presentation of the information and translating them at the respective period-end exchange rate, in accordance with IAS 29: Financial Reporting in Hyperinflationary Economies.

(c) **Basis of consolidation**

The consolidated financial statements include the assets, liabilities, results and cash flows of the Company and its subsidiaries. The balances and effects of significant transactions between the companies comprising the consolidated Group have been eliminated, as well as unrealised income, and the participation of minority interests has been booked in the statements of financial position and of comprehensive results, as non-controlling interests.

(3) **NEW ACCOUNTING PRONOUNCEMENTS**

- (a) The following new standards and interpretations have been adopted in these condensed consolidated financial statements:

<b>Amendments to IFRS</b>	<b>Date of obligatory application</b>
IAS 12, <i>Deferred Taxes – Recovery of underlying asset</i>	Annual periods beginning on or after 1 January 2012
IFRS 1 (Revised), <i>First-time adoption of IFRS</i> – (i) <i>Elimination of dates fixed for first-time adoption</i> – (ii) <i>Severe Hyperinflation</i>	Annual periods beginning on or after 1 July 2011
IFRS 7, <i>Financial Instruments: Disclosures – Transfers of financial assets</i>	Annual periods beginning on or after 1 July 2011

The application of these standards has had no significant impact on the amounts reported in these financial statements, but they could affect the booking of future transactions or agreements.

- (b) The following new standards and interpretations have been issued, but their application date is not yet in force:

<b>New IFRS</b>	<b>Date of obligatory application</b>
IFRS 9, <i>Financial instruments</i>	Annual periods beginning on or after 1 January, 2015
IFRS 10, <i>Consolidated financial statements</i>	Annual periods beginning on or after 1 January, 2013
IFRS 11, <i>Joint agreements</i>	Annual periods beginning on or after 1 January, 2013
IFRS 12, <i>Disclosures of participations of other entities</i>	Annual periods beginning on or after 1 January, 2013
IFRS 13, <i>Measurement of fair value</i>	Annual periods beginning on or after 1 January, 2013
IAS 27 (2011) <i>Separate financial statements</i>	Annual periods beginning on or after 1 January, 2013
IAS 28 (2011) <i>Investments in associates and joint ventures</i>	Annual periods beginning on or after 1 January, 2013
<b>IFRS amendments</b>	<b>Date of obligatory application</b>
IAS 1, <i>Presentation of financial statements – Presentation of Components of other comprehensive results</i>	Annual periods beginning on or after 1 July 2012
IAS 16, <i>Property, plant and equipment</i>	Annual periods beginning on or after 1 January 2013
IAS 19, <i>Employee benefits (2011)</i>	Annual periods beginning on or after 1 January 2013
IAS 32, <i>Financial instruments: Presentation – clarification of requirements for netting financial assets and liabilities</i>	Annual periods beginning on or after 1 January 2014
IAS 34:, <i>Interim financial reporting</i>	Annual periods beginning on or after 1 January 2013
IAS 36, <i>Impairment of Assets</i>	Annual periods beginning on or after 1 January 2014
IAS 39, <i>Financial instruments: Recognition and measurement</i>	Annual periods beginning on or after 1 January 2014
IFRS 7, <i>Financial instruments: Disclosures – modifications of disclosures concerning the netting of financial assets and liabilities</i>	Annual periods starting on or after 1 January 2013
<i>Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)</i>	Annual periods beginning on or after 1 January 2014
IFRS 10, IFRS 11 and IFRS 12 – <i>Consolidated financial statements, joint ventures and disclosures of participations in other entities – Guidelines for transition</i>	Annual periods starting on or after 1 January 2013
<b>New interpretations</b>	<b>Date of obligatory application</b>
<b>IFRIC 20</b> , <i>Stripping Costs in the Production Phase of a Surface Mine</i>	Annual periods beginning on or after 1 January 2013

CFR's management has assessed the application and impact of these new standards, amendments and interpretations, and has concluded that the new standards do not have a significant impact on the financial statements of the Company.

#### (4) **INFORMATION BY SEGMENT**

##### (a) **Segmentation criteria**

In carrying out its activities, CFR is structured based on the typical activities of the pharmaceutical sector; it has therefore determined the following relevant segments:

- Specialty Pharma
- K2 Health and Wellness
- Complex Therapeutics
- Other

The products and service provided by each segment are strictly related to each line of the Company's business. These activities are described in Note 1.

The segments indicated serve as a basis for the Board's decision-making. As the parent, CFR defines ordinary revenue as that generated by sales of its products and related services.

The following are the results by segment as of 31 December 2012, 2011 and 2010:

Pro forma Period ended	Audited				Reviewed				Reviewed							
	Specialty Pharma		Complex Thera- peutics		Health & Wellness		Other		Specialty Pharma		Complex Thera- peutics		Health & Wellness		Other	
	2012 ThUS\$	2012 ThUS\$	2012 ThUS\$	2012 ThUS\$	2012 ThUS\$	2012 ThUS\$	2012 ThUS\$	2012 ThUS\$	2011 ThUS\$	2011 ThUS\$	2011 ThUS\$	2011 ThUS\$	2011 ThUS\$	2011 ThUS\$	2011 ThUS\$	2010 ThUS\$
Sales	334,692	137,192	49,888	49,060	570,832	297,512	122,530	33,637	37,267	490,946	267,726	54,165	26,342	29,987	378,220	
Cost of sales	(53,060)	(85,739)	(7,152)	(25,391)	(171,342)	(47,922)	(70,595)	(8,141)	(17,748)	(144,406)	(41,527)	(32,481)	(5,914)	(4,870)	(84,792)	
Gross profit	281,632	51,453	42,736	23,669	399,490	249,590	51,935	25,496	19,519	346,540	226,199	21,684	20,428	25,117	293,428	
Selling and administrative expenses					(299,820)					(244,983)					(195,679)	
Distribution expenses					(18,005)					(15,569)					(12,774)	
Other income					982					14,344					516	
Foreign exchange gains/(loss)					9,670					3,223					(3,561)	
Income/(loss) from associates and joint ventures					1,319					1,426					(624)	
Finance income					3,245					3,339					395	
Finance costs					(10,638)					(9,684)					(7,699)	
Net profit before taxation					86,243					98,636					74,002	
Taxation					(8,703)					(7,700)					(9,700)	
Net profit after taxation					77,540					90,936					64,302	

The Company only reports revenues and costs by segment at the gross margin level to its Chief Operating Decision-Maker.

The detail of the eliminations of transactions between related parties as of 31 December 2012, 2011 and 2010 is as follows:

	Audited 2012			Reviewed 2011			Reviewed 2010		
	Chile ThUS\$	International ThUS\$	Total ThUS\$	Chile ThUS\$	International ThUS\$	Total ThUS\$	Chile ThUS\$	International ThUS\$	Total ThUS\$
Adjustments sales	513	222,371	222,884	15,071	151,705	226,027	22,490	139,518	181,062
Adjustments costs	86	173,045	174,177	14,719	106,614	180,183	2,190	91,393	112,637
		-	222,884	59,251	59,251	226,027	19,054	19,054	19,054

(b) **Changes in the measurement used for the segments with reference to the previous period**

In line with its growth, and looking for the best corporate practices for CFR, the Company in 2012 implemented several changes in its management structure with the purpose of maintaining and increasing its competitive advantages including constant innovation, speed of execution, cost control and proximity to market. Accordingly, CFR's operations and operating segments are structured under the following breakdown, which follows the new management structure of the Company and its internal reporting: Specialty Pharma, Complex Therapeutics, K2 Health & Wellness and Others (including our veterinary business). These segments replaced the former segments of Gynopharm, Drugtech, Biomedical Sciences, Recalcine, Complex Injectables, K2 and Others.

(c) **Sales by geographic zones (countries)**

<b>Country</b>	<b>Audited 31.12.2012 ThUS\$</b>	<b>Reviewed 31.12.2011 ThUS\$</b>	<b>Reviewed 31.12.2010 ThUS\$</b>
Argentina	92,089	96,418	33,538
Bolivia	13,830	12,161	10,911
Chile	164,858	139,643	120,933
Colombia	56,064	48,562	44,400
Central America	16,155	11,848	8,358
Ecuador	32,322	26,440	24,512
Paraguay	9,878	8,166	6,865
Peru	107,508	92,440	78,179
Venezuela	64,620	43,691	43,918
Canada	6,158	–	–
Others*	7,350	11,577	6,605
<b>Total sales</b>	<b>570,832</b>	<b>490,946</b>	<b>378,219</b>

\* Other countries as of 31 December 2012 include Panama and Vietnam (with a presence in those countries and which are consolidated), and sales to Mexico and Thailand which are not consolidated.

(5) **ACQUISITIONS OF SUBSIDIARIES, ASSOCIATES AND NON-CONTROLLING INTERESTS**

(a) **Acquisitions during 2012:**

On 11 December 2012, CFR International (subsidiary of CFR Pharmaceuticals S.A.) acquired 100% of the shares of the Lafrancol Group, comprised of the following:

- Doral Investments
- Lafrancol S.A.S.
- Lafrancol International S.A.S.
- Lafrancol Peru SRL
- Lafrancol Guatemala S.A.
- Lafrancol Ecuador S.A.
- Lafrancol Dominican Republican S.A.
- American Generics S.A.S.
- Naturmedik S.A.S.
- Uquifa S.A.S.
- Focus S.A.S.
- Pauly Pharmaceuticals S.A.S.

The purchase consideration, per the purchase agreement, amounted to ThUS\$562,000, less some adjustments for bank debt, related balances and minimum working capital, leaving a net amount consideration of ThUS\$541,133. This transaction has been recognised as a business combination, in accordance with IFRS 3: Business Combinations. The purchase price allocation was provisional at 31 December 2012; due to the timing of the transaction. The values will be finalised within a year of the acquisition. Goodwill amounting to ThUS\$427,043 and intangibles amounting to ThUS\$ 139,513 were recognised as a result of this acquisition.

Furthermore, the acquisition did not contribute significantly to the consolidated net profit or revenues for the year ended 31 December 2012, due to the minimal time period from the acquisition date to the end of the fiscal year.

(b) **Acquisitions during 2011:**

The Group acquired entities in 2011; however these were not considered significant. Total purchase consideration for these acquisitions amounted to ThUS\$40,078.

(c) **Acquisitions during 2010:**

On 10 June 2010, the Company acquired 75% of the shares of Laboratorios Northia in Argentina for ThUS\$25,000.

In September 2010, the Company purchased an additional interest of 50% in Fada Pharma, also in Argentina (to bring its interest to 100%), for a total consideration of ThUS\$51,719.

The acquisitions were made primarily to take advantage of certain synergies of the acquired businesses with the Company.

The gross contractual amounts of the accounts receivable as of the acquisition date were ThUS\$28,394 and ThUS\$14,619 as to Fada Pharma and Laboratorios Northia, respectively. The contractual amount not expected to be collected were ThUS\$1,344 and ThUS\$738, respectively.

At 31 December 2010 the acquisitions contributed ThUS\$(2,122) and ThUS\$(944) to the consolidated net profit and ThUS\$28,931 and ThUS\$7,894 to the consolidated revenues as to Fada Pharma and Laboratorios Northia, respectively.

The fair value of the identifiable assets and liabilities of Fada Pharma and Laboratorios Northia at their respective acquisition dates were:

	<b>Reviewed Fada Pharma Fair Value ThUS\$</b>	<b>Reviewed Laboratorios Northia Fair Value ThUS\$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,061	1,596
Other financial assets	–	125
Trade and other receivables	27,050	13,881
Inventories	13,050	7,684
Tax assets	1,044	–
<b>Total currents assets</b>	<b>43,205</b>	<b>23,286</b>
Property, plant and equipment	25,466	11,261
Intangible assets other than goodwill	8,322	5,450
Deferred tax assets	–	294
<b>Total non-current assets</b>	<b>33,788</b>	<b>17,005</b>
<b>Total assets</b>	<b>76,993</b>	<b>40,291</b>
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Other financial liabilities	13,303	8,677
Trade and other payables	16,322	9,628
Other provisions	–	511
Provisions for employee benefits	2,811	1,376
Tax liabilities	318	130

	<b>Reviewed Fada Pharma Fair Value ThUS\$</b>	<b>Reviewed Laboratorios Northia Fair Value ThUS\$</b>
<b>Total current liabilities</b>	<b>32,754</b>	<b>20,322</b>
<b>Non-current liabilities</b>		
Other financial liabilities	5,340	15
Tax liabilities	238	–
Deferred tax liabilities	6,120	2,358
<b>Total non-current liabilities</b>	<b>11,698</b>	<b>2,373</b>
<b>Total equity</b>	<b>32,541</b>	<b>17,596</b>
<b>Total equity and liabilities</b>	<b>76,993</b>	<b>40,291</b>
Total identifiable net assets at fair value	32,541	17,596
Non-controlling interest measured at fair value	(7,442)	(238)
Goodwill arising from the acquisition	25,121	7,642
<b>Consideration transferred for the purchase</b>	<b>50,220</b>	<b>25,000</b>
Net cash received by the subsidiary	2,061	1,596
Payment made in cash	(50,220)	(25,000)
<b>Net cash disbursement</b>	<b>(48,159)</b>	<b>(23,404)</b>

The amount of transaction costs incurred for the acquisitions of Fada Pharma and Laboratorios Northia acquisition were not significant to disclose.

#### (6) DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

During December 2011, the Company disposed of various companies in Mexico by sale. The gross proceeds received were ThUS\$1,229 resulting in a gain of ThUS\$1,073.

#### (7) CASH AND CASH EQUIVALENTS

	<b>Audited 31.12.2012 ThUS\$</b>	<b>Reviewed 31.12.2011 ThUS\$</b>	<b>Reviewed 31.12.2010 ThUS\$</b>
Cash	1,853	1,226	3,442
Balances in banks	38,488	55,933	23,357
Deposits of less than 90 days	70,169	191,749	12,367
Short-term fixed-income mutual funds <sup>(1)</sup>	37,975	9,747	6,216
Other	2,016	–	297
<b>Total</b>	<b>150,501</b>	<b>258,655</b>	<b>45,679</b>

<sup>(1)</sup> Fixed-income mutual funds have been included as they do not present a significant risk in their valuation.

(8) **BALANCES WITH RELATED ENTITIES**

(a) **Trade receivables with related entities**

Tax number	Company	Relationship	Currency	Audited 31.12.2012		Reviewed 31.12.2011		Reviewed 31.12.2010	
				Current ThUS\$	Non- current ThUS\$	Current ThUS\$	Non- current ThUS\$	Current ThUS\$	Non- current ThUS\$
Foreign	Sinensix (Scotland)	Equity method investment	U.S. Dollars	-	-	-	-	575	2,388
Foreign	Atlas Pharmaceuticals SA (Argentina)	Equity method investment	Argentine Peso	-	-	-	-	1,754	-
Foreign	Mercap Inversiones Ltda	Related	Chilean Peso	-	-	-	-	746	-
Foreign	Ecuadorian Aquagesión SA (Ecuador)	Related	Peso Ecuatoriano	-	-	-	-	-	235
Foreign	Allergy Therapeutic <sup>(1)</sup>	Related	U.S. Dollars	-	6,735	56	-	-	-
Foreign	East Europe Investment SA	Related	Chilean Peso	-	-	-	-	64	-
Foreign	Others	Related	Others	125	9	70	9	52	-
Foreign	Domesco	Related	U.S. Dollars	581	-	-	-	-	-
<b>Total</b>				<b>706</b>	<b>6,744</b>	<b>126</b>	<b>9</b>	<b>3,191</b>	<b>2,623</b>

(1) Relate to loans to Allergy granted in 2012 with a term of 24 months and interest accruing at 3% per annum. As of 31 December 2011 they relate to reimbursement of expenses.

(b) **Trade payables with related entities**

Tax number	Company	Relationship	Currency	Audited 31.12.2012		Reviewed 31.12.2011		Reviewed 31.12.2010	
				Current ThUS\$	Non- current ThUS\$	Current ThUS\$	Non- current ThUS\$	Current ThUS\$	Non- current ThUS\$
76.134.041-7	Inversiones Quark Ltda. <sup>(1,2)</sup>	Shareholder	Chilean Pesos	1,565	-	1,789	-	-	-
76.105.899-1	Fondo de Inversión Privado Sancata <sup>(1,2)</sup>	Shareholder	Chilean Pesos	-	-	480	-	-	-
76.131.953-1	Inversiones Photon Ltda <sup>(2)</sup>	Shareholder	Chilean Pesos	14,000	-	16,325	-	-	-
76.131.979-5	Inversiones Quantum Ltda <sup>(2)</sup>	Shareholder	Chilean Pesos	3,653	-	4,174	-	-	-
Foreign	Allergy Therapeutic <sup>(3)</sup>	Associate	Pounds	329	-	168	-	-	-
78.413.930-1	Honorato Russi & Compañía Ltda	Common Directors	Chilean Pesos	-	-	-	-	197	-
Foreign	Mercap Inversiones Ltda	Related	Chilean Peso	-	-	-	-	-	491
Foreign	Biotech	Associate	U.S. Dollars	-	-	-	-	47	-
Foreign	Others	Related	Others	326	-	-	-	65	-
<b>Total</b>				<b>19,873</b>	<b>-</b>	<b>22,936</b>	<b>-</b>	<b>309</b>	<b>491</b>

(1) All the companies with tax numbers are companies incorporated in Chile.

(2) Relate to all the minimum dividends provided for as of 31 December 2012 and 2011, less the dividends paid in February and May 2012.

(3) Purchases of finished products.

## (9) INVENTORIES

Inventories comprise the following:

	<b>Audited 31.12.2012 ThUS\$</b>	<b>Reviewed 31.12.2011 ThUS\$</b>	<b>Reviewed 31.12.2010 ThUS\$</b>
Raw materials	44,120	36,605	59,413
Consumables	20,927	16,860	–
Work in progress	9,445	7,140	7,366
Finished goods	63,814	66,710	48,004
Goods in transit	11,314	6,287	307
<b>Total</b>	<b>149,620</b>	<b>133,602</b>	<b>115,090</b>

- The cost of inventories is adjusted against results when this exceeds their net realisable value. For this purpose, net realisable value is understood to be the estimated sale price in the normal course of business, less all estimated costs to be incurred in the trading, selling and distribution processes. As of 31 December 2012, 2011 and 2010, the inventories have been adjusted by ThUS\$15,529 (of which ThUS\$4,147 relates to the Lafrancol (Group)), ThUS\$12,516 and ThUS\$8,892, respectively.
- As of 31 December 2012, net inventories have been incorporated of ThUS\$14,951 as a result of the take-over of the Lafrancol Group.
- Inventory balances are not subject to any guarantees, pledges or restrictions of any kind.

## (10) INTANGIBLE ASSETS OTHER THAN GOODWILL

	<b>Audited 31.12.2012 ThUS\$</b>	<b>Reviewed 31.12.2011 ThUS\$</b>	<b>Reviewed 31.12.2010 ThUS\$</b>
Trademarks and patents	11,723	10,077	9,360
Software	4,254	809	522
Others	151,739	8,776	4,308
<b>Total</b>	<b>167,716</b>	<b>19,662</b>	<b>14,190</b>

The intangible assets increased significantly in 2012 as a result of the acquisition of the Lafrancol Group in December 2012 (refer to Note 5). The intangible assets that arose from this business combination relate to the following:

	<b>31.12.2012 ThUS\$</b>
Brand	48,873
Principal products	8,730
Customer portfolio	81,910
<b>Total</b>	<b>139,513</b>

## (11) GOODWILL

The movement in goodwill during the period to 31 December 2012, 2011 and 2010 is as follows:

<b>Movement</b>	<b>Audited 31.12.2012 ThUS\$</b>	<b>Reviewed 31.12.2011 ThUS\$</b>	<b>Reviewed 31.12.2010 ThUS\$</b>
Opening balance	60,831	50,773	15,533
Additions <sup>(1)</sup>	427,043	14,244	35,240
Translation effect <sup>(2)</sup>	(2,454)	(4,186)	–
<b>Closing balance</b>	<b>485,420</b>	<b>60,831</b>	<b>50,773</b>

(1) The goodwill arising in the 2012 financial year is a result of the Lafrancol Group acquisition (refer to Note 5).

(2) As required by IFRS, the Company controls goodwill in the functional currency of the respective subsidiaries and records the respective translation adjustment in "other reserves" included in equity.

## (12) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprises:

	<b>Audited 31.12.2012 Net book value ThUS\$</b>	<b>Reviewed 31.12.2011 Net book value ThUS\$</b>	<b>Reviewed 31.12.2010 Net book value ThUS\$</b>
Land	30,729	25,090	18,832
Constructions and buildings	91,411	72,234	59,197
Plant and equipment	62,532	50,599	42,682
Computer equipment	8,974	1,986	2,498
Fixed installations and accessories	4,988	5,100	4,391
Vehicles	2,025	1,542	1,888
Other fixed assets	98	110	241
<b>Total</b>	<b>200,757</b>	<b>156,661</b>	<b>129,729</b>

- Amounts included in acquisitions relating to business combinations were ThUS\$33,753 (2011: ThUS\$31,629; 2010: ThUS\$37,678).
- Total acquisitions (excluding business combinations) amounted to ThUS\$25,304 (2011: ThUS\$18,667 and 2010: ThUS\$12,685).
- The total depreciation charge amounted to ThUS\$13,202 (2011: ThUS\$11,675 and 2010: ThUS\$ 9,663).
- Total disposal of property, plant and equipment amounted to ThUS\$650 (2011: ThUS\$2,037 and 2010: ThUS\$2,092).

## (13) DEFERRED TAX ASSETS AND LIABILITIES

	<b>Audited 31.12.2012</b>		<b>Reviewed 31.12.2011</b>		<b>Reviewed 31.12.2010</b>	
	<b>Assets ThUS\$</b>	<b>Liabilities ThUS\$</b>	<b>Assets ThUS\$</b>	<b>Liabilities ThUS\$</b>	<b>Assets ThUS\$</b>	<b>Liabilities ThUS\$</b>
<b>Deferred taxes</b>						
Provisions	13,282	–	3,055	–	1,196	–
Inventories	10,700	–	7,929	–	4,729	–
Property, plant and equipment	–	12,814	–	13,512	–	9,864
Intangible assets	–	55,976	–	3,091	–	3,256
Tax losses	7,169	–	752	–	1,145	–
Financial leases	–	1,297	–	842	–	1,467
Others	–	1,119	1,117	–	506	–
<b>Total</b>	<b>31,151</b>	<b>71,206</b>	<b>12,853</b>	<b>17,445</b>	<b>7,576</b>	<b>14,587</b>

The CFR Group has not recognised any deferred tax assets, where management do not believe that the asset is recoverable (i.e. sufficient taxable income in the foreseeable future).

For the purchase of the Lafrancol Group, a deferred tax asset was recognised for ThUS\$5,635 and a deferred tax liability of ThUS\$51,117.

## (14) OTHER FINANCIAL LIABILITIES

	<b>Audited 31.12.2012 ThUS\$</b>	<b>Reviewed 31.12.2011 ThUS\$</b>	<b>Reviewed 31.12.2010 ThUS\$</b>
Bank loans	57,660	43,062	106,837
Bonds issued	436,123	–	–
Finance leases	7,573	5,224	6,049
Other	–	–	193
<b>Total</b>	<b>501,356</b>	<b>48,286</b>	<b>113,079</b>

The financial liabilities above can be analysed as follows:

	<b>Audited 31.12.2012 ThUS\$</b>	<b>Reviewed 31.12.2011 ThUS\$</b>	<b>Reviewed 31.12.2010 ThUS\$</b>
Current	34,941	31,683	96,473
Non-current	466,415	16,603	16,606
<b>Total</b>	<b>501,356</b>	<b>48,286</b>	<b>113,079</b>

- The bonds issued in 2012 financed the acquisition of the Lafrancol Group.
- The bank loans and financial leases are charged varying interest rates from the different bank institutions.
- The bonds mature in 2022 and 2033 and carry an effective interest rate of 4.02% – 5.39% per annum.

#### (15) FINANCE COSTS

Finance costs comprises finance costs from:

	<b>Audited 01.01.2012 31.12.2012 ThUS\$</b>	<b>Reviewed 01.01.2011 31.12.2011 ThUS\$</b>	<b>Reviewed 01.01.2010 31.12.2010 ThUS\$</b>
Bank loans	(9,143)	(8,431)	(6,898)
Financial lease interest	(675)	(533)	(558)
Accretion of defined benefit obligations	(402)	(720)	(243)
Other	(418)	–	–
<b>Total</b>	<b>(10,638)</b>	<b>(9,684)</b>	<b>(7,699)</b>

#### (16) TAXATION

	<b>Audited 31.12.2012 ThUS\$</b>	<b>Reviewed 31.12.2011 ThUS\$</b>	<b>Reviewed 31.12.2010 ThUS\$</b>
Current taxation	(14,987)	(10,261)	(8,696)
Deferred taxation	5,434	2,192	(1,040)
Other	850	369	36
<b>Total</b>	<b>(8,703)</b>	<b>(7,700)</b>	<b>(9,700)</b>
The effective rate of taxation is	10.1%	7.8%	13.1%

The all-in weighted average statutory tax rate for all countries where the Company operates is 9.7%, 10.0%, and 8.9% for 2012, 2011 and 2010, respectively.

The effective rate of taxation differs from the abovementioned statutory rate by an insignificant percentage in 2012. In 2011, deductible share issuance costs for tax purposes were incurred which, for accounting purposes, were netted against equity. In 2010, the effective tax rate was higher due to the ineligibility of certain expenses recorded for accounting purposes to be deducted for tax purposes.

#### (17) CONTINGENCIES

The Company on occasion is subject to certain claims and legal processes which have arisen from the normal course of our business. These claims relate to sales of products, relations with its employees and other commercial or fiscal transactions. The Company considers that it has made the required provisions to cover the probable costs that it may incur in respect to these claims and legal processes. The details of all contingencies have been detailed in the Group consolidated financial statements. The total contingencies as defined by IAS 37: Provisions, Contingent Liabilities and Contingent Assets, as possible, amount to ThUS\$2,186 at 31 December 2012.

## (18) CAPITAL COMMITMENTS

The Group has not made any material purchase commitments as at 31 December 2012.

## (19) EARNINGS PER SHARE

(a) From continuing operations

US\$per share	Audited 31.12.2012	Reviewed 31.12.2011	Reviewed 31.12.2010
<b>Profit from ordinary operations for the financial year to equity holders of the parent companies</b>			
Basic earnings per share	0.009450	0.010823	0.009611
Diluted earnings per share	0.009367	0.011602	0.009611
Basic headline earnings per share	0.009365	0.009402	0.009560
Diluted headline earnings per share	0.009278	0.010080	0.009560

The calculation of basic and diluted earnings per share and basic headline earnings per share is based on the following data:

	Audited 31.12.2012 ThUS\$	Reviewed 31.12.2011 ThUS\$	Reviewed 31.12.2010 ThUS\$
Profit for the financial year attributable to equity holders of the parent companies	79,566	91,084	64,587
Profit and disposal of associate company	–	(11,800)	–
Loss/(profit) on disposal of property, plant and equipment	(270)	(2,031)	(516)
Loss/(profit) on sale of available for sale assets	(712)	712	–
Taxation impact	229	1,166	174
<b>Total headline earnings</b>	<b>78,813</b>	<b>79,131</b>	<b>64,245</b>

	Number of shares		
	Audited 31.12.2012	Reviewed 31.12.2011	Reviewed 31.12.2010
Basic number of ordinary shares outstanding <sup>(1)</sup>	8,416,000,000	8,416,000,000	6,720,000,000
Effect of dilutive potential shares <sup>(2)</sup>	0.009263	0.010060	0.009540
Diluted number of ordinary shares outstanding	8,494,668,000	7,850,666,667	6,720,000,000

(1) The basic number of ordinary shares outstanding represents the weighted average number in issue for CFR Group for the year net of treasury shares.

(2) Diluted earnings per share is calculated by adjusting weighted average number of ordinary shares in issue, net of treasury shares, on the assumption of conversion of all potentially dilutive shares.

## (20) MOVEMENTS IN NUMBER OF SHARES:

	Number of shares		
	Audited 31.12.2012	Reviewed 31.12.2011	Reviewed 31.12.2010
Opening balance	8,416,000,000	6,720,000,000	6,720,000,000
Shares issued	–	1,696,000,000	–
<b>Total shares at respective year-end</b>	<b>8,416,000,000</b>	<b>8,416,000,000</b>	<b>6,720,000,000</b>

(21) **DIVIDENDS**

	<b>Audited 31.12.2012</b>	<b>Reviewed 31.12.2011</b>	<b>Reviewed 31.12.2010</b>
Dividends paid (ThUS\$)	30,006	–	26,223
Dividends per share (US\$)	0.00357	–	0.00390

(22) **EVENTS AFTER THE REPORTING DATE:**

At the Company's extraordinary shareholders meeting held on 22 July 2013, the following significant resolutions were decided upon:

- to increase the capital of the Company by US\$750,000,000 through the issue of 3 billion shares; and
- ratify the Company announcement on 3 July 2013 (the following):
  - that the board of the South African company Adcock Ingram Holdings Limited, has accepted the terms of the non-binding offer to purchase from CFR;
  - should negotiations be successful and the acquisition consummated, the price for 100% of Adcock Ingram ordinary shares, other than the Treasury Shares, would amount to ZAR12,560,653,700 or approximately US\$1,256 million. Additionally, debt will be issued of approximately US\$600 million.

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## **INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF CFR AND ITS SUBSIDIARIES INCLUDED IN THE PROSPECTUS**

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THE DIRECTORS  
CFR PHARMACEUTICALS S.A.  
Av. Pedro de Valdivia  
295 Providencia  
Santiago  
Chile

Dear Sirs

### **INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF CFR PHARMACEUTICALS S.A.**

#### **Introduction**

We have audited the historical financial information of *CFR Pharmaceuticals S.A.* (the Company) in respect of the year ended *31 December 2012* set out in Annexure 1, we have reviewed the historical financial information of the Company in respect of the years ended *31 December 2011 and 31 December 2010* set out in Annexure 1 to the combined prospectus and pre-listing statement to be dated on or about 14 November 2013.

The historical financial information in respect of each annual period comprises the *condensed consolidated* statement of financial position as at the year-end date, and the *condensed consolidated* statement of comprehensive income, *condensed consolidated* statement of changes in equity and *condensed consolidated* statement of cash flows for the years then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

#### **Directors' responsibility for the Historical Financial Information**

The company's directors are responsible for the preparation and fair presentation of the historical financial information in accordance with the requirements of the JSE Limited, and for such internal control as the directors determine is necessary to enable the preparation of historical financial information that is free from material misstatement, whether due to fraud or error.

The JSE Limited indicated that the historical financial information in respect of each annual period must be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and to also, as a minimum contain the information required by IAS 34: Interim Financial Reporting.

#### **Auditor's responsibility**

Our responsibility is to express an opinion or conclusion on the historical financial information based on our audit or review.

We conducted our audit of the historical financial information for the year ended *31 December 2012* in accordance with International Standards on Auditing (ISAs) and the reviews of the historical financial information in respect of the years ended *31 December 2011 and 31 December 2010* were conducted in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. Both standards require that we comply with ethical requirements.

We plan and perform the audit to obtain reasonable assurance about whether the historical financial information is 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 auditor's judgment, including the assessment of the risks of material misstatement of the historical financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the historical financial information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the historical financial information.

ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the historical financial information is not prepared in all material respects in accordance with the applicable financial reporting framework. A review of historical financial statements in accordance with this standard consists of making inquiries, 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 the ISAs and consequently does not enable the auditor to obtain assurance that the auditor would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We believe that the evidence we have obtained in our audit or review is sufficient and appropriate to provide a basis for our opinion or conclusion, respectively.

### **Opinion/Conclusion**

In our opinion, the historical financial information in respect of the year ended *31 December 2012* is prepared, in all material respects, in accordance with the requirements of the JSE Limited, as set out in note 2 to the historical financial information.

Based on our review of the historical financial information of the Company in respect of the years ended *31 December 2011 and 31 December 2010*, nothing has come to our attention that causes us to believe that the historical financial information of *CFR Pharmaceuticals S.A.* for the years then ended are not prepared, in all material respects, in accordance with the requirements of the JSE Limited, as set out in note 2 to the historical financial information.

### **Other information in the pre-listing statement**

As required by paragraph 8.53 of the JSE Listings Requirements, we have read the *combined prospectus and pre-listing statement* in which the historical financial information is contained, for the purpose of identifying whether there are material inconsistencies between the *combined prospectus and pre-listing statement* and the historical financial information which has been subject to audit or review. The *combined prospectus and pre-listing statement* is the responsibility of the directors. Based on reading the *combined prospectus and pre-listing statement* we have not identified material inconsistencies between this report and the historical financial information which has been subject to audit or review. However, we have not audited the *combined prospectus and pre-listing statement* and accordingly do not express an opinion on it.

We have not audited or reviewed the interim financial information in respect of the six months ended *30 June 2013* and accordingly do not express an opinion on it.

### **Consent**

We consent to the inclusion of this report, which will form part of the *combined prospectus and pre-listing statement* to the shareholders of *Adcock Ingram Holdings Limited*, to be issued on or about 14 November 2013, in the form and context in which it appears.

### **Deloitte & Touche**

*Registered Auditor*

Per: *Bronwyn Kilpatrick*

*Partner*

5 November 2013

Deloitte & Touche  
Deloitte Place  
The Woodlands  
Woodlands Drive  
Woodmead, 2196

National Executive: LL Bam Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit DL Kennedy Risk Advisory NB Kader Tax TP Pillay Consulting K Black Clients & Industries JK Mazzocco Talent and Transformation CR Beukman Finance M Jordan Strategy S Gwala Special Projects TJ Brown Chairman of the Board MJ Comber Deputy Chairman of the Board

A full list of partners and directors is available on request

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CFR'S FINANCIAL POSITION AS AT 30 JUNE 2013 AND 31 DECEMBER 2012 (IN THOUSANDS OF US DOLLARS, THUS\$)

Shareholders are referred to the CFR Group interim financial statement for the period of six and three months ended 30 June 2013 and 2012 in accordance with International Financial Reporting Standards (IFRS).

The Company earned a Gain attributable to the owners of the parent of ThUS\$51,647 (ThUS\$33,369 for 2012) and ThUS\$32,030 (ThUS\$16,966 for 2012) for the six and three-month periods ended 30 June 2013.

### Going concern

The condensed consolidated interim financial statements for the six and three-months period ended 30 June 2013 were prepared on the going concern basis. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The directors of CFR believe the necessary funds are available for operations.

### Board of Directors

The Directors of the Company during the year and to the date of this report are as follows:

Name	Title	Independent	Board member since
Alejandro Kostia Nicolás Weinstein Crenovich	President	No (*)	2010
Juan Antonio Guzmán Molinari	Director	Yes	2011
Nicolás Francisco Weinstein Manieu	Director	No	2010
Juan Cruz Domingo Bilbao Hormaeche	Director	No	2011
Guillermo Arturo Tagle Quiroz	Director	No	2011
Alberto Eguiguren Correa	Director	No	2011
Eliahu Shohet	Director	No	2011

(\*) Majority shareholder

### Holding company

CFR operates under listed company structure. CFR is the holding company of the CFR Group.

The Company was registered under No. 1067 in the Securities Registry on 21 February 2011 of the Superintendency of Securities and Insurance (in Chile).

### Directors' responsibility statement

The directors of CFR are responsible for the preparation of the condensed consolidated interim financial statements for the six-month period ended 30 June 2013, in accordance with applicable laws and regulations.

Company law requires the directors of CFR to prepare condensed consolidated financial statements in accordance with IFRS for each financial period giving a true and fair view of CFR's state of affairs at the end of the period and profit and loss for the period.

In preparing the Company's condensed consolidated interim financial statements, International Accounting Standard 1, Presentation of Financial Statements, requires that the directors of CFR:

- properly select and consistently apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosure when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

## **Report on the condensed consolidated interim financial statements**

These condensed consolidated interim financial statements have been prepared under the supervision of the CFR Group's chief financial officer, Patricio Vargas M.

The board of directors of CFR confirms that to the best of its knowledge the condensed consolidated interim financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit and loss of CFR, for the six-month period ended 30 June 2013 and for the profit and loss for the three-month period ended 30 June 2013.

The Company's financial statements, and related notes were approved by the board of directors of CFR and authorised for issue on 9 August 2013 and were signed on its behalf by:

Alejandro Weinstein Crenovich  
*President of Board*

Nicolas Weinstein Manieu  
*Director*

Guillermo Tagle Quiroz  
*Director*

Eliahu Shohet  
*Director*

Juan Antonio Guzman Molinari  
*Director*

Juan Cruz Domingo Bilbao Hormaeche  
*Director*

Alberto Eguiguren Correa  
*Director*

**Condensed Consolidated Interim Statements of Financial Position As at 30 June 2013 and 31 December 2012 (in thousands of United States Dollars, ThUS\$)**

	Notes	Unaudited 30.06.2013 ThUS\$	Audited 31.12.2012 ThUS\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	118,199	150,501
Other financial assets		2,691	6,650
Other non-financial assets		5,713	3,124
Trade and other receivables		203,684	196,545
Trade receivables with related entities	8	1,421	706
Inventories	9	164,157	149,620
Tax assets		27,329	22,804
<b>Total current assets</b>		<b>523,194</b>	<b>529,950</b>
<b>Non-current assets</b>			
Other financial assets		8,130	5,921
Other non-financial assets		1,306	1,819
Collection rights		1,836	1,814
Accounts receivables with related entities	8	6,442	6,744
Investments in associates and joint venture companies		55,437	53,269
Intangible assets other than goodwill	10	160,422	167,716
Goodwill	11	444,974	485,420
Property, plant and equipment	12	183,673	200,757
Deferred tax assets	13	29,181	31,151
Total non-current assets		891,401	954,611
<b>Total assets</b>		<b>1,414,595</b>	<b>1,484,561</b>

**Condensed Consolidated Interim Statements of Financial Position As at 30 June 2013 and 31 December 2012 (in thousands of United States dollars, ThUS\$)**

	Notes	Unaudited 30.06.2013 ThUS\$	Audited 31.12.2012 ThUS\$
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Other financial liabilities	14	38,089	34,941
Trade and other accounts payable		106,831	115,884
Trade payables with related entities	8	11,664	19,873
Other provisions		7,894	8,874
Tax liabilities		14,256	8,014
Provisions for employee benefits		11,315	12,256
Other non-financial liabilities		2,448	489
<b>Total current liabilities</b>		<b>192,497</b>	<b>200,331</b>
<b>Non-current liabilities</b>			
Other financial liabilities	14	455,365	466,415
Other accounts payable		53	1
Other provisions		17,834	18,382
Deferred tax liabilities		69,785	71,206
Provisions for employee benefits		6,571	7,210
Other non-financial liabilities		1,992	1,605
<b>Total non-current liabilities</b>		<b>551,600</b>	<b>564,819</b>
<b>Equity</b>			
Issued share capital		525,294	525,294
Retained income		258,821	224,215

	<b>Unaudited 30.06.2013 ThUS\$</b>	<b>Audited 31.12.2012 ThUS\$</b>
Other reserves	(122,625)	(41,526)
Total shareholders' funds	661,490	707,983
Non-controlling interest	7,461	11,428
<b>Total equity</b>	<b>668,951</b>	<b>719,411</b>
<b>Total equity and liabilities</b>	<b>1,414,595</b>	<b>1,484,561</b>

**Condensed Consolidated Interim Statement of Comprehensive Income For the six-month and three-month periods ended 30 June 2013 and 2012 (Unaudited) (in thousands of United States dollars, ThUS\$)**

	Notes	<b>01.01.2013 30.06.2013 ThUS\$</b>	<b>01.04.2013 30.06.2013 ThUS\$</b>	<b>01.01.2012 30.06.2012 ThUS\$</b>	<b>01.04.2012 30.06.2012 ThUS\$</b>
Revenue		374,034	206,791	272,807	150,869
Cost of sales		(109,102)	(61,857)	(83,202)	(46,765)
Gross profit		264,932	144,934	189,605	104,104
Administrative expenses		(177,626)	(95,109)	(147,549)	(77,236)
Distribution expenses		(9,772)	(5,345)	(8,574)	(4,759)
Other income/(losses)		(3)	(140)	922	74
Total income from operations		77,531	44,340	34,404	22,183
Financial income		888	323	1,368	632
Financial costs	15	(15,165)	(7,580)	(4,193)	(1,926)
Share in income/(loss) of associates and joint ventures under the equity method		4,576	235	2,716	(3,033)
Exchange rate differences		(9,329)	(3,197)	(675)	114
Adjustments unit results		2,508	2,165	135	54
Income before income taxes		61,009	36,286	33,755	18,024
Income taxes	16	(11,673)	(5,261)	(2,992)	(2,230)
Gains/(losses) from continuing operations		49,336	31,025	30,763	15,794
Gains/(losses) from discontinued operations		–	–	–	–
<b>Net income</b>		<b>49,336</b>	<b>31,025</b>	<b>30,763</b>	<b>15,794</b>
<b>Earnings/(loss) attributable to:</b>					
Owners of the Company		51,647	32,030	33,369	16,966
Non-controlling interest		(2,311)	(1,005)	(2,606)	(1,172)
<b>Net income</b>		<b>49,336</b>	<b>31,025</b>	<b>30,763</b>	<b>15,794</b>
<b>Income per share</b>					
<b>Basic net income per share:</b>					
Basic net income/(loss) per share from continuing operations		0.006137	0.003806	0.003960	0.002000
Basic net income/(loss) per share from discontinued operations		–	–	–	–
Basic net income/(loss) per share		0.006137	0.003806	0.003960	0.002000
<b>Diluted net income per share:</b>					
Diluted net income/(loss) per share from continuing operations		0.006082	0.003773	0.003940	0.002000
Diluted net income/(loss) per share from discontinued operations		–	–	–	–
Diluted net income/(loss) per share		0.006082	0.003773	0.003940	0.002000

**Condensed Consolidated Interim Statement of Comprehensive Income for the period ended 30 June 2013 and 2012 (in thousands of United States dollars, ThUS\$)**

	30.06.2013 ThUS\$	30.06.2013 ThUS\$	30.06.2012 ThUS\$	30.06.2012 ThUS\$
<b>Statement of comprehensive income</b>				
Net income for the year	49,336	31,025	30,763	15,794
<b>Components of other comprehensive income not reclassified to income for the period, before taxes:</b>				
Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	146	202	–	–
Total other comprehensive income not reclassified to income for the period, before taxes	146	202	–	–
<b>Components of other comprehensive income reclassified to income for the period, before taxes:</b>				
<b>Exchange differences on translation:</b>				
Gains from exchange differences on translation, before taxes	(84,473)	(54,758)	8,594	(6,795)
<b>Other comprehensive income, before tax, foreign currency translation difference</b>	<b>(84,473)</b>	<b>(54,758)</b>	<b>8,594</b>	<b>(6,795)</b>
<b>Financial assets available for sale:</b>				
Gain/(loss) on remeasurement financial assets available for sale, before taxes	1,542	1,542	–	–
Other comprehensive income, before tax, financial assets available for sale	1,542	1,542	–	–
Total other comprehensive income reclassified to income for the period, before taxes	(82,931)	(53,216)	8,594	(6,795)
<b>Income tax related to components of other comprehensive income reclassified to income for the period:</b>				
Income taxes related to financial assets available for sale of other comprehensive	(338)	(349)	–	–
Total income taxes related to components of other comprehensive income reclassified to income for the period	(338)	(349)	–	–
<b>Other comprehensive income</b>	<b>(83,123)</b>	<b>(53,363)</b>	<b>8,594</b>	<b>(6,795)</b>
<b>Total comprehensive income</b>	<b>(33,787)</b>	<b>(22,338)</b>	<b>39,357</b>	<b>8,999</b>
<b>Comprehensive income attributable to:</b>				
Owners of the company	(29,820)	(19,899)	42,026	11,564
Non-controlling interests	(3,967)	(2,439)	(2,669)	(2,565)
<b>Total comprehensive income</b>	<b>(33,787)</b>	<b>(22,338)</b>	<b>39,357</b>	<b>8,999</b>

Condensed Consolidated Interim Statements of Changes in Net Equity For the six-month periods ended 30 June, 2013 and 2012 (Unaudited)  
(in thousands of United States Dollars, ThUS\$)

	Paid-up capital ThUS\$	Revaluation surplus ThUS\$	Reserves for exchange differences on translation ThUS\$	Reserves for revaluation of financial assets available for sale ThUS\$	Other reserves ThUS\$	Total other reserves ThUS\$	Retained earnings/(losses) ThUS\$	Equity attributable to owners of the Company ThUS\$	Non-controlling interests ThUS\$	Total equity ThUS\$
Opening balance at 01/01/2013	525,294		33,379	2,717	(77,622)	(41,526)	224,215	707,983	11,428	719,411
Restated initial balance	525,294		33,379	2,717	(77,622)	(41,526)	224,215	707,983	11,428	719,411
Comprehensive income	-	-	-	-	-	-	-	-	-	-
Earnings/(losses)	-	-	-	-	-	-	51,647	51,647	(2,311)	49,336
Actuarial revenue or losses reserves on defined-benefit plans	-	-	-	-	-	117	-	117	-	117
Other comprehensive income	-	-	(82,817)	1,233	-	(81,584)	-	(81,584)	(1,656)	(83,240)
Comprehensive income	-	-	(82,817)	1,233	117	(81,487)	51,647	(29,820)	(3,967)	(33,787)
Capital increase	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) for changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(15,494)	(15,494)	-	(15,494)
Increase/(decrease) on transfers and other changes	-	-	-	-	368	368	-	368	-	368
Total increase/(decrease) in equity	-	-	(82,817)	1,233	485	(81,099)	36,153	(44,946)	(3,967)	(48,913)
Closing balance at 30/06/2013	525,294	-	(49,438)	3,950	(77,137)	(122,625)	260,368	663,037	7,461	670,498

**Condensed Consolidated Interim Statements of Changes in Net Equity For the six-month periods ended 30 June 2013 and 2012 (Unaudited) (in thousands of United States dollars, ThUS\$)**

	Paid-up capital ThUS\$	Revaluation surplus ThUS\$	Reserve for exchange differences on translation ThUS\$	Reserves for revaluation of financial assets available for sale ThUS\$	Other reserves ThUS\$	Total other reserves ThUS\$	Retained earnings (losses) ThUS\$	Equity attributable to owners of the Company ThUS\$	Non-controlling interests ThUS\$	Total equity ThUS\$
Opening balance at 01/01/2012	525,294	-	34,666	-	(78,161)	(43,495)	170,906	652,705	12,772	665,477
Restated initial balance	525,294	-	34,666	-	(78,161)	(43,495)	170,906	652,705	12,772	665,477
Comprehensive income	-	-	-	-	-	-	-	-	-	-
Earnings/(losses)	-	-	-	-	-	-	33,369	33,369	(2,606)	30,763
Other comprehensive income	-	-	8,657	-	-	8,657	-	8,657	(63)	8,594
Comprehensive income	-	-	8,657	-	-	8,657	33,369	42,026	(2,669)	39,357
Capital increase	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) for changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(11,012)	(11,012)	-	(11,012)
Increase/(decrease) on transfers and other changes	-	-	-	-	176	176	-	176	-	176
Total increase/(decrease) in equity	-	-	8,657	-	176	8,833	22,357	31,190	(2,669)	28,521
Closing balance at 30/06/2012	525,294	-	43,323	-	(77,985)	(34,662)	193,263	683,895	10,103	693,998

**Condensed Consolidated Interim Statements of Cash Flows For the six-month periods ended 30 June 2013 (Unaudited) and 30 June 2012 (in thousands of United States Dollars, ThUS\$)**

		<b>Unaudited 01-01-2013 30-06-2013 ThUS\$</b>	<b>Unaudited 01-01-2012 30-06-2012 ThUS\$</b>
<b>Statements of cash flows, direct</b>	Note		
<b>Cash flows provided by (used in) operating activities</b>			
<b>Classes of receipts from operating activities</b>			
Receipts from sales of goods and services		390,064	296,951
Receipts from premiums and claims, annuities and other benefits from policies subscribed		47	–
<b>Classes of payments</b>			
Payments to suppliers for the supply of goods and services		(236,943)	(157,168)
Payments to and on behalf of employees		(101,850)	(76,678)
Payments for premiums and claims, annuities and other obligations under the policies subscribed		(60)	–
Other payments for operating activities		(2,317)	(23,180)
Net cash flow provided by (used in) operating activities		48,941	39,925
Interest paid		(14,086)	(4,193)
Interest received		1,025	958
Income tax refunded		(11,519)	(6,735)
Other cash inflows		44	(3,483)
<b>Net cash flow provided by (used in) operating activities</b>		<b>24,405</b>	<b>26,472</b>
<b>Cash flows/(used in) investment activities</b>			
Cash flows used in purchasing non-controlling interests		(1,061)	(11,771)
Other proceeds of sales of equity or debt instruments of other entities		–	(874)
Loans to related entities		–	410
Proceeds from sale of property, plant and equipment		1,393	–
Purchases of property, plant and equipment		(5,476)	(15,878)
Proceeds from sale of intangible assets		(9)	–
Purchases of intangible assets		(4,794)	(677)
Payments from forward, term, option and financial swap contracts		(70)	–
Dividends received		–	357
Other cash inflows (outflows)		(574)	–
<b>Net cash flow used in investment activities</b>		<b>(10,591)</b>	<b>(28,433)</b>
<b>Cash flows provided by/(used in) financing activities</b>			
<b>Proceeds from loans</b>			
Proceeds from long-term loans		11,727	–
Proceeds from short-term loans		(942)	(1,043)
Repayments of loans		(10,762)	–
Payments of financial lease obligations		(2,166)	–
Dividends paid		(26,258)	(30,006)
Interest received		70	–
Other cash inflows (outflows)		(145)	–
<b>Net cash flow used in financing activities</b>		<b>(28,476)</b>	<b>(31,049)</b>
<b>Net increase (decrease) in cash and cash equivalents before the effect of changes in the exchange rate</b>		<b>(14,662)</b>	<b>(33,010)</b>
<b>Effects of changes in exchange rate on cash and cash equivalents</b>			
Effects of changes in exchange rate on cash and cash equivalents		(17,640)	12,227
Net increase (decrease) in cash and cash equivalents		(32,302)	(20,783)
<b>Cash and cash equivalents at beginning of period</b>	7	<b>150,501</b>	<b>258,655</b>
<b>Cash and cash equivalents at end of period</b>	7	<b>118,199</b>	<b>237,872</b>

## **Notes to the Condensed Consolidated Interim Financial Statements For the six-month and three-month period ended 30 June 2013 (unaudited)**

### **(1) ENTITY REPORTING**

#### **(a) General Information**

These condensed consolidated interim financial statements reflect the relevant information from the unaudited condensed consolidated interim financial statements at and for the six-month and three-month periods ended 30 June 2013 and 30 June 2012, which are filed with the Superintendency of Securities and Insurance (in Chile), and on CFR's website: [www.cfr-corp.com](http://www.cfr-corp.com)

In CFR management's opinion, these notes provide sufficient information for readers, but in less detail than that contained in the stand-alone and consolidated financial statements filed with the Superintendency of Securities.

#### **(b) Seasonality**

Seasonality of the Company's operations has no significant impact on the condensed consolidated interim financial statements.

#### **(c) Description of main operations and activities**

CFR is a leading pharmaceutical company in Latin America with operations in 15 countries in the region (principally Chile, Peru, Argentina and Colombia) and other emerging and niche markets.

It has fourteen production facilities in Chile, Argentina, Colombia, Peru and Canada, with the capacity to produce solids, creams, ointments and liquids, which enables it to manufacture products that meet rigorous quality parameters.

The Company's segments are as described below:

##### **Specialty Pharma**

Specialty Pharma focuses in chronic, semi-chronic and acute medications, sold mainly in pharmacies and by prescription.

##### **Complex Therapeutics**

Mainly due to the kind of diseases that this area treats, this segment is focused on customers such as government institutions, hospitals, private clinics and institutions dedicated to complex treatments. The drugs included in this line of business require more stringent control measures to ensure the quality of finished products.

##### **Health and Wellness**

This segment specialises in the sale of responsible self-medication and pharmaceutical recommended products, including nutrition, dermocare, nutritional supplements and homeopathic medicines. It has a wide range of products for personal care, well-being and beauty, including sweeteners, energisers, dermo-cosmetics, cosmetics, anti-allergy, weight reducers, dental products, vitamins and triglyceride level regulators.

##### **Other**

Includes those products that are not classifiable within the previous three segments; among others is CFR's veterinary medicine division.

### **(2) BASIS OF PRESENTATION**

#### **(a) Condensed consolidated interim financial statements**

The information contained in these condensed consolidated interim financial statements is the responsibility of the Company's Board of Directors, which expressly states that it has applied all the principles and criteria included in IFRS as issued by the IASB and approved by the Board at its meeting held on 9 August 2013.

These condensed consolidated interim financial statements have been prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS; the interpretations adopted by the IASB and include disclosures as required by IAS 34: Interim Financial Reporting.

The condensed consolidated interim financial statements have been prepared using accounting policies that comply with IFRS and are consistent with those applied in the financial statements for period ended 31 December 2012, with the exception of the adoption of amendment to IAS 19: Employee Benefits.

These condensed consolidated interim financial statements have been prepared based on the accounting records kept by the Company and its subsidiaries. Each entity prepares its financial statements following the accounting principles and criteria in force in their respective countries, and subsequently the necessary adjustments and reclassifications are made in the consolidation process to standardise such principles and criteria and bring them into line with IFRS.

(b) **Functional and reporting currency**

The functional currency of CFR and subsidiaries is the currency of the main economic environment in which they operate. Transactions other than those performed in the entity's functional currency are translated at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in currencies other than the functional one are translated at the period-end exchange rates. Gains or losses from transactions in currencies other than the functional currency are booked to results in the net gains and losses of the period within other financial items.

The functional currency of CFR and some of its subsidiaries is the US Dollar. In the consolidation, the financial statements of the foreign and Chilean subsidiaries whose functional currency is other than the US Dollar, have been translated using the methodology stipulated in IAS 21: The Effects a Change in Foreign Exchange Rates. The financial statements of the subsidiary in Venezuela, which is considered to be a hyperinflationary economy, are converted by restating such financial statements in the unit of measure current at the date of presentation of the information and translating them at the respective period-end exchange rate, in accordance with IAS 29: Financial Reporting in Hyperinflationary Economies.

(c) **Basis of consolidation**

The consolidated financial statements include the assets, liabilities, results and cash flows of the Company and its subsidiaries. The balances and effects of significant transactions between the companies comprising the consolidated group have been eliminated, as well as unrealised income, and the participation of minority interests has been booked in the statements of financial position and of comprehensive results, as non-controlling interests.

(3) **NEW ACCOUNTING PRONOUNCEMENTS**

- (a) The following new standards and interpretations have been adopted in these condensed consolidated financial statements:

<b>Amendments to IFRS</b>	<b>Date of obligatory application</b>
NIC 1 Presentation of Financial Statements – Presentation of items of Other Comprehensive Income	Annual periods beginning on or after 1 July 2012
IFRS 7, <i>Financial Instruments: Disclosures</i> – <i>Transfers of financial assets</i>	Annual periods beginning on or after 1 January 2013
<b>New or revised standards</b>	<b>Date of obligatory application</b>
IFRS 10, <i>Consolidated financial statements</i>	Annual periods beginning on or after 1 January 2013
IFRS 11, <i>Joint agreements</i>	Annual periods beginning on or after 1 January 2013
IFRS 12, <i>Disclosures of participations of other entities</i>	Annual periods beginning on or after 1 January 2013
IFRS 13, <i>Measurement of fair value</i>	Annual periods beginning on or after 1 January 2013
IAS 19, <i>Employee benefits</i>	Annual periods beginning on or after 1 January 2013
IAS 27 (2011) <i>Separate financial statements</i>	Annual periods beginning on or after 1 January 2013
IAS 28 (2011) <i>Investments in associates and joint ventures</i>	Annual periods beginning on or after 1 January 2013

<b>New interpretations</b>	<b>Date of obligatory application</b>
IFRIC 20, <i>Stripping costs in the production phase of a surface mine</i>	Annual periods beginning on or after 1 January 2013

The application of these standards has had no significant impact on the amounts reported in these financial statements, but they could affect the booking of future transactions or agreements.

- (b) The following new standards and interpretations have been issued, but their application date is not yet in force:

<b>New IFRS</b>	<b>Date of obligatory application</b>
IFRS 9, <i>Financial statements</i>	Annual periods beginning on or after 1 January 2015

<b>Amendments</b>	<b>Date of obligatory application</b>
IAS 32, <i>Financial instruments: Presentation – Clarification of requirements for netting financial assets and liabilities</i>	Annual periods beginning on or after 1 January 2014

Investment Entities – <i>Amendments to IFRS 10: Consolidated Financial Statements, IFRS 12: Disclosure of Interests in Other Entities and IAS 27: Separate Financial Statements</i>	Annual periods beginning on or after 1 January 2014
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IAS 36, <i>Impairment of Assets</i>	Annual periods beginning on or after 1 January 2014
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IAS 39, <i>Financial Instruments: Recognition and Measurement – Novation of Derivates and Continuation of Hedge Accounting</i>	Annual periods beginning on or after 1 January 2014
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<b>New interpretations</b>	<b>Date of obligatory application</b>
IFRIC 21, <i>Levies</i>	Annual periods beginning on or after 1 January 2014

CFR management has assessed the application and impact of these new standards, amendments and interpretations, and has concluded that the new standards do not have a significant impact on the financial statements of the Company.

#### (4) ACCOUNTING POLICY CHANGES

On 1 January 2013, based on instructions from the Superintendency of Securities and Insurance (in Chile), the Company changed the presentation of their statements of cash flow from the indirect method to the direct method and adopted amendment to IAS 19: Employee Benefits.

#### (5) INFORMATION BY SEGMENT

##### (a) Segmentation criteria

In carrying out its activities, CFR is structured based on the typical activities of the pharmaceutical sector; it has therefore determined the following relevant segments:

- Specialty Pharma
- Complex Therapeutics
- Health & Wellness
- Others

The products and services provided by each segment are strictly related to each line of the Company's business, whose activities are described in Note 1.

The segments indicated serve as a basis for the Board of Directors' decision-making. As the parent, CFR defines ordinary revenue as that generated by sales of its products and related services.



The detail of the eliminations of transactions between related parties as of 30 June 2013 and 2012 is as follows:

	Unaudited 30 June 2013		Unaudited 30 June 2012		Total ThUS\$	Chile ThUS\$	International ThUS\$	Consolidated ThUS\$	Total ThUS\$	
	Chile ThUS\$	International ThUS\$	International ThUS\$	Consolidated ThUS\$						
Adjustments sales	252	168,442	–	101,416	168,694	1,098	101,416	–	102,514	
Adjustments costs	28	133,727	4,472	78,856	138,227	1,098	78,856	1,410	81,364	
<b>(b) Sales by geographic zones (countries)</b>										
Country	Unaudited 30.06.2013 ThUS\$		Unaudited 30.06.2012 ThUS\$		Unaudited 30.06.2013 ThUS\$		Unaudited 30.06.2012 ThUS\$		Unaudited 30.06.2012 ThUS\$	
Argentina					49,140		50,218		50,218	
Bolivia					7,480		7,033		7,033	
Chile					85,716		79,645		79,645	
Colombia					107,778		26,454		26,454	
Central America					11,922		8,127		8,127	
Ecuador					10,294		15,649		15,649	
Paraguay					5,410		3,960		3,960	
Perú					62,844		52,583		52,583	
Venezuela					27,163		22,935		22,935	
Canada					2,948		2,533		2,533	
Other countries (*)					3,339		3,670		3,670	
<b>Total net sales from normal activities</b>					<b>374,034</b>		<b>272,807</b>		<b>272,807</b>	

(\*) At 30 June 2013 the other countries are Vietnam, Mexico, Thailand and Brazil.

## (6) ACQUISITIONS OF SUBSIDIARIES, ASSOCIATES AND NON-CONTROLLING INTERESTS

(a) The Group has not made any acquisitions during 2013.

(b) Acquisitions during 2012:

- On 11 December 2012, CFR International (subsidiary of CFR Pharmaceuticals S.A.) acquired 100% of the shares of Lafrancol Group, comprised the following:
  - Doral Investments
  - Lafrancol S.A.S.
  - Lafrancol International S.A.S.
  - Lafrancol Peru SRL
  - Lafrancol Guatemala S.A.
  - Lafrancol Ecuador S.A.
  - Lafrancol Dominican Republican S.A.
  - American Generics S.A.S.
  - Naturmedik S.A.S.
  - Uquifa S.A.S.
  - Focus S.A.S.
  - Pauly Pharmaceuticals S.A.S.

The purchase consideration, per the purchase agreement, amounted to ThUS\$562,000, less some adjustments for bank debt, related balances and minimum working capital, leaving a net amount consideration of ThUS\$541,133. This transaction has been recognised as a business combination, in accordance with IFRS3: Business Combinations. Goodwill amounting to ThUS\$427,043 and intangibles amounting to ThUS\$139,513 were recognised as a result of this acquisition.

The fair value of the identifiable assets and liabilities of Lafranco Group (acquired in December, 2012) representing the finalised purchase price allocation as finalised approved in April 2013 were:

<b>Statement of financial position</b>	<b>11-12-2012 ThUS\$ Fair value</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash and cash equivalents	8,606
Other current financial assets	449
Other current non-financial assets	542
Trader and other accountant receivable	39,848
Accounts due from related entities	36
Inventories	14,951
Current tax assets	4,033
<b>Total current assets</b>	<b>68,465</b>
<b>Non-current assets</b>	
Other non-current non-financial assets	476
Trade and other accountant receivable	490
Intangibles assets	139,513
Property, plant and equipment	33,753
Deferred tax assets	11,889
<b>Total non-current assets</b>	<b>186,105</b>
<b>Total assets</b>	<b>254,570</b>

	<b>11-12-2012</b> <b>ThUS\$</b> <b>Fair value</b>
<b>Statement of financial position</b>	
<b>Equity and liabilities</b>	
<b>Liabilities</b>	
<b>Current liabilities</b>	
Other financial liabilities	14,247
Trade and other payables	31,648
Accounts due to related entities	4,677
Other provisions	13
Current tax liabilities	3,140
Provisions for employee benefits	2,712
<b>Total current liabilities</b>	<b>56,437</b>
<b>Non-current liabilities</b>	
Other financial liabilities	13,724
Other provisions	16,970
Deferred tax liabilities	52,189
Provisions for employee benefits	1,159
<b>Total non-current liabilities</b>	<b>84,042</b>
<b>Total liabilities</b>	<b>140,479</b>
<b>Equity</b>	
Total equity before excluding non-controlling interest	<b>114,091</b>
Non-controlling interest	–
<b>Total equity</b>	<b>114,091</b>
<b>Total equity and liabilities</b>	<b>254,570</b>
Total identifiable net assets at fair value	<b>114,091</b>
Goodwill arising from the acquisition	<b>427,043</b>
<b>Consideration transferred for the purchase</b>	<b>541,134</b>
Net cash received by the subsidiary (including cash flow investing activities)	<b>8,606</b>
Payment made in cash	<b>(541,134)</b>
<b>Net cash disbursement</b>	<b>(532,528)</b>

(c) Disposals of subsidiaries and joint venture companies

For the six-month period ended 30 June 2013, the Company has not made any disposals.

## (7) CASH AND CASH EQUIVALENTS

	<b>Unaudited</b> <b>30.06.2013</b> <b>ThUS\$</b>	<b>Audited</b> <b>31.12.2012</b> <b>ThUS\$</b>
Cash	1,328	1,853
Balances in banks	33,451	38,488
Deposits of less than 90 days	38,276	70,169
Short-term fixed-income mutual funds <sup>(1)</sup>	45,144	37,975
Other	–	2,016
<b>Total</b>	<b>118,199</b>	<b>150,501</b>

(1) Fixed-income mutual funds have been included as they do not present a significant risk in their valuation.

**(8) BALANCES WITH RELATED ENTITIES****(a) Trade receivables with related entities**

Tax number	Company	Relationship	Currency	30.06.2013		31.12.2012	
				Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$
Foreign	Allergy Therapeutics plc <sup>(1)</sup>	Associate	Dollars	–	6,434	–	6,735
Foreign	Domesco Medical Imports Joint Stock	Associate	Dollars	1,312	–	581	–
99.582.360-8	Karakoram Chile	Subsidiary of shareholder	Chilean Pesos	103	–	102	–
99.540.790-6	Talpiot Investments S.A.	Shareholder parent	Chilean Pesos	6	–	6	–
	Others	–	Others	–	8	17	9
<b>Total</b>				<b>1,421</b>	<b>6,442</b>	<b>706</b>	<b>6,744</b>

(1) Relate to loans to Allergy Therapeutics plc granted in 2012 with a term of 24 months and interest accruing at 3% per annum.

**(b) Accounts payables with related entities**

Tax number	Company	Relationship	Currency	30.06.2013		31.12.2012	
				Current ThUS\$	Non-current ThUS\$	Current ThUS\$	Non-current ThUS\$
76.134.041-7	Inversiones Quark Ltda. <sup>(1,2)</sup>	Shareholder	Chilean Pesos	923	–	1,565	–
76.105.899-1	Fondo de Inversión Privado Sancata <sup>(1,2)</sup>	Shareholder	Chilean Pesos	–	–	–	–
76.131.953-1	Inversiones Photon Ltda <sup>(2)</sup>	Shareholder	Chilean Pesos	8,206	–	14,000	–
76.131.979-5	Inversiones Quantum Ltda <sup>(2)</sup>	Shareholder	Chilean Pesos	2,155	–	3,653	–
Foreign	Allergy Therapeutics <sup>(3)</sup>	Associate	Dollars	367	–	329	–
–	Others	–	Others	13	–	326	–
<b>Total</b>				<b>11,664</b>	<b>–</b>	<b>19,873</b>	<b>–</b>

(1) All the companies with tax numbers are companies incorporated in Chile.

(2) Relate to all minimum dividends provided for as of 30 June 2013 and 31 December 2012, less the dividends paid in corresponding periods.

(3) Purchases of finished products.

(9) **INVENTORIES**

Inventories comprise the following:

	<b>Unaudited 30.06.2013</b>	<b>Audited 31.12.2012</b>
	ThUS\$	ThUS\$
Raw materials	48,212	44,120
Consumables	20,224	20,927
Work in progress	11,005	9,445
Finished products	68,485	63,814
Goods in transit	16,231	11,314
<b>Total</b>	<b>164,157</b>	<b>149,620</b>

- The cost of inventories is adjusted against results when this exceeds their net realisable value. For this purpose, net realizable value is understood to be the estimated sale price in the normal course of business, less all estimated costs to be incurred in the trading, selling and distribution processes. As of 30 June 2013 and 31 December 2012 the inventories have been adjusted by ThUS\$15,820 and ThUS\$15,529 (of which ThUS\$4,147 relates to the Lafrancol (Group)), respectively.
- As of 31 December 2012, net inventories have been incorporated of ThUS\$14,951 as a result of the take-over of the Lafrancol Group.
- Inventory balances are not subject to guarantees, pledges or restrictions of any kind.

(10) **INTANGIBLE ASSETS OTHER THAN GOODWILL**

	<b>Unaudited 30.106.2012</b>	<b>Audited 31.12.2012</b>
	ThUS\$	ThUS\$
Patents and records	7,698	7,880
Brands finite useful life	9,161	9,665
Brands with an indefinite useful life	49,154	49,928
Computer programs	6,916	4,254
Customer portfolio	79,046	88,742
Product developments	8,447	7,247
<b>Total</b>	<b>160,422</b>	<b>167,716</b>

The intangible assets increased significantly in 2012 as a result of the acquisition of the Lafrancol Group in December 2012 (Refer to note 6). The intangible assets that arose from this business combination relate to the following:

	<b>31.12.2012</b>
	ThUS\$
Brand	48,873
Principal products	8,730
Customer portfolio	81,910
<b>Total</b>	<b>139,513</b>

## (11) GOODWILL

The movement in goodwill at 30 June 2013 and 31 December 2012 is as follows:

<b>Movement</b>	<b>Unaudited 30.06.2013 ThUS\$</b>	<b>Audited 31.12.2012 ThUS\$</b>
Opening balance	485,420	60,831
Additions <sup>(1)</sup>	–	427,043
Translation effect <sup>(2)</sup>	(40,446)	(2,454)
<b>Closing balance</b>	<b>444,974</b>	<b>485,420</b>

(1) The large goodwill arising in the 2012 financial year is a result of the Lafrancol Group acquisition.

(2) As required by IFRS, the Company controls goodwill in the functional currency of the respective subsidiaries and records the respective translation adjustment in "other reserves" in equity (refer to note 6).

## (12) PROPERTY, PLANT AND EQUIPMENT

The breakdown of this item is as follows:

	<b>Unaudited 30.06.2013 Net book value ThUS\$</b>	<b>Audited 31.12.2012 Net book value ThUS\$</b>
Land	28,933	30,729
Constructions and buildings	85,141	91,411
Property, plant and equipment	53,935	62,532
Computer equipment	8,978	8,974
Fixed installations and accessories	4,488	4,988
Vehicles	2,164	2,025
Other fixed assets	34	98
<b>Total</b>	<b>183,673</b>	<b>200,757</b>

- At the close of the financial statements there is no indicator of impairment on the assets of property, plant and equipment.
- At the close of the financial statements, there are no significant restrictions on the assets of property, plant and equipment that are not disclosed in the financial statements.
- Incorporated into the condensed consolidated financial statements at 31 December 2012 are assets arising from the acquisitions Lafrancol Group as fixed assets acquired from the business combination were in the amount of ThUS\$33,753.
- The total depreciation charge amounted to ThUS\$8,672 at 30 June 2013 and ThUS\$13,202 at 31 December 2012.
- Total disposal of property, plant and equipment amounted to ThUS\$1,393 at 30 June 2013 and ThUS\$650 at 31 December 2012.

**(13) DEFERRED TAX ASSETS AND LIABILITIES**

	Unaudited 30.06.2013 <sup>(1)</sup>		Audited 31.12.2012 <sup>(2)</sup>	
	Asset ThUS\$	Liability ThUS\$	Asset ThUS\$	Liability ThUS\$
<b>Deferred taxes</b>				
Provisions	9,310	–	13,282	–
Inventories	10,402	–	10,700	–
Property, plant and equipment	–	11,263	–	12,814
Intangible assets	–	56,352	–	55,976
Tax losses	9,469	–	7,169	–
Financial leases	–	1,401	–	1,297
Others	–	769	–	1,119
<b>Total</b>	<b>29,181</b>	<b>69,785</b>	<b>31,151</b>	<b>71,206</b>

(1) The CFR Group has not recognised any deferred tax assets, where management as of 30 June 2013, does not believe that the asset is recoverable (i.e. sufficient taxable income in the foreseeable future).

(2) For the purchase of the Lafrancol Group, a deferred tax asset was recognised for ThUS\$5,635 and a deferred tax liability of ThUS\$51,117 at 31 December 2012.

**(14) OTHER FINANCIAL LIABILITIES**

	Unaudited 30.06.2013 ThUS\$	Audited 31.12.2012 ThUS\$
Bank loans	52,327	57,660
Financial leases	5,908	7,573
Bonds issued	427,880	436,123
Cross-currency swap	7,339	–
<b>Total</b>	<b>493,454</b>	<b>501,356</b>

	Unaudited 30.06.2013 ThUS\$	Audited 31.12.2012 ThUS\$
Current	38,089	34,941
Non-current	455,365	466,415
<b>Total</b>	<b>493,454</b>	<b>501,356</b>

- The bonds were issued to finance the acquisition of the Lafrancol Group.
- The bank loans and financial leases are charged varying interest rates from the different bank institutions.
- The bonds mature in 2022 and 2033 and carry an effective interest rate of 4.02% – 5.39% per annum.

## (15) FINANCE COSTS

Finance costs comprises finance costs from:

	<b>Unaudited 01.01.2013 30.06.2013 ThUS\$</b>	<b>Unaudited 01.04.2013 30.06.2013 ThUS\$</b>	<b>Unaudited 01.01.2012 30.06.2012 ThUS\$</b>	<b>Unaudited 01.04.2012 30.06.2012 ThUS\$</b>
Bank loans	(14,384)	(7,181)	(3,388)	(1,410)
Financial lease interest	(427)	(201)	(363)	(177)
Accretion of defined benefit obligations	(210)	(89)	(240)	(137)
Other	(144)	(109)	(202)	(202)
<b>Total</b>	<b>(15,165)</b>	<b>(7,580)</b>	<b>(4,193)</b>	<b>(1,926)</b>

## (16) TAXATION

	<b>Unaudited 01.01.2013 30.06.2013 ThUS\$</b>	<b>Unaudited 01.04.2013 30.06.2013 ThUS\$</b>	<b>Unaudited 01.01.2012 30.06.2012 ThUS\$</b>	<b>Unaudited 01.04.2012 30.06.2012 ThUS\$</b>
Current taxation	(11,748)	(5,240)	(5,014)	(2,594)
Deferred taxation	583	955	1,537	115
Other	(508)	(976)	485	249
<b>Total</b>	<b>(11,673)</b>	<b>(5,261)</b>	<b>(2,992)</b>	<b>(2,230)</b>
The effective rate of taxation is	19.13%	14.49%	8.8%	12.37%

The weighted average statutory tax rate for all countries where the Company operates is 25.7% and 8.8% for June 2013 and 2012, respectively.

The effective rate of taxation differs from the above-mentioned statutory rate by an insignificant percentage in 2013.

## (17) CONTINGENCIES

The Company on occasion is subject to certain claims and legal processes which have arisen from the normal course of CFR's business, these claims relate to sales of products, relations with CFR's employees and other commercial or fiscal transactions. The Company considers that it has made the required provisions to cover the probable costs that it may incur in respect to these claims and legal processes.

The details of all contingencies have been detailed in the group interim consolidated financial statements. The total contingencies as defined by IAS 37: Provisions, Contingent Liabilities and Contingent Assets, as possible, amount to ThUS\$2,335 at 30 June 2013.

## (18) CAPITAL COMMITMENTS

The CFR Group has not made any material purchase commitments as at 30 June 2013.

## (19) EARNINGS PER SHARE

<b>US\$ per share</b>	<b>Unaudited 30.06.2013</b>	<b>Audited 31.12.2012</b>
Profit from ordinary operations for the financial year to equity holders of the parent companies:		
Basic earnings per share	0.006137	0.009450
Diluted earnings per share	0.006082	0.009367
Basic headline earnings per share	0.006140	0.009410
Diluted basic headline earnings per share	0.006082	0.009320

The calculation of basic and diluted earnings per share and basic headline earnings per share is based on the following data:

	<b>Unaudited 30.06.2013 ThUS\$</b>	<b>Audited 31.12.2012 ThUS\$</b>
Profit for the financial year attributable to equity holders of the parent companies	51,647	79,566
Loss on disposal of property, plant and equipment	3	270
Profit on sale of available for sale assets	–	(712)
Taxation impact	–	99
<b>Total headline earnings</b>	<b>51,650</b>	<b>78,669</b>

	<b>Unaudited 30.06.2013</b>	<b>Audited 31.12.2012</b>
Basic number of ordinary shares outstanding <sup>(1)</sup>	8,416,000,000	8,416,000,000
Effect of dilutive potential shares <sup>(2)</sup>	75,650,400	78,668,000
Diluted number of ordinary shares outstanding	8,491,650,400	8,494,668,000

(1) The basic number of ordinary shares outstanding represents the weighted average number in issue for the CFR Group for the year net of treasury shares.

(2) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue, net of treasury shares, under the assumption of conversion of all potentially dilutive shares

## (20) MOVEMENTS IN NUMBER OF SHARES

	<b>Number of shares</b>	
	<b>Unaudited 30.06.2013</b>	<b>Audited 31.12.2012</b>
Opening balance	8,416,000,000	8,416,000,000
<b>Total shares at respective period-end</b>	<b>8,416,000,000</b>	<b>8,416,000,000</b>

## (21) DIVIDENDS

	<b>Unaudited 30.06.2013</b>	<b>Audited 31.12.2012</b>
Dividends paid	26,258	30,006
Dividends per share	0.00312	0.00357

## (22) EVENTS AFTER THE REPORTING DATE

(a) At the Company's extraordinary shareholders meeting held on 22 July 2013, the following significant resolutions were decided upon:

- to increase the capital of the Company by US\$750,000,000 through the issue of 3 billion shares; and
- ratify the Company announcement on 3 July 2013 (the following):

that the board of the South African company Adcock Ingram Holdings Ltd., has accepted the terms of the non-binding offer to purchase from CFR.

Should negotiation be successful and the acquisition consummated, the price for 100% of Adcock ordinary shares would amount to ZAR12,560,653,700 or approximately US\$1,256 million.

(b) On 6 September 2013, the Superintendency of Securities and Insurance, through Official Letter N°20093, informed the Company some of observations to the interim financial statements at 30 June 2013. Which refer mainly to improving disclosures required by the regulatory body, therefore had no significant effect on the financial statements originally presented at that time. Consequently the financial statement include filed to the Superintendency of Securities and Insurance and on our website: [www.cfr-corp.com](http://www.cfr-corp.com) have some not significant changes.

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## **INDEPENDENT REPORTING ACCOUNTANT'S REPORT IN TERMS OF REGULATION 79 ON THE CFR HISTORICAL FINANCIAL INFORMATION INCLUDED IN THE PROSPECTUS**

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The Directors  
CFR Pharmaceuticals S.A.  
Av. Pedro de Valdivia  
295 Providencia  
Santiago  
Chile

Dear Sirs

### **INDEPENDENT AUDITOR'S REPORT IN TERMS OF REGULATION 79 OF THE COMPANIES ACT OF SOUTH AFRICA ON THE FINANCIAL INFORMATION INCLUDED IN THE PROSPECTUS**

#### **Introduction**

Deloitte, Chile are the appointed auditors of CFR Pharmaceuticals S.A (the Company), a company incorporated in Chile. Regulation 79 of the Companies Act of South Africa requires the appointed auditor to report on the following financial information (financial information), which is included in the combined prospectus and pre-listing statement of the Company to be issued on or about 14 November 2013:

- the consolidated profits or losses of the Company in respect of the years ended 31 December 2012, 31 December 2011 and 31 December 2010 set out in Annexure 1 of the combined prospectus and pre-listing statement;
- the consolidated assets and liabilities of the Company as at 31 December 2012 set out in Annexure 1 of the combined prospectus and pre-listing statement;
- the dividends paid by the Company in respect of each class of securities for the financial years ended 31 December 2012, 31 December 2011 and 31 December 2010 set out in Annexure 1 of the prospectus, including particulars of each class of share on which dividends were paid and cases where no dividends were paid in respect of a particular class of shares.

Deloitte & Touche (South Africa) are the Reporting Accountants, as envisaged by the JSE Limited Listings Requirements and are therefore issuing this report for the purposes of reporting in terms of Regulation 79 of the Companies Act.

The financial information has been extracted from the audited consolidated annual financial statements of the Company for the years ended 31 December 2012, 31 December 2011 and 31 December 2010, which were prepared in accordance with International Financial Reporting Standards. The statutory auditors (Deloitte, Chile) expressed an unmodified audit opinion on those audited consolidated annual financial statements in their reports dated 31 March 2013, 14 March 2012 and 2 March 2011 based on their audit which was conducted in accordance with Auditing Standards Generally Accepted in Chile.

This financial information does not reflect the effects of events that may have occurred subsequent to the date of their audit report on those audited consolidated annual financial statements. Furthermore, the financial information does not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa and therefore reading the financial information is not a substitute for reading the audited consolidated annual financial statements of the Company.

#### **Extraction of financial information**

As a result of the financial information being extracted from the audited consolidated annual financial statements for the purpose of our Reporting Accountant's report on the historical financial information of the Company in respect of the years then ended we can report that in the context of the audit performed on these annual financial statements:

- The financial information is not materially misstated and is prepared in accordance with IFRS. However, the following disclosure requirements of the Companies Act of South Africa are not met as the following matters have not been disclosed:
  - the first page of the annual financial statements does not bear a prominent notice indicating whether the statements have been audited nor the name and professional designation of the individual who prepared, or supervised the preparation of, the annual financial statements;
  - the annual financial statements did not include a report by the directors;
  - the annual financial statements do not include a report prepared by the audit committee or its equivalent; and
  - the annual financial statements do not disclose a list of the persons who hold beneficial interests equal to or in excess of 5% of the total number of securities of that class issued by the company, together with the extent of those beneficial interests;
- the debtors and creditors included in the financial information did not include any material amounts that were not trade accounts;
- the provision for doubtful debts included in the financial information did not appear to be materially misstated;
- the provisions for inventory obsolescence or inventory overvaluation did not appear to be materially misstated; and
- in respect of the consolidated financial information, the inter-company profits have been eliminated.

### **Responsibility of the directors for the financial information**

The directors are responsible for the audited consolidated annual financial statements, the extraction of the financial information therefrom, and the presentation of the financial information in accordance with the requirements of the Companies Act of South Africa.

### **Report of factual findings on the material changes in the assets and liabilities**

In accordance with Regulation 79 (4)(b)(v) we are required to include a statement in our report, as to whether there have been any material changes in the assets and liabilities of the Company and its subsidiaries since the consolidated annual financial statements dated 31 March 2013.

As a result, we have performed the following procedures which were agreed with you:

- we reviewed the latest management accounts including the consolidated management accounts of the Company and compared the categories of assets and liabilities to the consolidated statement of financial position dated 31 December 2012. Where movements in the assets and liabilities were in excess of 20%, these have been reported in the findings below;
- reviewed minutes of meetings of the board of directors of the Company since 31 December 2012 to identify any matters regarding material changes in the assets and liabilities, such as the sale or purchase of a significant asset;
- obtained a letter of representation from management confirming that there have been no material changes in the assets and liabilities of the Company and its subsidiaries since 31 December 2012.

Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400, Engagements to Perform Agreed-Upon Procedures Regarding Financial Information. The procedures were performed solely to assist you in complying with Regulation 79 (4)(b)(v) of the Companies Act of South Africa.

#### *Responsibilities of the directors*

The directors have the responsibility for the accuracy and completeness of the records, documents, explanations and other information provided to us for the purpose of performing the procedures and for determining whether the nature and scope of our work specified in this factual findings report is sufficient for the purposes of evaluating the material changes in the assets and liabilities of the Company and its subsidiaries.

#### *Responsibilities of the auditor*

An agreed upon procedure engagement involves applying our expertise to perform procedures as agreed by us and the directors and reporting the factual findings from the procedures performed. We have complied

with relevant ethical requirements, including the principles of integrity, objectivity, professional competence and due care.

Since an agreed upon procedure engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information management has provided to us to complete the agreed upon procedure engagement. Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the material changes in the assets and liabilities of the Company and its subsidiaries. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported.

### *Findings*

We report our findings as follows:

- There were no material changes in excess of 20% the assets and liabilities identified from the procedures we performed above.
- The minutes of meetings of the board of directors of the Company since 31 December 2012 did not address any matters regarding material changes in the assets and liabilities, such as the sale or purchase of a significant asset.
- A letter of representation obtained from management confirmed that there have been no material changes in the assets and liabilities of the Company and its subsidiaries since 31 December 2012.

Our findings relate only to the accounts and items specified above and do not extend to any financial statements of the Company taken as a whole.

### **Consent**

We consent to the inclusion of this report, which will form part of the combined prospectus and pre-listing statement to the shareholders of Adcock Ingram Holdings Limited to be issued on or about 14 November 2013, in the form and context in which it appears. Our report should not to be used for any other purpose or be distributed to any other parties.

### **Deloitte & Touche**

Registered Auditor

Per: Bronwyn Kilpatrick  
Partner

5 November 2013

National Executive: LL Bam (Chief Executive), AE Swiegers (Chief Operating Officer), GM Pinnock (Audit), DL Kennedy (Risk Advisory), NB Kader (Tax), TP Pillay (Consulting), K Black (Clients & Industries), JK Mazzocco (Talent and Transformation), CR Beukman (Finance), M Jordan (Strategy), S Gwala (Special Projects), TJ Brown (Chairman of the Board), MJ Comber (Deputy Chairman of the Board).

A full list of partners and directors is available on request.

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

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## HISTORICAL FINANCIAL INFORMATION OF ADCOCK INGRAM AND ITS SUBSIDIARIES

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Audited annual financial statements for the years ended 30 September 2012, 2011, 2010 and reviewed results for the six months ended 31 March 2013.

### **Basis of preparation**

The consolidated and separate annual financial statements (annual financial statements) are presented in South African Rands and all values are rounded to the nearest thousand (R'000), except where otherwise indicated.

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), its interpretations adopted by the Accounting Standards Board (IASB), the AC 500 Standards as issued by the Accounting Practices Board or its successor, and the Companies Act. The annual financial statements have been prepared on the historical cost basis, except for the following items in the statements of financial position:

- Available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, and liabilities for cash-settled share-based payments that are measured at fair value; and
- Post-employment benefit obligations are measured in terms of the projected unit credit method.

The Group<sup>(1)</sup> has made the following accounting policy election in terms of IFRS:

- Cumulative gains and losses recognised in other comprehensive income (OCI) in terms of a cash flow hedge relationship are transferred from OCI and included in the initial measurement of the non-financial asset or liability.

<sup>(1)</sup> All references to Adcock Ingram Group hereafter include the separate annual financial statements, where applicable.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Six months ended 31 March 2013 (Reviewed) R'000	Year ended 30 Sept 2012 (Audited) R'000	Year ended 30 Sept 2011 (Audited) R'000	Year ended 30 Sept 2010 (Audited) R'000
<b>REVENUE</b>	<b>2,474,360</b>	<b>4,644,406</b>	<b>4,534,235</b>	<b>4,200,022</b>
<b>TURNOVER</b>	<b>2,457,365</b>	<b>4,599,249</b>	<b>4,453,567</b>	<b>4,130,087</b>
Cost of sales	(1,420,517)	(2,505,167)	(2,284,606)	(1,928,956)
<b>Gross profit</b>	<b>1,036,848</b>	<b>2,094,082</b>	<b>2,168,961</b>	<b>2,201,131</b>
Selling and distribution expenses	(296,126)	(571,500)	(530,005)	(442,805)
Marketing expenses	(97,375)	(208,625)	(206,981)	(162,442)
Research and development expenses	(52,051)	(81,601)	(70,723)	(65,287)
Fixed and administrative expenses	(116,397)	(363,535)	(292,614)	(362,290)
<b>Operating profit</b>	<b>474,899</b>	<b>868,821</b>	<b>1,068,638</b>	<b>1,168,307</b>
Finance income	9,201	18,285	63,778	59,288
Finance costs	(25,446)	(26,637)	(30,225)	(37,931)
Dividend income	7,794	26,872	16,890	10,647
Equity accounted profit attributable to joint ventures				
<b>Profit before taxation and abnormal items</b>	<b>466,448</b>	<b>887,341</b>	<b>1,119,081</b>	<b>1,200,311</b>
Abnormal items	–	–	–	(269,000)
<b>Profit before taxation</b>	<b>466,448</b>	<b>887,341</b>	<b>1,119,081</b>	<b>931,311</b>
Taxation	(139,934)	(168,265)	(326,129)	(308,542)
<b>Profit for the period</b>	<b>326,514</b>	<b>719,076</b>	<b>792,952</b>	<b>622,769</b>
(Loss)/profit after taxation for the period from a discontinued operation		(28,152)	20,459	
<b>Profit for the period</b>	<b>326,514</b>	<b>719,076</b>	<b>764,800</b>	<b>643,228</b>
<b>Other comprehensive income</b>	<b>56,765</b>	<b>(37,896)</b>	<b>17,591</b>	<b>(528)</b>
Exchange differences on translation of foreign operations	56,232	(26,181)	4,709	(4,156)
Movement in cash flow hedge accounting reserve, net of tax	613	(11,715)	12,882	3,628
Net loss on available-for-sale financial asset, net of tax	(80)	–		
<b>Total comprehensive income for the period, net of tax</b>	<b>383,279</b>	<b>681,180</b>	<b>782,391</b>	<b>642,700</b>
<b>Profit attributable to:</b>				
Owners of the parent	317,192	705,641	754,205	631,459
Non-controlling interests	9,322	13,435	10,595	11,769
	<b>326,514</b>	<b>719,076</b>	<b>764,800</b>	<b>643,228</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	372,310	670,434	770,658	630,931
Non-controlling interests	10,969	10,746	11,733	11,769
	<b>383,279</b>	<b>681,180</b>	<b>782,391</b>	<b>642,700</b>

	<b>Six months ended 31 March 2013 (Reviewed)</b>	<b>Year ended 30 Sept 2012 (Audited)</b>	<b>Year ended 30 Sept 2011 (Audited)</b>	<b>Year ended 30 Sept 2010 (Audited)</b>
<b>Continuing operations:</b>				
Basic earnings per ordinary share (cents)	188.0	417.8	458.5	354.9
Diluted basic earnings per ordinary share (cents)	187.8	417.2	457.5	354.1
Headline earnings per ordinary share (cents)	188.1	422.4	465.1	354.8
Diluted headline earnings per ordinary share (cents)	187.9	421.8	464.2	354.0

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Six months ended 31 March 2013 (Reviewed) R'000	Year ended 30 Sept 2012 (Audited) R'000	Year ended 30 Sept 2011 (Audited) R'000	Year ended 30 Sept 2010 (Audited) R'000
<b>ASSETS</b>				
Property, plant and equipment	1,655,881	1,560,177	1,161,558	857,471
Intangible assets	1,513,099	710,960	728,474	424,149
Other financial assets	139,653	139,751	140,210	139,012
Investment in associate	–	–	–	12,200
Investment in joint venture	–	–	–	–
Loans receivable	23,834	27,060	–	–
Deferred tax	5,735	5,097	3,775	23,967
<b>Non-current assets</b>	<b>3,337,602</b>	<b>2,443,045</b>	<b>2,034,017</b>	<b>1,456,799</b>
Inventories	1,305,287	956,164	864,465	719,236
Trade and other receivables	1,528,772	1,320,191	1,202,858	1,150,393
Cash and cash equivalents	97,607	492,716	1,103,977	1,430,917
Taxation receivable	32,851	70,170	30,143	–
Amounts owing by Adcock Ingram Group companies				
<b>Current assets</b>	<b>2,964,517</b>	<b>2,839,241</b>	<b>3,201,443</b>	<b>3,300,546</b>
<b>Total assets</b>	<b>6,302,119</b>	<b>5,282,286</b>	<b>5,235,460</b>	<b>4,757,345</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Issued share capital	16,858	16,872	16,888	17,365
Share premium	523,697	547,400	765,288	1,190,290
Non-distributable reserves	420,016	356,229	371,368	349,061
Retained income	2,624,482	2,502,510	1,932,212	1,357,939
Total shareholders' funds	3,585,053	3,423,011	3,085,756	2,914,655
Non-controlling interests	147,256	137,684	137,624	158,685
<b>Total equity</b>	<b>3,732,309</b>	<b>3,560,695</b>	<b>3,223,380</b>	<b>3,073,340</b>
Long-term borrowings	11,007	104,625	346,811	453,830
Post-retirement medical liability	16,645	15,341	13,987	15,808
Deferred tax	106,356	101,910	93,884	23,961
<b>Non-current liabilities</b>	<b>134,008</b>	<b>221,876</b>	<b>454,682</b>	<b>493,599</b>
Trade and other payables	1,086,833	983,589	954,076	889,162
Short-term borrowings	333,056	431,368	496,032	126,787
Cash-settled options	34,373	39,983	64,036	68,760
Provisions	41,621	44,775	42,859	84,464
Bank overdraft	939,919	–	395	–
Taxation payable	–	–	–	21,233
Amounts owing to Adcock Ingram Group companies				
<b>Current liabilities</b>	<b>2,435,802</b>	<b>1,499,715</b>	<b>1,557,398</b>	<b>1,190,406</b>
<b>Total equity and liabilities</b>	<b>6,302,119</b>	<b>5,282,286</b>	<b>5,235,460</b>	<b>4,757,345</b>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent						Total R'000
	Issued share capital R'000	Share premium R'000	Retained income R'000	Non- distributable reserves R'000	Total attributable to ordinary shareholders R'000	Non- controlling interest R'000	
<b>Balance at 30 September 2009 (audited)</b>	17,363	1,203,854	1,001,942	77,494	2,300,653	24,943	2,325,596
Share issue	33	4,364			4,397		4,397
Movement in treasury shares	(31)	(17,928)			(17,959)		(17,959)
Share-based payment expense				272,095	272,095		272,095
Acquisition of "A" ordinary shares by Blue Falcon Trading 69 (Pty) Limited – non-controlling interest						93,750	93,750
Acquisition through business combination: Ayrton Drug Manufacturing Limited						33,636	33,636
	Attributable to owners of the parent						
	Issued share capital R'000	Share premium R'000	Retained income R'000	Non- distributable reserves R'000	Total attributable to ordinary shareholders R'000	Non- controlling interest R'000	Total R'000
Subsequent acquisition of non-controlling interests in Ayrton Drug Manufacturing Limited			(922)		(922)	(69)	(991)
Total comprehensive income			631,459	(528)	630,931	11,769	642,700
Profit for the period			631,459		631,459	11,769	643,228
Other comprehensive income				(528)	(528)		(528)
Dividends			(274,540)		(274,540)	(5,344)	(279,884)
<b>Balance at 30 September 2010 (audited)</b>	17,365	1,190,290	1,357,939	349,061	2,914,655	158,685	3,073,340
Share issue	25	3,368		3,393			3,393
Movement in treasury shares	(502)	(291,427)		(291,929)			(291,929)
Share-based payment expense – continuing operations				6,685	6,685		6,685
– discontinued operations				(831)	(831)		(831)
Disposal of business						(12,644)	(12,644)
Acquisition through business combination						14,072	14,072
Subsequent acquisition of non-controlling interests in:							
– Ayrton Drug Manufacturing Limited			(4,120)		(4,120)	(5,225)	(9,345)
– Addclin Research (Pty) Limited			1,345		1,345	(1,345)	
Total comprehensive income			754,205	16,453	770,658	11,733	782,391
Profit for the year			754,205		754,205	10,595	764,800
Other comprehensive income				16,453	16,453	1,138	17,591
Dividends			(177,157)		(177,157)	(27,652)	(204,809)
Distribution out of share premium		(136,943)			(177,157)		(136,943)
<b>Balance at 30 September 2011 (audited)</b>	16,888	765,288	1,932,212	371,368	3,085,756	137,624	3,223,380
Share issue	57	7,011			7,068		7,068
Movement in treasury shares	(73)	(45,610)			(45,683)		(45,683)
Share-based payment expense				20,068	20,068		20,068
Disposal of non-controlling interests in National Renal Care (Pty) Limited			11,279		11,279	9,108	20,387
Acquisition of non-controlling interests in Ayrton Drug Manufacturing Limited			(2,148)		(2,148)	(8,912)	(11,060)
Total comprehensive income			705,641	(35,207)	670,434	10,746	681,180
Profit for the year			705,641		705,641	13,435	719,076
Other comprehensive income				(35,207)	(35,207)	(2,689)	(37,896)
Dividends			(144,474)		(144,474)	(10,882)	(155,356)
Distribution out of share premium		(179,289)			(179,289)		(179,289)
<b>Balance at 30 September 2012 (audited)</b>	16,872	547,400	2,502,510	356,229	3,423,011	137,684	3,560,695

	Attributable to owners of the parent						
	Issued share capital R'000	Share premium R'000	Retained income R'000	Non- distributable reserves R'000	Total attributable to ordinary shareholders R'000	Non- controlling interest R'000	Total R'000
Share issue	33	3,562			3,595		3,595
Movement in treasury shares	(47)	(27,265)			(27,312)		(27,312)
Share-based payment expense				8,669	8,669		8,669
Acquisition of non-controlling interests in Ayrton Drug Manufacturing Limited			(92)		(92)	(161)	(253)
Total comprehensive income			317,192	55,118	372,310	10,969	383,279
Profit for the year			317,192		317,192	9,322	326,514
Other comprehensive income				55,118	55,118	1,647	56,765
Dividends			(195,128)		(195,128)	(1,236)	(196,364)
<b>Balance at 31 March 2013 (reviewed)</b>	16,858	523,697	2,624,482	420,016	3,585,053	147,256	3,732,309

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 31 March 2013 (Reviewed) R'000	Year ended 30 Sept 2012 (Audited) R'000	Year ended 30 Sept 2011 (Audited) R'000	Year ended 30 Sept 2010 (Audited) R'000
<b>Cash flows from operating activities</b>				
Operating profit before working capital changes	590,571	1,077,581	1,185,976	1,319,448
Working capital changes	(437,308)	(292,138)	(157,419)	115,364
<b>Cash generated from operations</b>	<b>153,263</b>	<b>785,443</b>	<b>1,028,557</b>	<b>1,434,812</b>
Finance income, excluding receivable	11,788	19,369	59,516	59,288
Finance costs, excluding accrual	(20,573)	(22,672)	(29,624)	(37,931)
Dividend income, excluding receivable	7,794	27,035	14,298	10,647
Dividends paid	(196,364)	(155,356)	(204,809)	(279,884)
Taxation paid	(100,638)	(196,158)	(341,156)	(324,832)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(144,730)</b>	<b>457,661</b>	<b>526,382</b>	<b>862,100</b>
<b>Cash flows from investing activities</b>				
Decrease/(increase) in other financial assets	–	457	(6)	(975)
Acquisition of businesses, net of cash	(821,593)	–	(328,775)	(139,501)
Proceeds on disposal of business	–	84,989	–	–
Purchase of intangible assets	–	(13,109)	–	–
Purchase of property, plant and equipment	(157,950)	(511,793)	(432,979)	(333,062)
Proceeds on disposal of property, plant and equipment	–	1,732	4,220	2,819
Decrease/(increase) in loans receivable	2,827	(11,221)	–	–
<b>Net cash outflow from investing activities</b>	<b>(976,716)</b>	<b>(533,934)</b>	<b>(672,551)</b>	<b>(470,719)</b>
<b>Cash flows from financing activities</b>				
Acquisition of non-controlling interests	(253)	(11,060)	(9,345)	(991)
Proceeds from issue of share capital	3,595	7,068	3,393	4,397
Purchase of treasury shares	(27,312)	(45,683)	(291,929)	(17,959)
Subscription for Adcock Ingram "A" Ordinary Shares	–	–	–	93,750
Distribution out of share premium	–	(179,289)	(136,943)	–
Increase in borrowings	31,789	16,503	371,536	443,763
Repayment of borrowings	(225,757)	(321,777)	(117,329)	(174,730)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(217,938)</b>	<b>(534,238)</b>	<b>(180,617)</b>	<b>348,230</b>
Net (decrease)/increase in cash and cash equivalents	(1,339,384)	(610,511)	(326,786)	739,611
Net foreign exchange difference on cash and cash equivalents	4,356	(355)	(549)	(1,411)
Translation difference relating to translation to USD	–	–	–	–
Cash and cash equivalents at beginning of period	492,716	1,103,582	1,430,917	692,717
<b>Cash and cash equivalents at end of period</b>	<b>(842,312)</b>	<b>492,716</b>	<b>1,103,582</b>	<b>1,430,917</b>

**SEGMENT REPORTING (AS CURRENTLY REPORTED)**

	<b>Six months ended 31 March 2013 (Reviewed) R' 000</b>	<b>Year ended 30 Sept 2012 (Audited) R' 000</b>	<b>Year ended 30 Sept 2011 (Audited) R' 000</b>
<b>TURNOVER</b>			
Southern Africa	2,329,872	4,435,938	4,296,829
OTC	906,058	1,791,875	1,608,046
Prescription	856,707	1,520,219	1,632,071
Hospital	567,107	1,123,844	1,056,712
<b>Rest of Africa and India</b>	<b>212,393</b>	<b>295,545</b>	<b>257,476</b>
	2,542,265	4,731,483	4,554,305
<i>Less: Inter-company sales</i>	(84,900)	(132,234)	(100,738)
	<b>2,457,365</b>	<b>4,599,249</b>	<b>4,453,567</b>
<b>Contribution after marketing expenses (CAM)</b>			
<b>Southern Africa</b>	<b>591,892</b>	<b>1,245,746</b>	<b>1,369,231</b>
OTC	322,121	660,492	680,703
Prescription	178,204	371,801	485,182
Hospital	91,567	213,453	203,346
<b>Rest of Africa and India</b>	<b>56,206</b>	<b>75,703</b>	<b>62,744</b>
<i>Less: Inter-company</i>	(4,751)	(7,492)	–
	<b>643,347</b>	<b>1,313,957</b>	<b>1,431,975</b>
<i>Less: Other operating expenses <sup>(1)</sup></i>	(168,448)	(445,136)	(363,337)
Research and development	(52,051)	(81,601)	(70,723)
Fixed and administrative	(116,397)	(363,535)	(292,614)
<b>Operating profit</b>	<b>474,899</b>	<b>868,821</b>	<b>1,068,638</b>

**SEGMENT REPORTING (AS PREVIOUSLY REPORTED)**

	<b>Year ended 30 Sept 2010 (Audited) R'000</b>
<b>TURNOVER</b>	
OTC	1,427,291
Prescription	1,666,373
Hospital	1,346,990
	<b>4,440,654</b>
<b>OPERATING PROFIT</b>	
OTC	407,082
Prescription	540,440
Hospital	252,780
	<b>1,200,302</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Accounting policies

#### Basis of preparation

The consolidated and separate annual financial statements (annual financial statements) are presented in South African Rands and all values are rounded to the nearest thousand (R'000), except where otherwise indicated.

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), its interpretations adopted by the Accounting Standards Board (IASB), the AC 500 Standards as issued by the Accounting Practices Board or its successor, and the Companies Act. The annual financial statements have been prepared on the historical cost basis, except for the following items in the statements of financial position:

- Available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, and liabilities for cash-settled share-based payments that are measured at fair value; and
- Post-employment benefit obligations are measured in terms of the projected unit credit method.

The Adcock Ingram Group<sup>(1)</sup> has made the following accounting policy election in terms of IFRS:

- Cumulative gains and losses recognised in other comprehensive income (OCI) in terms of a cash flow hedge relationship are transferred from OCI and included in the initial measurement of the non-financial asset or liability.

<sup>(1)</sup> All references to Adcock Ingram Group hereafter include the separate annual financial statements, where applicable.

#### Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except where the Adcock Ingram Group has adopted the following new and amended IFRS and IFRIC interpretations during the year. When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Adcock Ingram Group, its impact is described below:

#### IAS 1 Presentation of Items of Other Comprehensive Income (Amendment to IAS 1)

The amendment to IAS 1 requires that items presented in other comprehensive income be grouped separately into those items that will be recycled into profit or loss at a future point in time, and those that will never be recycled. This had no impact on the Adcock Ingram Group's financial position or performance when this becomes applicable from 1 October 2012.

#### Basis of consolidation

The consolidated financial statements include the financial statements of Adcock Ingram and its subsidiaries, joint ventures, associates and special purpose entities deemed to be controlled by the Adcock Ingram Group. The financial results of the subsidiaries are prepared for the same reporting period using consistent accounting policies.

Investments in subsidiaries in the Adcock Ingram financial statements are accounted for at cost less any impairments.

The results of subsidiaries acquired are included in the consolidated financial statements from the date of acquisition, being the date on which the Adcock Ingram Group obtains control, and continue to be consolidated until the date 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. Non-controlling interests represent the equity in a subsidiary not attributable, directly or indirectly, to the parent. These interests are presented separately in the consolidated statement of comprehensive income, and in the consolidated statement of financial position, separately from own shareholders' equity.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Losses are attributed to any relevant non-controlling interest even if that results in a deficit balance.

If the Adcock Ingram Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss, or retained earnings, as appropriate.

### **Underlying concepts**

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

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

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard. Financial assets and financial liabilities are only offset when there is a legally enforceable right to offset, 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. If after making every reasonable effort to do so, it is impracticable to apply the change retrospectively, it is applied prospectively from the beginning of the earliest period 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 or misstatements in the financial statements of one or more prior periods. They may arise from a failure to use, or misuse of reliable information that was available at the time or could reasonably be expected to have been obtained. Where prior period errors are material, they are retrospectively restated. If it is impracticable to do so, they are corrected prospectively from the beginning of the earliest period practicable.

### **Foreign currencies**

The consolidated financial statements are presented in South African Rands (Rands), which is the Adcock Ingram Group's functional and presentational currency. Each foreign entity in the Adcock Ingram Group determines its own functional currency.

### **Foreign currency transactions**

Transactions in foreign currencies are recorded at the rates of exchange ruling at the transaction date.

### **Foreign currency balances**

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. Exchange differences are taken to profit or loss, except for differences arising on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to other comprehensive income until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to such exchange differences are also accounted for in other comprehensive income.

If non-monetary items measured in a foreign currency are carried at historical cost, the exchange rate used is the rate applicable at the initial transaction date. If they are carried at fair value, the rate used is the rate at the date when the fair value was determined.

The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

### **Foreign operations**

At the reporting date, the assets and liabilities of the foreign operations are translated into the presentation currency of the Adcock Ingram Group (Rands) at the exchange rate ruling at the date of the statement of financial position. Items of profit or loss are translated at the weighted average exchange rate for the year. Exchange differences are taken directly to a separate component of other comprehensive income. On disposal of a foreign operation, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

### **Significant accounting judgements and estimates**

#### **Estimates, assumptions and judgements**

In the process of applying the Adcock Ingram Group's accounting policies, management has made certain judgements, estimates and assumptions, apart from those involving estimations, which have a significant effect on the amounts recognised in the financial statements.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### **Carrying value of goodwill; property, plant and equipment, and intangible assets**

Goodwill and indefinite life intangible assets are tested for impairment bi-annually, while property, plant and equipment and finite life intangible assets are tested or when there is an indicator of impairment. The calculation of the recoverable amount requires 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 property, plant and equipment, and intangible assets**

Residual values and useful lives of property, plant and equipment and intangible assets are assessed on an annual basis. Estimates and judgements 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 of at the end of their useful lives. Such expectations could change over time and therefore impact both depreciation and amortisation charges and carrying values of property, plant and equipment and intangible assets in the future.

#### **Fair value of BEE share allocations**

In calculating the amount to be expensed as a share-based payment, the Adcock Ingram Group is required to calculate the fair value of the equity instruments granted to the BEE participants in terms of the staff empowerment transactions.

#### **Share-based payments**

The Adcock Ingram Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.

Cash-settled share options granted to employees for services rendered or to be rendered are raised as a liability and recognised in profit or loss over the vesting period. The liability is remeasured to its fair value annually until settled and any changes in value are recognised in profit or loss. Fair value is measured using a Black-Scholes option pricing model.

## **Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

## **Pension and other post-employment benefits**

The cost of defined benefit pension plans and post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

## **Provisions**

The establishment and review of the provisions requires significant judgement by management as to whether or not a reliable estimate can be made of the amount of the obligation. Best estimates, being the amount that the Adcock Ingram Group would rationally pay to settle the obligation, are recognised as provisions at the reporting date.

## **Standards and interpretations issued that are not yet effective**

The following standards and interpretations have not been applied by the Adcock Ingram Group as the standards and interpretations are not yet effective. The Adcock Ingram Group intends to adopt these standards when they become effective.

### **IFRS 9 Financial Instruments: Recognition and Measurement**

IFRS 9 as issued reflects the first phase of the IASB's work on the replacement of IAS 39 and deals with the classification and measurement of financial instruments. This standard is part of the IASB's project to replace IAS 39 in its entirety. The Board's work on the subsequent phases is ongoing and includes impairment, hedge accounting and derecognition. On adoption, the Adcock Ingram Group will need to consider its financial assets and liabilities in light of its business model or managing such assets and liabilities, as well as the cash flow characteristics of such instruments, in determining the appropriate classification and measurement of these items. IFRS 9 will be effective for the Adcock Ingram Group from 1 October 2015.

### **IFRS 10 Consolidated Financial Statements; IAS 27 Consolidated and Separate Financial Statements; IAS 28 Investments in Associates and Joint Ventures; IFRS 11 Joint Arrangements; IFRS 12 Disclosure of Interest in Other Entities**

IFRS 10 replaces the portion of IAS 27 that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12 *Consolidation – Special Purpose Entities*. IFRS 10 establishes a single control model that applies to all entities. The changes will require management to make significant judgements to determine which entities are controlled and therefore required to be consolidated by the parent. Therefore, IFRS 10 may change which entities are consolidated within a group.

IFRS 11 replaces IAS 31 *Interest in Joint Ventures* and SIC 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers*. IFRS 11 uses some of the terms that were used in IAS 31 but with different meanings which may create some confusion as to whether there are significant changes. IFRS 11 focuses on the nature of the rights and obligations arising from the arrangement compared to the legal form in IAS 31. IFRS 11 uses the principle of control in IFRS 10 to determine joint control which may change whether joint control exists. IFRS 11 addresses only two forms of joint arrangements: joint operations where the entity recognises its assets, liabilities, revenues and expenses and/or its relative share of those items and joint ventures which is accounted for on the equity method (proportional consolidation will no longer be permitted).

IFRS 12 includes all the disclosures that were previously in IAS 27 related to consolidated financial statements as well as all of the disclosures that were previously included in IAS 31 and IAS 28 *Investments in Associates*. A number of new disclosures are also required.

IAS 28 caters for joint ventures accounted for by applying the equity accounting method as well as prescribing the accounting for investments in associates. The Adcock Ingram Group will need to consider the new definition of control to determine which entities are controlled or jointly controlled and then to account for them under the new standards. Additional disclosures will also be required.

All of the above will be effective for the Adcock Ingram Group from 1 October 2013.

### IFRS 13 Fair Value Measurement

IFRS 13 establishes a single framework for all fair value measurement when fair value is required or permitted by IFRS. IFRS 13 does not change when an entity is required to use fair value but rather describes how to measure fair value under IFRS when it is permitted or required by IFRS. There are also consequential amendments to other standards to delete specific requirements for determining fair value. The Adcock Ingram Group will need to consider the new requirements to determine fair values going forward. IFRS 13 will be effective for the Adcock Ingram Group from 1 October 2013.

### IFRS 7 Financial Instruments: Disclosures; IAS 32 Financial Instruments: Presentation: Offsetting of Financial Assets and Financial Liabilities

IFRS 7 as amended provides additional disclosures, similar to current US GAAP requirements.

IAS 32 as amended clarifies the meaning of the entity currently having a legally enforceable right to set-off financial assets and financial liabilities.

IFRS 7 will be effective for the Adcock Ingram Group from 1 October 2013 and IAS 32 from 1 October 2014.

### IAS 19 Employee Benefits

IAS 19 as revised will be effective for the Adcock Ingram Group from 1 October 2013. The 'corridor approach' currently allowed as an alternative basis in IAS 19 for the recognition of actuarial gains or losses on defined benefit plans has been removed. Actuarial gains or losses in respect of these are now recognised in other comprehensive income when they occur.

The amounts recognised in profit or loss, for defined benefit plans, are limited to current and past service costs, gains or losses on settlements and interest income/(expense).

The distinction between short-term and other long-term benefits will be based on the expected timing of the settlement rather than the employee's entitlement to the benefits. The Adcock Ingram Group expects this to have an impact on the manner in which leave pay and similar liabilities are currently classified.

	<b>Reviewed 6 months ended 31-Mar 2013 R'000</b>	<b>Audited Year ended 30-Sep 2012 R'000</b>	<b>Audited Year ended 30-Sep 2011 R'000</b>	<b>Audited Year ended 30-Sep 2010 R'000</b>
<b>1. REVENUE</b>				
Revenue comprises:				
– Turnover	2,457,365	4,599,249	4,453,567	4,130,087
– Finance income	9,201	18,285	63,778	59,288
– Dividend income	7,794	26,872	16,890	10,647
	<b>2,474,360</b>	<b>4,644,406</b>	<b>4,534,235</b>	<b>4,200,022</b>

	<b>Reviewed 6 months ended 31-Mar 2013 R'000</b>	<b>Audited Year ended 30-Sep 2012 R'000</b>	<b>Audited Year ended 30-Sep 2011 R'000</b>	<b>Audited Year ended 30-Sep 2010 R'000</b>
<b>2. SEGMENT REPORTING</b>				
<b>Turnover</b>				
Southern Africa	2,329,872	4,435,938	4,296,829	4,130,087
OTC	906,058	1,791,875	1,608,046	1,427,291
Prescription	856,707	1,520,219	1,632,071	1,666,373
Hospital	567,107	1,123,844	1,056,712	1,036,423
Rest of Africa and India	212,393	295,545	257,476	–
	2,542,265	4,731,483	4,554,305	4,130,087
Less: Inter-company sales	(84,900)	(132,234)	(100,738)	–
	2,457,365	4,599,249	4,453,567	4,130,087
<b>Contribution after marketing expenses (CAM)</b>				
Southern Africa	591,892	1,245,746	1,369,231	
OTC	322,121	660,492	680,703	
Prescription	178,204	371,801	485,182	
Hospital	91,567	213,453	203,346	
Rest of Africa and India	56,206	75,703	62,744	
Less: Inter-company	(4,751)	(7,492)	–	
	643,347	1,313,957	1,431,975	
Less: Other operating expenses <sup>(2)</sup>	(168,448)	(445,136)	(363,337)	
Research and development	(52,051)	(81,601)	(70,723)	
Fixed and administrative	(116,397)	(363,535)	(292,614)	
Operating profit	474,899	868,821	1,068,638	1,168,307

## OPERATING PROFIT

<sup>(1)</sup> Following a restructuring towards the end of the 2011 financial year, after the integration of the Hospital operations with the Pharmaceutical operations, decision making changed, with a corresponding change in segmental reporting to align the reporting in accordance with IFRS 8. Segmental reporting for the 2010 financial year was therefore based on the previous method of reporting.

<sup>(2)</sup> Other operating expenses are managed on a central basis and are not allocated to operating segments.

<b>Total assets</b>		<b>Total assets</b>			
Southern Africa	4,998,083		5,282,285	5,235,460	4,528,638
Pharmaceuticals	4,305,599	Pharmaceuticals	4,666,865	4,675,621	3,653,871
Hospital	692,484	Hospital	615,420	559,839	874,767
Rest of Africa and India	1,304,036				
<b>Total assets</b>	<b>6,302,119</b>	<b>Total assets</b>	<b>5,282,285</b>	<b>5,235,460</b>	<b>4,528,638</b>

	Reviewed 6 months ended 31-Mar 2013 R'000	Audited Year ended 30-Sep 2012 R'000	Audited Year ended 30-Sep 2011 R'000	Audited Year ended 30-Sep 2010 R'000
<b>3. INVENTORY</b>				
<b>The amount of inventories written down recognised as an expense in profit or loss</b>	9,466	42,336	20,907	26,821
<b>4. CAPITAL COMMITMENTS</b>				
Capital commitments				
– contracted	96,764	64,632	292,983	503362
– approved	106,084	143,403	120,845	154992
	202,848	208,035	413,828	658,354
<b>5. HEADLINE EARNINGS</b>				
Earnings per share is derived by dividing earnings attributable to owners of Adcock Ingram for the period, by the weighted average number of ordinary shares in issue.				
<b>Headline earnings is determined as follows:</b>				
Earnings attributable to owners of Adcock Ingram from total operations	317,192	705,641	754,205	631,459
<i>Adjusted for:</i>				
Loss/(profit) from discontinued operation	–	–	28,397	(14,907)
Earnings attributable to owners of Adcock Ingram from continuing operations	317,192	705,641	782,602	616,552
<i>Adjusted for:</i>				
Impairment of investment	–	–	12,200	–
Impairment of leasehold improvements and intangible assets	–	1,887	–	–
Tax indemnity on discontinued operation	–	2,355	–	–
Loss/(profit) on disposal of property, plant and equipment, net of tax	167	3,526	(857)	(221)
<b>Headline earnings</b>	<b>317,359</b>	<b>713,409</b>	<b>793,945</b>	<b>616,331</b>

	Reviewed 6 months ended 31-Mar 2013	Audited Year ended 30-Sep 2012	Audited Year ended 30-Sep 2011	Audited Year ended 30-Sep 2010
<b>6. SHARE CAPITAL</b>	<b>Number of shares</b>			
	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Number of Adcock Ingram Ordinary Shares in issue	201,066	200,735	200,156	199,904
Number of Adcock Ingram "A" Ordinary Shares and Adcock Ingram "B" Ordinary Shares held by the BEE participants	(25,944)	(25,944)	(25,944)	(25,944)
Number of Adcock Ingram Ordinary Shares held by the BEE participants	(2,255)	(1,782)	(1,042)	(309)
Number of Adcock Ingram ordinary shares held by Adcock Ingram Group company	(4,285)	(4,285)	(4,285)	–
<b>Net shares in issue</b>	<b>168,582</b>	<b>168,724</b>	<b>168,885</b>	<b>173,651</b>
Headline earnings and basic earnings per ordinary share are based on:				
Weighted average number of ordinary shares	168,696	168,894	170,697	173,712
Diluted weighted average number of ordinary shares	168,868	169,131	171,049	174,101
	<b>Reviewed 6 months ended 31-Mar 2013 R'000</b>	<b>Audited Year ended 30-Sep 2012 R'000</b>	<b>Audited Year ended 30-Sep 2011 R'000</b>	<b>Audited Year ended 30-Sep 2010 R'000</b>
<b>7. BUSINESS COMBINATION</b>				
<b>7.1 Cosme Farma Laboratories Limited (Cosme)</b>				
On 17 January 2013, the Adcock Ingram Group acquired certain assets of Cosme, a division of the Cosme Group, based in Goa, India. Cosme is a mid-sized sales and marketing pharmaceutical business which has been operating in the Indian domestic pharmaceutical market for the past 40 years and is ranked in the top 70 in India, per IMS Health, with a sales force of approximately 1 000 staff. The fair value of the identifiable assets as at the date of acquisition was:				
<b>Assets</b>				
Property, plant and equipment	130			
Marketing-related intangible assets	618,748			
Customer-related intangible assets	87,368			
Contract-related intangible assets	13,040			
Manufacturing-related intangible assets	1,630			

	<b>Reviewed 6 months ended 31-Mar 2013 R'000</b>	<b>Audited Year ended 30-Sep 2012 R'000</b>	<b>Audited Year ended 30-Sep 2011 R'000</b>	<b>Audited Year ended 30-Sep 2010 R'000</b>
<b>Total identifiable net assets at fair value</b>	720,916			
Goodwill arising on acquisition	61,484			
<b>Purchase consideration</b>	782,400			
VAT recoverable and deposits	39,193			
Included in cash flows from investing activities	821,593			

The significant factors that contributed to the recognition of goodwill of R61.5 million include, but are not limited to, the establishment of a presence within the domestic Indian market, with local management and expertise to drive the company's product sales into the various channels and customers that exist within this market.

From the date of acquisition, Cosme contributed R35.0 million towards revenue.

#### **Analysis of cash flows on acquisition**

Transaction costs of the acquisition (included in cash flows from operating activities)

4,248

#### **Cash outflow on acquisition**

4,248

Transaction costs of R4.2 million have been expensed during the six months and are included in fixed and administrative expenses.

## **7.2 The Scientific Group (Pty) Ltd**

On 31 January 2011, the group disposed of its 74% holding in The Scientific Group (Pty) Limited (TSG). The results of TSG are presented below and the 30 September 2011 figures include trading for the four-month period ended 31 January 2011:

Turnover	90,103	310,567
Cost of sales	(52,265)	(176,871)
Gross profit	37,838	133,696
Selling and distribution expenses	(20,397)	(57,126)
Marketing expenses	(794)	(1,266)
Fixed and administrative expenses	(12,119)	(43,309)
Operating profit	4,528	31,995
Finance costs	(1,046)	(2,542)

	<b>Reviewed 6 months ended 31-Mar 2013 R'000</b>	<b>Audited Year ended 30-Sep 2012 R'000</b>	<b>Audited Year ended 30-Sep 2011 R'000</b>	<b>Audited Year ended 30-Sep 2010 R'000</b>
Profit before taxation			3,482	29,453
Taxation			(2,780)	(8,994)
<b>Profit for the period from discontinued operation</b>			702	20,459
Loss on disposal of the discontinued operation			(27,737)	–
Attributable taxation			(1,117)	–
<b>(Loss)/profit after tax for the period from a discontinued operation</b>			(28,152)	20,459
<b>Cash inflow on disposal:</b>				
Consideration received			77,827	
Net overdraft disposed of with the discontinued operation			7,162	
<b>Net cash inflow</b>			84,989	
Included in the Adcock Ingram Group's consolidated statement are cash flows from the TSG discontinued operation. These cash flows are included in operating and investing activities as follows:				
Cash outflow from operating activities			35,611	
Cash outflow from investing activities			9,530	
<b>Net cash outflow</b>			45,141	

### 7.3 NutriLida

On 31 July 2011, Adcock Ingram Healthcare (Pty) Ltd acquired 100% of the business of NutriLida (Pty) Limited, Zeiss Road Manufacturing (Pty) Limited and Midsummer Assets and Leasing (Pty) Limited (NutriLida), a vitamins, minerals and supplements business based in Johannesburg, as a going concern. The Adcock Ingram Group has acquired NutriLida because it significantly enlarges the range of products in the vitamins, minerals and supplements category.

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

	<b>Reviewed 6 months ended 31-Mar 2013 R'000</b>	<b>Audited Year ended 30-Sep 2012 R'000</b>	<b>Audited Year ended 30-Sep 2011 R'000</b>	<b>Audited Year ended 30-Sep 2010 R'000</b>
<b>Assets</b>				
Property, plant and equipment		1,332		
Other Intangibles		139,307		
Cash and cash equivalents		26,595		
Investments		1,192		
Inventories		36,552		
Accounts receivable		47,191		
Receiver of Revenue		2,888		
		255,057		
<b>Liabilities</b>				
Accounts payable		(29,673)		
Deferred tax		(38,991)		
		(68,664)		
<b>Total identifiable assets at fair value</b>				
Goodwill arising on acquisition		186,393		
		163,607		
<b>Purchase consideration</b>				
Net cash acquired with business		350,000		
		(26,595)		
<b>Net cash consideration</b>				
		323,405		

The fair value of the trade receivables equals the gross amount of trade receivables and amounts to R47.2 million. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected. An amount of R50 million was paid into an escrow account as a guarantee for any returns or uncollected trade receivables.

The significant factors that contributed to the recognition of goodwill of R163.6 million include, but are not limited to, the acquisition of trade listings of an established product portfolio within the FMCG channel.

From the date of acquisition, Nutrilida contributed R43.1 million towards revenue and R15.3 million towards profit before income tax.

Should the Nutrilida acquisition have been included from 1 October 2010, the contribution is estimated to have been R233.4 million to revenue and R75.6 million towards profit before income tax.

	<b>Reviewed 6 months ended 31-Mar 2013 R'000</b>	<b>Audited Year ended 30-Sep 2012 R'000</b>	<b>Audited Year ended 30-Sep 2011 R'000</b>	<b>Audited Year ended 30-Sep 2010 R'000</b>
<b>Analysis of cash flows on acquisition</b>				
Transaction costs of the acquisition (included in cash flows from operating activities)		(2,441)		
Net cash acquired with the business (included in cash flows from investing activities)		26,595		
<b>Cash inflow on acquisition</b>		<b>24,154</b>		
Transaction costs of R2.4 million have been expensed and are included in fixed and administrative expenses.				
<b>7.4 Bioswiss (Pty) Ltd</b>				
On 1 April 2011, Adcock Ingram Healthcare (Pty) Ltd acquired 51% of Bioswiss (Pty) Ltd, a specialised diabetes pharmaceutical company in South Africa. The Adcock Ingram Group has acquired Bioswiss as it adds a diabetes portfolio to the range of products.				
The fair value of the identifiable assets as at the date of acquisition was:				
<b>Assets</b>				
Accounts receivable			11,812	
Marketing-related intangible assets			10,255	
Customer-related intangible assets			1,010	
Contract-related intangible assets			7,840	
Inventories			5,009	
Cash and cash equivalents			2,124	
Other intangibles			114	
Property, plant and equipment			15	
			<b>38,179</b>	
<b>Liabilities</b>				
Long-term borrowings			(1,922)	
Accounts payable			(2,161)	
Deferred tax			(5,342)	
Receiver of Revenue			(36)	
			<b>(9,461)</b>	
<b>Total identifiable assets at fair value</b>			<b>28,718</b>	
Non-controlling interests measured at fair value			(14,072)	
Goodwill arising on acquisition			10,354	

	<b>Reviewed 6 months ended 31-Mar 2013 R'000</b>	<b>Audited Year ended 30-Sep 2012 R'000</b>	<b>Audited Year ended 30-Sep 2011 R'000</b>	<b>Audited Year ended 30-Sep 2010 R'000</b>
<b>Purchase consideration</b>			25,000	
Deferred consideration			(8,506)	
Net cash acquired with business			(2,124)	
Cash injection			(9,000)	
<b>Net cash consideration</b>			<b>5,370</b>	

The fair value of the trade receivables equals the gross amount of trade receivables and amounts to R11.8 million. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

The significant factors that contributed to the recognition of goodwill include, but are not limited to, the acquisition of a diabetes product portfolio.

From the date of acquisition, Bioswiss contributed R6.8 million towards revenue and reported a loss before income tax of R2.5 million.

Should the Bioswiss acquisition have been included from 1 October 2010, the contribution is estimated to have been R10.8 million to revenue and R2.5 million towards profit before income tax.

#### **Analysis of cash flows on acquisition**

Transaction costs of the acquisition (included in cash flows from operating activities)

(675)

Net cash acquired with the business (included in cash flows from investing activities)

2,124

#### **Cash inflow on acquisition**

1,449

Transaction costs of R0.7 million have been expensed and are included in fixed and administrative expenses.

Of the total purchase price, a payment of R8.5 million has been deferred. The deferred portion of the purchase price has been fully provided for. R2.5 million of the deferred portion is subject to the achievement of certain revenue targets.

	<b>Reviewed 6 months ended 31-Mar 2013 R'000</b>	<b>Audited Year ended 30-Sep 2012 R'000</b>	<b>Audited Year ended 30-Sep 2011 R'000</b>	<b>Audited Year ended 30-Sep 2010 R'000</b>
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## 7.5 Unique Formulations

On 17 November 2009, the Adcock Ingram Group acquired 100% of the assets of Unique Formulations, a vitamin and mineral supplement company based in Cape Town, as a going concern. The Adcock Ingram Group acquired Unique as it gave the Company entry into the vitamins, minerals and supplements category.

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

### Assets

Property, plant and equipment	196
Marketing-related intangible assets	24,204
Inventories	2,024
Accounts receivable	2,669

### Total identifiable net assets at fair value

Goodwill arising on acquisition	29,093
	8,448

### Purchase consideration

37,541

The fair value of the trade receivables equals the gross amount of trade receivables and amounts to R2.7 million. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected. Any uncollected amounts will be off-set against the deferred portion of the purchase price.

The significant factors that contributed to the recognition of goodwill include, but are not limited to, the acquisition of trade listings of an established product portfolio within the fast moving consumer goods channel.

From the date of acquisition, the Unique business contributed R23.1 million towards revenue in the 2010 financial year. Should the Unique business have been included from 1 October 2009, the contribution is estimated to have been R24.8 million to revenue.

	<b>Reviewed 6 months ended 31-Mar 2013 R'000</b>	<b>Audited Year ended 30-Sep 2012 R'000</b>	<b>Audited Year ended 30-Sep 2011 R'000</b>	<b>Audited Year ended 30-Sep 2010 R'000</b>
As the business was fully integrated into the over-the-counter segment, it is not possible to determine the exact contribution towards profit before income tax.				
<b>Analysis of cash flows on acquisition</b>				
Transaction costs of the acquisition (included in cash flows from operating activities)				(253)
<b>Net cash flow on acquisition</b>				<b>(253)</b>
Transaction costs of R0.3 million have been expensed and are included in fixed and administrative expenses in the 2010 financial year. Of the total purchase price, a payment of R17.5 million was deferred. The deferred portion of the purchase price, which was fully provided for, was subject to the achievement of certain revenue targets.				
During the 2011 financial year, an amount of R3.78 million was paid, after withholding R3.43 million for trade debtors receipts and R6.55 million was adjusted through profit and loss as certain performance criteria were not met. Of the initial deferred amount of R17.5 million, an amount of R3.75 million is still outstanding at 30 September 2011.				
<b>7.6 Indigenous Systems (Pty) Limited</b>				
On 1 April 2010, The Scientific Group (Pty) Ltd acquired the net assets of Indigenous Systems (Pty) Limited ("Indigenous"), an unlisted company in South Africa, as a going concern. The Adcock Ingram Group acquired Indigenous as it enlarges the product portfolio.				
The fair value of the identifiable assets as at the date of acquisition was:				
<b>Assets</b>				
Property, plant and equipment				1,925
Inventories				7,642
Accounts receivable				7,018
				<b>16,585</b>
<b>Liabilities</b>				
Accounts payable				(415)
<b>Net purchase price</b>				<b>16,170</b>

<b>Reviewed 6 months ended 31-Mar 2013 R'000</b>	<b>Audited Year ended 30-Sep 2012 R'000</b>	<b>Audited Year ended 30-Sep 2011 R'000</b>	<b>Audited Year ended 30-Sep 2010 R'000</b>
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The fair value of the trade receivables equals the gross amount of trade receivables and amounts to R7.0 million. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected. Any uncollected amounts will be off-set against the deferred portion of the purchase price.

From the date of acquisition, the Indigenous business contributed R20.5 million towards revenue and R3.2 million towards profit before income tax in the 2010 financial year.

Should the Indigenous business have been included from 1 October 2009, the contribution is estimated to have been R39 million to revenue and R5.9 million towards profit before income tax.

Of the total purchase price, a payment of R3.2 million was deferred. The deferred portion of the purchase price, which was fully provided for, was subject to the achievement of certain revenue targets. This business was subsequently sold as part of the disposal of The Scientific Group (refer note 1).

#### **7.7 Ayrton Drug Manufacturing Limited**

On 1 April 2010, Adcock Ingram International (Pty) Limited (Adcock Ingram International), a wholly-owned subsidiary of Adcock Ingram, acquired a 65.59% stake in a leading listed Ghanaian pharmaceutical company, Ayrton Drug Manufacturing Limited ("Ayrton") for R121 million, to establish a presence in Western Africa.

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

	<b>Reviewed 6 months ended 31-Mar 2013 R'000</b>	<b>Audited Year ended 30-Sep 2012 R'000</b>	<b>Audited Year ended 30-Sep 2011 R'000</b>	<b>Audited Year ended 30-Sep 2010 R'000</b>
<b>Assets</b>				
Property, plant and equipment				20,355
Marketing-related intangible assets				28,295
Customer-related intangible assets				9,141
Other Intangibles				1,211
Cash and cash equivalents				14,417
Inventories				20,299
Accounts receivable				23,778
				117,496
<b>Liabilities</b>				
Accounts payable				(10,028)
Receiver of Revenue				(1,465)
Deferred tax				(9,359)
				(20,852)
<b>Total identifiable net assets at fair value</b>				96,644
Non-controlling interests measured at fair value				(33,636)
<b>Fair value of net assets</b>				63,008
Goodwill arising on acquisition				57,869
<b>Purchase consideration</b>				120,877

The fair value of the trade receivables equals the gross amount of trade receivables and amounts to R23.8 million. None of the trade receivables have been impaired and it is expected that the full contractual amounts can be collected.

Goodwill represents the difference between the purchase consideration and the fair value of the net assets acquired as there are no further separately identifiable intangible assets. The significant factors that contributed to the recognition of goodwill include, but are not limited to, the establishment of a presence within the Western African markets, with local management and distribution capabilities to drive the group's product sales into the various channels and customers that exist within those markets.

	<b>Reviewed 6 months ended 31-Mar 2013 R'000</b>	<b>Audited Year ended 30-Sep 2012 R'000</b>	<b>Audited Year ended 30-Sep 2011 R'000</b>	<b>Audited Year ended 30-Sep 2010 R'000</b>
From the date of acquisition, the Ayrton business contributed R44.3 million towards revenue and R9.7 million towards profit before income tax in the 2010 financial year.				
Should the Ayrton business have been included from 1 October 2009, the contribution is estimated to have been R85.7 million to revenue and R19.4 million towards profit before income tax in the 2010 financial year.				
<b>Analysis of cash flows on acquisition</b>				
Transaction costs of the acquisition (included in cash flows from operating activities)				(1,867)
Net cash acquired with the business (included in cash flows from investing activities)				14,417
<b>Cash inflow on acquisition</b>				<b>12,550</b>

Transaction costs of R1.9 million have been expensed and are included in fixed and administrative expenses in the 2010 financial year.

**Acquisition of additional interest in Ayrton**

Adcock has placed an order on the Ghanaian stock exchange to purchase additional shares at GH¢0.16.

Following the initial transaction, Adcock Ingram International (Pty) Limited acquired an additional 0.59% of the shares of Ayrton for R1 million, increasing its ownership to 66.18% at 30 September 2010. A cash consideration of R0.991 million was paid. The difference of R0.922 million between the consideration paid and the carrying value of the interest acquired has been recognised in retained earnings within equity.

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<b>Reviewed 6 months ended 31-Mar 2013 R'000</b>	<b>Audited Year ended 30-Sep 2012 R'000</b>	<b>Audited Year ended 30-Sep 2011 R'000</b>	<b>Audited Year ended 30-Sep 2010 R'000</b>
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During the 2011 financial year, an additional 5.17% interest of the voting shares of Ayrton was acquired, increasing its ownership to 71.35%. A cash consideration of R9.345 million was paid. The difference of R4.120 million between the consideration paid and the carrying value of the interest acquired has been recognised in retained earnings within equity.

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## **REPORTING ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION OF ADCOCK INGRAM AND ITS SUBSIDIARIES**

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The Directors  
Adcock Ingram Holdings Limited  
1 New Road  
Midrand  
Johannesburg

### **Independent Reporting Accountant's Report on the Historical Financial Information of Adcock Ingram Holdings Limited ("Adcock")**

#### **Introduction**

At your request, we present our Reporting Accountant's Report on the Consolidated Historical Financial Information of Adcock for the three years ended 30 September 2012, 2011 and 2010 (the "Historical Financial Information") for inclusion in the combined prospectus and pre-listing statement to be dated on or about 14 November 2013 ("Prospectus"). This report is required for the purposes of complying with section 8.48 of the Listings Requirements of the JSE Limited (the "Listings Requirements") and is given for the purpose of complying with those requirements and for no other purpose. We are the independent auditors of Adcock.

To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the Listings Requirements and consenting to its inclusion in the Prospectus.

#### **Responsibility of the Directors**

The Directors of Adcock are responsible for the compilation, contents and preparation of the Prospectus in accordance with the Listings Requirements. The Directors are also responsible for the fair presentation in accordance with International Financial Reporting Standards ("IFRS") of the Consolidated Historical Financial Information contained therein to which this Independent Reporting Accountant's Report relates, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

#### **Historical Financial Information subjected to audit or review**

We have audited the consolidated historical financial information for the three years ended 30 September 2012, 2011 and 2010 attached as Annexure 5 to the Prospectus to be dated on or about 14 November 2013, prepared in accordance with IFRS and in compliance with the JSE Listings Requirements.

#### **Responsibility of the Independent Reporting Accountant's on the Consolidated Historical Financial Information for the three years ended 30 September 2012, 2011 and 2010**

Our responsibility is to express an audit opinion on the Consolidated Historical Financial Information for the three years ended 30 September 2012, 2011 and 2010 included in Annexure 5 to the Prospectus based on our audit.

We conducted our audit of the Consolidated Historical Financial Information for the three years ended 30 September 2012, 2011 and 2010 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 about whether the Consolidated Historical Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Historical Financial Information for the three years ended 30 September 2012, 2011 and 2010. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Historical Financial Information, 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 Consolidated Historical Financial Information for the three years ended 30 September 2012, 2011 and 2010 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 management, as well as evaluating the overall presentation of the Consolidated Historical Financial Information for the three years ended 30 September 2012, 2011 and 2010.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion on Consolidated Historical Financial Information for the three years ended 30 September 2012, 2011 and 2010**

In our opinion, the Consolidated Historical Financial Information for the three years ended 30 September 2012, 2011 and 2010 consisting of the consolidated financial position of Adcock and its consolidated financial performance and its consolidated cash flows for the three years ended 30 September 2012, 2011 and 2010 included in the Prospectus has been prepared, in all material respects, in accordance with the Listings Requirements.

**Consent**

We consent to the inclusion of this report, which will form part of the Prospectus to the shareholders of Adcock Ingram Holdings Limited be issued on or about 14 November 2013, in the form and context in which it appears. Our report should not be used for any other purpose or be distributed to any other parties.

**Ernst & Young Inc.**

Director: Warren Kenneth Kinnear  
Reporting Accountant Specialist and Auditor  
Registered Auditor (RA)  
Chartered Accountant (SA)

5 November 2013

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**STATEMENT OF ADJUSTMENTS RELATING TO PREVIOUSLY REPORTED HISTORICAL FINANCIAL INFORMATION OF ADCOCK INGRAM AND ITS SUBSIDIARIES**

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The information below represents the Adcock Ingram historical financial statements for the years ended 30 September 2012, 30 September 2011 and 30 September 2010 and the reviewed financial results for the six-month period ended 31 March 2013 adjusted to be in line with the CFR Group accounting policies.

The adjustment relates to the accounting policy choice relating to Joint Ventures. CFR's accounting policy choice is to equity account for Joint Ventures whilst Adcock Ingram's accounting policy choice is to proportionately consolidate in line with International Financial Reporting Standards.

The adjustments below reflect the Adcock Ingram financial information for the specified periods to be in line with the CFR accounting policy choice.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Six months ended 31 March 2013 R'000	Adjustments Six months ended 31 March 2013 (Note 1) R'000	Adjustments Six months ended 31 March 2013 (Note 2) R'000	Adjusted Six months ended 31 March 2013 R'000	Year ended 30 Sept 2012 (Audited) R'000	Adjustments Year ended 30 Sept 2012 (Note 1) R'000	Adjustments Year ended 30 Sept 2012 (Note 2) R'000	Adjusted Year ended 30 Sept 2012 R'000
<b>REVENUE</b>	<b>2,474,360</b>	<b>(13,896)</b>	<b>(103,050)</b>	<b>2,357,414</b>	<b>4,644,406</b>	<b>(14,613)</b>	<b>(182,566)</b>	<b>4,447,227</b>
<b>TURNOVER</b>	<b>2,457,365</b>	<b>(13,619)</b>	<b>(101,933)</b>	<b>2,341,813</b>	<b>4,599,249</b>	<b>(14,472)</b>	<b>(180,781)</b>	<b>4,403,996</b>
Cost of sales	(1,420,517)	(10,193)	71,610	(1,359,100)	(2,505,167)	(26,639)	141,862	(2,389,944)
<b>Gross profit</b>	<b>1,036,848</b>	<b>(23,812)</b>	<b>(30,323)</b>	<b>982,713</b>	<b>2,092,082</b>	<b>(41,111)</b>	<b>(38,919)</b>	<b>2,014,052</b>
Selling and distribution expenses	(296,126)	62	8,935	(287,129)	(571,500)	215	11,839	(559,446)
Marketing expenses	(97,375)	-	86	(97,289)	(208,625)	-	-	(208,625)
Research and development expenses	(52,051)	-	-	(52,051)	(81,601)	-	-	(81,601)
Fixed and administrative expenses	(116,397)	(824)	(3,583)	(120,804)	(363,535)	15,196	71	(348,268)
<b>Operating profit</b>	<b>474,899</b>	<b>(24,574)</b>	<b>(24,885)</b>	<b>425,440</b>	<b>868,821</b>	<b>(25,700)</b>	<b>(27,009)</b>	<b>816,112</b>
Finance income	9,201	(277)	(1,117)	7,807	18,285	(141)	(1,785)	16,359
Finance costs	(25,446)	1,146	274	(24,026)	(26,637)	3,142	4,902	(18,593)
Dividend income	7,794	-	-	7,794	26,872	-	-	26,872
Equity accounted profit attributable to joint ventures	0	14,819	18,523	33,342	-	15,252	12,625	27,877
<b>Profit before taxation and abnormal items</b>	<b>466,448</b>	<b>(8,886)</b>	<b>(7,205)</b>	<b>450,357</b>	<b>887,341</b>	<b>(7,447)</b>	<b>(11,267)</b>	<b>868,627</b>
Abnormal items	-	-	-	-	-	-	-	-
<b>Profit before taxation</b>	<b>466,448</b>	<b>(8,886)</b>	<b>(7,205)</b>	<b>450,357</b>	<b>887,341</b>	<b>(7,447)</b>	<b>(11,267)</b>	<b>868,627</b>
Taxation	(139,934)	8,886	4,077	(126,971)	(168,265)	7,447	8,190	(152,628)
<b>Profit for the period</b>	<b>326,514</b>	<b>-</b>	<b>(3,128)</b>	<b>323,386</b>	<b>719,076</b>	<b>-</b>	<b>(3,077)</b>	<b>715,999</b>
<b>Profit for the period</b>	<b>326,514</b>	<b>-</b>	<b>(3,128)</b>	<b>323,386</b>	<b>719,076</b>	<b>-</b>	<b>(3,077)</b>	<b>715,999</b>
<b>Other comprehensive income</b>	<b>56,232</b>	<b>-</b>	<b>-</b>	<b>56,232</b>	<b>(37,896)</b>	<b>-</b>	<b>-</b>	<b>(37,896)</b>
Exchange differences on translation of foreign operations	56,232	-	-	56,232	(26,181)	-	-	(26,181)
Exchange differences on translation of total operations to USD	-	-	-	-	-	-	-	-
Movement in cash flow hedge accounting reserve, net of tax	613	-	613	613	(11,715)	-	-	(11,715)
Net loss on available-for-sale financial asset, net of tax	(80)	(80)	-	(80)	-	-	-	-
<b>Total comprehensive income for the period, net of tax</b>	<b>383,279</b>	<b>-</b>	<b>(3,128)</b>	<b>380,151</b>	<b>681,180</b>	<b>-</b>	<b>(3,077)</b>	<b>678,103</b>
<b>Profit attributable to:</b>								
Owners of the parent	317,192	-	-	317,192	705,641	-	-	705,641
Non-controlling interests	9,322	(3,128)	(3,128)	6,194	13,435	(3,077)	(3,077)	10,308
	<b>326,514</b>	<b>-</b>	<b>(3,128)</b>	<b>323,386</b>	<b>719,076</b>	<b>-</b>	<b>(3,077)</b>	<b>715,999</b>

	Six months ended 31 March 2013		Adjustments Six months ended 31 March 2013 (Note 1) R'000		Adjustments Six months ended 31 March 2013 (Note 2) R'000		Adjusted Six months ended 31 March 2013 R'000		Year ended 30 Sept 2012 (Audited) R'000		Adjustments Year ended 30 Sept 2012 (Note 1) R'000		Adjustments Year ended 30 Sept 2012 (Note 2) R'000		Adjusted Year ended 30 Sept 2012 R'000	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Total comprehensive income attributable to:</b>																
Owners of the parent	372,310	-	-	-	-	-	372,310	670,434	-	-	-	-	-	-	-	670,434
Non-controlling interests	10,969		(3,128)		7,841		10,746					(3,077)				7,669
	<b>383,279</b>	<b>-</b>	<b>(3,128)</b>	<b>-</b>	<b>380,151</b>	<b>-</b>	<b>681,180</b>	<b>-</b>	<b>(3,077)</b>	<b>678,103</b>						
<b>Continuing operations:</b>																
Basic earnings per ordinary share (cents)	188.0	-	-	-	188.0	-	417.8	-	-	-	-	-	-	-	-	417.8
Diluted basic earnings per ordinary share (cents)	187.8	-	-	-	187.8	-	417.2	-	-	-	-	-	-	-	-	417.2
Headline earnings per ordinary share (cents)	188.1	-	-	-	188.1	-	422.4	-	-	-	-	-	-	-	-	422.4
Diluted headline earnings per ordinary share (cents)	187.9	-	-	-	187.9	-	421.8	-	-	-	-	-	-	-	-	421.8
<b>REVENUE</b>	<b>4,534,235</b>	<b>(13,228)</b>	<b>(151,184)</b>	<b>4,369,823</b>	<b>4,200,022</b>	<b>(9,677)</b>	<b>3,986,863</b>									
<b>TURNOVER</b>	<b>4,453,567</b>	<b>(13,078)</b>	<b>(149,697)</b>	<b>4,290,792</b>	<b>4,130,087</b>	<b>(9,419)</b>	<b>3,917,909</b>									
Cost of sales	(2,284,606)	(16,764)	120,210	(2,181,160)	(1,928,956)	(21,545)	(1,776,285)									
<b>Gross profit</b>	<b>2,168,961</b>	<b>(29,842)</b>	<b>(29,487)</b>	<b>2,109,632</b>	<b>2,201,131</b>	<b>(30,964)</b>	<b>2,141,624</b>									
Selling and distribution expenses	(530,005)	347	13,147	(516,511)	(442,805)	519	(442,286)									
Marketing expenses	(206,981)	-	-	(206,981)	(162,442)	-	(162,442)									
Research and development expenses	(70,723)	-	-	(70,723)	(65,287)	-	(65,287)									
Fixed and administrative expenses	(292,614)	11,517	52	(281,045)	(362,290)	12,204	(339,154)									
<b>Operating profit</b>	<b>1,068,638</b>	<b>(17,978)</b>	<b>(16,288)</b>	<b>1,034,372</b>	<b>1,168,307</b>	<b>(18,241)</b>	<b>1,132,455</b>									
Finance income	63,778	(150)	(1,487)	62,141	59,288	(258)	58,307									
Finance costs	(30,225)	3,471	992	(25,762)	(37,931)	4,132	(33,352)									
Dividend income	16,890	-	-	16,890	10,647	-	10,647									
Equity accounted profit attributable to joint ventures	-	9,803	12,462	22,265	-	9,451	22,686									
<b>Profit before taxation and abnormal items</b>	<b>1,119,081</b>	<b>(4,854)</b>	<b>(4,321)</b>	<b>1,109,906</b>	<b>1,200,311</b>	<b>(4,916)</b>	<b>1,190,743</b>									
Abnormal items	-	-	-	-	(269,000)	-	(269,000)									
<b>Profit before taxation</b>	<b>1,119,081</b>	<b>(4,854)</b>	<b>(4,321)</b>	<b>1,109,906</b>	<b>931,311</b>	<b>(4,916)</b>	<b>921,743</b>									

	Year ended 30-Sept 2011 R' 000	Year ended 30-Sept 2011 R' 000	Year ended 30-Sept 2011 R' 000	Year ended 30-Sept 2011 R' 000	Year ended 30-Sept 2010 R' 000	Year ended 30-Sept 2010 R' 000	Year ended 30-Sept 2010 R' 000
Taxation	(326,129)	4,854	4,321	(316,954)	4,916	4,652	(298,974)
<b>Profit for the period</b>	<b>792,952</b>	<b>4,854</b>	<b>4,321</b>	<b>792,952</b>	<b>622,769</b>	<b>622,769</b>	<b>622,769</b>
<b>Profit for the period</b>	<b>764,800</b>	<b>-</b>	<b>-</b>	<b>764,800</b>	<b>643,228</b>	<b>-</b>	<b>643,228</b>
<b>Other comprehensive income</b>	<b>17,591</b>	<b>-</b>	<b>-</b>	<b>17,591</b>	<b>(528)</b>	<b>-</b>	<b>(528)</b>
Exchange differences on translation of foreign operations	4,709	-	-	4,709	(4,156)	-	(4,156)
Exchange differences on translation of total operations to USD	-	-	-	-	-	-	-
Movement in cash flow hedge accounting reserve, net of tax	12,882	-	-	12,882	3,628	-	3,628
Net loss on available-for-sale financial asset, net of tax	-	-	-	-	-	-	-
<b>Total comprehensive income for the period, net of tax</b>	<b>782,391</b>	<b>-</b>	<b>-</b>	<b>782,391</b>	<b>642,700</b>	<b>-</b>	<b>642,700</b>
<b>Profit attributable to:</b>							
Owners of the parent	754,205	-	-	754,205	631,459	-	631,459
Non-controlling interests	10,595	-	-	10,595	11,769	-	11,769
<b>Total comprehensive income attributable to:</b>	<b>764,800</b>	<b>-</b>	<b>-</b>	<b>764,800</b>	<b>643,228</b>	<b>-</b>	<b>643,228</b>
<b>Owners of the parent</b>	<b>770,658</b>	<b>-</b>	<b>-</b>	<b>770,658</b>	<b>630,931</b>	<b>-</b>	<b>630,931</b>
<b>Non-controlling interests</b>	<b>11,733</b>	<b>-</b>	<b>-</b>	<b>11,733</b>	<b>11,769</b>	<b>-</b>	<b>11,769</b>
<b>Continuing operations:</b>	<b>782,391</b>	<b>-</b>	<b>-</b>	<b>782,391</b>	<b>642,700</b>	<b>-</b>	<b>642,700</b>
Basic earnings per ordinary share (cents)	458.5	-	-	441.8	354.9	-	363.5
Diluted basic earnings per ordinary share (cents)	457.5	-	-	440.9	354.1	-	362.7
Headline earnings per ordinary share (cents)	465.1	-	-	465.1	354.8	-	354.8
Diluted headline earnings per ordinary share (cents)	464.2	-	-	464.2	354.0	-	354.0

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Six months ended 31 March 2013 R'000	Adjustments Six months ended 31 March 2013 (Note 1) R'000	Adjustments Six months ended 31 March 2013 (Note 2) R'000	Adjusted Six months ended 31 March 2013 R'000	Year ended 30 Sept 2012 (Audited) R'000	Adjustments Year ended 30 Sept 2012 (Note 1) R'000	Adjustments Year ended 30 Sept 2012 (Note 2) R'000	Adjusted Year ended 30 Sept 2012 R'000
<b>ASSETS</b>								
Property, plant and equipment	1,655,881	(77,114)	(38,507)	1,540,260	1,560,177	(68,878)	(40,484)	1,450,815
Intangible assets	1,513,099	-	-	1,513,099	710,960	(6)	-	710,954
Other financial assets	139,653	-	-	139,653	139,751	-	-	139,751
Investment in associate	-	-	-	-	-	-	-	-
Investment in joint venture	-	80,991	68,120	149,111	-	64,799	59,598	124,397
Loans receivable	23,834	-	(16,584)	7,250	27,060	-	(16,489)	10,571
Deferred tax	5,135	-	(4,797)	338	5,097	-	-	5,097
<b>Non-current assets</b>	<b>3,337,602</b>	<b>3,877</b>	<b>8,232</b>	<b>3,349,711</b>	<b>2,443,045</b>	<b>(4,085)</b>	<b>2,625</b>	<b>2,441,585</b>
Inventories	1,305,287	(19,087)	(7,215)	1,278,985	956,164	(20,468)	(4,547)	931,149
Trade and other receivables	1,528,772	(60,634)	(27,471)	1,440,667	1,320,191	(32,225)	(32,455)	1,255,511
Cash and cash equivalents	97,607	(12,592)	(42,150)	42,865	492,716	(11,986)	(46,643)	434,087
Taxation receivable	32,851	-	-	32,851	70,170	-	-	70,170
<b>Current assets</b>	<b>2,964,517</b>	<b>(92,313)</b>	<b>(76,836)</b>	<b>2,795,368</b>	<b>2,839,241</b>	<b>(64,679)</b>	<b>(83,645)</b>	<b>2,690,917</b>
<b>Total assets</b>	<b>6,302,119</b>	<b>(88,436)</b>	<b>(68,604)</b>	<b>6,145,079</b>	<b>5,282,286</b>	<b>(68,764)</b>	<b>(81,020)</b>	<b>5,132,502</b>
<b>EQUITY AND LIABILITIES</b>								
<b>Capital and reserves</b>								
Issued share capital	16,858	-	-	16,858	16,872	-	-	16,872
Share premium	523,697	-	-	523,697	547,400	-	-	547,400
Non-distributable reserves	420,016	-	-	420,016	356,229	-	-	356,229
Retained income	2,624,482	-	-	2,624,482	2,502,510	-	-	2,502,510
Total shareholders' funds	3,585,053	-	-	3,585,053	3,423,011	-	-	3,423,011
Non-controlling interests	147,256	-	(15,310)	131,946	137,684	-	(12,184)	125,500
<b>Total equity</b>	<b>3,732,309</b>	<b>-</b>	<b>(15,310)</b>	<b>3,716,999</b>	<b>3,560,695</b>	<b>-</b>	<b>(12,184)</b>	<b>3,548,511</b>
Long-term borrowings	11,007	(1,686)	(5,601)	3,720	104,625	-	(3,221)	101,404
Post-retirement medical liability	16,645	(14,992)	-	1,653	15,341	(8,797)	-	6,544
Deferred tax	106,356	(704)	-	105,652	101,910	-	-	101,910
<b>Non-current liabilities</b>	<b>134,008</b>	<b>(17,382)</b>	<b>(5,601)</b>	<b>111,025</b>	<b>221,876</b>	<b>(8,797)</b>	<b>(3,221)</b>	<b>209,858</b>
Trade and other payables	1,086,833	(27,608)	(43,867)	1,015,358	983,589	(26,938)	(54,800)	901,851

	Six months ended 31 March 2013		Adjustments Six months ended 31 March 2013		Adjusted Six months ended 31 March 2013		Year ended 30 Sept 2012 (Audited)		Adjustments Year ended 30 Sept 2012 (Note 1)		Adjusted Year ended 30 Sept 2012	
	R'000	R'000	R'000	(Note 2)	R'000	R'000	R'000	R'000	R'000	(Note 2)	R'000	R'000
Short-term borrowings	333,056	(25,158)	(3,533)		304,365	431,368	(21,397)	(7,049)	402,922			
Cash-settled options	34,373	–	–		34,373	39,983	–	–	39,983			
Provisions	41,621	(721)	(5,196)		35,704	44,775	(395)	–	44,380			
Bank overdraft	939,919	–	–		939,919	–	–	–	–			
Taxation payable	–	(17,567)	4,903		(12,664)	–	(11,237)	(3,766)	(15,003)			
<b>Current liabilities</b>	<b>2,435,802</b>	<b>(71,054)</b>	<b>(47,693)</b>		<b>2,317,055</b>	<b>1,499,715</b>	<b>(59,967)</b>	<b>(65,615)</b>	<b>1,374,133</b>			
<b>Total equity and liabilities</b>	<b>6,302,119</b>	<b>(88,436)</b>	<b>(68,604)</b>		<b>6,145,079</b>	<b>5,282,286</b>	<b>(68,764)</b>	<b>(81,020)</b>	<b>5,132,502</b>			
<b>ASSETS</b>												
Property, plant and equipment	1,161,558	(73,535)	(37,127)		1,050,896	857,471	(70,984)	(34,233)	752,254			
Intangible assets	728,474	(82)	–		728,392	424,149	(150)	–	423,999			
Other financial assets	140,210	–	–		140,210	139,012	–	–	139,012			
Investment in Associate	–	–	–		–	12,200	–	–	12,200			
Investment in Joint Venture	–	51,858	35,694		87,552	–	43,343	30,732	74,075			
Loans receivable	–	–	–		–	–	–	–	–			
Deferred tax	3,775	–	–		3,775	23,967	–	–	23,967			
Non-current assets	2,034,017	(21,759)	(1,433)		2,010,825	1,456,799	(27,791)	(3,501)	1,425,507			
Inventories	864,465	(14,067)	(4,763)		845,635	719,236	(12,160)	(4,008)	703,068			
Trade and other receivables	1,202,858	(28,895)	(23,036)		1,150,927	1,150,393	(25,368)	(22,468)	1,102,557			
Cash and cash equivalents	1,103,977	(3,393)	(32,863)		1,067,721	1,430,917	(9,469)	(17,285)	1,404,163			
Taxation receivable	30,143	–	–		30,143	0	–	–	–			
<b>Current assets</b>	<b>3,201,443</b>	<b>(46,355)</b>	<b>(60,662)</b>		<b>3,094,426</b>	<b>3,300,546</b>	<b>(46,997)</b>	<b>(43,761)</b>	<b>3,209,788</b>			
<b>Total assets</b>	<b>5,235,460</b>	<b>(68,114)</b>	<b>(62,095)</b>		<b>5,105,251</b>	<b>4,757,345</b>	<b>(74,788)</b>	<b>(47,262)</b>	<b>4,635,295</b>			

	Audited 30-Sept 2011 R' 000	30-Sept 2011 R' 000	30-Sept 2011 R' 000	30-Sept 2011 R' 000	30-Sept 2011 R' 000	Audited 30-Sept 2010 R' 000	30-Sept 2010 R' 000	30-Sept 2010 R' 000	30-Sept 2010 R' 000
<b>EQUITY AND LIABILITIES</b>									
<b>Capital and reserves</b>									
Issued share capital	16,888	-	-	16,888	-	17,365	-	-	17,365
Share premium	765,288	-	-	765,288	-	1,190,290	-	-	1,190,290
Non-distributable reserves	371,368	-	-	371,368	-	349,061	-	-	349,061
Retained income	1,932,212	-	-	1,932,212	-	1,357,939	-	-	1,357,939
Total shareholders' funds	3,085,756	-	-	3,085,756	-	2,914,655	-	-	2,914,655
Non-controlling interests	137,624	-	-	137,624	-	158,685	-	-	158,685
Total equity	3,223,380	-	-	3,223,380	-	3,073,340	-	-	3,073,340
Long-term borrowings	346,811	(7,851)	(12,065)	326,895	(14,929)	453,830	(13,596)	(13,596)	425,305
Post-retirement medical liability	13,987	-	-	13,987	(329)	15,808	-	-	15,479
Deferred tax	93,884	(5,934)	-	87,950	(4,169)	23,961	-	-	19,792
Non-current liabilities	454,682	(13,785)	(12,065)	428,832	(19,427)	493,599	(13,596)	(13,596)	460,576
Trade and other payables	954,076	(24,362)	(46,127)	883,587	(26,515)	889,162	(31,818)	(31,818)	830,829
Short-term borrowings	496,032	(21,192)	-	474,840	(22,866)	126,787	-	-	103,921
Cash-settled options	64,036	-	-	64,036	-	68,760	-	-	68,760
Provisions	42,859	-	-	42,859	-	84,464	-	-	84,464
Bank overdraft	395	-	-	395	-	0	-	-	-
Taxation payable	-	(8,775)	(3,903)	(12,678)	(5,980)	21,233	(1,848)	(1,848)	13,405
<b>Current liabilities</b>	<b>1,557,398</b>	<b>(54,329)</b>	<b>(50,030)</b>	<b>1,453,039</b>	<b>(55,361)</b>	<b>1,190,406</b>	<b>(33,666)</b>	<b>(33,666)</b>	<b>1,101,379</b>
<b>Total equity and liabilities</b>	<b>5,235,460</b>	<b>(68,114)</b>	<b>(62,095)</b>	<b>5,105,251</b>	<b>(74,788)</b>	<b>4,757,345</b>	<b>(47,262)</b>	<b>(47,262)</b>	<b>4,635,295.00</b>

**Note 1:**

Adcock Ingram Limited India Joint Venture adjustment from Proportionate Consolidation to Equity Accounting.

**Note 2:**

National Renal Care Joint Venture adjustment from Proportionate Consolidation to Equity Accounting and foreign currency difference on translating adjustments from ZAR to USD.

The assets and liabilities in the statement of financial position were translated from ZAR to USD at the closing exchange rate at the end of financial period / year under review (2013: 9.21; 2012: 9.29; 2011: 8.10; 2010: 6.98). Equity balances at 1 October 2009 were translated at the 1 October 2009 rate (7.54) and the movement for the period / year under review translated at the average rates for the respective periods (2013: 8.84; 2012: 8.08; 2011: 6.98; 2010: 7.48), with the foreign currency translation difference allocated to other comprehensive income.

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**INDEPENDENT AUDITOR'S REPORT IN TERMS OF REGULATION 78 OF THE COMPANIES ACT ON THE ADCOCK INGRAM FINANCIAL INFORMATION INCLUDED IN THE PROSPECTUS**

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The Directors  
Adcock Ingram Holdings Limited  
1 New Road  
Midrand  
Johannesburg

Dear Sirs

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ADCOCK INGRAM HOLDINGS LIMITED (ADCOCK) IN TERMS OF REGULATION 78 OF THE COMPANIES ACT OF SOUTH AFRICA ON THE FINANCIAL INFORMATION INCLUDED IN THE COMBINED PROSPECTUS AND PRE-LISTING STATEMENT**

We have performed the procedures agreed with Adcock and enumerated below with respect to the consolidated historical financial information included in the combined prospectus and pre-listing statement (Prospectus) to Adcock shareholders to be issued on or about 14 November 2013: Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with the Companies Regulations and consenting to its inclusion in the Prospectus. The procedures were performed solely to assist Adcock in complying with Regulation 78 of the Companies Regulations 2011 and are summarised as follows:

1. Agree the consolidated historical profits or losses for the three years ended 30 September 2012, 2011 and 2010 attached as Annexure 5 to the Prospectus to be dated on or about 14 November 2013 to the audited consolidated financial information for the three years ended 30 September 2012, 2011 and 2010 of Adcock.
2. Agree the consolidated historical assets and liabilities for the year ended 30 September 2012 attached as Annexure 5 to the Prospectus to be dated on or about 14 November 2013 to the audited consolidated financial information for the year ended 30 September 2012 of Adcock.
3. Indicate how the profits or losses of Adcock would, in respect of the shares to be acquired, have concerned shareholders of CFR Pharmaceuticals S.A. (CFR), if CFR had at all material times held the shares to be acquired.
4. Indicate what allowance would have fallen to be made, in respect of assets and liabilities so dealt with, for holders of other shares, if CFR had at all material times held the shares to be acquired.

We report our findings below:

1. With respect to item 1, we agreed the consolidated historical profits or losses for the three years ended 30 September 2012, 2011 and 2010 attached as Annexure 5 to the Prospectus to be dated on or about 14 November 2013 to the audited consolidated financial information for the three years ended 30 September 2012, 2011 and 2010 of Adcock. No exceptions were noted.
2. With respect to item 2, we agreed the consolidated historical assets and liabilities for the year ended 30 September 2012 attached as Annexure 5 to the Prospectus to be dated on or about 14 November 2013 to the audited consolidated financial information for the year ended 30 September 2012 of Adcock. No exceptions were noted.
3. With respect to item 3, profits and losses that would have been attributable to shareholders of CFR, if CFR had at all material times held the shares to be acquired, are shown in the consolidated historical profits

or losses for the three years ended 30 September 2012, 2011 and 2010 attached as Annexure 5 to the Prospectus to be dated on or about 14 November 2013 as 'profit attributable to owners of the parent'.

4. With respect to item 4, we do not believe that any further allowance would have been made, in respect of assets and liabilities so dealt with, for holders of other shares, if CFR had at all material times held the shares to be acquired.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the consolidated historical financial information attached as Annexure 5 to the Prospectus to be dated on or about 14 November 2013 or the requirements of Regulation 78 of the Companies Regulations.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the items specified above and does not extend to any financial statements of Adcock, taken as a whole.

### **Consent**

We consent to the inclusion of this report, which will form part of the Prospectus to the shareholders of Adcock to be issued on or about 14 November 2013, in the form and context in which it appears. Our report should not be used for any other purpose or be distributed to any other parties.

### **Ernst & Young Inc.**

Director: Warren Kenneth Kinnear  
Reporting Accountant Specialist and Auditor  
Registered Auditor (RA)  
Chartered Accountant (SA)

5 November 2013

## PRO FORMA FINANCIAL INFORMATION

### 1. PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITION AT 31 DECEMBER 2012

The following *pro forma* financial information is the responsibility of the directors of CFR and has been prepared in accordance with the South African Institute of Chartered Accountants' Guide on *pro forma* financial information and Listings Requirements, to illustrate the potential effect of the acquisition of the Adcock Ingram Group on the consolidated statement of comprehensive income of the CFR Group for the year ended 31 December 2012 and on the consolidated statement of financial position at 31 December 2012.

The *pro forma* financial information is prepared based on the same accounting policies applied to the statutory financial statements of the CFR Group for the year ended 31 December 2012. The *pro forma* financial information has been prepared for illustrative purposes only and does not constitute statutory accounts of the CFR Group or Adcock Ingram Group. Due to its nature, the *pro forma* financial information addresses a hypothetical situation and, therefore, does not represent the CFR Group's actual financial position or results following the completion of the acquisition. The *pro forma* consolidated statement of comprehensive income is based on the assumption that the acquisition took effect on 1 January 2012 and the *pro forma* statement of financial position is based on the assumption that the Scheme took effect on 31 December 2012.

The independent reporting accountants' report on CFR Group, prepared in accordance with the provisions of the Listings Requirements, relating to the *pro forma* financial information and the effects is set out in Annexure 10 of the Prospectus.

All assumptions made with respect to the purchase price allocation are preliminary and, therefore, subject to change once the purchase price allocation is finalised after an independent review by specialists.

(a) *Pro forma* statement of comprehensive income of the CFR Group and the Adcock Ingram Group.

The *pro forma* consolidated statement of comprehensive income set out below presents the effects of the acquisition on the results of the CFR Group for the year ended 31 December 2012 based on the assumption that the acquisition was effective on 1 January 2012:

	<b>CFR Pharma- ceuticals Group (Audited) (1)</b>	<b>Adcock Ingram Holdings Limited Group (Reviewed) (2)</b>	<b>Adjustments financing (3)</b>	<b>Adjustments transaction cost (4)</b>	<b>Adjustments amortisation intangibles (5)</b>	<b>Stock options (6)</b>	<b>Pro forma</b>
	<b>01.01.2012 31.12.2012 ThUS\$</b>	<b>01.10.2011 30.09.2012 ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Revenue	570,832	545,049	–	–	–	–	1,115,88
Cost of sales	(171,34)	(295,785)	–	–	(31,850)	–	(498,977)
Gross profit	<b>399,490</b>	<b>249,264</b>	–	–	<b>(31,850)</b>	–	<b>616,904</b>
Selling and administrative expenses	(317,825)	(148,259)	–	–	(14,548)	(5,159)	(485,791)
Other income/(expenses)	982	–	–	(37,697)	–	–	(36,715)
	82,647	101,005	–	(37,697)	(46,398)	(5,159)	94,398
Income from joint venture companies	1,319	6,776	–	–	–	–	8,095
Foreign exchange gain	9,670	–	–	–	–	–	9,670
	93,636	107,781	–	(37,697)	(46,398)	(5,159)	112,163
Finance income	3,245	2,025	–	–	–	–	5,270
Finance costs	(10,638)	(2,301)	(36,000)	–	–	–	(48,939)

	<b>CFR Pharma- ceuticals Group (Audited) <sup>(1)</sup> 01.01.2012 31.12.2012 ThUS\$</b>	<b>Adcock Ingram Holdings Limited Group (Reviewed) <sup>(2)</sup> 01.10.2011 30.09.2012 ThUS\$</b>	<b>Adjustments financing <sup>(3)</sup> ThUS\$</b>	<b>Adjustments transaction cost <sup>(4)</sup> ThUS\$</b>	<b>Adjustments amortisation intangibles <sup>(5)</sup> ThUS\$</b>	<b>Stock options <sup>(6)</sup> ThUS\$</b>	<b>Pro forma ThUS\$</b>
<b>Profit before taxation</b>	<b>86,243</b>	<b>107,505</b>	<b>(36,000)</b>	<b>(37,697)</b>	<b>(46,398)</b>	<b>(5,159)</b>	<b>68,494</b>
Taxation	(8,703)	(18,890)	7,200	4,987	12,991	1,444	(971)
<b>Net profit after taxation</b>	<b>77,540</b>	<b>88,615</b>	<b>(28,800)</b>	<b>(32,710)</b>	<b>(33,407)</b>	<b>(3,715)</b>	<b>67,523</b>
<b>Net profit attributable to:</b>							
Owners of the parent <sup>(1)</sup>	79,566	87,332	(28,800)	(32,710)	(33,407)	(3,715)	68,266
Non-controlling interests	(2,026)	1,283	–	–	–	–	(743)
<b>Net profit after taxation</b>	<b>77,540</b>	<b>88,615</b>	<b>(28,800)</b>	<b>(32,710)</b>	<b>(33,407)</b>	<b>(3,715)</b>	<b>67,523</b>
<b>Other comprehensive income</b>	<b>2,112</b>	<b>(14,831)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(12,719)</b>
Exchange differences on translation of foreign operations	(605)	(3,240)	–	–	–	–	(3,845)
Exchange differences on translation of Adcock operation to US\$	–	(10,141)	–	–	–	–	(10,141)
Movement in cash flow hedge accounting reserve, net of tax	–	(1,450)	–	–	–	–	(1,450)
Net income on available-for-sale financial asset, net of tax	2,717	–	–	–	–	–	2,717
<b>Total comprehensive income for the period, net of tax</b>	<b>79,652</b>	<b>73,784</b>	<b>(28,800)</b>	<b>(32,710)</b>	<b>(33,407)</b>	<b>(3,715)</b>	<b>54,804</b>
<b>Total comprehensive income attributable to:</b>							
Owners of the parent	80,996	72,834	(28,800)	(32,710)	(33,407)	(3,715)	55,198
Non-controlling interests	(1,344)	950	–	–	–	–	(394)
<b>Total comprehensive income for the period, net of tax</b>	<b>79,652</b>	<b>73,784</b>	<b>(28,800)</b>	<b>(32,710)</b>	<b>(33,407)</b>	<b>(3,715)</b>	<b>54,804</b>
<b>Reconciliation of headline earnings</b>							
Net profit after taxation/owners of the parent <sup>(1)</sup>	79,566	87,332	(28,800)	(32,710)	(33,407)	(3,715)	68,266
Profit on sale of property, plan and equipment	(270)	436	–	–	–	–	166
Impairment of leasehold improvements and intangibles assets	–	234	–	–	–	–	234
Profit on assets available for sale	(712)	–	–	–	–	–	(712)

	<b>CFR Pharma- ceuticals Group (Audited) (1)</b>	<b>Adcock Ingram Holdings Limited Group (Reviewed) (2)</b>	<b>Adjustments financing (3)</b>	<b>Adjustments transaction cost (4)</b>	<b>Adjustments amortisation intangibles (5)</b>	<b>Stock options (6)</b>	<b>Pro forma</b>
	<b>01.01.2012 31.12.2012 ThUS\$</b>	<b>01.10.2011 30.09.2012 ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Taxation	229	291	–	–	–	–	520
<b>Headline earnings (4)</b>	<b>78,813</b>	<b>88,293</b>	<b>(28,800)</b>	<b>(32,710)</b>	<b>(33,407)</b>	<b>(3,715)</b>	<b>68,474</b>
Weighted average number of shares ('000) (2)	8,416,000	168,894	–	–	–	–	8,416,000
Diluted weighted average number of shares ('000) (3)	8,494,668	169,131	–	–	–	–	8,494,668
Increase of capital-new shares ('000) (5)	2,646,226	–	–	–	–	–	2,646,226
Earnings per share (US\$):							
Basic (1)/((2)+(5))	0.007193	0.517082	–	–	–	–	0.006171
Diluted (1)/((3)+(5))	0.007142	0.516357	–	–	–	–	0.006128
Headline (4)/((2)+(5))	0.007125	0.522772	–	–	–	–	0.006190
Diluted headline (4)/((3)+(5))	0.007074	0.522039	–	–	–	–	0.006146
<b>Distribution to shareholders during the year</b>	<b>0.001564</b>	<b>0.130000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.131564</b>
Interim dividend (US\$)	0.001452	–	–	–	–	–	0.001452
Final dividend (US\$)	0.000112	0.130000	–	–	–	–	0.130112

**Notes:**

- The CFR Group financial information has been extracted, without adjustment, from the CFR Group's audited financial statements for the year ended 31 December 2012.
- The Adcock Ingram Group financial information has been extracted from the Adcock Ingram Group audited financial statements for the year ended 30 September 2012. This financial information has been adjusted for:
  - Conversion from South African Rands to US Dollars; and
  - Compliance with CFR Group accounting policies.

The Adcock Ingram Group's financial information has been reviewed by their auditors Ernst & Young. A copy of Ernst & Young's report can be found in Annexure 6 of this Prospectus.
- The Scheme Consideration will be funded by bank debt amounting to US\$600 million and by the issue of new CFR Shares to the value of US\$620 million (2,646,226,260 new shares) as reflected in the *pro forma* statement of financial position. An interest rate of 6% per annum is assumed, based on current interest rates payable by the CFR Group (included Chilean taxation 20%), which is of a continuing nature.
- Non-recurring CFR transaction costs amounting to US\$38,8 million are being incurred of which US\$18,9 million has been expensed through the statement of comprehensive income. These costs are assumed to be tax deductible in Chile (US\$7,8 million). However due to the tax timing difference relating to the realisation of debt issuance costs, taken into account in determining the effective interest rate of the debt raised for the Transaction a deferred tax liability (US\$2,8 million) has been recognised resulting in net transaction costs of US\$13,9 million. These costs will be paid out of available cash resources and are attributable to various professional advisers, regulatory authorities and printing costs. The balance of the costs consist of debt issuance costs of US\$13,9 million and have been taken into account in determining the effective interest rate of the debt portion of the Scheme Consideration. US\$6 million issuance costs relating to the capital stock increase have been set off against equity in the *pro forma* statement of financial position.

Non-recurring Adcock Ingram transaction costs amounting to US\$18,8 million are being incurred, which has been expensed through the statement of comprehensive income. These costs are assumed not to be tax deductible in South Africa, therefore no tax effect was included.

5. In terms of the requirements of IFRS 3 and based on CFR Group's managements' best estimate, the excess of the Scheme Consideration to be paid to Adcock Ingram Ordinary Shareholders over the net asset value at 1 January 2012 has been allocated as follows:

	Amount 01.01.2012 ThUS\$	Year of amortisation comprehensive Income Statement	12 months amortisation ThUS\$	Adjustment
Inventories	31.850	1	(31.850)	Cost of sales
Intangible (brand and products)	22.443	20	(1.172)	Selling and administration expenses
PP&E	2.243	20	(112)	Selling and administration expenses
Intangible (licenses)	3.800	15	(254)	Selling and administration expenses
Intangible (client relationships)	260.200	20	(13.010)	Selling and administration expenses
<b>Total</b>			<b>(46.398)</b>	
Income tax effects (28% tax rate)			<b>12.991</b>	Taxation

6. Stock options

In terms of the Share Option Scheme rules, outstanding Share Options as at the Scheme Implementation Date will be redeemed at a price of R73.51 per Adcock Ingram Ordinary Share. The number of Share Options outstanding as at 30 September 2012 amount to 3,463,690. The early redemption of the Share Options results in an additional liability of US\$5,2 million as at the acquisition date. The net result after tax on the statement of comprehensive income is the recognition of an additional expense of US\$3,7 million, assuming a South African tax rate of 28% (selling and administrative expenses US\$5,2 million, taxation US\$1,4 million).

7. Subsequent events

No events of a material nature have occurred between the reporting date and the date of this report, which would result in an adjustment to the *pro forma* financial information.

- (b) *Pro forma* statement of financial position of the CFR Group and the Adcock Ingram Group

The *pro forma* consolidated statement of financial position set out below presents the effects of the acquisition on the financial position of the CFR Group as at 31 December 2012 based on the assumption that the Scheme was effective on 31 December 2012:

	CFR Pharma- ceuticals Group (Audited) (1) 31.12.2012 ThUS\$	Adcock Ingram Holdings Limited Group (Reviewed) (2) 30.09.2012 ThUS\$	Financial and transaction cost adjustment cost (3) ThUS\$	Purchase price allocation adjustment (4) ThUS\$	Con- solidated adjustment (5) ThUS\$	Stock options (6) ThUS\$	<i>Pro forma</i> 31.12.2012 ThUS\$
<b>Currents assets</b>							
Cash and cash equivalents	150,501	52,363	1,220,000	(1,263,000)	–	(9,982)	149,882
Other current financial assets	6,650	–	–	–	–	–	6,650
Other non-financial assets	3,124	–	–	–	–	–	3,124
Trade and other receivables	196,545	151,449	–	–	–	–	347,994
Trade receivables from related entities	706	–	–	–	–	–	706
Inventories	149,62	112,322	–	26,987	–	–	288,929
Tax assets	22,804	8,464	7,767	–	–	–	39,035
<b>Total current assets</b>	<b>529,950</b>	<b>324,598</b>	<b>1,227,767</b>	<b>(1,236,013)</b>	<b>–</b>	<b>(9,982)</b>	<b>836,320</b>
<b>Non-current assets</b>							
Other financial assets	5,921	16,858	–	–	–	–	22,779
Other non-financial assets	1,819	–	–	–	–	–	1,819
Collection rights	1,814	1,275	–	–	–	–	3,089
Accounts receivable from related entities	6,744	–	–	–	–	–	6,744

	CFR Pharma- ceuticals Group (Audited) <sup>(1)</sup> 31.12.2012 ThUS\$	Adcock Ingram Holdings Limited Group (Reviewed) <sup>(2)</sup> 30.09.2012 ThUS\$	Financial and transaction cost adjustment cost <sup>(3)</sup> ThUS\$	Purchase price allocation adjustment <sup>(4)</sup> ThUS\$	Con- solidated adjustment <sup>(5)</sup> ThUS\$	Stock options <sup>(6)</sup> ThUS\$	<i>Pro forma</i> 31.12.2012 ThUS\$
Investments in associates and joint venture companies	53,269	15,006	–	411,473	(411,473)	–	68,275
Intangible assets other than goodwill <sup>(3)</sup>	167,716	54,59	–	453,163	–	–	675,469
Goodwill <sup>(4)</sup>	485,420	31,170	–	516,514	–	–	1,033,104
Property, plant and equipment	200,757	175,008	–	4,546	–	–	380,311
Deferred tax as sets	31,151	615	–	5,432	–	–	37,198
<b>Total non-current assets</b>	<b>954,611</b>	<b>294,522</b>	<b>–</b>	<b>1,391,128</b>	<b>(411,473)</b>	<b>–</b>	<b>2,228,788</b>
<b>Total assets</b>	<b>1,484,561</b>	<b>619,120</b>	<b>1,227,767</b>	<b>1,55,115</b>	<b>(411,473)</b>	<b>(9,982)</b>	<b>3,065,108</b>

The *pro forma* consolidated statement of financial position set out below presents the effects of the acquisition on the financial position of the CFR Group as at 31 December 2012 based on the assumption that the Scheme was effective on 31 December 2012:

	CFR Pharma- ceuticals Group (Audited) <sup>(1)</sup> 31.12.2012 ThUS\$	Adcock Ingram Holdings Limited Group (Reviewed) <sup>(2)</sup> 30.09.2012 ThUS\$	Financial and transaction cost adjustment cost <sup>(3)</sup> ThUS\$	Purchase price allocation adjustment <sup>(4)</sup> ThUS\$	Con- solidated adjustment <sup>(5)</sup> ThUS\$	Stock options <sup>(6)</sup> ThUS\$	<i>Pro forma</i> 31.12.2012 ThUS\$
<b>Current liabilities</b>							
Other financial liabilities	34,941	48,604	–	–	–	–	83,545
Trade creditors and other accounts payable	115,884	108,786	57,597	–	–	–	282,267
Trade payables to related entities	19,873	–	–	–	–	–	19,873
Other provisions	8,874	5,353	–	–	–	–	14,227
Tax liabilities	8,014	(1,808)	–	–	–	(1,444)	4,762
Provisions for employee benefits	12,256	–	–	–	–	–	12,256
Other non-financial liabilities	489	4,823	–	–	–	(4,823)	489
<b>Total current liabilities</b>	<b>200,331</b>	<b>165,758</b>	<b>57,597</b>	<b>–</b>	<b>–</b>	<b>(6,267)</b>	<b>417,419</b>
<b>Non-current liabilities</b>							
Other financial liabilities	466,415	12,232	586,100	–	–	–	1064,747
Other accounts payable	1	–	–	–	–	–	1
Other provisions	18,382	–	–	19,400	–	–	37,782
Deferred tax liabilities	71,206	12,293	2,780	135,715	–	–	221,994
Provisions for employee benefits	7,210	790	–	–	–	–	8,000
Other non-financial liabilities	1,605	–	–	–	–	–	1,605
<b>Total non-current liabilities</b>	<b>564,819</b>	<b>25,315</b>	<b>588,880</b>	<b>155,115</b>	<b>–</b>	<b>–</b>	<b>1,334,129</b>

	CFR Pharma- ceuticals Group (Audited) (1)	Adcock Ingram Holdings Limited Group (Reviewed) (2)	Financial and transaction cost adjustment cost (3)	Purchase price allocation adjustment (4)	Con- solidated adjustment (5)	Stock options (6)	<i>Pro forma</i> 31.12.2012
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>Capital and reserves</b>							
Issued share capital and premiums	525,294	67,585	614,000	–	(67,585)	–	1,139,294
Retained income	224,215	329,525	(32,710)	–	(329,525)	(3,715)	187,790
Other reserves	(41,526)	14,363	–	–	(14,363)	–	(41,526)
Total shareholder funds	707,983	411,473	581,290	–	(411,473)	(3,715)	1,285,558
Non-controlling interest	11,428	16,574	–	–	–	–	28,002
<b>Total capital and reserves (1)</b>	<b>719,411</b>	<b>428,047</b>	<b>581,290</b>	<b>–</b>	<b>(411,473)</b>	<b>(3,715)</b>	<b>1,313,560</b>
<b>Total capital, reserves and liabilities</b>	<b>1,484,561</b>	<b>619,120</b>	<b>1,227,767</b>	<b>155,115</b>	<b>(411,473)</b>	<b>(9,982)</b>	<b>3,065,108</b>
<b>Shares outstanding ('000) (2)</b>	<b>8,416,000</b>	<b>168,894</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8,416,000</b>
<b>Increase of capital-new shares ('000) (5)</b>	<b>2,646,226</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,646,226</b>
Net asset value per share (US\$) (1)/((2)+(5))	0.0650	25.344	–	–	–	–	0.1187
Net tangible asset value per share (US\$) ((1) – (3) – (4))/((2)+(5))	0.0060	20.266	–	–	–	–	(0.0357)

**Notes:**

- The CFR Group financial information has been extracted, without adjustment from the CFR Group's audited financial statements as at 31 December 2012.
- The Adcock Ingram Group financial information has been extracted from the Adcock Ingram Group audited financial statements as at 30 September 2012. This financial information has been adjusted for:
  - Conversion from South African Rands to US Dollars; and
  - Compliance with CFR Group accounting policies.

The Adcock Ingram Group's financial information has been reviewed by their auditors Ernst & Young. A copy of Ernst & Young's report can be found in Annexure 6 of this Prospectus.
- The Scheme Consideration of US\$1.263 million is funded by debt of US\$600 million, by the issue of new CFR Shares to the value of US\$620 million and US\$43 million from own resources. Non-recurring CFR transaction costs amounting to US\$38,8 million are being incurred of which US\$18,9 million has been expensed through the statement of comprehensive income. These costs are assumed to be tax deductible in Chile (US\$7,8 million). However due to the tax timing difference relating to the realisation of debt issuance costs, taken into account in determining the effective interest rate of the debt raised for the Transaction a deferred tax liability (US\$2,8 million) has been recognised resulting in net transaction costs of US\$13,9 million. These costs will be paid out of available cash resources and are attributable to various professional advisers, regulatory authorities and printing costs. The balance of the costs consist of debt issuance costs of US\$13,9 million and have been taken into account in determining the effective interest rate of the debt portion of the purchase consideration. US\$6 million issuance costs relating to the capital stock increase have been set off against equity in the *pro forma* statement of financial position.
 

Non-recurring Adcock Ingram costs amounting to US\$18,8 million are being incurred, which has been expensed through the statement of comprehensive income. These costs are assumed not to be tax deductible in South Africa, therefore no tax effect was included.
- The CFR Group management performed a provisional Scheme Consideration allocation for the Scheme. These adjustments are considered provisional and in terms of IFRS 3: Business combinations, management will finalise these adjustments within 12 months from date of acquisition.
 

The purchase price allocation is as follows:

	<b>31.12.2012</b> <b>ThUS\$</b>
Goodwill	516,514
Other intangibles	453,163
Property, plant and equipment	4,546
Deferred taxation assets	5,432
Inventories	26,987
Provisions	(19,400)
Deferred taxation liabilities	(135,715)

The following assumptions have been applied:

(a) Goodwill

Goodwill of US\$516,5 million is calculated as the excess of the Scheme Consideration over the net asset value after adjusting for fair value considerations.

(b) Other intangibles

CFR management has identified the following intangibles during the provisional Scheme Consideration allocation.

(i) Adcock Ingram Group brand	US\$140,2 million
(ii) Other products brand	US\$27,6 million
(iii) Licenses	US\$3,8 million
(iv) Customer relationships	US\$281,6 million

CFR management considered the above in applying a number of valuation techniques considered appropriate for the different categories of intangibles.

**Intangible (brand Adcock)**

The trademark "Adcock" is valued through the use of the income approach (*relief-from-royalty* method). This is a common methodology based on the concept of a theoretical payment attributable to use of intellectual property. Net sales were projected by CFR management and an estimate of an arm's length royalty rate derived from available market data. Cash flows were projected over a discrete five year period with terminal value after this to reflect the cash flows attributable to this indefinite-lived asset. An asset-specific discount rate was used to arrive at a net present value amount.

**Intangible (brand other products)**

The major brands (OTC) were valued through the use of the income approach (*relief-from-royalty* method). Net sales projected by CFR management for 20 years and an estimate of an arm's length royalty rate derived from available market data. An asset-specific discount rate was used to arrive at a net present value amount.

**Intangible (licenses)**

Licenses were valued using a cost approach (*Replacement Cost*). This approach considers the concept of replacement as an indicator of value. To derive the value, CFR management estimated the costs associated to register the products in relevant markets.

**Intangible (client relationships)**

Customer relationships are valued through the use of the income approach (multi-period-excess-earnings method) based on CFR management projections.

This method is predicated on the basis that the value of an intangible asset is the present value of the earnings it generates, net of a reasonable return on other assets also contributing to that stream of earnings.

An attrition rate was estimated using CFR management's expectations, historical data about customer retention and third party estimates for similar transactions. An asset-specific discount rate was used to arrive at a net present value amount.

(c) Property, plant and equipment

Land and buildings was adjusted to reflect the average appreciation in the real estate market.

(d) Provisions

CFR management's best estimates after considering all factors.

(e) Deferred taxation

Deferred taxation was applied to all adjustments at the South African tax rate of 28%.

(f) Inventories

Inventories were adjusted to reflect the fair value after considering a reasonable manufacturing profit.

5. Consolidated adjustment

Corresponds to the equity of Adcock Ingram elimination for consolidation purposes in the *pro forma* consolidated statement of financial position at 31 December 2012.

6. Stock options

In terms of the Share Option Scheme rules, outstanding Share Options as at the Scheme Implementation Date will be redeemed at a price of R73.51 per Adcock Ingram Ordinary Share. The number of Share Options outstanding as at 30 September 2012 amount to 3,463,690. The early redemption of the Share Options results in an additional liability of US\$5,2 million as at the Scheme Implementation Date. The net result after tax on the statement of comprehensive income is the recognition of an additional expense of US\$3,7 million, assuming a South African tax rate of 28% (selling and administrative expenses US\$5,2 million, taxation US\$1,4 million).

7. Subsequent events

No events of a material nature have occurred between the reporting date and the date of this report, which would result in an adjustment to the *pro forma* financial information.

## II. PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITION AT 30 JUNE 2013

The following *pro forma* financial information is the responsibility of the directors of CFR and has been prepared in accordance with the South African Institute of Chartered Accountants' Guide on *pro forma* Financial Information and the Listing Requirements, to illustrate the potential effect of the acquisition of the Adcock Ingram Group on the consolidated statement of comprehensive income of the CFR Group for the six-month period ended 30 June 2013 and on the consolidated statement of financial position at 30 June 2013.

The *pro forma* financial information is prepared based on the same accounting policies applied to the statutory financial statements of the CFR Group for the six-month period ended 30 June 2013 and for the year ended 31 December 2012. The *pro forma* financial information has been prepared for illustrative purposes only and does not constitute statutory accounts of the CFR Group or the Adcock Ingram Group. Due to its nature, the *pro forma* financial information addresses a hypothetical situation and, therefore, does not represent the CFR Group's actual financial position or results following the completion of the acquisition. The *pro forma* consolidated statement of comprehensive income is based on the assumption that the acquisition took effect on 1 January 2013 and the *pro forma* statement of financial position is based on the assumption that the acquisition took effect on 30 June 2013.

The independent reporting accountants' report on CFR Group, prepared in accordance with the provisions of the Listings Requirements, relating to the *pro forma* financial information and the effects is set out in Annexure 10 of this Prospectus.

All assumptions made with respect to the Scheme Consideration allocation are preliminary and, therefore, subject to change once the Scheme Consideration allocation is finalised after an independent review by specialists.

(c) *Pro forma* income statement of comprehensive income of the CFR Group and the Adcock Ingram Group

The *pro forma* consolidated statement of comprehensive income set out below presents the effects of the acquisition on the results of the CFR Group for the period ended 30 June 2013 based on the assumption that the Scheme was effective on 1 January 2013.

	CFR Pharma- ceuticals Group (1)	Adcock Ingram Holdings Limited Group (reviewed) (2)	Adjust- ments financing (3)	Adjust- ments transaction cost (4)	Adjust- ments amortisation intangibles (5)	Stock options (6)	<i>Pro forma</i> ThUS\$
	01.01.2013 30.06.2013 ThUS\$	01.10.2012 31.03.2013 ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Revenue	374,034	264,911				–	638,945
Cost of sales	(109,102)	(153,744)			(13,494)	–	(276,340)
Gross profit	<b>264,932</b>	<b>111,167</b>	–	–	<b>(13,494)</b>	–	<b>362,605</b>
Selling and administrative expenses	(187,398)	(63,041)			(7,970)	(5,479)	(263,888)
Other income (expenses)	(3)	–		(35,823)	–		(35,826)
	77,531	48,126	–	(35,823)	(21,464)	(5,479)	62,891
Income from joint venture companies	4,576	4,654					9,230
Foreign exchange gain	(6,821)	–					(6,821)
	75,286	52,780		(35,823)	(21,464)	(5,479)	65,300
Finance income	888	883					1,771
Finance costs	(15,165)	(2,718)	(18,000)				(35,883)
<b>Profit before taxation</b>	<b>61,009</b>	<b>50,945</b>	<b>(18,000)</b>	<b>(35,823)</b>	<b>(21,464)</b>	<b>(5,479)</b>	<b>31,188</b>
Taxation	(11,673)	(14,363)	3,600	4,987	6,010	1,534	(9,905)

	CFR Pharma- ceuticals Group (1)	Adcock Ingram Holdings Limited Group (reviewed) (2)	Adjust- ments financing (3)	Adjust- ments transaction cost (4)	Adjust- ments amortisation intangibles (5)	Stock options (6)	<i>Pro forma</i>
	01.01.2013 30.06.2013 ThUS\$	01.10.2012 31.03.2013 ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
<b>Net profit after taxation</b>	<b>49,336</b>	<b>36,582</b>	<b>(14,400)</b>	<b>(30,836)</b>	<b>(15,454)</b>	<b>(3,945)</b>	<b>21,283</b>
<b>Net profit attributable to:</b>							
Owners of the parent (1)	51,647	35,881	(14,400)	(30,836)	(15,454)	(3,945)	22,893
Non-controlling interests	(2,311)	701	–	–	–	–	(1,610)
<b>Net profit after taxation</b>	<b>49,336</b>	<b>36,582</b>	<b>(14,400)</b>	<b>(30,836)</b>	<b>(15,454)</b>	<b>(3,945)</b>	<b>21,283</b>
<b>Other comprehensive income</b>	<b>(83,123)</b>	<b>(37,105)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(120,228)</b>
Exchange differences on translation of foreign operations	(84,473)	6,361					(78,112)
Exchange differences on translation of Adcock operation to US\$	–	(43,526)					(43,526)
Movement in cash flow hedge accounting reserve, net of tax	–	69					69
Net income on available-for-sale financial asset, net of tax	1,350	(9)					1,341
<b>Total comprehensive income for the period, net of tax</b>	<b>(33,787)</b>	<b>(523)</b>	<b>(14,400)</b>	<b>(30,836)</b>	<b>(15,454)</b>	<b>(3,945)</b>	<b>(98,945)</b>
<b>Total comprehensive income attributable to:</b>							
Owners of the parent	(29,820)	(1,409)	(14,400)	(30,836)	(15,454)	(3,945)	(95,864)
Non-controlling interests	(3,967)	886	–	–	–	–	(3,081)
<b>Total comprehensive income for the period, net of tax</b>	<b>(33,787)</b>	<b>(523)</b>	<b>(14,400)</b>	<b>(30,836)</b>	<b>(15,454)</b>	<b>(3,945)</b>	<b>(98,945)</b>
<b>Reconciliation of headline earnings</b>							
Net profit after taxation/owners of the parent (1)	51,647	35,881	(14,400)	(30,836)	(15,454)	(3,945)	22,893
Profit on sale of property plan and equipment	3	19					22
<b>Headline earnings (4)</b>	<b>51,650</b>	<b>35,900</b>	<b>(14,400)</b>	<b>(30,836)</b>	<b>(15,454)</b>	<b>(3,945)</b>	<b>22,915</b>
Weighted average number of shares ('000) (2)	8,416,000	168,696	–	–	–	–	8,416,000
Diluted weighted average number of shares ('000) (3)	8,491,650	168,868	–	–	–	–	8,491,650
Increase of capital – new shares ('000) (5)	2,646,226	–	–	–	–	–	2,646,226
Earnings per share (US\$):							
Basic (1)/((2)+(5))	0.004669	0.212696	–	–	–	–	0.002069
Diluted (1)/((3)+(5))	0.004637	0.212480	–	–	–	–	0.002055
Headline (4)/((2)+(5))	0.004669	0.212809	–	–	–	–	0.002071
Diluted headline (4)/((3)+(5))	0.004637	0.212592	–	–	–	–	0.002057
<b>Distribution to shareholders during the year</b>	<b>0.002300</b>	<b>0.080000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.082300</b>
Interim dividend (US\$)	0.0016661	–	–	–	–	–	0.001666
Final dividend (US\$)	00.006340	0.080000	–	–	–	–	0.080634

**Notes:**

1. The CFR Group financial information has been extracted, without adjustment, from the CFR Group's unaudited financial statements for the six-month period ended 30 June 2013.
2. The Adcock Ingram Group financial information has been extracted from the Adcock Ingram Group reviewed financial statements for the six-month period ended 31 March 2013. This financial information has been adjusted for:
  - (a) Conversion from South African Rands to US Dollars; and
  - (b) Compliance with CFR Group accounting policies.

The Adcock Ingram Group's financial information has been reviewed by their auditors Ernst & Young. A copy of Ernst & Young report can be found in Annexure 6 of this Prospectus.
3. The Scheme Consideration will be funded by bank debt amounting to US\$600 million and by the issue of new CFR Shares to the value of US\$620 million (2.646.226.260 new shares) as reflected in the *pro forma* statement of financial position. An interest rate of 6% per annum is assumed, based on current interest rates payable by the CFR Group (included Chilean taxation 20%), which is of a continuing nature.
4. Non-recurring CFR transaction costs amounting to US\$38,8 million are being incurred of which US\$18,9 million has been expensed through the statement of comprehensive income. These costs are assumed to be tax deductible in Chile (US\$7,8 million). However due to the tax timing difference relating to the realisation of debt issuance costs, taken into account in determining the effective interest rate of the debt raised for the proposed transaction a deferred tax liability (US\$2,8 million) has been recognised resulting in net transaction costs of US\$13,9 million. These costs will be paid out of available cash resources and are attributable to various professional advisers, regulatory authorities and printing costs. The balance of the costs consist of debt issuance costs of US\$13,9 million and have been taken into account in determining the effective interest rate of the debt portion of the purchase consideration. US\$6 million issuance costs relating to the capital stock increase have been set off against equity in the *pro forma* statement of financial position.
 

Non-recurring Adcock Ingram transaction costs amounting to US\$16,9 million are being incurred, which has been expensed through the statement of comprehensive income. These costs are assumed not to be tax deductible in South Africa, therefore no tax effect was included.
5. In terms of the requirements of IFRS 3 and based on CFR's managements' best estimate, the excess of the Scheme Consideration paid to Adcock Ingram Ordinary Shareholders over the net asset value at 1 January 2013 has been allocated as follows:

	Amount 01.01.2013 ThUS\$	Year of amortisation comprehensive income statement	6 months amortisation ThUS\$	Adjustment
Inventories	26,987	1	(13,494)	Cost of sales
Intangible (brand other products)	27,601	20	(690)	Selling and administration expenses
Property, plant and equipment	4,546	20	(114)	Selling and administration expenses
Intangible (licenses)	3,800	15	(126)	Selling and administration expenses
Intangible (client relationships)	281,600	20	(7,040)	Selling and administration expenses
<b>Total</b>			<b>(21,464)</b>	
Income tax effects (28% tax rate)			<b>6,010</b>	Taxation

6. Stock options
 

In terms of the Share Option Scheme rules, outstanding Share Options as at the Scheme Implementation Date will be redeemed at a price of R73.51 per Adcock Ingram Ordinary Share. The number of Share Options outstanding as at 31 March 2013 amount to 3,898,552. The early redemption of the Share Options results in an additional liability of US\$5,4 million as at the Scheme Implementation Date. The net result after tax on the statement of comprehensive income is the recognition of an additional expense of US\$3,9 million, assuming a South African tax rate of 28% (selling and administrative expenses US\$5,4 million, taxation US\$1,5 million).
7. Subsequent events
 

No events of a material nature have occurred between the reporting date and the date of this report, which would result in an adjustment to the *pro forma* financial information.

(d) *Pro forma* statement of financial position of the CFR Group and the Adcock Ingram Group

The *pro forma* consolidated statement of financial position set out below presents the effects of the acquisition on the financial position of the CFR Group as at 30 June 2013 based on the assumption that the Scheme was effective on 30 June 2013:

	CFR Pharma- ceuticals Group (1)	Adcock Ingram Holdings Limited Group (Reviewed) (2)	Financial and transaction cost adjustment cost (3)	Purchase price allocation adjustment (4)	Con- solidated adjustment (5)	Stock options (6)	<i>Pro forma</i> 30.06.2013
	30.06.2013 ThUS\$	31.03.2013 ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	30.06.2013 ThUS\$
<b>Currents assets</b>							
Cash and cash equivalents	118,199	4,654	1,220,000	(1,263,000)	–	(9,211)	70,642
Other current financial assets	2,691	–	–	–	–	–	2,691
Other non-financial assets	5,713	–	–	–	–	–	5,713
Trade and other receivables	203,684	156,424	–	–	–	–	360,108
Trade receivables from related entities	1,421	–	–	–	–	–	1,421
Inventories	164,157	138,870	–	42,646	–	–	345,673
Tax as sets	27,329	3,567	7,767	–	–	–	38,663
<b>Total current assets</b>	<b>523,194</b>	<b>303,515</b>	<b>1,227,767</b>	<b>(1,220,354)</b>	<b>–</b>	<b>(9,211)</b>	<b>824,911</b>
<b>Non-current assets</b>							
Other financial assets	8,130	15,163	–	–	–	–	23,293
Other non-financial assets	1,306	–	–	–	–	–	1,306
Collection rights	1,836	787	–	–	–	–	2,623
Accounts receivable from related entities	6,442	–	–	–	–	–	6,442
Investments in associates and joint venture companies	55,437	16,190	–	386,280	(386,280)	–	71,627
Intangible assets other than goodwill (3)	160,422	129,518	–	425,477	–	–	715,417
Goodwill (4)	444,974	34,771	–	550,528	–	–	1,030,273
Property, plant and equipment	183,673	167,238	–	4,321	–	–	355,232
Deferred tax assets	29,181	37	–	5,432	–	–	34,650
<b>Total non-current assets</b>	<b>891,401</b>	<b>363,704</b>	<b>–</b>	<b>1,372,038</b>	<b>(386,280)</b>	<b>–</b>	<b>2,240,863</b>
<b>Total assets</b>	<b>1,414,595</b>	<b>667,219</b>	<b>1,227,767</b>	<b>151,684</b>	<b>(386,280)</b>	<b>(9,211)</b>	<b>3,065,774</b>

The *pro forma* consolidated statement of financial position set out below presents the effects of the acquisition on the financial position of the CFR Group as at 30 June 2013 based on the assumption that the Scheme was effective on 30 June 2013:

	CFR Pharma- ceuticals Group (1)	Adcock Ingram Holdings Limited Group (Reviewed) (2)	Financial and transaction cost adjustment cost (3)	Purchase price allocation adjustment (4)	Con- solidated adjustment (5)	Stock options (6)	Pro forma 30.06.2013
	30.06.2013 ThUS\$	31.03.2013 ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	30.06.2013 ThUS\$
<b>Current liabilities</b>							
Other financial liabilities	38,089	135,100	–	–	–	–	173,189
Trade creditors and other accounts payable	106,831	110,246	55,723	–	–	–	272,800
Trade payables to related entities	11,664	–	–	–	–	–	11,664
Other provisions	7,894	3,877	–	–	–	–	11,771
Tax liabilities	14,256	(1,374)	–	–	–	(1,534)	11,348
Provisions for employee benefits	11,315	–	–	–	–	–	11,315
Other non-financial liabilities	2,448	3,732	–	–	–	(3,732)	2,448
<b>Total current liabilities</b>	<b>192,497</b>	<b>251,581</b>	<b>55,723</b>	<b>–</b>	<b>–</b>	<b>(5,266)</b>	<b>494,535</b>
<b>Non-current liabilities</b>							
Other financial liabilities	455,365	404	586,100	–	–	–	1,041,869
Other accounts payable	53	–	–	–	–	–	53
Other provisions	17,834	–	–	19,400	–	–	37,234
Deferred tax liabilities	69,785	11,472	2,780	132,284	–	–	216,321
Provisions for employee benefits	6,571	179	–	–	–	–	6,750
Other non-financial liabilities	1,992	–	–	–	–	–	1,992
<b>Total non-current liabilities</b>	<b>551,600</b>	<b>12,055</b>	<b>588,880</b>	<b>151,684</b>	<b>–</b>	<b>–</b>	<b>1,304,219</b>
<b>Capital and reserves</b>							
Is sued share capital and premiums	525,294	64,903	614,000	–	(64,903)	–	1,139,294
Retained income	260,368	343,323	(30,836)	–	(343,323)	(3,945)	225,587
Other reserves	(122,625)	(21,946)	–	–	21,946	–	(122,625)
<b>Total shareholder funds</b>	<b>663,037</b>	<b>386,280</b>	<b>583,164</b>	<b>–</b>	<b>(386,280)</b>	<b>(3,945)</b>	<b>1,242,256</b>
Non-controlling interest	7,461	17,303	–	–	–	–	24,764
<b>Total capital and reserves (1)</b>	<b>670,498</b>	<b>403,583</b>	<b>583,164</b>	<b>–</b>	<b>(386,280)</b>	<b>(3,945)</b>	<b>1,267,020</b>
<b>Total capital reserves and liabilities</b>	<b>1,414,595</b>	<b>667,219</b>	<b>1,227,767</b>	<b>151,684</b>	<b>(386,280)</b>	<b>(9,211)</b>	<b>3,065,774</b>
<b>Shares outstanding (‘000) (2)</b>	<b>8,416,000</b>	<b>168,696</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8,416,000</b>
<b>Increase of capital- new shares (‘000) (5)</b>	<b>2,646,226</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,646,226</b>
Net asset value per share (US\$) (1)/ (2)+(5)	0.0606	2.3924	–	–	–	–	0.1145
Net tangible asset value per share (US\$) (1)–(3)–(4)/((2)+(5))	0.0059	1.4185	–	–	–	–	(0.0433)

**Notes:**

1. The CFR Group financial information has been extracted, without adjustment from the CFR Group's unaudited financial statement as at 30 June 2013.
2. The Adcock Ingram Group financial information has been extracted from the Adcock Ingram Group reviewed financial statements as at 30 June 2013. This financial information has been adjusted for:

- (a) Conversion from South African Rands to US Dollars; and
- (b) Compliance with CFR Group accounting policies.

The Adcock Ingram Group's financial information has been reviewed by their auditors Ernst & Young. A copy of Ernst & Young's report can be found in Annexure 10 of this Prospectus.

3. The Scheme Consideration of US\$1.263 million is funded by debt of US\$600 million, by the issue of new CFR Shares to the value of US\$620 million and US\$43 million from own resources. Non-recurring CFR transaction costs amounting to US\$38,8 million are being incurred of which US\$18,9 million has been expensed through the statement of comprehensive income. These costs are assumed to be tax deductible in Chile (US\$7,8 million). However due to the tax timing difference relating to the realisation of debt issuance costs, taken into account in determining the effective interest rate of the debt raised for the proposed transaction a deferred tax liability (US\$2,8 million) has been recognised in net transaction costs of US\$13,9 million. These costs will be paid out of available cash resources and are attributable to various professional advisers, regulatory authorities and printing costs. The balance of the costs consist of debt issuance costs of US\$13,9 million and have been taken into account in determining the effective interest rate of the debt portion of the purchase consideration. US\$6 million issuance costs relating to the capital stock increase have been set off against equity in the *pro forma* statement of financial position.

Non-recurring Adcock Ingram transaction costs amounting to US\$16,9 million are being incurred, which has been expensed through the statement of comprehensive income. These costs are assumed not to be tax deductible in South Africa, therefore no tax effect was included.

4. The CFR management performed a provisional purchase price allocation for the acquisition. These adjustments are considered provisional and in terms of IFRS 3: Business combinations, management will finalise these adjustments within 12 months from date of acquisition.

The purchase price allocation is as follows:

	<b>30.06.2013</b>
	<b>ThUS\$</b>
Goodwill	550,528
Other intangibles	425,477
Property, plant and equipment	4,321
Deferred tax assets	5,432
Inventories	42,646
Provisions	(19,400)
Deferred tax liabilities	(132,284)

The following assumptions have been applied:

- (a) Goodwill

Goodwill of US\$550,5 million is calculated as the excess of the Scheme Consideration over the net asset value after adjusting for fair value considerations.

- (b) Other intangibles

CFR management has identified the following intangibles during the provisional Scheme Consideration allocation:

- (i) Adcock Group brand US\$70,8 million
- (ii) Other products brand US\$34,5 million
- (iii) Licenses US\$3,8 million
- (iv) Customer relationships US\$316,4 million

CFR management considered the above in applying a number of valuation techniques considered appropriate for the different categories of intangibles.

#### **Intangible (brand Adcock)**

The trademark "Adcock" is valued through the use of the income approach (*relief-from-royalty* method). This is a common methodology based on the concept of a theoretical payment attributable to use of intellectual property. Net sales were projected by management and an estimate of an arm's length royalty rate derived from available market data. Cash flows were projected over a discrete five year period with terminal value after this to reflect the cash flows attributable to this indefinite-lived asset. An asset-specific discount rate was used to arrive at a net present value amount.

#### **Intangible (brand other products)**

The major brands (OTC) were valued through the use of the income approach (*relief-from-royalty* method). Net sales projected by management for 20 years and an estimate of an arm's length royalty rate derived from available market data. An asset-specific discount rate was used to arrive at a net present value amount.

#### **Intangible (licenses)**

Licenses were valued using a cost approach (*Replacement Cost*). This approach considers the concept of replacement as an indicator of value. To derive the value, CFR management estimated the costs associated to register the products in relevant markets.

#### **Intangible (client relationships)**

Customer relationships are valued through the use of the income approach (Multi-period-excess-earnings method) based on CFR management projections.

This method is predicated on the basis that the value of an intangible asset is the present value of the earnings it generates, net of a reasonable return on other assets also contributing to that stream of earnings.

An attrition rate was estimated using CFR management's expectations, historical data about customer retention and third party estimates for similar transactions. An asset-specific discount rate was used to arrive at a net present value amount.

- (c) Property, plant and equipment  
Land and buildings was adjusted to reflect the average appreciation in the real estate market.
  - (d) Provisions  
Managements best estimates after considering all factors.
  - (e) Deferred taxation  
Deferred taxation was applied to all adjustments at the South African tax rate of 28%.
  - (f) Inventories  
Inventories were adjusted to reflect the fair value after considering a reasonable manufacturing profit.
5. Consolidated adjustment  
Corresponds to the equity of Adcock Ingram elimination for consolidation purposes in the *pro forma* consolidated statement of financial position at 30 June 2013.
  6. Stock options  
In terms of the Share Option Scheme rules, outstanding Share Options as at the acquisition date will be redeemed at a price of R73.51 per share. The number of Share Options outstanding as at 31 March 2013 amount to 3,898,552. The early redemption of the Share Options results in an additional liability of US\$5,4 million as at the Scheme Implementation Date. The net result after tax on the statement of comprehensive income is the recognition of an additional expense of US\$3,9 million, assuming a South African tax rate of 28% (selling and administrative expenses US\$5,4 million, taxation US\$1,5 million).
  7. Subsequent events  
No events of a material nature have occurred between the reporting date and the date of this report, which would result in an adjustment to the *pro forma* financial information.

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## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN THE PROSPECTUS**

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THE DIRECTORS  
CFR PHARMACEUTICALS S.A.  
Av. Pedro de Valdivia  
295 Providencia  
Santiago  
Chile

Dear Sirs

### **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION**

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of CFR Pharmaceuticals S.A. by the directors. The *pro forma* financial information, as set out in Annexure 9 to the combined prospectus and pre-listing statement to be dated on or about 14 November 2013, consists of the statements of financial position as at 31 December 2012 and 30 June 2013, and the statements of comprehensive income for the year ended 31 December 2012 and six months ended 30 June 2013 and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in the combined prospectus and pre-listing statement, on the company's financial position as at 31 December 2012 and 30 June 2013, and the company's financial performance for the periods then ended, as if the corporate action or event had taken place at 1 January 2012 and 1 January 2013, respectively, and for the periods then ended. As part of this process, information about the company's financial position and financial performance has been extracted by the directors from the company's financial statements for the year ended 31 December 2012, on which an auditor's report was issued on 31 March 2013 and from the management accounts and published results of the company for the six-month period ended 30 June 2013, which have not been audited or reviewed.

#### **Directors' Responsibility for the *Pro Forma* Financial Information**

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Paragraph 2 of the *pro forma* financial information.

#### **Reporting Accountant's Responsibility**

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus which is applicable to an engagement of this nature. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 1 January 2012 and 1 January 2013 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Opinion**

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements.

## **Consent**

We consent to the inclusion of this report, which will form part of the combined prospectus and pre-listing statement to the shareholders of *Adcock Ingram Holdings Limited*, to be issued on or about 14 November 2013, in the form and context in which it appears.

## **Deloitte & Touche**

Per: *Bronwyn Kilpatrick*  
Partner

5 November 2013

Deloitte & Touche  
Deloitte Place  
The Woodlands  
Woodlands Drive  
Woodmead  
2196

National Executive: LL Bam Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit DL Kennedy Risk Advisory NB Kader Tax TP Pillay Consulting K Black Clients & Industries JK Mazzocco Talent and Transformation CR Beukman Finance M Jordan Strategy S Gwala Special Projects TJ Brown Chairman of the Board MJ Comber Deputy Chairman of the Board

A full list of partners and directors is available on request

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

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**CONSENT LETTER OF DELOITTE AUDITORES Y CONSULTORES LIMITADA**

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The Directors  
CFR Pharmaceuticals S.A.  
Avenida Pedro de Valdivia No. 295  
Providencia  
7500524  
Santiago, Chile

5 November 2013

Dear Sirs

**CONSENT LETTER**

A scheme of arrangement in terms of section 114 of the Companies Act, 2008, has been, or will be, proposed by the board of directors of Adcock Ingram Holdings Limited (**Adcock Ingram**) between Adcock Ingram and the holders of ordinary shares in Adcock Ingram (other than Adcock Ingram Limited, a wholly-owned subsidiary of Adcock Ingram which holds 4 285 163 ordinary shares in Adcock Ingram (the **Treasury Shares**)), pursuant to which scheme, if implemented, CFR Pharmaceuticals S.A. (**CFR**) will acquire all of the ordinary shares in Adcock Ingram (other than the Treasury Shares) from Adcock Ingram ordinary shareholders (the **Scheme**).

Subject to the provisions of the Scheme, each Adcock Ingram ordinary shareholder will be entitled to elect to receive:

- a cash amount of R73.51 per Adcock Ingram ordinary share held by such Adcock Ingram ordinary shareholder;
- the Relevant Number of ordinary, nominative, no par value shares in CFR, being shares of the same single series and having identical rights and privileges (CFR Shares) per Adcock Ingram ordinary share held by such Adcock Ingram ordinary shareholder; or
- a combination of cash and CFR Shares.

The elections of Adcock Ingram ordinary shareholders may not be given effect to in full, dependent on the aggregation of all elections made by Adcock Ingram ordinary shareholders.

Upon implementation of the Scheme, Adcock Ingram will become a subsidiary of CFR, the ordinary shares in Adcock Ingram will be delisted from the Main Board of the JSE, and the CFR Shares will be listed on the Main Board of the JSE by way of a secondary listing.

The offer to Adcock Ingram ordinary shareholders in terms of the Scheme to receive CFR Shares constitutes an offer to the public in terms of section 95(1)(h) of the Companies Act, 2008.

Accordingly, CFR is issuing a combined prospectus and pre-listing statement to shareholders of Adcock Ingram on or about 14 November 2013 (the **Prospectus**) in respect of the offer to Adcock Ingram shareholders in terms of the Scheme to receive CFR Shares.

We consent to be named to act as CFR's auditors in the Prospectus and to the use of our name in the Prospectus.

Provided that the Prospectus is not amended in any material way without our approval after the date of this letter, we undertake that we will not withdraw such consent.

Yours faithfully

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For and on behalf of  
**DELOITTE AUDITORES Y CONSULTORES LTDA**

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## CONSENT LETTER OF BOWMAN GILFILLAN INCORPORATED

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The Directors  
CFR Pharmaceuticals S.A.  
Avenida Pedro de Valdivia No. 295  
Providencia  
7500524  
Santiago, Chile

5 November 2013

Dear Sirs

### CONSENT LETTER

A scheme of arrangement in terms of section 114 of the Companies Act, 2008, has been, or will be, proposed by the board of directors of Adcock Ingram Holdings Limited (**Adcock Ingram**) between Adcock Ingram and the holders of ordinary shares in Adcock Ingram (other than Adcock Ingram Limited, a wholly-owned subsidiary of Adcock Ingram which holds 4 285 163 ordinary shares in Adcock Ingram (the **Treasury Shares**)), pursuant to which scheme, if implemented, CFR Pharmaceuticals S.A. (**CFR**) will acquire all of the ordinary shares in Adcock Ingram (other than the Treasury Shares) from Adcock Ingram ordinary shareholders (the **Scheme**).

Subject to the provisions of the Scheme, each Adcock Ingram ordinary shareholder will be entitled to elect to receive:

- a cash amount of R73.51 per Adcock Ingram ordinary share held by such Adcock Ingram ordinary shareholder;
- the Relevant Number of ordinary, nominative, no par value shares in CFR, being shares of the same single series and having identical rights and privileges (**CFR Shares**) per Adcock Ingram ordinary share held by such Adcock Ingram ordinary shareholder; or
- a combination of cash and CFR Shares.

The elections of Adcock Ingram ordinary shareholders may not be given effect to in full, dependent on the aggregation of all elections made by Adcock Ingram ordinary shareholders.

Upon implementation of the Scheme, Adcock Ingram will become a subsidiary of CFR, the ordinary shares in Adcock Ingram will be delisted from the Main Board of the JSE, and the CFR Shares will be listed on the Main Board of the JSE by way of a secondary listing.

The offer to Adcock Ingram ordinary shareholders in terms of the Scheme to receive CFR Shares constitutes an offer to the public in terms of section 95(1)(h) of the Companies Act, 2008.

Accordingly, CFR is issuing a combined prospectus and pre-listing statement to shareholders of Adcock Ingram on or about 14 November 2013 (the **Prospectus**) in respect of the offer to Adcock Ingram shareholders in terms of the Scheme to receive CFR Shares.

We consent to be named to act as CFR's legal advisors as to South African law in the Prospectus and to the use of our name in the Prospectus.

Provided that the Prospectus is not amended in any material way without our approval after the date of this letter, we undertake that we will not withdraw such consent.

Yours faithfully

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For and on behalf of  
**Bowman Gilfillan Incorporated**

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## CONSENT LETTER OF HONORATO, RUSSI & EGUIGUREN LIMITADA

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The Directors  
CFR Pharmaceuticals S.A.  
Avenida Pedro de Valdivia No. 295  
Providencia  
7500524  
Santiago, Chile

5 November 2013

Dear Sirs

### CONSENT LETTER

A scheme of arrangement in terms of section 114 of the Companies Act, 2008, has been, or will be, proposed by the board of directors of Adcock Ingram Holdings Limited (**Adcock Ingram**) between Adcock Ingram and the holders of ordinary shares in Adcock Ingram (other than Adcock Ingram Limited, a wholly-owned subsidiary of Adcock Ingram which holds 4 285 163 ordinary shares in Adcock Ingram (the **Treasury Shares**)), pursuant to which scheme, if implemented, CFR Pharmaceuticals S.A. (**CFR**) will acquire all of the ordinary shares in Adcock Ingram (other than the Treasury Shares) from Adcock Ingram ordinary shareholders (the **Scheme**).

Subject to the provisions of the Scheme, each Adcock Ingram ordinary shareholder will be entitled to elect to receive:

- a cash amount of R73.51 per Adcock Ingram ordinary share held by such Adcock Ingram ordinary shareholder;
- the Relevant Number of ordinary, nominative, no par value shares in CFR, being shares of the same single series and having identical rights and privileges (**CFR Shares**) per Adcock Ingram ordinary share held by such Adcock Ingram ordinary shareholder; or
- a combination of cash and CFR Shares.

The elections of Adcock Ingram ordinary shareholders may not be given effect to in full, dependent on the aggregation of all elections made by Adcock Ingram ordinary shareholders.

Upon implementation of the Scheme, Adcock Ingram will become a subsidiary of CFR, the ordinary shares in Adcock Ingram will be delisted from the Main Board of the JSE, and the CFR Shares will be listed on the Main Board of the JSE by way of a secondary listing.

The offer to Adcock Ingram ordinary shareholders in terms of the Scheme to receive CFR Shares constitutes an offer to the public in terms of section 95(1)(h) of the Companies Act, 2008.

Accordingly, CFR is issuing a combined prospectus and pre-listing statement to shareholders of Adcock Ingram on or about 14 November 2013 (the **Prospectus**) in respect of the offer to Adcock Ingram shareholders in terms of the Scheme to receive CFR Shares.

We consent to be named to act as CFR's legal advisors as to Chilean law in the Prospectus and to the use of our name in the Prospectus.

Provided that the Prospectus is not amended in any material way without our approval after the date of this letter, we undertake that we will not withdraw such consent.

Yours faithfully

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For and on behalf of  
**Honorato, Russi & Eguiguren Limitada**

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**CONSENT LETTER OF DEUTSCHE SECURITIES (SA) PROPRIETARY LIMITED**

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The Directors  
CFR Pharmaceuticals S.A.  
Avenida Pedro de Valdivia No. 295  
Providencia  
7500524  
Santiago, Chile

5 November 2013

Dear Sirs

**CONSENT LETTER**

A scheme of arrangement in terms of section 114 of the Companies Act, 2008, has been, or will be, proposed by the board of directors of Adcock Ingram Holdings Limited (Adcock Ingram) between Adcock Ingram and the holders of ordinary shares in Adcock Ingram (other than Adcock Ingram Limited, a wholly-owned subsidiary of Adcock Ingram which holds 4 285 163 ordinary shares in Adcock Ingram (the Treasury Shares)), pursuant to which scheme, if implemented, CFR Pharmaceuticals S.A. (CFR) will acquire all of the ordinary shares in Adcock Ingram (other than the Treasury Shares) from Adcock Ingram ordinary shareholders (the Scheme).

Subject to the provisions of the Scheme, each Adcock Ingram ordinary shareholder will be entitled to elect to receive:

- a cash amount of R73.51 per Adcock Ingram ordinary share held by such Adcock Ingram ordinary shareholder;
- the Relevant Number of ordinary, nominative, no par value shares in CFR, being shares of the same single series and having identical rights and privileges (CFR Shares) per Adcock Ingram ordinary share held by such Adcock Ingram ordinary shareholder; or
- a combination of cash and CFR Shares.

The elections of Adcock Ingram ordinary shareholders may not be given effect to in full, dependent on the aggregation of all elections made by Adcock Ingram ordinary shareholders.

Upon implementation of the Scheme, Adcock Ingram will become a subsidiary of CFR, the ordinary shares in Adcock Ingram will be delisted from the Main Board of the JSE, and the CFR Shares will be listed on the Main Board of the JSE by way of a secondary listing.

The offer to Adcock Ingram ordinary shareholders in terms of the Scheme to receive CFR Shares constitutes an offer to the public in terms of section 95(1)(h) of the Companies Act, 2008.

Accordingly, CFR is issuing a combined prospectus and pre-listing statement to shareholders of Adcock Ingram on or about 14 November 2013 (the Prospectus) in respect of the offer to Adcock Ingram shareholders in terms of the Scheme to receive CFR Shares.

We consent to be named to act as CFR's sponsors in the Prospectus and to the use of our name in the Prospectus.

Provided that the Prospectus is not amended in any material way without our approval after the date of this letter, we undertake that we will not withdraw such consent.

Yours faithfully

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For and on behalf of  
**Deutsche Securities (SA) Proprietary Limited**

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## CONSENT LETTER OF ERNST & YOUNG LIMITADA

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The Directors  
CFR Pharmaceuticals S.A.  
Avenida Pedro de Valdivia No. 295  
Providencia  
7500524  
Santiago, Chile

4 November 2013

Dear Sirs

### CONSENT LETTER

A scheme of arrangement in terms of section 114 of the Companies Act, 2008, has been, or will be, proposed by the board of directors of Adcock Ingram Holdings Limited (**Adcock Ingram**) between Adcock Ingram and the holders of ordinary shares in Adcock Ingram (other than Adcock Ingram Limited, a wholly-owned subsidiary of Adcock Ingram which holds 4 285 163 ordinary shares in Adcock Ingram (the **Treasury Shares**)), pursuant to which scheme, if implemented, CFR Pharmaceuticals S.A. (**CFR**) will acquire all of the ordinary shares in Adcock Ingram (other than the Treasury Shares) from Adcock Ingram ordinary shareholders (the **Scheme**).

Subject to the provisions of the Scheme, each Adcock Ingram ordinary shareholder will be entitled to elect to receive:

- a cash amount of R73.51 per Adcock Ingram ordinary share held by such Adcock Ingram ordinary shareholder;
- 31.50 ordinary, nominative, no par value shares in CFR, being shares of the same single series and having identical rights and privileges (**CFR Shares**) per Adcock Ingram ordinary share held by such Adcock Ingram ordinary shareholder; or
- a combination of cash and CFR Shares.

The elections of Adcock Ingram ordinary shareholders may not be given effect to in full, dependent on the aggregation of all elections made by Adcock Ingram ordinary shareholders.

Upon implementation of the Scheme, Adcock Ingram will become a subsidiary of CFR, the ordinary shares in Adcock Ingram will be delisted from the Main Board of the JSE, and the CFR Shares will be listed on the Main Board of the JSE by way of a secondary listing.

The offer to Adcock Ingram ordinary shareholders in terms of the Scheme to receive CFR Shares constitutes an offer to the public in terms of section 95(1)(h) of the Companies Act, 2008 (the **Companies Act**).

Accordingly, CFR is issuing a combined prospectus and pre-listing statement to shareholders of Adcock Ingram on or about 14 November 2013 (the **Prospectus**) in respect of the offer to Adcock Ingram shareholders in terms of the Scheme to receive CFR Shares.

In terms of section 102(1)(b) of the Companies Act, the Prospectus may not include any statement made by an expert, or reference to any statement purporting to be made by an expert, unless:

- (i) the expert consented in writing to the use of that statement before the Prospectus was filed, and has not withdrawn the consent;
- (ii) the written consent is endorsed on or attached to the copy of the filed Prospectus; and
- (iii) the Prospectus includes a statement that the expert has consented to the use of the statement and has not withdrawn that consent.

The Prospectus includes a statement, or a reference to a statement, made by us that sales or dispositions of the beneficial ownership interests in CFR Shares that trade on the JSE by shareholders of CFR who are not domiciled in or resident in Chile will not give rise to capital gains tax in Chile given that, under South African

law, it is the beneficial ownership interests in CFR Shares that are traded on the JSE, rather than the CFR Shares themselves.

We consent to the inclusion of that statement or a reference to that statement in the Prospectus.

Provided that the Prospectus is not amended in any material way without our approval after the date of this letter, we undertake that we will not withdraw such consent.

Yours faithfully

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For and on behalf of  
**Ernst & Young Limitada**

## DETAILS OF CFR SUBSIDIARIES

Name	Date of Incorporation	Main Business	Jurisdiction	Registration or Tax Identity Number	Date on which Company Became a Subsidiary	Issued/Statred Capital (ThUS\$)	Direct/ Indirect Interest
Inversiones K2 SpA	6 September 2010	Investment	Chile	76.116.207-1	8 September 2010	442	100.00%
CFR Chile S.A.	7 September 2010	Investment	Chile	76.116.219-5	8 September 2010	73.313	100.00%
CFR International SpA	24 September 2012	Investment	Chile	76.116.262-4	24 September 2010	507.961	100.00%
Aquagesión S.A.	16 March 2005	Consultancy Services Provider	Chile	99.591.760-2	8 September 2010	2.357	100.00%
Aquagesión Capacitación S.A.	13 April 2006	Consultancy Services Provider	Chile	76.567.490-5	8 September 2010	2	100.00%
Instituto de Criopreservación S.A.	16 November 2004	Dormant	Chile	76.021.966-5	8 September 2010	2	58.53%
Vida Cell S.A.	16 November 2004	Cell Bank	Chile	99.578.600-1	8 September 2010	1.140	58.53%
Novasalud S.A.	1 February 2001	Pharmacy	Chile	96.951.490-7	8 September 2010	570	100.00%
Esprit de Vie S.A.	7 July 1998	Sales	Chile	96.867.320-3	8 September 2010	1.151	100.00%
Laboratorios Recalcine S.A.	13 June 1955	Manufacturer	Chile	91.637.000-8	8 September 2010	17.891	100.00%
Antares S.A.	5 November 2007	Investigation	Chile	76.040.182-K	8 September 2010	365	51.00%
Farmacología en Acuicultura Veterinaria FAV S.A.	26 June 2008	Veterinary Services	Chile	76.026.848-8	8 September 2010	1.646	100.00%
Recben Xenerics Farmacéutica Ltda.	11 August 1995	Manufacturer	Chile	78.740.450-2	8 September 2010	170	100.00%
Bioalgae S.A.	3 March 2006	Dormant	Chile	76.595.290-5	8 September 2010	378	71.97%
Dextech S.A.	11 October 2005	Dormant	Chile	76.417.580-8	8 September 2010	37	58.29%
Laboratorios Lafi Ltda.	1 December 1981	Investment	Chile	94.398.000-4	8 September 2010	8.083	100.00%
Consorcio Tecnológico en Biomedicina Clínico Molecular S.A.	13 December 2007	Investigation	Chile	76.011.738-2	8 September 2010	3.305	55.00%
Igloo Zone Chile S.A.	21 October 2005	Investments	Chile	76.408.470-5	8 September 2010	615	100.00%
Pharmaceutical Technologies S.A.	24 August 1989	investments	Uruguay	212228990013	8 September 2010	11	100.00%
European Services S.A.	19 December 1985	Investments	Uruguay	212307310015	8 September 2010	10	100.00%

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Western Pharmaceuticals S.A.	13 May 1993	Sales	Ecuador	1791248678001	8 September 2010	10	100.00%
Fernwood Inv. S.A.	29 April 1999	Investments	Uruguay	214088990012	8 September 2010	5	100.00%
Yissum Limited	15 September 2010	Investments	Malta	995210233	8 September 2010	22.662	100.00%
Lung Fung Hong (China) Ltd.	7 April 2005	Trader	Hong Kong	22/35518458	8 September 2010	0	100.00%
W&R Pharma GMBH	13 November 2006	Trader	Austria	09 096/ 3612	8 September 2010	536	100.00%
Normann Pharma GMBH	22 January 2007	Trader	Austria	09 100/4903	8 September 2010	45	100.00%
Fav Ecuador S.A.	7 April 2006	Sales	Ecuador	1792034493001	8 September 2010	1	100.00%
Gynocare Ltd. UK	26 June 2000	Trader	United Kingdom	1827318516	8 September 2010	292	100.00%
Gynopharm de Venezuela S.A.	26 February 1999	Sales	Venezuela	J-30597777-1	8 September 2010	6.717	100.00%
Nutrvida S.A.	5 July 1996	Dormant	Ecuador	1791327209001	8 September 2010	1	100.00%
Pharmatech Boliviana S.A.	4 May 1992	Sales	Bolivia	1028387024	8 September 2010	10	100.00%
Pharma International S.A.	26 October 1988	Sales	Paraguay	80018716	8 September 2010	10.118	100.00%
Laboratories Transpharm S.A.	6 May 1993	Dormant	Ecuador	1791248651001	8 September 2010	1	100.00%
Brandex CV	24 April 2004	Trader	Netherlands	342 06705	8 September 2010	2	100.00%
Gynopharm S.A. (Costa Rica)	16 December 1998	Sales	Costa Rica	3-101-235529	8 September 2010	0	100.00%
Caripharm Inc.	20 September 1973	Sales	Panama	967-267-106410	8 September 2010	6.261	100.00%
Ramses Business Corp.	22 October 1984	Investments	Panama	14338-69-139430	8 September 2010	10	100.00%
Saboya Corp	19 May 2008	investments	Panama	1348901-1-616786	8 September 2010	10	100.00%
Farmacéutica Mont Blanc SL	10 December 2007	investments	Spain	B-85297216	8 September 2010	33.208	100.00%
Gynopharm de Centroamerica S.A.	7 March 2001	investments	Panama	215933-1-397701 D.V. 03 029897891	8 September 2010	490	100.00%
Alisoc Inv. Co.	22 March 1994	investments	Scotland	GB 606-1507-71 DER	8 September 2010	10	100.00%
European Chemical & Co.	4 February 1993	investments	Scotland	GB 606-1519-64 DER	8 September 2010	2	100.00%
Inmobiliaria Naknek S.A.C.	22 October 2008	Real State	Peru	20478120037	8 September 2010	3	100.00%
Neosalud SAC	5 October 2006	Pharmacy	Peru	20514196428	8 September 2010	11	100.00%

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Farmindustria S.A.	1 March 1995	Manufacturer	Peru	20262996329	8 September 2010	12,668	100.00%
Laboratorio Synthesis S.A.S.	7 July 1950	Manufacturer	Colombia	860.000.760-1	8 September 2010	13,938	100.00%
Trémora S.A.	1 August 2003	Investments	Uruguay	21.486184.0014	8 September 2010	239	100.00%
Tuenir S.A.	1 August 2003	Investments	Uruguay	21.486205.0017	8 September 2010	Not available	100.00%
Bosque Bonito S.A.	1 August 2003	Investments	Uruguay	21.486167.0011	8 September 2010	Not available	100.00%
Novamedi S.A.	21 April 2004	Investments	Argentina	30-70903852-0	8 September 2010	0	99.90%
Metropolitana Farmacéutica S.A.	22 October 2004	Laboratory	Argentina	30-69168709-7	8 September 2010	239	99.90%
Polygon Labs S.A (Fusionada con Hazt Labsha)	21 April 2004	Investments	Argentina	0-70904873-9	8 September 2010	19	100.00%
Laboratorio Internacional Argentino S.A.	20 September 2001	Manufacturer	Argentina	30-50167689-2	8 September 2010	8,931	100.00%
Igloo Zone SL	19 April 2004	Investments	Spain	B-63576243	8 September 2010	4	100.00%
Sundelight Corp.	6 September 2005	Trader	Panama	838975-1-503190	8 September 2010	10	100.00%
Nether Pharma NPCV.	5 December 2005	Trader	Netherlands	342.37612	8 September 2010	13	100.00%
Globapharm & Co	12 February 2004	Trader	SL5138		8 September 2010	0	100.00%
American Pharmacist Inc.	4 May 1994	Investments	British Virgin Islands	323162	8 September 2010	0	100.00%
Kangshenyunga S.A.	11 March 2004	Investments	Uruguay	214961910014	8 September 2010	14	100.00%
FAV Brasil	28 October 2009	Sales	Brazil	11271276/0001-20	8 September 2010	442	100.00%
Biohealth LLC.	14 October 2005	Investigation	USA	383731760.	8 September 2010	0	100.00%
Peggy International S.A.	20 October 2009	Investments	Panama	1666924-1-678831.	8 September 2010	220	100.00%
Inversiones Komodo Srl	7 June 2004	Sales	Dominican Republic	1-30-08113-1	8 September 2010	8	100.00%
Fada Pharma Ecuador S.A.	12 February 2007	Sales	Ecuador	1792074819001	8 September 2010	1	100.00%
Fada Pharma Paraguay S.A.	10 August 2009	Sales	Paraguay	80056840-0	8 September 2010	360	100.00%
Atlas Farmacéutica S.A.	24 October 1996	Manufacturer	Argentina	33-70393642-9	8 September 2010	14.617	100.00%
Sinensix UK	20 May 1992	Traders	United Kingdom		8 September 2010	0	100.00%

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Uman Pharma Inc.	20 December 2007	Manufacturer	Canada	Federal reference number 82758 0952 RC001/Numero d'entreprise Québec (NEQ) 1164871049	7 November 2011	47.671	50.80%
Doral Investments International INC	14 March 2012	Investment	Panama	2140021-1-763576	12 December 2012	9.655	100.00%
Laboratorio Franco Colombiano Lafrancol S.A.S.	29 September 1958	Manufacturer and Distributor	Colombia	890.301.463-8	12 December 2012	13.652	100.00%
Lafrancol Internacional S.A.S.	9 May 2002	Sales	Colombia	815.003.912-2	12 December 2012	634	100.00%
Lafrancol Perú S.R.L.	20 June 2002	Sales	Peru	20504784089	11 December 2012	800	100.00%
Lafrancol Guatemala S.A.	11 April 2005	Sales	Guatemala	4088707-3		197	100.00%
Lafrancol Ecuador S.A.	Sales	Ecuador		0992562226001.	21 December 2012	193	100.00%
Lafrancol Rep. Dominicana S.A.	9 October 2002	Sales	Dominican Republic	130-011788	11 December 2012	302	100.00%
American Generics S.A.S.	8 February 1994	Sales	Colombia	800.223.214-9	12 December 2012	1	100.00%
Laboratorio Naturmedik S.A.S.	25 February 1994	Sales	Colombia	800.226.363-1	12 December 2012	1	100.00%
Distribuciones Uquifa S.A.S.	8 July 1992	Sales	Colombia	800.182.021-7	12 December 2012	1	100.00%
Focus Pharmaceutical S.A.S.	17 August 2006	Sales	Colombia	900.104.555-6	12 December 2012	14	100.00%
Laboratorio Pauly Pharmaceuticals S.A.S.	16 April 1990	Sales	Colombia	800.097.402-6	12 December 2012	1	100.00%
Golnorth Investments S.A.	17 September 2012	Trader	Panama	2247640-1-780885	17 December 2012	10	100.00%
Andland Overseas S.A.	19 September 2012	Trader	Panama	2247638-1-780883	19 December 2012	10	100.00%
Forestcreek Overseas S.A.	17 September 2012	Trader	Panama	2247644-1-780888	12 October 2012	10	100.00%
CFR Interamericas Panamá S.A.	12 October 2012	Sales	Panama	2262717-1-783664	12 October 2012	10	100.00%
CFR Interamericas Nicaragua S.A.	19 October 2012	Sales	Nicaragua		19 October 2012	10	100.00%
CFR Interamericas El Salvador S.A.	21 December 2012	Sales	El Salvador	0614-211212-105-7	21 December 2012	2	100.00%
CFR Interamericas Honduras S.A.	30 October 2012	Sales	Honduras	8019012527192	30 October 2012	2	100.00%
Negocios Denia S.A.	8 February 2012	Sales	Guatemala		12 October 2010	13	100.00%

## DETAILS OF ADCOCK INGRAM SUBSIDIARIES AND JOINT VENTURES

Name	Date of Incorporation	Main Business	Jurisdiction	Registration or Tax Identity Number	Date on which Company Became a Subsidiary	Issued share capital (R)	Direct/ Indirect Interest
Adcock Ingram Limited	03/08/1949	Investment holding company	South Africa	1949/034385/06	1 April 2008	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	100%
Adcock Ingram Healthcare Proprietary Limited	16/07/2007	Manufacturing/ marketing and distribution of healthcare products	South Africa	2007/019928/07	31 March 2008	R815 390 001, comprising 100 ordinary shares of R1.00 each and a share premium of R815 389 901	100%
Adcock Ingram Intellectual Property Proprietary Limited	29/02/2000	Trademark holding company	South Africa	2000/004110/07	31 March 2008	R104 000 000, comprising 100 ordinary shares of R1.00 each and a share premium of R103 999 900	100%
Adcock Ingram Critical Care Proprietary Limited	01/03/2000	Manufacturing/ marketing and distribution of healthcare products	South Africa	2000/004208/07	31 March 2008	R284 978 566, comprising 178 ordinary shares of R1.00 each and a share premium of R284 978 388	100%
Adcock Ingram International Proprietary Limited	21/11/2007	Holding company for international investments	South Africa	2007/033504/07	31 March 2008	Authorised and issued 1000 ordinary shares of R1 each	100%
Tender Loving Care – Hygenic, Cosmetic and Baby Care Products Proprietary Limited	19/12/1997	Dormant entity	South Africa	1997/022249/07	2 April 2009	Authorised 50 000 ordinary shares of R1 each	100%
Thembalami Pharmaceuticals Proprietary Limited	10/10/2001	Dormant entity	South Africa	2001/024352/07	1 July 2008	Authorised 100 ordinary shares of R1 each, Issued 100 ordinary shares of R1 each	50%
Adcock Ingram Limited India	03/04/2007	Manufacturing of healthcare products	India	U24232KA2007 PLC042361	1 April 2008	Share capital Authorised 40 000 000 Rs 10 each, issued 38 050 000 Rs 10 each	49.9%
Adcock Ingram Pharmaceuticals Proprietary Limited	26/04/1916	Dormant entity	South Africa	1916/004852/07	1 April 2008	Authorised issued 1000 ordinary shares of R2 each	100%

<b>Name</b>	<b>Date of Incorporation</b>	<b>Main Business</b>	<b>Jurisdiction</b>	<b>Registration or Tax Identity Number</b>	<b>Date on which Company Became a Subsidiary</b>	<b>Issued share capital (R)</b>	<b>Direct/ Indirect Interest</b>
The Premier Pharmaceutical Company Proprietary Limited	23/03/1965	Dormant entity	South Africa	1965/002551/06	1 April 2008	Authorised ordinary shares, 150 000 000 issued 110 214 019 no par value, "A" 7 000 000 variable rate redeemable cumulative preference shares 1 cent each, "B" 8 000 000 variable rate redeemable cumulative preference shares 1 cent each, "C" 36 999 999 variable rate redeemable cumulative preference shares 1 cent	100%
Metamorphosa Proprietary Limited	19/11/1937	Dormant entity	South Africa	1937/010436/07	1 April 2008	Authorised and issued 100 shares of R2 each	50%
Menarini SA Proprietary Limited	24/08/1993	Marketing of healthcare products	South Africa	1993/004756/07	1 April 2008	Authorised and issued 4 900 "A" ordinary shares R1 each, 5 100 "B" ordinary shares of R1 each	49%
Novartis Ophthalmics Proprietary Limited	03/03/1978	Marketing of healthcare products	South Africa	1978/000788/07	1 April 2008	Authorised and issued 2 040 "A" ordinary shares of R1 each, 1960 "B" ordinary shares of R1 each	49%
Batswadi Biotech Proprietary Limited	15/04/2008	Licensing and distribution of pharmaceutical products	South Africa	2008/009779/07	1 April 2009	Authorised 1000 ordinary shares of R1 each	45%
Bio Swiss Proprietary Limited	24/06/2004	Marketing of healthcare products	South Africa	2004/017437/07	1 April 2011	Authorised 10 000 ordinary shares of R1 each	51%
Addclin Research Proprietary Limited	17/01/2006	Clinical research entity	South Africa	2006/000842/07	31 March 2008	Authorised 100 ordinary shares of R1 each	100%
Adcock Ingram Intellectual Property No 1 Proprietary Limited	28/02/1984	Dormant entity	South Africa	1984/001986/07	31 March 2008	Authorised and Issued 1 ordinary share of R1	100%
Dilwed Investments Proprietary Limited	10/07/1995	Investment holding company	South Africa	1995/006722/07	31 March 2008	Authorised and Issued 10 000 ordinary shares of 10 cent each	100%
Adcock Ingram Namibia (Pty) Ltd	12/05/1955	Dormant entity	Namibia	93/565 F/55/1362	31 March 2008	Authorised 100 ordinary shares of N\$1 each, Issued 2 ordinary shares of N\$1 each	100%
National Renal Care Proprietary Limited	10/07/1995	Marketing and distribution of healthcare products	South Africa	1995/006721/07	31 March 2008	Authorised 10 000 ordinary shares 10 cent each, Issued 10 ordinary shares 10 cent each	50%

<b>Name</b>	<b>Date of Incorporation</b>	<b>Main Business</b>	<b>Jurisdiction</b>	<b>Registration or Tax Identity Number</b>	<b>Date on which Company Became a Subsidiary</b>	<b>Issued share capital (R)</b>	<b>Direct/ Indirect Interest</b>
Adcock Ingram Healthcare Private Limited (India)	08/08/2011	Marketing of healthcare products	India	U74999KA2011 PTC059911	8 August 2011	Authorised 4 250 000 ordinary shares Rs 10 each, Issued 4 210 000 ordinary shares Rs 10 each	100%
Adcock Ingram East Africa Limited	03/02/2009	Marketing of healthcare products	Kenya	162338	3 February 2009	Authorised 1000 ordinary shares KShs 100 each, Issued and fully paid 100 ordinary shares of KShs 100 each	100%
Ayrton Drug Manufacturing Limited (Ghana)	24/09/1965	Manufacturing/ marketing and distribution of healthcare products	Ghana	814M000491	1 April 2010	Authorised 500 000 000 ordinary shares no par value, Issued 215 000 000	78.32%
Ayrton Drug Manufacturing Limited (Sierra Leone)	23/03/2011	Marketing of healthcare products	Sierra Leone	1025248-7	23 March 2011	Authorised 50 000 000 ordinary shares no par value, Issued 50 000 000 ordinary shares	81%
Pharmalabs (Jersey) Limited	12/06/1981	Holding company	Jersey	21298	1 April 2008	Authorised and Issued 5 000 ordinary shares of GBP1 each	100%
Datlabs (Private) Limited	24/12/1957	Manufacturing/ marketing and distribution of healthcare products	Zimbabwe	1291/1957	1 October 2012	Authorised shares 2 500 000 ordinary shares of US\$0.00 each, Authorised shares Issued and fully paid 2 147 542 ordinary shares of US\$0.00 each	100%
Adcock Ingram West Africa Limited (Nigeria)	29/11/2012	Various, including to engage in any or all branches of pharmaceutical business, supplier, importer, exporter, manufacturer, distributor, purchaser, seller of pharmaceutical products	Nigeria	RC 1081431	29 November 2012	Authorised 10 000 000 ordinary shares of N 1.00 each Issued 5 000 000 ordinary shares of N 1.00 each	100%

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## DETAILS OF CFR DIRECTORS AND SENIOR MANAGEMENT

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### DETAILS OF CFR SENIOR MANAGEMENT

#### **Alejandro Esteban Weinstein Manieu (55)**

*Chief Executive Officer*

Mr Weinstein is currently a member of the boards of directors of several Latin American pharmaceutical companies, director of the Biomedical Research Consortium and a member of the board of Allergy Therapeutics. Mr Weinstein is also chairman of Fundación Genómika. Mr Weinstein received the degrees of auditor and business administration from Pontificia Universidad Católica de Chile. He also completed post-graduate studies at Harvard University.

<b>Directorships and Partnerships</b>	<b>Status</b>
Laboratorios Recalcine S.A.	Active
Farmacología en Acuicultura Veterinaria FAV S.A.	Active
Aguagestión S.A.	Active
Aquagestión Capacitación S.A.	Active
CFR Chile S.A.	Active
CFR International SpA	Active
Inversiones K2 SpA	Active
Igloo Zone Chile S.A.	Active
American Pharmacist Inc	Active
Andland Overseas S.A.	Active
Caripharm Inc	Active
Doral Investments International SA	Active
Gynocare Limited	Active
Gynopharm de Centroamerica S.A.	Active
Lafrancol Dominicana S.A.	Active
Lafrancol Guatemala S.A.	Active
Lung Fung Hong Limited	Active
Normann Pharma Handels GmbH	Active
Ramses Business Corp	Active
Saboya Enterprises Corp	Active
Sundelight Corp	Active
Uman Pharma	Active
W&R Pharma Haldels GmbH	Active
Yissum Holding Limited	Active
Domesco medical Import Export Joint Stock Corp	Active
Allergy Therapeutics	Active

#### **Daniel Salvadori (35)**

*Executive President, Complex Therapeutics*

Mr Salvadori joined the Company in September 2012 as Executive President for the Complex Therapeutics segment, from which position he is in charge of the Biomedical Sciences division, and the operations of Laboratorio Internacional Argentino, Uman Pharma and Allergy Therapeutics. Prior to joining the Company, Mr Salvadori served as Head of Sales and Marketing, Latin America, for Sandoz Pharmaceuticals, and also as Director of Global Strategic Planning and Mergers and Acquisitions in the same company. He received a Bachelor of Arts degree in Economics from the Hebrew University, as well as an MBA from Harvard University.

#### **Patricio Vargas Muñoz (40)**

*Chief Financial Officer*

Mr Vargas has served as CFR's chief financial officer since September 2010. Prior to his service at the Company, Mr Vargas spent 11 years with Sociedad Química y Minera de Chile S.A., holding leadership

positions in investor relations, marketing and finance. Mr Vargas received a degree in industrial civil engineering from Pontificia Universidad Católica de Chile, and he also received an MBA from Universidad Adolfo Ibáñez.

<b>Directorships and Partnerships</b>	<b>Status</b>
Novasalud.Com S.A.	Active
Esprit de Vie S.A.	Active
Farmacología a Acuicultura Veterinaria FAV S.A.	Active
Aquagestión S.A.	Active
Aquagestión Capacitación S.A.	Active
American Pharmacist Inc	Active
Andland Overseas S.A.	Active
Caripharm Inc	Active
CFR Interamericas El Salvador S.A.	Active
CFR Interamericas Honduras S.A.	Active
CFR Interamericas Panamá S.A.	Active
European Services S.A.	Active
Fernwood Investments S.A.	Active
Forestcreek Overseas S.A.	Active
Golnorth Investments S.A.	Active
Gynocare Limited	Active
Gynopharm de Centroamerica S.A.	Active
Kangshenyunga S.A.	Active
Lung Fung Hong Limited	Active
Normann Pharma Haldels GmbH	Active
Pharmaceutical Technologies S.A.	Active
Ramses Business Corp	Active
Saboya Enterprises Corp	Active
Sundelight Corp	Active
W&R Pharma Haldels GmbH	Active
Yissum Holding Limited	Active

#### **Claudio Gabriel Colombano (54)**

*Manufacturing and Quality Vice President*

Mr Claudio Colombano has been the Company's Manufacturing and Quality Vice Presidente since 2010. Previously, he held managerial positions, including that of operations officer at Fada Pharma, and also held positions in the research and development departments of Laboratorios Roammers, laboratorios Permatec, and Antares Pharma AG in Basilea. He holds a degree in chemical science and a doctorate in chemical science, both from Universidad de Buenos Aires. He also completed a post-doctorate in molecular photobiology at Max Planck Institute, Germany.

#### **Jorge Nieto (49)**

*Chief Corporate of Research, Development, Regulatory and IP*

Mr Jorge Nieto serves as Chief Corporate of Research, Development, Regulatory and IP since March 2013. Previously, Mr Nieto worked for 24 years in positions related to research and development of products in local and multinational companies. He graduated as a Pharmacist at the University of Buenos Aires, specialising in pharmaceutical development in 1987 and got his degree as bachelor in Pharmacy from the University of Costa Rica in 2003. Mr Nieto also served as a professor of Pharmaceuticals Technology at the University of Buenos Aires.

#### **Chetan Parekh (44)**

*Vice President for Strategic Sourcing*

Mr Parekh joined the company in September 2012 as Vice President for Strategic Sourcing. Prior to joining the company Mr Parekh, a Pharmacist with MBA in Marketing has diverse experience of 20 years in Pharmaceuticals business covering Strategic sourcing, in licencing, marketing, new product identification and its business development as well as Trading with positions at Glaxo India, Cipla India, Pharmicare Fze UAE, Unimark Remedies Ltd and Pharmacrets India. Mr Parekh has an MBA from the Nasik College of Pharmacy.

**Agustín Eguiguren Correa (44)***Corporate Legal Secretary and Chief Chilean Legal Officer*

Mr Eguiguren joined the company in 2005. He is the Corporate Legal Secretary & Chief Chilean Legal Officer. Previously, he worked at Baned's Legal services, a division of the legal department at banco A. Edwards, and at the law firms of Baker & Mackenzie; Ossandon, Uribe & Hubner; and Jara del Favero Abogados. He received his law degree from Universidad Diego Portales and completed an LLM at the University of Dundee, Scotland.

<b>Directorships and Partnerships</b>	<b>Status</b>
Novasalud.Com S.A.	Active
Esprit de Vie S.A.	Active
American Pharmacist Inc	Active
Andland Overseas S.A.	Active
Caripharm Inc	Active
CFR Interamericas El Salvador S.A.	Active
CFR Interamericas Honduras S.A.	Active
CFR Interamericas Panamá S.A.	Active
European Services S.A.	Active
Fernwood Investments S.A.	Active
Forestcreek Overseas S.A.	Active
Golnorth Investments S.A.	Active
Gynocare Limited	Active
Gynopharm de Centroamerica S.A.	Active
Kangshenyunga S.A.	Active
Lung Fung Hong Limited	Active
Normann Pharma Haldels GmbH	Active
Pharmaceutical Technologies S.A.	Active
Ramses Business Corp	Active
Saboya Enterprises Corp	Active
Sundelight Corp	Active
W&R Pharma Haldels GmbH	Active
Yissum Holding Limited	Active

**Jose Guillermo Frugone Domke (45)***Chief Corporate Cost Control Officer and M&A*

Mr Frugone has served as CFR's Chief Corporate Cost Control Officer since September 2010, after serving in leadership positions within the group in M&A, finance and business development during the last 7 years in Chile and the US. Prior to his service at CFR, Mr Frugone spent 11 years working mainly in business development and commercial leadership positions in the health care industry, private hospitals and drugstore chains in Chile and Mexico. Mr Frugone received a degree in commercial engineering from Pontificia Universidad Católica de Chile, and an MBA from University of Southern California.

<b>Directorships and Partnerships</b>	<b>Status</b>
Biohealth LLC	Active
Domesco medical Import Export Joint Stock Corp	Active
Gynopharm S.A. (Costa Rica)	Active

**Thian Phin Chiew (51)***President Area South East Asia*

Mr Thian Phin Chiew served as President Area South East Asia since July 2013. With more than 10 years of experience in the Pharmaceuticals business, he previously worked as Vice-President of LF Asia (Li Fung Group), country manager Malaysia/Singapore in IMS Health Asia Ltd and regional sales director for Asia pacific in Organon. Mr Thian Phin Chiew acquired an MBA from Herriot Watt University, United Kingdom.

## DETAILS OF CFR DIRECTORS

### Alejandro Kostia Nicolás Weinstein Crenovich (78)

*Chairman*

Mr Weinstein Crenovich has been a member of the board of directors since September 2010. He joined the CFR group in 1956 and is currently the chairman of the board of directors. Previously, he held various positions within the Company, including chief executive officer between 1963 and 2000. Mr Weinstein Crenovich studied in the Business Administration Institute and in the Organization and Management Institute of Universidad de Chile.

<b>Directorships and Partnerships</b>	<b>Status</b>
Laboratorios Recalcine S.A	Active
CFR Chile S.A.	Active
Inversiones k2 SpA	Active
CFR International S.A.	Active
Igloo Zone Chile S.A.	Active

### Nicolás Francisco Weinstein Manieu (53)

*Non-executive Director*

Mr Weinstein Manieu has been a member of the board of directors of CFR since September 2010. He has worked for 27 years in the CFR group, including as manager of administration, finance, operations and production. Mr Weinstein received his industrial engineer degree from Pontificia Universidad Católica de Chile.

<b>Directorships and Partnerships</b>	<b>Status</b>
Laboratorios Recalcine S.A	Active
CFR Chile S.A.	Active
Inversiones k2 SpA	Active
CFR International S.A.	Active
Igloo Zone Chile S.A.	Active

### Alberto Eguiguren Correa (48)

*Non-executive Director*

Mr Eguiguren has been a member of the board of directors of CFR since March 2011. In addition, he is currently a member of the board of directors of several other companies, including Wal-Mart Chile S.A., Bank Sudameris SAECA, Liberty Seguros and Aguas Nuevas S.A. Mr Eguiguren is a partner at the law firm Honorato, Russi & Eguiguren Ltda. Previously, he was the chairman of the board of directors of Laboratorio Chile S.A. He received his law degree from Pontificia Universidad Católica de Chile and an LLM degree from Duke University.

<b>Directorships and Partnerships</b>	<b>Status</b>
Wal Mart Chile S.A.	Active
Wal Mart Chile Servicios Financieros S.A.	Active
Wal Mart Chile Inmobiliaria S.A.	Active
Wal Mart Chile Comercial S.A.	Active
Aguas Décima S.A.	Active
Aguas del Altiplano S.A.	Active
Aguas Araucania S.A.	Active
Aguas Magallanes S.A.	Active
Aguas Nuevas S.A.	Active
CFR Pharmaceuticals S.A.	Active
Administradora Drake S.A.	Active
Santiago Wanderers S.A.D.P.	Active
Canal del Fútbol	Active
Vertical S.A.	Active
Fundación Paternitas	Active

<b>Directorships and Partnerships</b>	<b>Status</b>
Abbeyfield Financial Holdings (Ireland)	Active
Banco Sudameris SAECA (Paraguay)	Active
Drake Enterprises A.G. (Suiza)	Active
Drake Asset Management Co. (Cayman)	Active
Drake Private Trust (Bermuda)	Active
Laboratorio Internacional Argentino S.A. (Argentina)	Active

### **Eliahu Shohet (56)**

*Non-executive Director*

Mr Shohet has been a member of the board of directors of CFR since April 2011. He has more than 25 years of experience in key executive positions in global companies, such as co-CEO of Netafim, and held positions as executive committee member, corporate vice chairman for business development, chief integration officer and Vice Chairman for Central and Eastern Europe of Teva Pharmaceutical Limited. He is currently the owner of ADY Consultants. Mr Shohet has received a degree in business administration and economics from Bar Ilan University.

<b>Directorships and Partnerships</b>	<b>Status</b>
Uman Canada	Active
Bio-Light Life Sciences Investments Ltd. Isreal	Active
Mabat-Up Ltd. Isreal	Active
Theracoat Ltd. Isreal	Until 2012

### **Guillermo Arturo Tagle Quiroz (55)**

*Non-executive Director*

Mr Tagle has been a member of the board of directors of CFR since April 2011. Prior to that, he had served as director of AFP Bansander S.A., served for five years as general director of Santander Investment, and previously held positions as research director and director of Área Bursátil in the same company. He has also been director and professor at Pontificia Universidad Católica de Chile. Mr Tagle is currently executive director of IM Trust & Co. Holding, director of the Chilean Electronic Stock Exchange and Depósito Central de Valores S.A., Depósito de Valores, and member of the Consejo de la Fundación de Economía of Pontificia Universidad Católica de Chile. Mr Tagle has a degree in business from Pontificia Universidad Católica de Chile, as well as an MBA from University of California, Los Angeles.

<b>Directorships and Partnerships</b>	<b>Status</b>
Chilean Electronic Stock Exchange	Active
Central Depository Service	Active

### **Juan Cruz Domingo Bilbao Hormaeche (54)**

*Non-executive Director*

Mr Bilbao has been a member of the board of directors of CFR since April 2011. Prior to that, he had served as commercial manager of Fondos Mutuos Citicorp, served as chairman of AFP Provida S.A. and held several managerial positions at Bankers Trust Company in the United States (Deutsche Bank). He is currently the chairman of Consorcio Nacional de Seguros-Vida S.A. and Consorcio Financiero S.A., and member of the boards of directors of Watt's S.A., Pesquera Itata S.A., Entel Chile S.A. and Paz Corp S.A. Mr Bilbao has a degree in business from Pontificia Universidad Católica de Chile, as well as an MBA from the University of Chicago.

<b>Directorships and Partnerships</b>	<b>Status</b>
Blumar S.A.	Active
Paz Corp S.A.	Active
Watt's S.A.	Active
Entel Chile S.A.	Active
Consorcio Financiero S.A.	Active
Compañía De Seguros De Vida Consorcio Nacional De Seguros S.A.	Active
Compañía De Seguros Generales Consorcio Nacional De Seguros S.A.	Active

<b>Directorships and Partnerships</b>	<b>Status</b>
Yelcho Inmobiliaria Ltda.	Active
Asesorias e Inversiones las Mercedes Ltda.	Active
Agricola San Agustin Ltda.	Active
Asesorias Jbh Colectiva Civil	Active
Asesorias San Manuel Colectiva Civil	Active
Asesorias Summit Colectiva Civil	Active
Asesorias Buhg Colectiva Civil	Active
Asesorias Maitenhuapi Colectiva Civil	Active
Asesorias Cug Colectiva Civil	Active
BP S.A.	Active
San Rafael Administradora De Fondos	Active

### **Juan Antonio Guzmán Molinari**

*Independent Non-executive Director*

Mr Guzmán has been a member of the board of directors of CFR since April 2011. Prior to that, he had been the chairman of the Comisión Nacional de Investigación Científica y Tecnológica and Minister of Education in Chile. He has held many managerial positions, such as general manager at Gener S.A. Mr Guzmán is currently a member of the boards of directors of many private companies. He has a degree in civil industrial engineering from Pontificia Universidad Católica de Chile and a Ph.D. from Polytechnic of North London.

<b>Directorships and Partnerships</b>	<b>Status</b>
Arrigoni S.A. (President)	Active
Central Parking Chile (President –Partner)	Active
Clinica Indisa S.A.	Active
Enerplus S.A.	Active
Express de Santiago Uno S.A.	Active
Inmobiliaria Gundemara Ltda.	Active
Inversiones La Caleta S.A.	Active
Inversiones y Asesoría Gundemara Ltda.	Active
Laboratorios Clínicos ACHS-Arauco Salud S.A.	Active
Scotiabank	Active
Sociedad Agrícola Santa Leontina Ltda.	Active
Sociedad Comercial Helvetica S.A.	Active
Sociedad Química y Minera de Chile S.A.	Active
Sonda S.A.	Active
Transnet S.A.	Active
Cemento Polpaico S.A.	Not active

## DETAILS OF ADCOCK INGRAM DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

#### Dr Jonathan James Louw

CEO

**Date joined:** 1 September 2001

**Age:** 44

**Qualifications:** MB.ChB; MBA

**Business address:** 1 New Road, Midrand, 1685

**Nationality:** South African

Appointed as CEO in 2008, overseeing the relisting of Adcock Ingram on the JSE. Prior to his appointment as CEO, he was head of Adcock Ingram's pharmaceutical business. He joined Adcock Ingram in 2001 as New Business Development Executive.

#### Previous experience:

- Joined Astra Zeneca in South Africa in 1999.
- Practiced as an anaesthetist at St. Mary's Hospital in London in the 1990s.

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 Holdings Limited	2008/016236/06	2007	Director and CEO		Investment holdings
Adcock Ingram Healthcare Proprietary Limited	2007/019928/07	2008	Director		Pharmaceutical products provider
Adcock Ingram Critical Care Proprietary Limited	2000/004208/07	2011	Director		Hospital products provider
Adcock Ingram Intellectual Property Proprietary Limited	2000/004110/07	2006	Director		Pharmaceutical intellectual property holding company
Adcock Ingram Intellectual Property No. 1 Proprietary Limited	1984/001986/07	2007	Director		Dormant
Adcock Ingram Limited	1949/034385/06	2006	Director		Investment holdings
Adcock Ingram Limited India – Bangalore	U24232KA2007PLC042361	2007	Director	2010	Pharmaceutical products provider
Dilwed Investments Proprietary Limited	1995/006722/07	2006	Director		Investment holdings
Menarini SA Proprietary Limited	1993/004756/07	2006	Director		Marketing, distribution and sale of pharmaceutical products
Novartis Ophthalmics Proprietary Limited	1978/000788/07	2006	Director		Pharmaceutical products provider
Thembalami Pharmaceuticals Proprietary Limited	2001/024352/07	2003	Director		Dormant
Adcock Ingram Pharmaceuticals Proprietary Limited	1916/004852/06	2007	Director		Dormant
The Premier Pharmaceutical Company Proprietary Limited	1965/002551/06	2007	Director		Dormant
Pharmaceutical Industry Association of South Africa	1967/005082/08	2008	Director		Pharmaceutical industry body

Name of company	Registration number	Appointment date	Designation	Resignation date	Nature of business
Metamorphosa Proprietary Limited	1937/010436/07	2008	Director		Pharmaceutical products provider
National Association of Pharmaceutical Manufacturers	1977/02941/08	2003	Director	2011	Pharmaceutical industry body
Adcock Ingram International (Pty) Ltd	2007/033504/07	2009	Director		Pharmaceutical products provider
Adcock Ingram Healthcare Private Limited (India)	U74999KA2011PTC059911	2011	Director		Pharmaceutical products provider
Adcock Ingram Housecare	1972/00565/07	2007	Director	2011	Dormant
Pharma I Holdings	1978/003199/07	2006	Director	2009	Investment holdings
Pharma II Investments	1934/005888/07	2006	Director	2009	Dormant

### Andrew Gideon Hall

*Deputy CEO and Financial Director*

**Date joined:** 1 October 2007

**Age:** 51

**Qualifications:** B. Pharm; CA(SA)

**Business address:** 1 New Road, Midrand, 1685

**Nationality:** South African

He oversees Group Finance, Business Development, Investor Relations and the Company Secretariat. He joined Adcock Ingram in 2007 as chief financial officer.

#### Previous experience:

- Partner in charge of health sciences at Ernst & Young.
- Chief financial officer of a listed pharmaceutical company in South Africa.
- Sales and marketing at Pfizer, and retail pharmacy.

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 Holdings Limited	2007/016236/06	2007	Director		Investment holdings
Adcock Ingram Healthcare Proprietary Limited	2007/019928/07	2008	Director		Pharmaceutical products provider
Adcock Ingram Critical Care Proprietary Limited	2000/004208/07	2011	Director		Hospital products provider
Adcock Ingram Intellectual Property Proprietary Limited	2000/004110/07	2007	Director		Pharmaceutical intellectual property holdings
Adcock Ingram Intellectual Property No. 1 Proprietary Limited	1984/001986/07	2007	Director		Dormant
Adcock Ingram Limited	1949/034385/06	2007	Director		Investment holdings
Adcock Ingram Limited India – Bangalore	U24232KA2007PLC042361	2007	Director	2009	Pharmaceutical products provider
Dilwed Investments Proprietary Limited	1995/006722/07	2007	Director		Investment holdings
Menarini SA Proprietary Limited	1993/004756/07	2007	Director		Marketing, distribution and sale of pharmaceutical products
Novartis Ophthalmics Proprietary Limited	1978/000788/07	2007	Director		Pharmaceutical products provider

Name of company	Registration number	Appointment date	Designation	Resignation date	Nature of business
Adcock Ingram Pharmaceuticals Proprietary Limited	1916/004852/06	2007	Director		Dormant
The Premier Pharmaceutical Company Proprietary Limited	1965/002551/06	2007	Director		Dormant
Metamorphosa Proprietary Limited	1937/010436/07	2008	Director		Pharmaceutical products provider
Adcock Ingram International (Pty) Ltd	2007/033504/07	2009	Director		Pharmaceutical products provider
Adcock Ingram Healthcare Private Limited (India)	U74999KA2011PTC059911	2011	Director		Pharmaceutical products provider
Adcock Ingram Housecare	1972/00565/07	2007	Director	2011	Dormant
Pharma I Holdings	1978/003199/07	2007	Director	2009	Investment holdings

## NON-EXECUTIVE DIRECTORS

### Dr Khotso David Kenneth Mokhele

*Non-executive chairman*

**Date joined:** 15 July 2008

**Age:** 58

**Qualifications:** PhD Microbiology; MSc Food Science; BSc Agriculture

**Business address:** 1 New Road, Midrand, 1685

**Nationality:** South African

Chancellor of the University of the Free State and the University of Pretoria. Chairman of Impala Platinum Holdings Limited. Serves on the boards of Tiger Brands Limited, Zimplats Holdings Limited and African Oxygen Limited.

#### Previous experience:

- Founder President of National Research Foundation.
- Founder President of the Academy of Science of South Africa.
- Served as Chairperson of the National Skills Authority and of the Premier's Economic Advisory Council for the Free State Province.
- Served on the Executive Board of the United Nations Education, Science and Culture Organisation (UNESCO).

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 Holdings Limited	2007/016236/06	2008	Non-executive Director		Investment holdings
Impala Platinum Holdings Limited	1957/001979/06	2004	Non-executive Director/ Chairperson		Mining
African Oxygen Limited	1927/00089/06	2005	Non-executive Director		Chemicals
Tiger Brands Limited	1944/017881/06	2007	Non-executive Director		FMCG
Zimplats Holdings	ARBN083463058	2007	Non-executive Director		Mining
Kenosi Investment Holdings	2008/004005/07	2008	Executive Chairman		Investment holdings
Hans Merensky Holdings	1949/033497/07	2012	Non-executive Director		Agriculture and timber
Mapitso Consortium Investments (Pty) Ltd	2009/006501/07	2009	Non-Executive Director		Investment holdings

Name of company	Registration number	Appointment date	Designation	Resignation date	Nature of business
Mapitso Funding SPV (Pty) Ltd	2009/008318/07	2009	Non-Executive Director		Investment holdings
ArcelorMittal South Africa	1989/002164/06	1998	Non-executive Chairman	2010	Resources

### **Dr Tlalane Lesoli**

*Non-executive director*

**Date joined:** 15 July 2008

**Age:** 63

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

**Business address:** 1 New Road, Midrand, 1685

**Nationality:** South African

Qualified as a medical doctor at the University of London. Registered practitioner with the Health Professions Council of South Africa as well as the British General Medical Council.

#### **Previous experience:**

- Co-founded and managed Mother Earth Distributors and Nature Plan.
- Non-executive director of Woman Investment Africa Network and Global Africa Resources.
- Research in Neonatal Paediatrics at John Radcliffe Hospital, Oxford, England.
- Medical Director for Transmed Medical Aid.

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
Adcock Ingram Holdings Limited	2007/016236/06	2008	Director		Investment holdings
Mother Earth Distributors	2002/021984/07	2002	Director		Resource trading
Zawadi Investments	2006/006372/07	2006	Director		Investment holdings
Women Investment Africa Network	1995/005508/07	2005	Director		Investment holdings
Continental Africa Power Supplies	1999/011644/07	2006	Director	2013	Energy product supplier
Global Africa Resources	2003/002768/07	2006	Director	2010	Mining

### **Clifford David Raphiri**

*Non-executive director*

**Date joined:** 15 July 2008

**Age:** 50

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

**Business address:** 1 New Road, Midrand, 1685

**Nationality:** South African

Manufacturing and Technical Director of SA Breweries. Serves on the boards of various SA Breweries Limited subsidiaries.

#### **Previous experience:**

- Design mechanical consulting engineer at BKS Inc.
- Project Engineer at Metal Box.
- Consulting engineer at Andersen Consulting.

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 Holdings Limited	2007/016236/06	2008	Director		Investment holdings
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:** 15 July 2008

**Age:** 60

**Qualifications:** BCompt (Hons), CA(SA)

**Business address:** 1 New Road, Midrand, 1685

**Nationality:** South African

Chairman of New Teltron (Pty) Ltd.

#### Previous experience:

- CEO of United Pharmaceutical Distributors (UPD).
- Non-executive Chairman of UPD and director of the Premier Group.
- Qualified as CA with Deloitte and Touche.

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 Holdings Limited	2007/016236/06	2008	Director		Investment holdings
Essa' Retail Enterprises	2001/008083/07	2001	Director		Photographic retailer
New Teltron	1998/023664/07	1999	Director		Importer and distributor of photographic products
Audio Lens	1998/018127/07	1998	Director		Photographic retailer
Budget Foto	1975/004201/07	1997	Director		Photographic retailer
Clidet 863 (Pty) Ltd		2009	Director		Photographic retailer

**Andrew Murray Thompson***Non-executive director***Date joined:** 15 July 2008**Age:** 56**Qualifications:** BSc (Civil Engineering), MBA**Business address:** 1 New Road, Midrand, 1685**Nationality:** South African

Retired industrial executive. Serves as a non-executive director of MPact Limited (previously Mondi Packaging).

**Previous experience:**

- CEO of Mondi South Africa.
- Non-executive director of Tongaat Hulett Group.

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 Holdings Limited	2007/016236/06	2008	Director		Investment holdings
MPact Limited	2004/025229/06	2004	Director		Paper and packaging

**Roger Ian Stewart***Non-executive director***Date joined:** 15 July 2008**Age:** 61**Qualifications:** Ph.D. (Med), M.B., Ch.B., Grad Dip Comp. Dir F Inst Directors**Business address:** 1 New Road, Midrand, 1685**Nationality:** South African

Lead partner in a business consulting practice.

**Previous experience:**

- Associate professor of Physiology at the University of Stellenbosch.
- Fellow of the American College of Chest Physicians.
- Group executive at the South African Medical Research Council.

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
Graham's Pharmaceuticals (Pty) Ltd	1967/010471/07	2006	Director	2010	Pharmaceutical manufacturing
Business Sculptors (Pty) Ltd	2005/036448/07	2005	Director		Business consulting
Adcock Ingram Holdings Limited	2007/016236/06	2008	Director		Investment holdings

**Paul Mpho Makwana***Non-executive director***Date joined:** 1 February 2012**Age:** 43**Qualifications:** BAdmin (Honours); Post-Grad Dip (Retailing Management)**Business address:** 1 New Road, Midrand, 1685**Nationality:** South African

Non-executive director of Nedbank and Biotherm Energy (Pty) Limited, chairman of ArcelorMittal South Africa Limited, chairman of the board of trustees at The New LoveLife Trust, trustee of the Business Trust, the Transaction Advisory Fund and World Wildlife Fund South Africa, chairman of ITNA, a newly established IT company.

**Previous experience:**

- Chairman of Eskom Holdings.
- Member of the group executive of Edcon.

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:

<b>Name of company</b>	<b>Registration number</b>	<b>Appointment date</b>	<b>Designation</b>	<b>Resignation date</b>	<b>Nature of business</b>
Adcock Ingram Holdings Ltd	2007/016236/06	2012	Director		Investment holdings
ArcelorMittal SA Ltd	1989/002164/06	2013	Chairman/ Non-Executive Director		Steel manufacturing
Biotherm Energy (Pty) Ltd	2003/020443/07	2011	Director		Renewable energy
Boardroom Alliance (Pty) Ltd – t/a Heidrick & Struggles (Pty) Ltd	1989/005801/07	2011	Director (Chairman)		Executive search
Epitome Investments (Pty) Ltd	2002/031482/07	2004	Director (Chairman)		Investment holdings
Itna (Pty) Ltd	2008/009220/07	2011	Director		Information technology
Nedbank Ltd					
Nedbank Group Ltd	1951/000009/06				
	1966/010630/06	2011	Director		Financial services
SEPHAKU Holdings Ltd	2005/003306/06	2013	Non-executive Director		Cement
The Brand Union (Pty) Ltd	2000/025214/07	2012	Chairman/ Non-executive Director		Branding and design
The LR Management Group (Pty) Ltd	1997/005978/07	2011	Director		Human resources and change management consulting
Winners Circle (Pty) Ltd	2011/010579/07	2013	Non-Executive Director		Investment holding

**Professor Matthias Haus***Non-executive director***Date joined:** 1 June 2012**Age:** 64**Qualifications:** MB ChB; M.D.; D.C.H.; F.C.F.P.; F.F.P.M; Dip. Mid.COG**Business address:** 1 New Road, Midrand, 1685**Nationality:** South African

Adjunct Professor in Medicine, University of Cape Town. Extraordinary Professor in Medicine, University of Pretoria. Registered Specialist Allergologist (Health Professions Council of South Africa). Trustee of the Colleges of Medicine of South Africa. Partner at Gateways Business Consulting Group.

**Previous experience:**

- Executive Vice President, Astra Zeneca (sub-Saharan Africa).
- Executive Vice President, Astra Zeneca (China).
- Non-Executive Chairman, Professional Provident Society of South Africa.
- Senator, Colleges of Medicine of South Africa.

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:

<b>Name of company</b>	<b>Registration number</b>	<b>Appointment date</b>	<b>Designation</b>	<b>Resignation date</b>	<b>Nature of business</b>
Adcock Ingram Holdings Limited	2007/016236/06	2012	Non-Executive Director		Investment holdings
Gateways Global Business Consultancy		2011	Associate/ Partner		Business Consultancy

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## SHARE CAPITAL OF CFR INTERNATIONAL

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The authorised and issued share capital of CFR International consists of 242 675 256 616 nominative shares with no par value.

The following alterations to the share capital of CFR International have been effected.

CFR International was incorporated on 24 September 2010 with a share capital of Ch\$10 000 000, divided into 10 000 000 shares. Upon incorporation, all of the shares in CFR International were held by CFR.

On 30 November 2010, the share capital of CFR International was increased from Ch\$10 000 000 to Ch\$82 504 234 632, divided into 82 504 234 632 shares. The additional shares were subscribed for by CFR.

On 15 December 2010, the functional currency of CFR International was converted from Ch\$ to US\$. As a result, the capital changed from Ch\$82 504 234 632 to US\$170 586 653.

On 18 January, CFR decided to widen CFR International's scope of business. In order to capitalise CFR International, the share capital of CFR International was increased on 19 August 2011 from US\$170 586 653 to US\$460 612 597, divided into 222 775 282 629 shares. The additional shares were subscribed for by CFR.

On 2 December 2011, the share capital of CFR International on 19 August 2011 was increased again from US\$460 612 597 to US\$507 960 832.25, divided into 242 675 256 616 shares. The additional shares were subscribed for by CFR.

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## MATERIAL CONTRACTS

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### “A” ORDINARY AGREEMENT

Subject to the implementation of the Scheme, the “A” Ordinary Agreement amends the terms of the “A” Ordinary Share leg of Adcock Ingram’s 2010 BEE Ownership Transaction. The changes include, *inter alia*, the following:

1. the granting of a right to each of the BEE shareholders (namely Kagiso Strategic Investments III Proprietary Limited (registration number 2007/023000/07), the trustees for the time being of the Mookodi Pharma Trust (Master’s reference number IT314/2010) and the trustees for the time being of the Kurisani Youth Development Trust (Master’s reference number IT374/87)) to sell 45% of the issued ordinary shares in Blue Falcon 69 Trading Proprietary Limited (registration number 2009/016091/07) to CFR or an entity with black empowerment credentials selected by CFR, shortly after implementation of the Scheme at a cash price derived from the Scheme Consideration. If and to the extent less than 29% of the ordinary shares are sold by the BEE shareholders, CFR can acquire such number of shares as increases its or its nominee’s holding of ordinary shares to 29%;
2. the acceleration from 2020 to 2018 of the date after which the Adcock Ingram “A” Ordinary Shares cease to be subject to sale and encumbrance restrictions;
3. the automatic sale to CFR of the “A” Ordinary Shares (that are still held after implementation of Adcock Ingram’s notional loan call option over those shares), the consideration to be settled by CFR in the form of cash and/or CFR Shares, in CFR’s discretion (based on the fair value of the “A” Ordinary Shares at the time);
4. the acceleration from 2017 to 2016 of the date after which the Adcock Ingram “A” Ordinary Shares can be sold in limited circumstances;
5. a change in the formula used from time to time to determine the amount of the “A” Ordinary Share notional loan; and
6. an entitlement to participate on a *pari passu* basis in dividends declared to Adcock Ingram Ordinary Shareholders.

### “B” ORDINARY AGREEMENT

Subject to the implementation of the Scheme, the “B” Ordinary Agreement amends the terms of the “B” Ordinary Share leg of Adcock Ingram’s 2010 BEE Transaction. The changes include, *inter alia*, the following:

1. the acceleration from 2017 to 2016 of the date on which the Adcock Ingram “B” Ordinary Shares cease to be subject to sale and encumbrance restrictions;
2. a change in the formula used from time to time to determine the amount of the “B” Ordinary Share notional loan; and
3. the automatic sale to CFR of those “B” Ordinary Shares that are still held after implementation of Adcock Ingram’s notional loan call option over those shares, based on an upfront agreed ratio of CFR Shares to Adcock Ingram “B” Ordinary Shares.

### BAXTER AGREEMENTS

CFR and Baxter (and not Adcock Ingram) have entered into agreements in relation to Adcock Ingram’s wholly-owned subsidiary, Adcock Ingram Critical Care Proprietary Limited (“AICC”), pursuant to which, among other things:

1. Baxter has waived its right to terminate its existing Licence Agreement, Distribution Agreement and Raw Material Supply Agreement (collectively, the “Existing Agreements”) with AICC pursuant to the change in control of AICC which will result from the implementation of the Scheme;
2. certain of Baxter’s finished products and new products will, at Baxter’s election, be excluded from the existing Distribution Agreement. Such election must be made within the two-year period commencing on the date of implementation of the Scheme;

3. Baxter will have an option (“Call Option”) to purchase 100% of the issued shares in AICC (“AICC Shares”) and the aggregate amount of all claims on loan account held by Adcock Ingram and/or any of its affiliates against AICC (“AICC Claims”). The Call Option is exercisable at any time during the 12-month period commencing on the third anniversary of the date of implementation of the Scheme. The purchase price payable for the AICC Shares and the AICC Claims is the fair market value thereof, and is payable in cash;
4. if, after the Scheme is implemented, there is a direct or indirect acquisition of control of CFR and if the Existing Agreements remain in force, Baxter will have a further option to purchase the AICC Shares and the AICC Claims at their fair market value and for cash, which option must be exercised:
  - 4.1 if the acquirer of CFR is a competitor of AICC in relation to the products which form the subject matter of the existing Licence Agreement, during the 90-day period commencing on the date of receipt by Baxter of written notification of the proposed acquisition of control of CFR;
  - 4.2 if the acquirer of CFR is not a competitor of AICC as aforesaid, during the 12-month period commencing on the first day of the 19th month following the date on which the acquisition of control of CFR is implemented;
5. after the Scheme is implemented, Baxter will retain its right to terminate the Existing Agreements within 30 days of the occurrence of a change in control of AICC.

### **THE MEDREICH AGREEMENTS**

1. Pharma I Holdings Proprietary Limited (registration number 1978/003199/07) (“Pharma Holdings”) and Medreich entered into a joint venture agreement on 5 February 2007, which was subsequently amended by an addendum dated 31 August 2007, in terms of which the parties agreed to incorporate a new company in India and regulate their relationship in relation to that company. The business of the joint venture company is to manufacture pharmaceutical products under licence from Adcock Ingram (pursuant to a licence agreement), and to supply those products to Adcock Ingram; to manufacture other pharmaceutical products (i.e. medicine in solid ordinary dosage form, whether in tablet, capsule or other medium) for customers other than Adcock Ingram and Medreich; and to manufacture pharmaceutical products for Medreich.
2. In terms of the Medreich JV Agreement, Medreich was granted a call option (“Medreich Call Option”) over the shares and loan claims held by Adcock Ingram in the joint venture company, being Adcock Ingram Limited India.
3. Adcock Ingram was similarly granted a call option (“Adcock Ingram Call Option”) over the shares and loan claims held by Medreich in Adcock Ingram Limited India.
4. Adcock Ingram, CFR, Medreich and Pharma Holdings have entered into an agreement in relation to the Medreich JV Agreement, pursuant to which, amongst other things:
  - 4.1 Medreich consents to the direct or indirect change of control of Adcock Ingram which will result from the implementation of the Scheme and, if the Scheme is implemented, Medreich undertakes to consent to the direct or indirect change of control of CFR which will result from the entering into, proposal and/or implementation of any transaction pursuant to which a third party acquires direct or indirect control of CFR, and to all subsequent changes in control of CFR;
  - 4.2 Medreich waives in perpetuity its right to exercise the Medreich Call Option arising from the implementation of the Scheme and, if the Scheme is implemented, Medreich undertakes to waive in perpetuity its right to exercise the Medreich Call Option arising from any transaction pursuant to which a third party acquires direct or indirect control of CFR, and to all subsequent changes in control of CFR;
  - 4.3 Medreich grants all other consents (if any) required in relation to the implementation of the Scheme and, if the Scheme is implemented, Medreich undertakes to grant all other consents (if any) required for any transaction pursuant to which a third party acquires direct or indirect control of CFR, and for all subsequent changes in control of CFR;
  - 4.4 the undertakings given by Medreich are only enforceable if CFR, or the person(s) acquiring control of CFR, as the case may be, undertakes in writing to Medreich:
    - 4.4.1 that it will procure that Adcock Ingram will remain bound by the Medreich JV Agreement and that it will continue to comply with the terms of the Medreich JV Agreement; and

- 4.4.2 that CFR, or the person(s) acquiring control of CFR, as the case may be, will, and that Adcock Ingram will, co-operate with Medreich in relation to the support and growth of the business conducted by Adcock Ingram Limited India and that it will consider investing further capital in Adcock Ingram Limited India as and when appropriate;
- 4.5 if the Scheme is implemented, Adcock Ingram and CFR irrevocably undertake:
  - 4.5.1 to consent to the, direct or indirect, change of control of Medreich which will result from the entering into, proposal and/or implementation of any transaction pursuant to which a third party acquires direct or indirect control of Medreich, and to all subsequent changes in control of Medreich;
  - 4.5.2 to waive in perpetuity their right to exercise the Adcock Ingram Call Option arising from any transaction pursuant to which a third party acquires direct or indirect control of Medreich, and to all subsequent changes in control of Medreich; and
  - 4.5.3 to grant, to the extent required, all other consents (if any) required for any transaction pursuant to which a third party acquires direct or indirect control of Medreich, and for all subsequent changes in control of Medreich;
- 4.6 the undertakings given by Adcock Ingram are only enforceable if:
  - 4.6.1 the person(s) acquiring control of Medreich undertakes in writing to Adcock Ingram and CFR:
    - 4.6.1.1 that Medreich will remain bound by the Medreich JV Agreement and that it will continue to comply with the terms of the Medreich JV Agreement;
    - 4.6.1.2 that it will, and that Medreich will, cooperate with Adcock Ingram and CFR in relation to the support and growth of the business conducted by Adcock Ingram Limited India and that it will consider investing further capital in Adcock Ingram Limited India as and when appropriate;
  - 4.6.2 the person(s) acquiring control of Medreich are entitled to do so under all applicable laws including, without limitation, all relevant competition laws; and
  - 4.6.3 the person(s) acquiring control of Medreich is not one of a certain number of specified competitors of Adcock Ingram and CFR;
- 4.7 if, after the Scheme is implemented, Adcock Ingram, CFR or any of their subsidiaries wishes to manufacture any of the Adcock Ingram Group's products in India, then Adcock Ingram Limited India or Medreich have a right of first refusal to manufacture such products in India;
- 4.8 Adcock Ingram and CFR undertake that, for 18 months from the Scheme Implementation Date, Adcock Ingram Limited India will utilise its manufacturing capacity so as to manufacture a minimum number of tablets per annum of Medreich products, provided that Adcock Ingram Limited India has the capacity to manufacture a certain total number of tablets per annum;
- 4.9 notwithstanding the terms of the Medreich JV Agreement, Adcock Ingram is not entitled to withdraw from Adcock Ingram Limited India for three years from the Scheme Implementation Date; and
- 4.10 at any time after the expiry of that three year period, Adcock Ingram has a right to require Medreich to sell all (and not some only) of its shares in Adcock Ingram Limited India to Adcock Ingram.

## DETAILS OF LEASE OBLIGATIONS

At 30 June 2013, the detail of the finance lease obligations is as follows:

Bank or financial institution	Associated fixed asset	Currency/indexation unit	Interest rate	Gross liability	Years to maturity										Non-Current		
					0 Up to 1		Over 1 to 2		Over 2 to 3		Over 3 to 5		Over 5 to 10			Over than 10 Amount	Current
					ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$			
Banco de Chile	Building	UF	7.95%	978	173	343	366	96	-	-	-	-	173	805			
Banco de Crédito del Perú	Machinery	Dollars	4.95%	6	6	-	-	-	-	-	-	-	6	-			
Banco de Crédito del Perú	Vehicles	Dollars	4.65%	45	45	-	-	-	-	-	-	-	45	-			
Banco de Crédito del Perú	Furniture	Dollars	4.50%	168	124	44	-	-	-	-	-	-	124	44			
Banco de Crédito del Perú	Vehicles	Dollars	3.80%	626	413	213	-	-	-	-	-	-	413	213			
Banco de Crédito del Perú	Machinery	Dollars	4.85%	248	248	-	-	-	-	-	-	-	248	-			
Banco de Crédito del Perú	Machinery	Dollars	4.40%	282	282	-	-	-	-	-	-	-	282	-			
Banco Continental	Vehicles	Dollars	4.89%	49	43	6	-	-	-	-	-	-	43	6			
Banco Interamericano de Finanzas	Machinery	Dollars	5.25%	93	93	-	-	-	-	-	-	-	93	-			
Leasing Bancolombia	Vehicles	COP	8.17%	22	7	14	-	-	-	-	-	-	7	14			
Leasing Bancolombia	Vehicles	COP	8.17%	22	7	14	-	-	-	-	-	-	7	14			
Leasing Bancolombia	Vehicles	COP	8.17%	22	7	14	-	-	-	-	-	-	7	14			
Leasing Bancolombia	Vehicles	COP	9.80%	111	19	71	-	-	-	-	-	-	19	71			
Leasing Bancolombia	Vehicles	COP	9.80%	111	19	71	-	-	-	-	-	-	19	71			
Leasing de Occidente	Machinery	COP	9.87%	332	145	157	-	-	-	-	-	-	145	157			
Helm Bank	Warehouse	COP	11.37%	1,990	252	252	252	504	190	-	-	-	252	1 198			
Arrendador a Agromercantil	Machinery	COP	7.00%	2	2	-	-	-	-	-	-	-	2	-			
Laval Hino	Vehicles	CAD	0.69%	61	10	11	12	28	-	-	-	-	10	51			

Bank or financial institution	Associated fixed asset	Currency/indexation unit	Interest rate	Gross liability	Years to maturity										Current	Non-Current		
					0 Up to 1		Over 1 to 2		Over 2 to 3		Over 3 to 5		Over 5 to 10				Over than 10	
					ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$			ThUS\$	ThUS\$
Banco Comafi	Vehicles	ARS	38.88%	1	1	-	-	-	-	-	-	-	-	-	-	1	-	
CIT Leasing Argentina S.A.	Computer equip	Dollars	16.97%	37	-	-	-	-	-	-	-	-	-	-	-	37	-	
Banco Comafi	Vehicles	ARS	35.14%	52	12	-	-	-	-	-	-	-	-	-	-	40	12	
Banco Comafi	Vehicles	ARS	38.00%	61	29	2	-	-	-	-	-	-	-	-	-	30	31	
Banco Comafi	Vehicles	ARS	42.00%	66	28	11	-	-	-	-	-	-	-	-	-	27	39	
Banco Industrial Azul	Vehicles	ARS	41.16%	23	9	7	-	-	-	-	-	-	-	-	-	7	16	
Banco Industrial Azul	Vehicles	ARS	41.16%	23	9	7	-	-	-	-	-	-	-	-	-	7	16	
Banco Industrial Azul	Vehicles	ARS	41.16%	23	9	7	-	-	-	-	-	-	-	-	-	7	16	
ICBC	Vehicles	ARS	43.68%	30	10	13	-	-	-	-	-	-	-	-	-	7	23	
ICBC	Vehicles	ARS	45.78%	29	9	12	-	-	-	-	-	-	-	-	-	8	21	
ICBC	Vehicles	ARS	44.82%	34	11	14	-	-	-	-	-	-	-	-	-	9	25	
Banco Standard Bank	Machinery	ARS	36.00%	17	8	3	-	-	-	-	-	-	-	-	-	6	11	
Banco Standard Bank	Machinery	ARS	36.00%	11	5	2	-	-	-	-	-	-	-	-	-	4	7	
Banco Standard Bank	Machinery	ARS	48.00%	62	24	19	-	-	-	-	-	-	-	-	-	19	43	
Banco Standard Bank	Machinery	ARS	48.00%	245	94	74	-	-	-	-	-	-	-	-	-	77	168	
Banco Standard Bank	Machinery	ARS	48.00%	47	17	17	-	-	-	-	-	-	-	-	-	13	34	
Banco Standard Bank	Machinery	ARS	50.00%	334	102	125	22	-	-	-	-	-	-	-	-	85	249	
CGM Leasing	Machinery	ARS	40.00%	90	-	-	-	-	-	-	-	-	-	-	-	-	90	-
CGM Leasing	Machinery	ARS	40.00%	150	22	67	-	-	-	-	-	-	-	-	-	61	89	
Banco Pichincha	Vehicles	Dollars	11.83%	20	-	-	17	-	-	-	-	-	-	-	-	3	17	
																<b>2,433</b>	<b>3,475</b>	

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## MIX-AND-MATCH FORMULAE

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References in this Annexure to paragraphs are to paragraphs of the Scheme, as set out in the Circular.

### PART A

1. Subject to paragraph 6.3.7 of the Scheme, if the Maximum Share Amount is insufficient to discharge the total number of CFR Shares which would otherwise have to be issued to persons which have elected, or are deemed to have elected, to receive CFR Shares in terms of the Scheme (after applying the Rounding Principle), then each Scheme Participant:

1.1 who elects, or is deemed to have elected, to receive the Scheme Consideration in accordance with the provisions of subparagraph (i) of paragraph 6.3.1.3 (**Default Shareholder**) shall receive the Scheme Consideration in accordance with that provision (the **Relevant Ratio**);

1.2 who elects to receive less CFR Shares than the number of CFR Shares he would have received if he was a Default Shareholder (**Cash Favouring Shareholder**) shall be entitled to receive that number of CFR Shares which he elected to receive; and

1.3 who elects to receive more CFR Shares than the number of CFR Shares he would have received if he was a Default Shareholder (**Share Favouring Shareholder**) shall receive a combination of cash and CFR Shares as follows:

1.3.1 The number of CFR Shares shall be calculated as follows:

$$A = [B \times (C \times D) \div E] + [F \times (G - B \times (C \times D) \div E)], \text{ subject to the Rounding Principle}$$

Where:

A = the total number of CFR Shares which will be issued to and subscribed for by PLC Nominees for the benefit of the Scheme Participant;

B = the number of Scheme Shares held by the Scheme Participant;

C = 73.51;

D =  $1 - (\text{the Maximum Cash Amount} \div 12\,604\,677\,736)$ ;

E = 2.334;

F =  $(J - K) \div (L - M)$

Where:

J = the aggregate number of CFR Shares which would have been issued to and subscribed for by PLC Nominees for the benefit of all of the Cash Favouring Shareholders if the Cash Favouring Shareholders had elected to receive CFR Shares in the Relevant Ratio;

K = the aggregate number of CFR Shares which the Cash Favouring Shareholders elected to receive;

L = the aggregate number of CFR Shares elected by the Share Favouring Shareholders;

M = the aggregate number of CFR Shares that would have been issued to and subscribed for by PLC Nominees for the benefit of all the Share Favouring Shareholders if the Share Favouring Shareholders had elected to receive CFR Shares in the Relevant Ratio;

G = the total number of CFR Shares actually elected to be received by the Scheme Participant.

1.3.2 The amount of cash shall be calculated as follows:

$$V = (W \times X) - (Y \times Z)$$

Where:

- V = the total cash amount payable to the Scheme Participant;  
W = 73.51;  
X = the number of Scheme Shares held by a Scheme Participant;  
Y = the number of CFR Shares to be issued to and subscribed for by PLC Nominees for the benefit of a Scheme Participant in terms of 1.3.1 above;  
and  
Z = 2.334.

2. Subject to paragraph 6.3.7, if the Maximum Cash Amount is insufficient to discharge the total cash amount which would otherwise have to be paid to all persons which have elected, or are deemed to have elected, to receive cash in terms of the Scheme, then each Scheme Participant:

- 2.1 who is a Default Shareholder shall receive the Scheme Consideration in the Relevant Ratio;  
2.2 who elects to receive less cash than the amount of cash he would have received if he was a Default Shareholder (**Share Favouring Shareholder**) shall be entitled to receive the amount of cash he elected to receive; and  
2.3 who elects to receive more cash than the amount of cash he would have received if he was a Default Shareholder (**Cash Favouring Shareholder**) shall receive a combination of cash and CFR Shares as follows:

2.3.1 The amount of cash shall be calculated as follows:

$$A = [B \times (C \div D) \times E] + [F \times (G - (B \times (C \div D) \times E))]$$

Where:

- A = the total cash amount payable to the Scheme Participant;  
B = the number of Scheme Shares held by the Scheme Participant;  
C = the Maximum Cash Amount;  
D = 12 604 677 736;  
E = 73.51;  
F =  $(H - I) \div (J - K)$ ;

Where:

- H = the aggregate amount of cash which would have been paid to all of the Share Favouring Shareholders if the Share Favouring Shareholders had elected to receive cash in the Relevant Ratio;  
I = the aggregate amount of cash which the Share Favouring Shareholders elected to receive;  
J = the aggregate amount of cash elected by the Cash Favouring Shareholders;  
K = the aggregate amount of cash that would have been paid to all of the Cash Favouring Shareholders if the Cash Favouring Shareholders had elected to receive cash in the Relevant Ratio;  
G = the total cash amount actually elected to be received by the Scheme Participant.

2.3.2 The number of CFR Shares shall be calculated as follows:

$V = [(W \times X) - Y] \div Z$ , subject to the Rounding Principle

Where:

V = the total number of CFR Shares which will be issued to and subscribed for by PLC Nominees for the benefit of the Scheme Participant;

W = R73.51;

X = the number of Scheme Shares held by the Scheme Participant;

Y = the amount of cash payable to the Scheme Participant in terms of paragraph 2.3.1 above; and

Z = 2.334.

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**MARKET VALUE AND TRADING HISTORY OF CFR SECURITIES**


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		Aggregate volumes (in '000s)	Values traded (in CLP millions)	CFR price		
				High (in CLP)	Low (in CLP)	
		<b>Monthly</b>				
		Oct-12	272,534	30,762	117.20	111.60
		Nov-12	99,942	11,648	118.00	114.50
		Dec-12	274,594	32,907	123.50	114.00
		Jan-13	79,332	10,094	130.00	120.00
		Feb-13	121,837	15,041	128.00	120.10
		Mar-13	55,548	6,840	129.00	118.00
		Apr-13	42,791	5,205	126.00	117.50
		May-13	51,328	6,107	124.00	115.90
		Jun-13	159,738	18,409	125.46	110.00
		Jul-13	120,290	13,443	116.02	105.00
		Aug-13	116,274	12,971	115.00	107.00
		Sep-13	211,204	26,846	136.00	113.00
		<b>Quarterly</b>				
		01/06/2011 – 31/08/2011	670,591	79,168	134.00	100.00
		01/09/2011 – 30/11/2011	364,475	38,859	127.00	105.10
		01/12/2011 – 29/02/2012	706,997	75,801	130.00	112.00
		01/03/2012 – 31/05/2012	337,891	37,559	125.00	105.97
<b>AND TRADING HISTORY</b>		01/06/2012 – 31/08/2012	368,110	39,180	121.25	100.00
		<b>Daily</b>				
<b>AND TRADING HISTORY</b>	W	11-Sep	7,155	902	130.00	125.11
<b>AND TRADING HISTORY</b>	F	12-Sep	50,531			
2	F	13-Sep	8,522	1,093	130.00	126.60
3	M	16-Sep	15,579	1,994	128.50	128.00
4	Tu	17-Sep	1,340	171	128.00	125.00
5	M	23-Sep	2,095	268	130.00	127.50
6	Tu	24-Sep	3,186	414	131.99	127.99
7	W	25-Sep	14,268	1,884	133.00	130.50
8	Th	26-Sep	4,732	629	133.43	132.50
9	F	27-Sep	18,665	2,483	134.00	132.50
10	M	30-Sep	16,025	2,156	136.00	133.00
11	Tu	01-Oct	1,478	204	138.60	136.00
12	W	02-Oct	21,514	2,996	145.00	138.00
13	Th	03-Oct	6,315	872	138.50	137.00
14	F	04-Oct	6,488	892	138.00	135.00

				<b>CFR price</b>		
		<b>Aggregate volumes</b>	<b>Values traded</b>	<b>High</b>	<b>Low</b>	
		(in '000s)	(in CLP millions)	(in CLP)	(in CLP)	
		<b>Daily</b>				
15	M	07-Oct	6,442	852	135.00	131.90
16	Tu	08-Oct	12,763	1,660	132.00	130.00
17	W	09-Oct	2,547	331	130.00	128.99
18	Th	10-Oct	18,606	2,409	130.00	125.00
19	F	11-Oct	1,456	186	130.00	127.00
20	M	14-Oct	731	95	132.50	129.00
21	Tu	15-Oct	2,816	356	129.50	125.99
22	W	16-Oct	720	92	129.00	126.30
23	Th	17-Oct	254	32	129.00	126.00
24	F	18-Oct	713	90	126.00	125.00
25	M	21-Oct	381	48	126.00	125.00
26	Tu	22-Oct	8,616	1,074	125.51	124.50
27	W	23-Oct	38,774	4,816	126.00	124.00
28	Th	24-Oct	1,205	150	129.00	124.00
29	F	25-Oct	4,890	620	127.00	124.90
30	M	28-Oct	343	44	127.00	127.00

## LITIGATION

Country	Type and/ or nature of lawsuits or probable lawsuits	Parties involved	Matter	Amount ThUS\$	Agency and/or Court	Role and/or File	Status and/or Comments	Estimate in percentage	Likely outcome	
1	Ecuador	Intellectual Property	Western Pharmaceuticals vs. Warner Lambert	Lawsuit for alleged acts of unfair competition (alleged violation of process patent).	500	12 <sup>th</sup> Civil Court of Pichincha	–	The background or main suit that supports the injunction measures imposed on the product "Lipotropic" is based in First Administrative Litigation District Courtroom No. 1. Evidence, following Ecuadorian procedure, is in process. Warner Lambert's four atorvastatin patents in Ecuador were voided by the Intellectual Property Institute, provoking full denial of the grounds for Warner's claim. Nevertheless, the court must rule on this matter.	–	No estimation of results
2	Ecuador	Commercial	Western Pharmaceutical vs. Grupo Pharma	Lawsuit for alleged acts of unfair competition (distribution of printed promotional material containing comparative product information of an allegedly deceitful nature).	250	2 <sup>nd</sup> Civil Court of Pichincha	–	Completed with Injunction Measure pending. Judgment-based background Second Chamber of the District Court No. 1 of the Contentious Official. It is in the examination of evidence stage.	–	No estimation of results
3	Ecuador	Commercial	Western Pharmaceutical vs. Grupo Pharma	Lawsuit for alleged acts of unfair competition (distribution of printed promotional material containing comparative product information of an allegedly deceitful nature).	250	7 <sup>th</sup> Civil Court of Pichincha	–	Completed with Injunction Measure pending. Judgment-based background Second Chamber of the District Court No. 1 of the Contentious Official. Pending setting date and time for the conciliation hearing.	–	No estimation of results
4	Ecuador	Commercial	Western Pharmaceutical vs. Pfizer	Lawsuit for alleged acts of unfair competition (distribution of printed promotional material containing comparative product information of an allegedly deceitful nature).	100	Room 1 Administrative.	Contentious –	The suit is in the examination of evidence stage at present. This suit is linked to a previous ruling of the Ecuadorian Constitutional Court regarding the institution by Pfizer of numerous suits against several other pharmaceutical companies. In that suit, the Constitutional Court stated that Pfizer's conduct was contrary to the interests of the market and Pfizer was later sanctioned by the anti-trust authorities for abuse of its dominant position. In Ecuadorian law, once Constitutional Court rulings become binding, the administrative jurisdiction must follow the <i>ratio decidendi</i> of the Constitutional Court.	–	No estimation of results

Country	Type and/or nature of lawsuits or probable lawsuits	Parties involved	Matter	Amount ThUS\$	Agency and/or Court	Role and/or File	Status and/or Comments	Estimate in percentage	Likely outcome
5 Ecuador	Intellectual Property Litigation	Western Pharmaceutical vs. Roche Ecuador	Lawsuit for alleged acts of unfair competition (alleged unlawful use of undisclosed test data).	156,000	First Chamber of the Civil and Commercial Court of Justice Provincial Pichincha	148-09-IJ (0156-2012)	On case docket No. 148-09-IJ (0156-2012), Roche Ecuador sued Western Pharmaceutical under allegations of intellectual property rights violations, due to unauthorised use of clinical data.  Both Ecuadorian intellectual property law and antitrust law provide that use of clinical data is not a violation of any intellectual property rights and does not imply any unfair competition practice. The suit by Roche Ecuador could accordingly be considered to be vexatious litigation.  The 13 <sup>th</sup> Civil Law Judge replaced the pending injunction measures imposed against REDITUX, Roche Ecuador, appealed that ruling and the First Chamber of the Civil and Commercial Provincial Justice Court of Pichincha confirmed the replacement.  At this time, the injunction measures are no longer effective.  Western Pharmaceutical countersued Roche Ecuador claiming indemnification for damages and losses suffered as a result of Roche's vexatious litigation.	-	No estimation of results
6 Ecuador	-	Western Pharmaceutical	Litigation or potential litigation whose amounts are lower than US\$100 000.	25	-	-	There are four cases, whose amounts are US\$25 000, in which various legal matters are treated.	-	-
7 Ecuador	-	Lafranco Ecuador S.A.	Litigation or potential litigation whose amounts are lower than US\$100 000.	5	-	-	There are two cases, whose amounts are US\$5 000, in which various legal matters are treated.	-	-
8 Peru	Tax	Farmindustria S.A. vs. Superintendencia Nacional de Fiscalización Tributaria (SUNAT)	Tax year 2001. As regards Income Tax and General Sales Tax, in respect to the company Pharmatab SA, absorbed by Farmindustria in January 2005, primarily related to promotional expenses and loss on sale of raw materials.	1,398	Superintendencia Nacional de Fiscalización Tributaria (SUNAT)	-	Farmindustria filed a claim in September 2003 regarding the amounts noted by SUNAT. In January 2009, SUNAT partially admitted the amounts claimed by Farmindustria, but insisted in relation to the amounts related principally with promotional expenses and loss on sale of raw materials. In February 2009 Farmindustria appealed. Currently, the process is awaiting resolution before the 3rd Court of SUNAT's Fiscal Tribunal. There are strong arguments for the appeal to be declared admissible.	50%	Remote

Country	Type and/or nature of lawsuits or probable lawsuits	Parties involved	Matter	Amount ThUS\$	Agency and/or Court	Role and/or File	Status and/or Comments	Estimate in Likely outcome percentage
9 Peru	Tax	Farminindustria S.A. vs. Superintendencia Nacional de Fiscalización Tributaria (SUNAT)	Tax year 2007. As regards Income Tax, primarily related to the documentary support for discounts granted to clients, employees expenses received from associates, expenses for the cancellation of a design project for a new industrial plant and delivery of medical samples.	3,505	Superintendencia Nacional de Fiscalización Tributaria (SUNAT)	-	Farminindustria filed a claim in January 2010 regarding the amounts noted by SUNAT. In October 2010 SUNAT did not admit the amounts claimed by Farminindustria. In November 2010 Farminindustria appealed. Currently, the process is awaiting resolution before the 4th Court of SUNAT's Fiscal Tribunal. The attaining of either favourable or unfavourable results are equally likely.	50% Remote
10 Peru	-	Farminindustria S.A.	Litigation or potential litigation whose amounts are lower than US\$100 000.	722	-	-	There are 30 cases, whose amounts are US\$722 000, in which various legal matters are treated.	-
11 Peru	Commercial	Bayer Schering Pharma Aktiengesellschaft vs. Indecopi and Lafanco Peru S.A.	Nullity of administrative resolution.	-	26 Permanent Court in Litigious Administrative matters of Lima	-	The process was initiated by Bayer Schering Pharma Aktiengesellschaft against INDECOP (National Authority in matters of Trademarks and Patents) and Lafanco, demanding the nullification of an administrative resolution issued by INDECOP and which favours Lafanco. The prosecutor in the case has opined that the lawsuit must be declared unfounded. The case is awaiting resolution.	- Remote
12 Chile	Civil	Laboratorios Recalcine vs. Instituto de Salud Pública	Judicial claim of fine imposed by the National Medicines Agency for infringement of the approved promotional standards for the product "Quetidín XR".	124	10th Civil Court of Santiago	340-2011	Trial with unfavourable first instance ruling, appealed by Recalcine. Pronouncement of the Supreme Court on the appeal filed is still pending.	25% Probable
13 Chile	Civil	Laboratorios Recalcine vs. the Procurement Agency of the National System of Health Services ("CENABAST")	Lawsuit against CENABAST for payment of invoices owed to Laboratorios Recalcine.	254	27th Civil Court of Santiago	31027-2011	Judicial procedure currently in process. However, both parties have reached an agreement under which CENABAST agrees to pay the amounts due. Such agreement is in formalisation period.	75% Reasonably possible
14 Chile	Civil	Laboratorios Recalcine vs. CENABAST	Lawsuit against CENABAST for payment of invoices owed to Laboratorios Recalcine.	1,268	27th Civil Court of Santiago	5348-2012	Judicial procedure with favourable first instance ruling (pronounced on 9 September 2013). Pending notification and an eventual appeal of the counterpart.	75% Reasonably possible
15 Chile	-	Laboratorios Recalcine S.A.	Litigation or potential litigation whose amounts are lower than US\$100 000.	192	-	-	There are seven cases, whose amounts are US\$192 000, in which various legal matters are treated.	- -

Country	Type and/or nature of lawsuits or probable lawsuits	Parties involved	Matter	Amount ThUS\$	Agency and/or Court	Role and/or File	Status and/or Comments	Estimate in percentage	Likely outcome
16 Chile	Arbitration	Farmacología en Acuacultura Velerinaria FAV S.A. ("FAV") vs. Salmones Calela Bay S.A. ("SCB")	Arbitration Process. Arbitral lawsuit filed for FAV against SCB to claim damages resulting from a breach of contractual obligations.	376	Arbitral judge Mr Lucio Diaz Rodríguez	-	Arbitral procedure currently in process.	50%	Reasonably possible
17 Chile	-	Farmacología en Acuacultura Velerinaria FAV S.A.	Litigation or potential litigation whose amounts are lower than US\$100 000.	-	-	-	There is one case, for an undetermined amount, which is a civil matter.	-	-
18 Venezuela	Tax	Gynopharm de Venezuela vs. Gerencia Regional de Tributos Internos de la Región Capital del Seniat	Administrative Resolution No. SNAT.INTIGRTI.RCA. DFDDM.2009.5020. The tax authorities decided to disallow deductions for costs of decommissioning and destruction of goods (drugs) past due, in poor condition and unfit for human consumption because Gynopharm had the responsibility for the maturity, deterioration and poor condition of such goods.	500	Gerencia Regional de Tributos Internos de la Región Capital del Seniat	318-11	The appeal is currently pending admission of the Hierarchical Appeal.	-	No estimation of results
19 Venezuela	-	Gynopharm, Venezuela	Litigation or potential litigation whose amounts are lower than US\$100 000.	147	-	-	There are seven cases, whose amounts are US\$147 000, in which various legal matters are treated.	-	-
20 Argentina	Labour	Laboratorio Internacional Argentino; Barletti; Marcela Noemi con Holder Seguridad S.A. and Others	Claim dismissal severance.	112	National Labour Court N° 19	-	This regards to an employee who provided services for the first administrative entity, through Korpus Company S.R.L. She demands dismissal severance payments, penalties for non-registration and wages allegedly owed. Likewise she declares suffering from a disability resulting from occupational stress and anxiety disorders for alleged ill-treatment during employment. On 26 April 2011 the demand was replied and testing was offered. Currently the evidence is being carried out as offered by the parties.	-	No estimation of results
21 Argentina	Labour	Laboratorio Internacional Argentino vs. C-7893 Iiarregul Gabriela Mariana	Complaint for indirect dismissal, compensation, wage differentials, annual bonus, moral damages, wages due to illness. It also includes civil compensation for work incapacity.	199	National Labour Court N° 30	40513/2012	The demand was answered.	50%	Reasonably possible

Country	Type and/or nature of lawsuits or probable lawsuits	Parties involved	Matter	Amount ThUS\$	Agency and/or Court	Role and/or File	Status and/or Comments	Estimate in Likely percentage outcome
22 Argentina	Commercial	Laboratorio Internacional Argentino vs. C-7954 Praxipharma S.A.	Bankruptcy proceedings.	140	Court of First Instance in Commercial Matters No. 5, Office No. 10.	69234/12	Deadlines have been extended by virtue of the pending bankruptcy having joined the contest "Reboratti Santiago vs./Preventive Contest" so the expiration of the art report. 35 of the Bankruptcy Act was postponed as well as the expiration of the exclusivity period.	- No estimation of results
23 Argentina	Contents Criminal Exchange	Laboratorio Internacional Argentino (Fada Pharma S.A.) vs. Banco Central de la Republica Argentina	(i) lack of income of all currencies from 61 export operations . (ii) lack of partial income from foreign currency resulting from 39 destinations. (iii) income out of term of all currency derived from 5 exports. (iv) partial income out of term of foreign currency from 7 operations.	200	Superintendencia de Entidades Financieras y Cambiarias	4723	To date the discharges have been presented of all the defendants and two extensions of the discharge of the Company. As we were informed by the BCRA in this instance the preliminary objections raised will be resolved.	- No estimation of results
24 Argentina	-	Laboratorio Internacional	Litigation or potential litigation whose amounts are lower than US\$100 000.	1,261	-	-	There are 36 cases, whose amounts are US\$1 261 000, in which various legal matters are treated. Among these there are 17 cases amounting to US\$687 000 for customer collections.	- -
25 Uruguay	-	Trémora	Litigation or potential litigation whose amounts are lower than US\$100 000.	70	-	-	There are 32 cases, whose amounts are US\$70 000 related to collected of customer payments.	- -
26 Colombia	Labour	Laboratorios Synthesis S.A.S. vs. Antonio Núñez Moisés	Claim for damages due to termination of employment contract.	372	5th Labour Court Circuit Barranquilla - Barranquilla Court - Labour Division	200-00129	Judgment was given in favour of the company by the Labour Circuit Court. The employee then appealed and the High Court of Barranquilla reversed the judgment given by the Circuit Court. Consequently, a further appeal has been filed by the company. The further appeal is still pending. It is very likely that the contingency will be carried out, taking into account the appeals precedent.	90% Probable
27 Colombia	-	Laboratorios Synthesis S.A.S.	Litigation or potential litigation whose amounts are lower than US\$100 000.	54	-	-	There are eleven cases, whose amounts are US\$54 000, in which matters for customer collections are treated.	- -
28 Colombia	Labour	Lafrancol S.A.S. vs. Oscar Hernández	Claim for damages due to termination of employment contract without severance.	163	-	-	The employee was dismissed without severance due to his failure to fulfill certain of his duties without explanation. The matter is still in progress.	- No estimation of results

Country	Type and/or nature of lawsuits or probable lawsuits	Parties involved	Matter	Amount ThUS\$	Agency and/or Court	Role and/or File	Status and/or Comments	Estimate in Likely outcome percentage
29	Colombia	Lafranco S.A.S.	Litigation or potential litigation whose amounts are lower than US\$100 000.	356	--	--	There are fourteen cases, whose amounts are US\$356 000, in which matters for customer collections are treated.	--
30	Colombia	Commercial Previous shareholders of Lafranco S.A.S.	Litigation or potential litigation relating to the prior sales of shares in Lafranco S.A.S.	--	--	--	The minority holder of the vendor of the shares in Lafranco are involved in an ongoing dispute involving share sale transactions that preceded the acquisition of the shares in Lafranco by CFR. That matter was settled and the aggrieved parties and Lafranco entered into a settlement agreement for the full and final settlement of any claims which may arise as a result of or in connection with the acquisition by the minority holder of the vendors of the interests of the aggrieved parties. Lafranco was then acquired by CFR in 2012. In 2013, news was published in the local media that the aggrieved parties would have instituted criminal action against the vendor of the Lafranco shares alleging that the vendor acted fraudulently in relation to the settlement agreement. To date, no claim has been made against Lafranco or CFR and CFR has been advised by legal counsel in Colombia that, even if a claim is made, it would be frivolous and highly unlikely to succeed and would only relate to 7% approximately of Lafranco's share capital.  The sale and purchase agreement contains a warranty relating to title to shares and an escrow arrangement for breach of warranty. CFR has given notice to the escrow agent that there could be a claim for breach of warranty relating to title to the shares. As a result of this notice, the escrow amount will continue to be held at least until the matter is resolved. In the worst case scenario a risk could exist that CFR not be able to recover the full amount of the potential loss as the escrow amount is limited to US\$25 million and the claim could be of the order of US\$33 million approximately.	--
31	Guatemala	Lafranco Guatemala S.A.	Litigation or potential litigation whose amounts are lower than US\$100 000.	--	--	--	There is one case, for an undetermined amount, which matter is commercial.	--

Country	Type and/or nature of lawsuits or probable lawsuits	Parties involved	Matter	Amount ThUS\$	Agency and/or Court	Role and/or File	Status and/or Comments	Estimate in Likely percentage outcome
32 Paraguay	-	Pharma International S.A. against a former employee, Alfredo Ruiz Fonseca	Executive trial for payment	Gs 42 000 + interest. Total approximate of Gs 142 000	The First Instance Court of Civil and Commercial Matters, Chamber No 10. Office No 19.	-	Pharma International S.A. has been awarded a joint tenancy (1/3) of a property which belongs to the defendant, for the amount of Gs 92 000 000.  The details of the auctioned property of Estate No. 16.365 of San Roque District, Land Registration No. 12-708-27, of which the defendant owns 1/3. An eviction trial has been initiated in order to gain possession of the auctioned property. The court will order the notification to the remaining owners of the commencement of the said proceeding, in order for them to be entitled to exercise their right to defense.  The registration of the property as "property in dispute" has been ordered and also, the publication in the newspapers for three days of said property's registration.	- -

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## RISK STATEMENT

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If the Scheme is approved by the requisite majority of Adcock Ingram Shareholders and implemented, you could receive the whole or part of your Scheme Consideration in CFR Shares and will, accordingly, become a shareholder of CFR.

An investment in the CFR Shares involves risks. Before making a decision to subscribe for CFR Shares, you should consider carefully the risks described below, as well as all other information in this Prospectus. Any of the following risks could materially affect the business, prospects, financial condition, results of operations, growth, strategies and dividend payments for the CFR Group. In such case, the price or the liquidity of the CFR Shares could decline and you could lose all or part of your investment. The risks described below are material risks that have been identified to date which may adversely affect the businesses of the CFR Group.

Additional risks that are presently unknown or that are currently deemed immaterial may also impair the business of the CFR Group in the future.

If the Scheme is implemented, Adcock Ingram will become a subsidiary of CFR. Accordingly, the risks described below include risks relating to the business of the Adcock Ingram Group.

The risks described below should be read in conjunction with the rest of this Prospectus and are not presented in any particular order.

### RISK FACTORS RELATING TO THE CFR GROUP

#### Risks Relating to the CFR Group's Business and Industry

##### ***The CFR Group's success depends on its ability to develop and commercialise additional pharmaceutical products***

The CFR Group's financial results depend, to a significant degree, upon its ability to commercialise additional pharmaceutical products. The development and commercialisation process is complex and uncertain, as well as time-consuming and costly, and may not result in a commercially viable product. The CFR Group must successfully develop, test, manufacture and launch its products as well as successfully register its products in each relevant jurisdiction, in advance of its competitors. Its products currently under development, if and when fully developed and tested, may not perform as expected or competitors may already occupy the market opportunity. All of its products must meet and continue to comply with regulatory and safety standards and receive regulatory approvals in each of the markets in which they are to be commercialised. If health or safety concerns arise with respect to a product, the CFR Group may be forced to withdraw it from the market and could face legal action if any harm came from the use of its products. Necessary regulatory approvals may not be obtained in a timely manner, if at all, and the CFR Group may not be able to produce and market such products successfully and profitably. Delays in any part of the process or its inability to obtain regulatory approval of its products could adversely affect the CFR Group's operating results by restricting or delaying its introduction of new products. Its ability to introduce and benefit from new products also depends upon its success in developing non-infringing products.

In addition, product development requires the accurate assessment of market trends and market acceptance among the medical community, particularly physicians and hospitals, in each of the CFR Group's target markets. Although hospitals often use generic products to reduce their costs, procurement departments of hospitals may elect not to purchase the CFR Group's products. Physicians may choose not to prescribe or recommend its products to patients, and pharmacists may not respect the prescription. Despite the CFR Group's track record of success in certain markets, the acceptance of any of its products among the medical community depends upon several factors, including the reputation of the brand, the safety and efficacy of the product, the effectiveness of its sales force, the product's price, the product's perceived advantages and disadvantages relative to competing products or treatments, time-to-market, competitors' strategy and actions, and the prevalence and severity of side effects. Overall profitability depends on, among other things, the CFR Group's ability to introduce new products in a timely manner, to differentiate its products with innovative formulations, to continue to manufacture products cost-efficiently and to manage the life cycle, including market acceptance, of its product portfolio.

### ***The CFR Group operates in a competitive industry***

The pharmaceutical industry is highly competitive and characterised by the frequent introduction of new products and replacement products. Many of its competitors, particularly large pharmaceutical companies, have substantially greater financial, technical and human resources than the CFR Group does. Many of its competitors spend significantly more on research and development and advertising, employ more aggressive pricing strategies, utilise greater purchasing power and develop broader distribution channels than it does. Others may succeed in developing products that are more effective or less costly than those currently marketed or proposed for development by the CFR Group. Progress by other researchers in areas similar to those being explored by the CFR Group may result in further competitive challenges. In addition, competitors, academic institutions, government agencies and other public and private organisations conducting research may seek patent protection with respect to potentially competitive products. They may also establish exclusive collaborative or licensing relationships with its competitors.

In addition, in Chile, the CFR Group's second largest single market excluding the acquisition of Adcock Ingram, the sale of retail pharmaceutical products is highly concentrated, with three pharmacy chains accounting for substantially all retail sales in 2012. In Peru, the CFR Group's third largest single market excluding the acquisition of Adcock Ingram, certain pharmacy chains control a significant portion of the retail sector. This concentration results in strong bargaining power for these chains as well as a high level of price competition among them. This price competition may result in a decision to exclude the CFR Group's branded products from their stock inventory in favour of alternative lower-priced products.

### ***Sales and profits from branded generic pharmaceutical products may decline as a result of competition from both other generic manufacturers and originator pharmaceutical companies***

Selling prices of generic drugs typically decline as additional pharmaceutical companies receive approvals for generic products, those companies enter the market and competition intensifies. The CFR Group's business model has focused primarily on markets in Latin America in which it has been among the first to introduce a branded generic alternative to a branded original product. If additional generic makers and originator companies elect to enter the markets in which it operates, it may experience additional competition. The CFR Group's ability to sustain its sales and profitability in respect of any product over time is affected by the number of companies selling such product, the timing of their product registration, and their commercial strategies.

The generic category has also become increasingly competitive in respect of certain products. Consumer loyalty is relatively high with respect to pharmaceutical products, and consequently, the CFR Group's new products might not have a positive response if they lack differentiation in their therapeutic functionalities from, or launch behind, their competitors. Even though it invests heavily in innovations and strategies to differentiate its products from those of its competitors, if it does not commercialise ahead of its competitors, there is a possibility that consumers will continue using its competitors' products rather than its own, even when it considers its products to be superior. Its competitors may have significant operating cost advantages over the CFR Group and be able to sell their products at significantly lower prices. This may force the CFR Group to decrease its prices, cause it to lose market share or both, postpone or cancel the launch of new products, or discontinue a product.

In addition, the CFR Group's products face competition from originator companies, which continue to take aggressive steps to thwart competition from generic companies. Originator companies seek to delay introductions of generic equivalents, and to decrease the impact of generic competition, by filing administrative complaints with regulatory authorities in the CFR Group's markets. These strategies may increase the costs associated with its efforts to introduce branded generic products. In addition, as the number of pharmaceutical products with patent protection increases, the CFR Group will be required to further develop its competitive strengths in order to capture more of the locally unpatented and off-patent market.

### ***The pharmaceutical industry is heavily regulated and future government regulations may place additional burdens on the CFR Group's business***

The pharmaceutical industry is subject to extensive government regulation and supervision by authorities in the countries where the CFR Group manufactures and sells its products. The CFR Group currently has production facilities in six countries (excluding the countries in which Adcock Ingram has production facilities), and its products are exported throughout countries in Latin America and North America, as well as in Vietnam, each of which regulates the registration, manufacturing, quality controls, distribution, processing, formulation, packaging, marketing, intellectual property, post-launch monitoring and advertising of its products differently. Compliance with these regulations is burdensome and expensive. If the CFR Group is unable to comply with

applicable law or regulations, it could face extensive regulatory action, including fines and other penalties that could negatively affect its results of operations. In certain cases, failure to comply with applicable regulations could result in delayed approvals, recalled products, prohibited product sales or operations, or the loss of licensing of its facilities, which would hinder the CFR Group in producing its registered products until recovering such license. Any of these consequences could materially and adversely affect its financial results. Any inability to manage legal, regulatory and tax matters (including product liability, patent and intellectual property matters) and to resolve pending matters, primarily relating to the registration of its products with applicable government agencies as required for their sale, within current estimates, could significantly affect the CFR Group's business.

The trend in emerging market countries has been towards the adoption of more stringent regulations similar in some respects to those of more developed countries. Current laws, regulations and interpretations of such laws and regulations could change, or additional regulations could arise, which may alter the environment in which the CFR Group does business in these countries and affect its ability to obtain or maintain approvals of its products, or require it to make significant expenditures to obtain or maintain such approvals. These include changes to, among others, healthcare, pharmaceutical and consumer protection laws and regulations, as well as changes in accounting standards and taxation requirements. Changes to regulatory frameworks could materially and adversely impact the CFR Group's business and results of operations.

In addition, the CFR Group expects to invest in the development and production of certain biotechnology-based products, which require significantly greater early-stage financial commitments than "small-molecule" generic product development. Although some of these products may be sold as original products, one of the CFR Group's strategies is to remain at the forefront of the biotherapeutic products movement, including through developing in-house manufacturing capabilities for bioequivalent or biosimilar generic versions of currently marketed biotechnology products. To date, in all the markets in which the CFR Group operates, there does not yet exist a clear legislative or regulatory pathway for the registration and approval of biosimilar products. Significant delays in the development of such pathways, or significant impediments that may be built into such pathways, could diminish the value of the investments that the CFR Group has made, and will continue to make, in its biotherapeutic capabilities. As a result, it may experience obstacles expanding into certain markets with its biosimilar products.

#### ***Obtaining necessary government approvals is time consuming and not assured***

Approval must be obtained from the regulatory agencies in each country in which the CFR Group operates prior to marketing or manufacturing new pharmaceutical products. Obtaining such approval for its products and manufacturing processes requires it to submit a dossier in respect of each international non-proprietary name and each formulation and dosage variation for such international non-proprietary name in each country in which it wishes to market such product. It must also submit stability, and in certain cases, bioequivalence studies, to establish product safety and efficacy, and must satisfy different plant approval requirements and comply with the regulation of raw materials. No assurance can be given that it will obtain the governmental approval of any application it may submit for the commercial sale of a product. Nor can any assurance be given that if such approval is secured, the approved labelling will not have significant restrictions or that those products will be commercially successful. The CFR Group cannot estimate the time required for any approval or authorisation by any government body concerning changes in its product registrations. Delays in obtaining approval or authorisation of new or existing products may adversely impact its net sales, marketing, brand reputation and market share, while allowing its competitors to meet unsatisfied needs of customers.

#### ***The CFR Group's business model focuses on products that are not protected by patent***

The CFR Group produces and sells its products primarily in Latin America, a region that until recently had not established patent protection regimes in respect of pharmaceutical products and processes. Although many Latin American countries introduced patent protection for pharmaceutical products in the 1990s, such protection extended only to products developed after the laws went into effect. Many originator companies do not consider the markets in which the CFR Group operates as their principal market and continue to not seek patent protection in respect of all of their products. As a result, the CFR Group's business model is focused on commercialising branded generics in countries where the active pharmaceutical ingredient is not patent-protected. These products represent substantially all of its net sales. Certain of the countries in which it operates have signed onto trade and other treaties with developed nations, such as the United States of America. These treaties often include provisions regarding intellectual property rights which are intended to protect the rights of innovators. As intellectual property rights are further developed in its markets, the CFR Group may be compelled to redefine its business strategy.

Without exclusivity protection, the CFR Group's competitors face fewer barriers in introducing competing products. As locally unpatented products mature and its competitors introduce similar products, it may lose market share in respect of such products and elect to discontinue the commercialisation of such products. The introduction of competing products could adversely affect its results of operations and financial condition. The CFR Group cannot give any assurance that it will be able to successfully redefine its business strategy to adjust to changing competitive and regulatory environments.

The CFR Group owns the material trademark and trade name rights used in connection with the packaging, marketing and sale of its own products in the jurisdictions in which such products are commercialised and certain other strategic jurisdictions. This ownership is what prevents its competitors or new entrants to the market from using its valuable brand names. Although most of its material trademarks are registered in Chile and in applicable foreign countries, it may not be successful in asserting trademark or trade name protection. Other parties may infringe its intellectual property rights and may thereby dilute the value of its brands. Any such infringement of its intellectual property rights would also likely result in a commitment of its time and resources to protect these rights through litigation or otherwise, which could have a material adverse effect on its business, results of operations or financial condition. There can be no assurance provided that it will have the resources to enforce its intellectual property rights, or that it will be successful in doing so.

***The CFR Group is dependent on the continued existence and importance of a branded pharmaceutical segment***

The market for the CFR Group's products depends to a significant extent upon the reputation for quality and reliability associated with its trademarks and trade names. In 2012, a significant portion of its pharmacological sales were generated from products sold under its trademarked brands. The trademarks and trade names on its products are how it conveys that the products it sells are "brand name" products, and it believes consumers ascribe value to its brands. In many of the countries in which it operates, brands are broadly considered a proxy for quality and reliability. Therefore, the continued existence and importance of a branded generic pharmaceutical segment is critical to its business. Increasing expenditures on healthcare has been the subject of considerable public attention, and both private and government entities are seeking ways to reduce or control costs. If institutions, governments or consumers determine that its products are not cost effective and a pure generic market gains importance in its markets, the CFR Group may not be able to adjust its business strategy accordingly. In addition, as regulatory standards in its markets tighten, consumers may have increased confidence in pure generics and not be willing to pay a premium for branded products. If its markets change towards a non-branded market, the value that its customers associate with its brands could be adversely affected and its net sales and operating results could thereby be materially and adversely affected.

***If the reputation of one or more of the CFR Group's leading brands erodes significantly, it could have a material impact on its financial results***

The CFR Group's financial success is directly dependent on the success of its brands. The success of these brands can suffer if its sales force or product initiatives do not have the desired impact on a brand's image or its ability to attract consumers. Further, its results could be impacted if one of its leading brands suffers a substantial impediment to its reputation due to real or perceived quality issues. In addition, pharmaceutical products can develop unexpected safety, efficacy or other concerns, whether or not scientifically justified, leading to increased regulations, product recalls, withdrawals or declining sales, as well as product liability claims, any of which could have an adverse effect on the CFR Group's business and results of operations. Products found to be defective or not to specification may expose the CFR Group to regulatory action. A significant or prolonged erosion of consumer confidence in the reputation, safety or efficacy of any of its major brands or products could have a material impact on its results of operations or financial condition.

***The CFR Group's acquisition strategy is subject to significant risk and may not be successful***

The CFR Group has grown, in part, through a number of significant acquisitions, including its acquisition of Lafrancol in 2012. It continues to be engaged in various stages of evaluating or pursuing other potential acquisitions and may in the future acquire other pharmaceutical businesses and seek to integrate them into its own operations. Acquisitions involve known and unknown risks that could adversely affect its future net sales and operating results. For example:

- failing to accurately identify suitable companies, products or brands for acquisition;
- experiencing difficulties in integrating the management, operations, technologies and manufacturing processes of the acquired companies or products;

- experiencing difficulties in updating company secretarial or administrative records;
- failing to obtain the necessary regulatory approvals, including those of competition authorities, in countries where it is seeking to consummate acquisitions;
- entering new markets with which it is unfamiliar;
- diverting management's attention from other business concerns;
- purchasing a company that has contingent liabilities that include, among others, known or unknown patent infringement, product liability claims or tax contingencies; and
- incurring substantial additional indebtedness.

Any future acquisitions, or potential acquisitions, may result in substantial costs, disrupt its operations or materially adversely affect its operating results.

In addition, any difficulties in integrating Lafrancol could negatively affect CFR's financial performance and ability to execute CFR's strategy. These challenges of integration equally apply to the acquisition by CFR of Adcock Ingram.

***The CFR Group may be unable to manage its growth effectively, which could cause its liquidity and profitability to suffer***

The CFR Group has grown rapidly, with its net sales increasing from US\$313.1 million for 2009 to US\$490.9 million for 2011, and US\$570.8 million for 2012. During the next several years, it intends to continue to grow its business, including through the launch of new products and entrance into new markets, and it expects to have substantial cash needs as it expands. The CFR Group cannot give any assurance that it will have sufficient cash to fund such projects, in which case its future revenue and earnings growth would be limited. Given that its portfolio focuses on treatments for chronic conditions, when it launches a new product, its sales tend to be lower than those of its established products and its promotion costs tend to be higher, which may result in initial losses that could have a negative impact on its results of operations as well as require a substantial amount of cash to fund. The number of new markets it serves depends on its ability to identify the appropriate geographic markets upon which to focus, to establish a local partner in such markets and to gain appropriate regulatory approvals in these markets. There can be no assurance that the new markets it enters will provide sales that are sufficient to make its operations in those new markets profitable. It may not be able to manage this expansion effectively in any one or more of these areas, and any failure to do so could significantly harm its business, prospects, financial condition or results of operations.

***The manufacture of its products is highly complex, and an interruption at its plants or in its supply chain could adversely affect its results of operations***

Most of the CFR Group's products are manufactured at its own facilities in Chile, Peru, Colombia, Argentina, Canada and (through its stake in Allergy Therapeutics) the United Kingdom. In 2012, 16% of its net sales were generated from products that were obtained through finished product supply agreements with third parties. Manufacturers are required to adhere to current good manufacturing practices regulations enforced by the relevant regulatory agencies in each country. Compliance with current local good manufacturing practices requirements applies to both pharmaceutical products seeking regulatory approval and to approved pharmaceutical products. The CFR Group's manufacturing facilities must be inspected and found to be in full compliance with current local good manufacturing practices or similar standards before approval for marketing. The local good manufacturing practice regulations in any of the countries where its manufacturing facilities are located may change, which would require it to make additional investments to operate. In addition, many of its products are the result of complex manufacturing processes, and some require highly specialised raw materials and processes. If its supply of certain raw materials is interrupted from time to time, or proves insufficient to meet demand, its results of operations could be adversely impacted. It relies on complex machinery and information technology systems to support its manufacturing processes, as well as internal and external communications with respect to supplies, quality control and distribution. The size and complexity of its systems make them potentially vulnerable to breakdown or interruption that may result in the loss of key information or the impairment of production and other supply chain processes. These facilities are also vulnerable to natural disasters and other types of material interruption, including earthquakes, fire and power shortages. If any such event or interruption were to occur, the CFR Group's ability to operate its business at these facilities would be significantly impaired. These events may also render some or all of the products at the affected facilities unusable. Such events and disruptions could adversely affect its business.

### ***CFR is dependent on dividends and other funds from its subsidiaries***

CFR is a holding company with no revenue generation of its own and depends upon dividends and other funds from subsidiaries to fund CFR's operations and, to the extent CFR decides to do so, pay dividends.

### ***The CFR Group depends on its sales force of medical representatives to generate the net sales and the levels of product and brand name awareness it desires***

The CFR Group relies on its network of specialised medical representatives (over 2 000 as of 31 December 2012) to create greater awareness of its products and brand names. As a result, its operations involve certain risks, including that its medical representatives may fail to comply with local requirements, to devote the resources necessary to achieve physician confidence or loyalty, to otherwise effectively market its products, or to provide it with accurate or timely information about product sales. In addition, it invests in the training and specialisation of each medical representative and has no assurance of their continued employment with the CFR Group. In 2012, this sales force made approximately 3 million visits to private practitioners. The CFR Group's future growth and profitability will depend in part on the effectiveness and efficiency of its sales force.

### ***If the CFR Group enters into a prolonged dispute with its employees, many of whom are represented by unions, it may have an adverse impact on operations and cash flows***

The CFR Group's business is labour intensive, and as of 31 December 2012, approximately 28.8% of its employees belonged to labour unions. Labour relations with employees are governed by separate collective bargaining agreements executed between the Company and each union or non-unionised workers' negotiating group, or through individual contracts. In Argentina, for example, labour unions currently play a strong role in politics and take a proactive role in the negotiation of salary increases. A strike, work interruption or stoppage or any prolonged dispute with its employees could have an adverse impact on its operations. These risks are typically exacerbated during periods of renegotiation with the unions. Any renegotiated labour contract could result in significant wage or salary increases and a consequent increase in its operating expenses.

### ***The CFR Group is subject to the risk of doing business internationally***

In 2011, 2012, and the first six months of 2013, respectively, 71.6%, 71.1% and 77.1% of the CFR Group's net sales were attributable to its operations outside of Chile and it plans to grow its international sales in the future. It currently operates and expects to operate in the future in regions and countries where it has little or no experience, and it may not be able to market its products or develop new products successfully for these markets. It may also encounter other risks of doing business internationally, including: difficulties and costs associated with complying with a variety of complex domestic and foreign laws, regulations and treaties; changes in legislative or regulatory requirements; price and currency exchange controls; political instability, including nationalisation and expropriation; trade restrictions, including timing delays associated with customs procedures, tariffs and import or export licensing requirements; taxes; and difficulties in enforcing its intellectual property rights. Within Latin America, Argentina, Venezuela and Ecuador have experienced periods of economic or political instability in recent years. No assurance can be given that the political, fiscal or legal regimes in those countries, or the other countries in which it operates, will favour it or its products in the future. These geopolitical risks may affect its customers' inventory levels and consumers' purchasing and pricing which, in turn, may cause its results to fluctuate.

### ***Product liability claims could hurt the CFR Group's business***

The CFR Group has been, and may in the future be, subject to product liability claims. Claims could be based on allegations that, among other things, its products contain contaminants or have been manufactured incorrectly, involve false or misleading product labelling or advertising, or include inadequate instructions or provide inadequate warnings concerning side effects or interactions with other substances. Even in well-designed clinical trials, the potential of a drug to cause serious or widespread personal injury may not be apparent. In addition, the existence of a correlation between use of a drug and serious or widespread personal injury may not be apparent until it has been in widespread use for some period of time. Even when correlation or causation between its product and an injury is not conclusive, the CFR Group may decide to, or regulatory authorities may require, that it withdraw the drug from the market or it may incur significant costs, including the potential of paying substantial damages. Withdrawals of products from the market or the incurring of significant costs, including the requirement to pay substantial damages in personal injury cases, would materially affect its business and results of operation. In addition, product liability claims could result in negative publicity that could materially adversely affect its sales. Despite the fact that the CFR Group maintains a corporate insurance program, including product liability, potential product liability claims or other events may exceed the insured limits or be excluded under the terms of the insurance policies, potentially affecting its financial condition.

***Any increase in the taxes the CFR Group or CFR's shareholders pay in Chile or the other countries where it does business could adversely affect its operating results***

The CFR Group cannot give assurance that it will continue to pay taxes at the current rate. In Chile, for instance, Law 20 630, enacted on 27 September 2012, set the corporate tax rate at 20%, which will affect all taxable profits accrued and received as of 2012. The CFR Group is subject to local tax regulations in each of the jurisdictions where it operates, the substantial majority of which are related to the taxation of income. Different countries calculate taxable income in different ways. The CFR Group cannot estimate the amount, if any, of potential tax liabilities that might result if the allocations, interpretations and filing positions used by it in its tax returns were challenged by the tax authorities of one or more countries. In addition, it currently benefits from various tax and other government incentives in certain of the countries in which it operates. Changes to these incentives or increases in its effective tax rates could have a material adverse effect on its financial results.

***If the CFR Group's inter-company arrangements are challenged and determined to be inappropriate, its tax liabilities could increase***

In the ordinary course of its business, the CFR Group conducts numerous transactions between corporate entities that are affiliated. If its inter-company arrangements are challenged and determined to be inappropriate, its tax liabilities could increase. It may have potential tax exposures resulting from the varying application in numerous jurisdictions of statutes, regulations and interpretations, including exposures with respect to manufacturing, marketing, sales and distribution functions. Although it believes its arrangements are based on accepted tax standards, tax authorities in various jurisdictions may disagree and may subsequently challenge the amount of profits taxed in such jurisdictions, which may increase its tax liabilities and could have a material adverse effect on the results of its operations.

***The CFR Group depends on senior management and other personnel to execute its business strategy***

The success of the CFR Group largely depends on the performance of its management team and key personnel, and its ability to continue to recruit and retain qualified senior executives and other personnel. Mr Alejandro Weinstein Manieu plays a key role in the management of CFR and has led the Company for the last 29 years. CFR's management team has on average 21 years of management experience. Future operations could be harmed if any of its senior executives or other key personnel ceased working for it. Competition for senior management personnel is intense and there can be no assurance that it will be able to retain its personnel or attract additional qualified personnel. Most of the senior management and key personnel do not have non-competition agreements with the CFR Group. The loss of a member of senior management may require the remaining executive officers to divert immediate and substantial attention to fulfilling his or her duties and to seeking a replacement. Any inability to fill vacancies in senior executive positions on a timely basis could harm the CFR Group's ability to implement its business strategy, which would harm its business and results of operations.

***The CFR Group may be involved in infringement actions which are uncertain, costly and time-consuming and could have a material adverse effect on its business, results of operations, financial condition and cash flows***

The CFR Group faces the risk of and is subject to claims that it has infringed third parties' intellectual property rights. Any claims of intellectual property infringement, even those without merit, could be expensive and time-consuming to defend; cause it to cease making, licensing or using products that incorporate the challenged intellectual property; require it to redesign, re-engineer or rebrand its products or packaging, if feasible; divert management's attention and resources; or require it, if possible, to enter into royalty or licensing agreements in order to obtain the right to use a third party's intellectual property. In addition, given the complexities and uncertainties of patent laws, there may be patents of which it does not know that it may ultimately be held to infringe, particularly if the claims of the patent are determined to be broader than it believes them to be. As a result, avoiding patent infringement may be difficult. Its inability to use the products or brands that were the subject of these claims could have a material adverse impact on the CFR Group's net sales and operating results.

***If the CFR Group is unable to obtain active pharmaceutical ingredients or other raw materials, or if the costs of active pharmaceutical ingredients increase substantially, its operations could be seriously impaired***

The CFR Group depends on third-party manufacturers for active pharmaceutical ingredients and other raw materials. These raw materials are generally available from a limited number of suppliers. Although it has relationships with approximately 200 active pharmaceutical ingredient suppliers, in some instances it uses

sole sources of supply for raw materials used in manufacturing and packaging. It does not have long-term supply agreements for its raw materials. Accordingly, it is subject to the risk that its suppliers may not continue to supply it with raw materials on satisfactory terms or at all. Any curtailment in the availability of raw materials could result in production or other delays, and, in the case of products for which only one raw material supplier exists, could result in a material loss of sales, with consequent adverse effects on its business. Furthermore, the price of active pharmaceutical ingredients can fluctuate sharply over a short period of time. A substantial increase in active pharmaceutical ingredients costs would adversely affect its business, financial condition and results of operations.

In addition, because regulatory authorities must generally approve active pharmaceutical ingredients sources for pharmaceutical products, changes in its active pharmaceutical ingredients suppliers may result in production delays, higher raw material costs and loss of sales and customers. Furthermore, when it imports active pharmaceutical ingredients or other raw materials from countries where it does not operate, those imports are subject, in some instances, to customs and other government clearance, duties and regulation by the countries of origin. In addition to the costs and delays attendant on regulatory approval of the active pharmaceutical ingredients manufacturing facilities, new active pharmaceutical ingredients and finished dosage pharmaceutical products, any significant interruption of its supply of raw materials could have a further adverse effect on its business, financial condition and results of operations.

### **Anti-trust/Competition**

CFR has made, and is likely to continue to make, acquisitions in various jurisdictions which have competition/anti-trust laws in place. In some of those jurisdictions, acquisitions may be completed without having to obtain the prior approval from the relevant competition/anti-trust authorities; and those authorities may have the right to investigate acquisitions post their completion. Such authorities may be able to conduct such investigations without there being any time constraints imposed on them to do so. Examples of acquisitions made by the CFR Group where approval is still outstanding include:

- acquisition of FADA PHARMA S.A.  
date of filing: 7 September 2010;
- acquisition of Laboratorios Northia S.A. and 50% of Atlas Argentina S.A.  
date of filing: 28 October 2010; and
- acquisition of controlling rights on Atlas Argentina S.A.  
date of filing: 12 August 2011.

It is possible that the relevant competition/anti-trust authorities may order the disposal of acquisitions made by the CFR Group.

The CFR Group operates within an industry that is frequently subject to scrutiny by competition/anti-trust authorities in various jurisdictions. CFR has been named as an investigated party in Chile. Although CFR has been named as an investigated party in Chile, the investigations are industry wide and CFR believes that it has been named in these investigations because it operates within the industry and is confident that it is not a target of these investigations.

### **Risks Relating to Emerging Markets**

#### ***Adverse economic, political, regulatory or legal conditions in the emerging market countries in which the CFR Group is present may adversely affect its financial position and results of operations***

The CFR Group sells its products in emerging countries in Latin America as well as in Vietnam, and may enter other emerging markets. While geographic diversity helps to reduce its exposure to risks in any one country, it operates primarily within Latin America and is subject to a full range of risks associated with its international operations. Most of its net sales are derived from its operations in Latin America, with a substantial portion of its net sales derived from its operations in Chile, Argentina, Peru, Colombia and Venezuela. Emerging markets are subject to greater risks than more developed countries, including with respect to government deadlock, political and legal instability, protests and strikes, popular unrest, war and criminal activity. Governments of many emerging market countries in which it sells its products have exercised and continue to exercise substantial influence over their economies. These governments frequently intervene in the economies of their countries and occasionally make significant changes in policy and regulations. Recent years have been characterised by devaluation, price instability, inflation, price controls, changes in regulation and taxation regimes, energy shortages and restrictions, social instability and other political, social and economic developments, over which it has no control. The economies of the countries it serves have been influenced to varying degrees by economic conditions in other emerging and developed countries and by the economic

effects of the global financial crisis which began in 2008. Although economic conditions are different in each country the CFR Group serves, investors' reactions to economic and political developments in one country may affect the prices of securities of issuers in other countries. No assurance can be given that the economies of Latin America will continue to grow in the future or that future developments in, or affecting the economies of, the countries in Latin America which it serves, will not materially and adversely affect its business, financial position or results of operations.

In addition, certain emerging market countries may lack a fully developed legal system and the body of commercial law and practice normally found in countries with more sophisticated market economies. Local laws continue to evolve, at times in an uncertain and *ad hoc* manner that may not coincide with accepted practices in more developed countries. In addition, existing laws and regulations are sometimes inconsistently applied and enforced. Inconsistencies and gaps in local laws, the lack of an independent judiciary, limited enforcement capabilities and broad discretion on the part of government authorities implementing the laws may produce additional legal uncertainties.

***Fluctuations in foreign exchange rates may adversely affect the CFR Group's financial position and results of operations***

The CFR Group's revenues and a significant portion of its expenses are denominated in the currencies of the various countries in which it operates, rather than the US Dollar, which is its functional currency. If any of these currencies decline in value against the US Dollar, the CFR Group's revenues, expressed in US Dollars, and its operating margin would be adversely affected. Certain currencies, such as the Argentine peso and the Venezuelan bolivar, have been subject to large devaluations and appreciations in the past and could be subject to significant fluctuations in the future. Any future changes in the value of either currency against the US Dollar will affect the US Dollar value of its securities. Severe devaluation or depreciation of these currencies may result in disruption of the international foreign exchange markets and/or in governmental intervention, as has occurred before in Argentina and other countries. The CFR Group may not be able to adjust its prices denominated in other currencies to offset any increases in US Dollar-denominated expenses, increases in interest expense or exchange losses on fixed obligations or indebtedness denominated in foreign currency. It currently hedges against certain fluctuations in exchange rates, and most of the CFR Group's corporate debt is denominated in or hedged into US Dollars; however, its hedging strategies do not completely eliminate its exposure to currency fluctuation.

It is also exposed to exchange rate losses, as well as gains, due to the fluctuation in the value of local currencies *vis-à-vis* the US Dollar during the period of time between the time it is paid in local currencies and the time it is able to repatriate the revenues in US Dollars. In Venezuela, foreign companies have experienced increasing delays for approvals by the Venezuelan government to repatriate funds and increased exposure to exchange rate losses due to potential devaluations of the Venezuelan bolivar. It is unable to predict whether, and to what extent, the value of the Ch\$ and the currencies of the other countries in which it operates may further appreciate or depreciate against the US Dollar and how any such fluctuations would affect its business.

***Environmental laws and regulations***

The CFR 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 CFR Group's operating expenses and thereby could have a material adverse effect on its business and results of its operations. CFR is subject to compliance investigations and orders in various jurisdictions, which are being dealt with as part of CFR's ongoing compliance operations.

***Risks Relating to CFR Shares***

***The Controlling Shareholders may exercise control in a manner that differs from your interests as a holder of CFR Shares***

The Controlling Shareholders have the ability to determine the outcome of substantially all matters submitted for a vote to CFR Shareholders and thus exercise control over CFR's business policies and affairs. The Controlling Shareholders may direct CFR to take actions that could be contrary to your interests and under certain circumstances may be able to prevent other shareholders, including you, from blocking these actions or from causing different actions to be taken. Also, the Controlling Shareholders may prevent change of control transactions that might otherwise provide you with an opportunity to dispose of or realise a premium in your investment in CFR Shares. No assurance can be given that CFR Controlling Shareholders will act in a manner consistent with your best interests.

The CFR Group is controlled by the Weinstein Family which, as the Last Practicable Date, indirectly controlled approximately 72.8% of CFR's outstanding voting shares. The Controlling Shareholders may exercise this control in a manner that differs from your interests as a holder of CFR Shares.

### ***Enforcement of claims***

It may be difficult to enforce civil claims against CFR or CFR's directors, executive officers and controlling persons.

### ***Shareholder Rights***

Your rights as a shareholder may be different under Chilean law to the rights you may be accustomed to in other jurisdictions. CFR's corporate affairs are governed by CFR's bylaws and by the Chilean Corporations Law, which differ from the legal principles that would apply if CFR were incorporated in other jurisdictions outside Chile.

### ***CFR may be subject to foreign investment controls and withholding taxes which could negatively affect non-Chilean residents that invest in CFR Shares***

Equity investments in Chile by non-Chilean residents have been subject in the past to various exchange control regulations that govern investment repatriation and earnings thereon. Although not currently in effect, regulations of the Banco Central De Chile have in the past required and could again require, foreign investors acquiring securities in the secondary market in Chile to maintain a cash reserve or to pay a fee upon conversion of foreign currency to purchase such securities. Further, future changes in withholding taxes could negatively affect non-Chilean residents that invest in CFR Shares. CFR cannot assure that additional restrictions applicable to the holders of CFR Shares, the disposition of CFR Shares or the repatriation of proceeds from an acquisition, a disposition or dividend payment, will not be imposed or required in the future, nor could CFR make an assessment as to the duration or impact, where any such restrictions to be imposed or required.

### ***Restrictions or transfer of foreign exchange and the repatriation of capital from Chile may impair your ability to receive dividends and distributions on, and the proceeds of any sale of, CFR Shares***

Chilean law currently permits the government to impose restrictions on the conversions of Chilean currency into foreign currencies and on the remittance to foreign investors of proceeds from their investments in Chile (including dividend payments) in circumstances where a serious imbalance develops in Chile's balance of payments or where there are reasons to foresee such an imbalance. In recent history, the Chilean government has implemented a number of monetary and foreign exchange control measures that include restriction on the free disposal of funds deposited with banks and on the transfer of funds abroad, including dividends, without the prior approval of the Banco Central De Chile. While the Chilean government can impose restrictions on the repatriation of capital from Chile, currently there are no restrictions in force. That said, the Chilean government has imposed an obligation to notify certain operations to the Banco Central De Chile. Nevertheless, no assurance can be given that the Chilean government will not take further restrictive measures in the future.

### ***Pre-emptive rights***

Pursuant to Chilean law, all of CFR's Shareholders are entitled to pre-emptive rights in respect of new issues of CFR Shares.

## **RISK FACTORS RELATING TO ADCOCK INGRAM**

### **Risks relating to the Adcock Ingram Group's business**

#### ***Price regulation***

The Adcock Ingram Group is currently subject to a price regulation regime in South Africa on scheduled medicines, known as "single exit pricing". Further proposed regulations such as the introduction of International Benchmark Pricing may impact on pricing for Adcock Ingram's multi-national partners, but the impact on Adcock Ingram's own products is expected to be limited.

#### ***Key personnel***

The Adcock Ingram Group's performance depends to a large extent on the efforts and abilities of key employees. 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 Ingram Group. The unexpected loss of the services of some of these individuals could disrupt the business

operations of the Adcock Ingram Group and have an adverse effect on, amongst other things, its operating results.

Not all of the senior management have restraint of trade or non-compete agreements with the Adcock Ingram Group and confidential information is not in all cases specifically protected by contracts between senior management and the Adcock Ingram Group.

### ***Licence, distribution, supply and marketing arrangements***

The Adcock Ingram Group currently has a number of agreements with international and local suppliers, distributors and licensors. Licence agreements represent approximately one-third of the Adcock Ingram Group's total revenue.

Many of these agreements contain termination rights which are typical of the kind included in agreements of this nature (including termination rights which may be triggered on a change of control).

The licence, distribution, supply and marketing agreements are generally terminable on short notice after the expiry of an initial period and a number of the agreements can be terminated (and sometimes any exclusivity which may have been afforded to the Adcock Ingram Group is lost) if the Adcock Ingram Group fails to achieve certain minimum sales or other targets. The ability of the Adcock Ingram Group to perform in terms of these agreements can depend on variables which are not within its control, for example its ability to successfully register the products in the jurisdiction in which it has been granted distribution rights, the strength of the brand and product which is being marketed and its ability to procure sufficient quantity of the product for distribution. The agreements are also periodically subject to renewal and renegotiation, and there is no certainty that such agreements will be renewed or successfully renegotiated.

Termination of these agreements, or failure to renew or successfully renegotiate these agreements, could have a material adverse effect on the business prospects, financial condition, results of operations, growth and strategies of the Adcock Ingram Group.

### ***Formulations***

The Adcock Ingram Group has a small portfolio of products with formulations which may be under the review of the Medicines Control Council, a statutory body constituted in terms of the Medicines and Related Substances Act, 1965, as amended; due to the fact that products of a similar nature in other international markets have been discontinued or are being discontinued. These products make up approximately 1% of the Adcock Ingram Group's revenue and provide high margins.

### ***Labour***

Trade unions represent approximately 45% of the Adcock Ingram Group's employees in South Africa. Although the Adcock Ingram Group has to date had relatively settled employee relations, significant labour disputes, work stoppages, increased employee expenses as a result of collective bargaining or the cost of compliance with labour laws could disrupt business operations and reduce the profitability of the Adcock Ingram Group's business, as the case may be.

### ***New pharmaceutical and hospital products***

The Adcock Ingram 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 Ingram 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 planning to sell 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 Ingram Group's products could adversely affect the Adcock Ingram 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. Sales also depend on government tenders which are highly competitive, and failure to win such tenders could adversely affect the Adcock Ingram Group's operating results.

### ***Sourcing active pharmaceutical ingredients or other raw materials***

The Adcock Ingram Group currently obtains active pharmaceutical ingredients 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 Ingram Group has not experienced difficulty in obtaining such materials to date, supply interruptions could occur in the future and the Adcock Ingram Group may have to substitute materials. The Adcock Ingram Group does not have any material long-term supply agreements for the majority of its active pharmaceutical ingredients and is therefore subject to the risk that its suppliers may not continue to supply the Adcock Ingram Group with active pharmaceutical ingredients or other raw materials necessary to manufacture its products, upon satisfactory terms. Furthermore, obtaining regulatory approvals necessary for alternative suppliers of active pharmaceutical ingredients could be a lengthy process (although the Adcock Ingram Group has embarked on a programme to cover all key active pharmaceutical ingredients with alternative supply). Any significant interruption in the Adcock Ingram Group's supply chain could have a material adverse effect on, amongst other things, its business and results of its operations.

### ***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 Ingram Group's business, financial condition, results of its operations and prospects. The maintenance of a close working relationship with the Department of Health remains an important contributor to the success of the Adcock Ingram Group, and any material disruption to this relationship could have an adverse effect on the Adcock Ingram Group business.

The stricter scheduling and control of codeine-containing products in other jurisdictions could result in tightening of controls of these products in South Africa. The resultant reduced over-the-counter sales of codeine-containing products could have a material adverse effect on the business of the Adcock Ingram Group.

### ***Environmental laws and regulations***

The Adcock Ingram 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 Ingram Group's operating expenses and thereby could have a material adverse effect on its business and results of its operations.

### ***Acquisitive growth***

The Adcock Ingram Group evaluates and pursues potential acquisitions across its business segments in regions currently identified for growth, being sub-Saharan Africa and India. Acquisitions involve risks that could adversely affect the Adcock Ingram Group's future sales and operating results. For example:

- not being able to identify suitable acquisition targets or to acquire them on favourable terms;
- not being able to obtain the necessary financing, on favourable terms or at all, to finance any of its potential acquisitions;
- not being able to locate or retain the skilled employees and management that may be necessary to operate a new acquisition;
- not being able to retain the skilled management necessary to fully integrate a new acquisition;
- an acquisition may expose the Adcock Ingram Group to unanticipated liabilities such as product liability claims;
- an acquisition may expose the Adcock Ingram Group to cross-border risks, such as differing regulatory and legislative regimes, and additional currency risks.

### ***Zimbabwe Indigenisation***

Adcock Ingram Limited is required to dispose of a portion of its shareholding in its Zimbabwean subsidiary, Datlabs (Private) Limited, in terms of the Zimbabwean Indigenisation and Economic Empowerment Act.

### ***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 Ingram Group, this could harm its business and financial condition. At present, the Adcock Ingram Group believes that it maintains appropriate product liability insurance cover to mitigate this risk.

### ***Intellectual property rights***

The Adcock Ingram 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 Ingram Group to incur substantial expense, even if it is successful in the litigation;
- require the technical and management personnel of the Adcock Ingram Group to divert significant time and effort;
- result in the loss of the Adcock Ingram Group's rights to develop or make certain products;
- require the Adcock Ingram 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 Ingram 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 Ingram Group from manufacturing and selling some of its products, or could increase the cost to market of these products.

Ownership and proper registration of trademarks is what prevent competitors or new entrants to the market from using valuable brand names. In relation to Adcock Ingram's trademarks, primary word trademarks for 12 of the top 30 Adcock brands are not owned by any Adcock Ingram Group company but are either licensed or distributed by Adcock Ingram or not registered/protected on the South African trademarks register at all. This may lead to dilution of the value of Adcock Ingram's brands in the marketplace. If it becomes necessary for Adcock Ingram to defend its rights to a trademark, this would take up a substantial amount of time and resources and consequently, this could have a material adverse effect on the business, results of operations or financial condition of the Adcock Ingram Group. There can be no assurance provided that it will have the resources to enforce its intellectual property rights, or that it will be successful in doing so.

### ***Exchange rate fluctuations***

A significant portion of the Adcock Ingram 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 Ingram Group's products. Although there is a price increase methodology that is usually applied annually by the Department of Health to compensate for exchange rate changes on tender and SEP products, that price increase lags cost increases, so it is unlikely to cover the total cost. This is likely to result in a decline in profit margins.

### ***Risks relating to South Africa***

#### ***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 Ingram's share price and any dividends and distributions in respect of Adcock Ingram shares payable in Rand.

#### ***Socio-political conditions***

The Adcock Ingram 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 Ingram Group's performance.

#### ***HIV/AIDS infection rates***

Southern Africa has a high prevalence of HIV/AIDS, 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 of the economy is unclear at this time. HIV/AIDS infection among the Adcock Ingram Group's employees may affect their productivity negatively and is likely to increase employee-related costs. However, at the present moment, there is a low HIV/AIDS prevalence within the Adcock Ingram Group.

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## INFORMATION ON CHILEAN REGULATORY ENVIRONMENT

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### CHILEAN LEGAL SYSTEM

Chile is a democratic republic. The Republic of Chile is ruled by the Constitution of 1980. Accordingly, the Chilean Constitution declares and guarantees principles such as the recognition and protection of human dignity, equality before the law, protection of private property and free entrepreneurship, freedom of speech and association, popular sovereignty, representative government, separation of powers and the rule of law.

The Constitution was approved in a national referendum in 1980 and provides for a system of government composed of three separate and independent powers: an executive branch headed by a President (with a non-renewable four-year term), a legislative branch consisting of a two-chambered Congress, and a judicial branch in which the Supreme Court is the highest authority. The Constitution also provides for a Constitutional Court, which is the highest authority for all matters of constitutional law.

The 1980 Constitution was significantly amended in 1989 and in 2005 to introduce important changes to the structure of the political system, including the increase of lower house's oversight powers and a decrease in the powers and status of the National Security Council, which is now an advisory body, strengthening the role of the Constitutional Court by allowing it to rule on the constitutionality of laws and the introduction of a six-year Presidential term limit, which has subsequently been reduced to four years.

### Some Constitutional Principles

#### Democratic State

This Constitution guarantees the full exercise of political rights, in accordance with the principle of popular sovereignty and with the laws derived the Constitution. Suffrage shall be universal, equal, secret and compulsory.

#### Rule of Law

The citizens and public powers are subject to the Constitution and the legal order. The Constitutional intent is to guarantee the principle of legality, the normative order, the non-retroactivity of punitive provisions which are not favourable to, or which restrict, individual rights, legal security, and the interdiction of arbitrariness of public powers.

The declarations, rights and guarantees which the Constitution enumerates shall not be construed as a denial of other rights and guarantees not enumerated, or in opposition to the core of these rights and guarantees.

#### No Tax Without Law

Only by law can the government establish new taxes. The exclusive initiative in the matter belongs to the President. The originating House for that shall be the Chamber of Deputies.

#### Non-discrimination

Any form of discrimination is forbidden.

#### Free Enterprise

Free enterprise within the framework of a market economy is recognised. The public authorities guarantee and protect its exercise.

#### Property Protection

There are wide and strong protections for any form of property at the constitutional level.

#### Types of Legislation

Chile is ruled by a hierarchy of norms. An overall norm is the Constitution. Under this text, Parliament should pass the laws or statutes (Ley), with an internal hierarchy: institutional act (Ley orgánica constitucional), special act (Ley de quorum calificado), ordinary act (Ley ordinaria) due of quorum of approval and depending of matter. Within the ordinary act or ordinary law you have to consider Decree Law (Decreto Ley), "Decreto con Fuerza de Ley" or "D.F.L." (delegated law) and Ordinary Law, all of which are of equal hierarchy. The above mentioned legislative initiatives, in the order they have been described, establish the hierarchical principle.

The executive power has the right to enact regulations (reglamentos), which are called “Decretos Supremos” and are issued by the President of the Republic, and plain “decretos” or “resoluciones”, which are issued by the rest of the executive branches.

### **The Court System**

The judiciary constitutes an autonomous and independent branch of government not subject to any other.

The principle of jurisdictional unity is the basis of the organisation and operation of the Tribunals. The exercise of jurisdictional power in any type of process passing judgments and having judgments executed belongs exclusively to the Courts and Tribunals as determined by the laws, according to the norms on the competence and procedure which they establish.

The Chilean judicial system is historically divided into three levels: Supreme Court, Courts of Appeals and tribunal of first instance (or lower level).

At the top of the judiciary courts there is a Supreme Court, or “Corte Suprema”, with 21 judges who are appointed by the President of the Republic pending approval of the Senate, and who are selected from a list of five judges made by current member of Supreme Court. The Supreme Court has the administrative and regulatory control of all judges.

There are 13 courts of appeals and a lot of ordinary judges (the lower level), divided into civil and criminal matters, family and labour.

There are also judges in taxation, customs and environmental matters at the lower level and there is a special court for anti-trust issues, among others.

### **Constitutional Court**

The Constitutional Court (“Tribunal Constitucional”) is in charge of the constitutional review of the laws. It must review statutes before they are enacted (in abstracto control). This authority must declare a law or an act with the force of law inapplicable or unconstitutional. In the first case, the norm ceases to have effect but only in the specific case where is declared. In the second case, the norm ceases to have effect in general terms.

The Constitutional Court consists of ten members: three members appointed by the Supreme Court, three members appointed by the President, and the last four chosen by the Senate – two appointed by Senate solely and two chosen by the Senate from a Chamber of Deputies proposal.

### **Contraloría General de la República**

This is a part of the executive branch. It shall be in charge of the control of the legal aspects, management and auditing of all the activities of the centralised and decentralised civil services, whatever its forms of organisation may be, as well as of other powers granted by law. It must take part in the approval or rejection of the revenue and investment accounts of public funds.

### **Central Bank**

The Central Bank of Chile is an autonomous entity of technical nature created in accordance with constitutional provisions, has full legal capacity, possesses its own assets and has an indefinite duration. The Bank shall, with regard to its duties and authority, be governed exclusively by the provisions of this Act and it shall not be bound for any legal purposes, by provisions present or future, general or special, enacted for the public sector. The Bank shall have as its purpose to look after the stability of the currency and the normal functioning of the internal and external payment systems. The authority of the Bank, for these purposes, shall include that of regulating the amount of currency and credit in circulation, the performance of credit transactions and foreign exchange, as well as the issuance of regulatory provisions regarding monetary, credit, financing and foreign exchange matters.

## **MODERNISATION OF THE STATE**

Public sector modernisation is one of Chile’s top policy priorities. Recent governments have undertaken to modernise the state by building a more efficient and transparent public administration, and by improving co-ordination between public institutions at different levels of government. This programme involved multiple reforms such as:

- the creation of new public institutions in the areas of culture, infrastructure, social development, economic development, anti-trust regulation, environmental protection and public enterprise administration;
- the decentralisation of public sector institutions;

- promoting competition among public institutions and improved performance in part through greater flexibility in budget allocations to those institutions;
- increased use of information technology;
- increased citizen participation and broad protection of citizens' rights; and
- establishment of simpler mechanisms for disseminating information, greater accountability of public authorities and internal auditing.

In 2005, the principles of probity and transparency of acts of the government were formally incorporated into the Constitution. These changes are intended to guarantee that public officials' decisions are taken free from corruption or undue influence and that actions and decisions taken by public officials are generally open to public scrutiny.

In 2006, the government began an initiative to improve probity, transparency, efficiency and the modernisation of the Chilean public sector. Among other measures, the initiative focused on enhancing access to public information. As a result of these initiatives in April 2009, an Access to Public Information Law was introduced, establishing a new legal framework that obliges all state administrative agencies to provide citizens with the information they request and to generally make information more available. A four-member Transparency Council (*Consejo para la Transparencia*) was created to oversee the enforcement of the law, which has already started forcing government agencies to make public previously privileged information.

In January 2007, Chile acceded to the United Nations Convention against Corruption, with the purpose of participating in the first global legislative instrument against corruption.

During the OECD admission process in 2009, Congress passed legislation reforming the corporate governance rules applicable to private enterprises. In addition, the government introduced legislation to impose criminal liability on legal persons for money laundering, financing of terrorism and bribery (Law No. 20,393 on Criminal Responsibility of Legal Entities for the Crimes of Money Laundering, Financing of Terrorism and Offences of Bribery, passed in December 2009) and to enhance access to banking information.

## **FOREIGN TRADE**

### **Foreign Trade**

Chile has generally followed an outward-oriented economic development strategy. Chile's main trade policy objective is to improve and ensure access for its goods and services to all markets, as well as to encourage domestic and foreign investment. With a view to liberalising the economy, all available channels have been used to give Chile's trade policy an outward orientation, including unilaterally opening its markets and entering into bilateral and multilateral trade agreements.

Chile is a founding member of the World Trade Organisation.

### **Foreign Direct Investment (FDI)**

Chile's constitutional and legal framework guarantees non-discrimination and equal treatment to foreign and local investors and gives foreign investors access to all economic sectors.

## **TRADING ON THE CHILEAN SECURITIES MARKETS**

The Santiago Stock Exchange is a corporation incorporated on 27 November 1893, as authorised by Decree N° 3015, of 29 December 1893 of the Ministry of Public Finance, is Chile's principal exchange and accounts for approximately 97.9% of securities traded in Chile, including equity and equity stocks, fixed income and financial brokering. The remaining trading is conducted on the Electronic Stock Exchange, an electronic trading market created by banks and non-member brokerage houses; and on the Valparaíso Stock Exchange. Trading on the Chilean Stock Exchanges is limited to member brokers and listed exchanges. In Chile, only stock exchange brokers, security agents and other authorised entities may act as securities brokers.

### **Regulation of the Chilean Securities Markets**

The Chilean securities markets are principally regulated by the Chilean Securities Market Act (Law 18,045), the Chilean Corporations Act (Law 18,046) and the SVS Law and the SVS regulations. The SVS was created and is regulated by Decree Law N° 3,538, or the SVS Law. The SVS Law determines the functions, authority and organisation of the SVS.

The Chilean Securities Market Law sets forth requirements relating to public offerings, stock exchanges and brokers, outlines disclosure requirements for companies that issue publicly offered securities, regulates

insider trading, prohibits price manipulation activities, and grants protection to minority investors. Such law also governs the activities of the stock exchanges, stockbrokers and securities agents in order to regulate their performances and set forth several requirements, such as the constitution of a guarantee, the obligation to inform the public through the SVS and the Chilean Stock Exchanges on a regular basis and the obligation to comply with all laws and regulations. Stock exchanges are regulated by the Chilean Securities Market Law, the SVS Law and SVS regulations and each respective stock exchange's regulations.

The Chilean Corporations Law sets forth the rules and requirements to create stock corporations, classifying them as open stock corporations (subject to governmental supervision through the SVS) and closed stock corporations, not subject to such supervision. However, the Chilean securities markets are not as highly-regulated and supervised as the U.S. securities markets or securities markets in other jurisdictions.

Open stock corporations, as defined in Article 2 of the Chilean Corporations Law, are those that voluntarily or mandatorily, as requested by law, register their shares in the Securities Registry of the SVS.

All open stock corporations are subject to the supervision of the SVS, which obliges them to maintain the registration of the company and its shares in the Securities Registry of the SVS and comply with all of the provisions applicable to listed corporations.

Chilean securities market regulations have several mechanisms that permit investors and the market to know, on a periodic basis, any changes or material events related to entities supervised by the SVS. All listed corporations must provide historical, legal, financial, accounting and administrative information, submitted in accordance with the instructions given by the SVS, which attempt to create uniform presentation of the type and the form of the information provided, thus facilitating compliance with such regulations as well as the analysis and comparison of all SVS-regulated entities.

SVS periodic reporting obligations are established in Articles 9 and 10 of the Chilean Securities Market Law and General Rule N° 30 and its amendments of the SVS. Article 9 of the Chilean Securities Market Law establishes that registration in the securities registry of the SVS creates the obligation to truthfully, sufficiently and promptly disclose all material information about the relevant company, the securities offered and the offering (also known as Material Facts notice or *Hecho Esencial*). Moreover, Chilean regulations provide that the information that should be provided is "any such information that a person of good judgment would consider important in his/her investment decisions."

Article 10 of the Chilean Securities Market Law establishes that all registered entities must comply with the information obligations established for listed corporations, in the frequency determined in the SVS regulation.

General Rule N° 30 and its amendments regulate the frequency and the type of information that registered entities must provide to the public, the SVS and the Chilean Stock Exchanges.

Public offerings of shares are regulated by the Chilean Securities Market Law. Article 4 of this law defines a public offering to be an offer made to the general public or to certain sectors or specific groups. The SVS has the power to determine if certain securities offers constitute public offerings and also has the power to exempt some public offerings from the need to comply with applicable requirements, if stipulated in a general regulation.

The Chilean Securities Market Law also sets forth certain regulations on takeovers of corporations.

Under Article 54 of the Chilean Securities Market Law, persons or entities aiming to acquire direct or indirect control of an open stock corporation are also required to:

- send a written communication to the target corporation, the entities controlled by such corporation and the entities that control such corporation, as well as to the SVS and the Chilean Stock Exchanges; and
- inform the general public, in advance, through notice published in two Chilean newspapers of national distribution.

This written communication and notice must be published at least ten business days in advance of the date of the execution of the documents that will entitle the person to acquire control of the open stock corporation and, in all cases, concurrently with the commencement of negotiations that include delivery of information and documentation about the corporation. The content of the notice and written communication are determined by SVS regulations and include, among other information, the identification of persons or entities purchasing or selling and the price, as well as other essential conditions of negotiation.

In addition to the foregoing, Article 54(A) of the Chilean Securities Market Law requires that, within two Business Days of the completion of the transactions pursuant to which a person has acquired control of a

publicly traded company, a notice informing such control acquisition must be published in the same newspapers in which the notice referred to above was published, and notices shall be sent to the same persons mentioned above.

Article 200 of the Chilean Securities Market Law prohibits any shareholder that has taken control of a publicly traded company to acquire, within 12 months from the date of the transaction that permitted such shareholder to take control of the company, a number of shares equal to or higher than 3.0% of the outstanding issued shares without making a tender offer at a price per Share not lower than the price paid at the time of the change of control operation. Should the acquisition from the other shareholders of the company be made on the floor of a stock exchange and on a *pro rata* basis, the controlling shareholder may purchase a higher percentage of shares, if so permitted by the regulations of the stock exchange.

Title XV of the Chilean Securities Market Law sets forth the basis for determining what constitutes control, a direct holding and a related party, while Title XXV establishes a special procedure for acquiring control of an open stock corporation.

The Chilean Securities Market Law defines control as the power of a person, or group of persons acting pursuant to a joint action agreement, to direct the majority of the votes in the shareholders' meetings of a corporation and to elect the majority of the members of its Board of Directors or to influence the management of the corporation significantly. Significant influence is deemed to exist for a person or group holding, directly or indirectly, at least 25.0% of the shareholders' votes, unless:

- another person or group of persons acting pursuant to joint action agreement, directly or indirectly, control a stake equal to or higher than the percentage controlled by such person;
- the person or group does not control, directly or indirectly, more than 40.0% of the voting share capital and the percentage controlled is lower than the sum of the shares held by other shareholders holding more than 5.0% of the share capital; and
- in cases where the SVS has ruled otherwise, based on the distribution or atomisation of the overall shareholding.

According to the Chilean Securities Market Law, a joint action agreement is an agreement among two or more parties which, directly or indirectly, own shares in a corporation at the same time and whereby they agree to participate with the same interest in the management of the corporation or to take control of the same. The Law presumes that such an agreement exist between:

- a principal and its agents;
- spouses and relatives up to certain level of kindred;
- entities within the same business group; and
- an entity and its controller or any of its members.

Likewise, the SVS may determine that a joint-action agreement exists between two or more entities considering, among others, the number of companies in which they participate and the frequency with which they vote identically in the election of directors, appointment of managers and other resolutions passed at shareholders' meetings.

According to Article 96 of the Chilean Securities Market Law, a business group is a group of entities that passes such ties in their ownership, management or credit liabilities that it may be assumed that the economic and financial action of such members is directed by, or subordinated to, the joint interests of the group, or that there are common credit risks in the credits granted to, or securities issued by them. According to the Chilean Securities Market Law, the following entities are part of the same business group:

- a company and its controller;
- all the companies with a common controller and the common controller;
- all the entities that the SVS declares to be part of the business group due to one or more of the following reasons:
  - a substantial part of the assets of the company are involved in the business group, whether as investments in securities, equity rights, loans or guaranties;
  - the company has a significant level of indebtedness and the business group has a material participation as a lender or guarantor; and
  - when the controller is a group of entities and the company is a member of a controller of the entities mentioned above, and there are grounds to include it in the business group.

## Settlement and Clearance

The Chilean Stock Exchanges regulate stock purchases and sales, and every person that intends to buy or sell securities on the Chilean Stock Exchanges must provide a broker (who will carry out the sale or purchase) a security purchase/sale order which contains the following information:

- name of the client (person that is placing the order);
- date and hour of the order;
- type of order (to buy or to sell);
- name of the security;
- amount of the security;
- conditions for settlement, which may be: (i) (a) payable on day one (T); (b) payable on one business day after acquisition (T+1) or (c) payable two business days after acquisition (T+2), which is the standard settlement or (ii) be payable at a term between three business days after settlement (T+3) and 180 calendar days; and
- time at which the order expires.

Once the order is received, the broker must settle the operation. The document issued by the broker in which the settlement is made has a right to expedited judicial enforcement.

Settlement of stock transactions is a regulated process. The selling party must provide the selling broker one or more duly signed transfer forms and the selling broker must provide those transfer forms to the buying broker, which has to ensure that his/her client will comply with the terms of the sale. Once signed, the transfers are sent to the relevant corporation so that the new owner of the stock can be registered in the corporation's shareholders' registry.

Settlement of the relevant transaction occurs as agreed by the parties according to the rules, timing and procedures established by the Board of Directors of each Chilean Stock Exchange. In the event the purchaser fails to pay, the selling brokers are personally obligated to pay the purchase price and to deliver the securities sold, and no defense of lack of provision of funds will be admissible.

The SVS may suspend trading of a certain security for up to 30 days, if so justified by the public interest or the protection of the investors' interests. Such suspension may be extended for up to 120 days if such circumstances persist. If such circumstances continue subsequent to the expiration of the 120-day period, the SVS may cancel the registration of such securities.

## FOREIGN EXCHANGE MARKET

Chile has two currency markets, the Formal Exchange Market (*Mercado Cambiario Formal*) and the Informal Exchange Market (*Mercado Cambiario Informal*). The Formal Exchange Market is comprised of banks and other entities authorised by the Central Bank. The Informal Exchange Market is comprised of entities that are not expressly authorised to operate in the Formal Exchange Market, such as certain foreign exchange houses and travel agencies, among others. The Central Bank is empowered to determine that certain purchases and sales of foreign currencies be carried out on the Formal Exchange Market.

Both the Formal and Informal Exchange Markets are driven by free market forces. Current regulations require that the Central Bank be informed of certain transactions and that such transactions be effected through the Formal Exchange Market.

The Observed Exchange Rate (*dólar observado*), which is reported by the Central Bank and published daily in the Chilean official gazette (*diario oficial*), is computed by taking the weighted average of the previous Business Day's transactions on the Formal Exchange Market. The Central Bank has the power to intervene in the exchange market by buying or selling foreign currency on the Formal Exchange Market to attempt to maintain the Observed Exchange Rate within a desired range. Although the Central Bank is not required to follow any exchange rate, it generally uses spot rates for its transactions. Other banks generally carry out authorised transactions at spot rates also.

The Informal Exchange Market reflects transactions carried out at an informal exchange rate (the "Informal Exchange Rate"). There are no limits imposed on the extent to which the rate of exchange in the Informal Exchange Market can fluctuate above or below the Observed Exchange Rate. In recent years, the variation between the Observed Exchange Rate and the Informal Exchange Rate has not been significant.

## **FOREIGN EXCHANGE CONTROLS**

The Central Bank is responsible for, among other things, monetary policy and exchange controls in Chile. Foreign investments in Chile can be executed through either: (i) an investment contract with Chile through the Foreign Investment Committee under Decree Law 600 of 1974 or (ii) a direct investment reported to the Central Bank under Chapter XIV of the Central Bank's Compendium of Foreign Exchange Regulations, or the "Compendium."

Foreign investors who opted to make an investment under Decree Law 600 of 1974 must obtain a certification by the Foreign Investment Committee for the remittance of dividends and capital abroad.

According to the Compendium as amended in April 2001, investors are allowed to freely enter into any kind of foreign exchange transaction, provided that certain transactions, established in the regulations, are conducted through the Formal Exchange Market and reported to the Central Bank.

Pursuant to the provisions of Chapter XIV of the Compendium, it is not necessary to obtain the Central Bank's prior approval to acquire shares in the Chilean market. The only requirements are:

- any foreign investor acquiring shares must bring those funds through an entity participating in the Formal Exchange Market;
- the entity of the Formal Exchange Market through which the funds are brought into Chile must inform such investment to the Central Bank;
- all remittances of funds from Chile to the foreign investor upon the sale of shares or from dividends or other distributions made in connection therewith must be made through the Formal Exchange Market; and
- all remittances of funds made to the foreign investor must be reported to the Central Bank.

All payments in foreign currency in connection with the shares made from Chile must be made through the Formal Exchange Market. The entity participating in the transaction must provide certain information to the Central Bank, by the next business day on which banks are open in Chile. In the event there are payments made outside of Chile, the foreign investor must provide the relevant information to the Central Bank directly or through the Formal Exchange Market within ten calendar days following the date on which the payment was made.

We cannot assure you that additional Chilean restrictions applicable to the foreign holders of shares or the repatriation of the proceeds from such disposition will not be imposed in the future, nor can we assess the duration or impact of such restriction if imposed.

### **1. MINORITY SHAREHOLDER RIGHTS UNDER CHILEAN LAW**

1.1 The Chilean company law regime is different to the South African company law regime, including in respect of the protection of minority shareholders. Shareholders' rights and protections are governed by the company's by-laws, the provisions of Law No. 18.046 (the Corporations Act) and other regulations applicable to corporations. Some of the important features in this regard include:

- 1.1.1 a shareholder ordinary resolution under Chilean law requires the approval of a simple majority of all shares attending or duly represented at the meeting and entitled to vote on the resolution, and a special resolution requires the approval of a two-thirds majority of all outstanding shares entitled to vote on the resolution;
- 1.1.2 certain amendments to a company's by-laws only require an ordinary resolution, others require a special resolution;
- 1.1.3 the following matters, among others, require a special resolution:
  - 1.1.3.1 change in corporate form, division or merger into another entity;
  - 1.1.3.2 amendment to the term of existence of the company;
  - 1.1.3.3 change in corporate domicile;
  - 1.1.3.4 approval of in-kind capital contributions;
  - 1.1.3.5 amendment of the authority reserved for shareholders' meetings or limitations on the powers of the board of directors;

- 1.1.3.6 any disposal: (i) by the company of 50% or more of its assets; (ii) by a subsidiary of 50% or more of its assets if such subsidiary represents 20% or more of the company's assets or (iii) the sale of such subsidiary's shares that results in a loss of control from the company over the subsidiary if such subsidiary represents 20% or more of the company's assets;
- 1.1.3.7 share repurchases in certain instances;
- 1.1.3.8 approval or ratification of certain related party transactions;
- 1.1.3.9 the creation of any new class of shares. Any amendment of existing share rights requires the approval of two-thirds of the shares of that specific class;
- 1.1.3.10 winding-up of a company;
- 1.1.3.11 delisting of a company;
- 1.1.4 the following matters, among others, do not require a special resolution and may be approved by ordinary resolution:
  - 1.1.4.1 directors' remuneration;
  - 1.1.4.2 change of company's name;
  - 1.1.4.3 removal of the board of directors and appointment of an entire new board (which may include members of the removed board);
  - 1.1.4.4 share repurchases in certain other instances;
  - 1.1.4.5 approval of a company's annual financial statements;
  - 1.1.4.6 removal and appointment of the company's external auditors;
  - 1.1.4.7 capital increases payable in cash, including the value of the new shares;
  - 1.1.4.8 In general, any change to the by-laws that are not prohibited by the law nor mentioned in 1.1.3 above;
- 1.1.5 there are no prohibitions on granting special privileges to the holders of debt instruments;
- 1.1.6 except otherwise agreed in the by-laws or required by applicable laws, a quorum for shareholders' meetings is shareholders holding the absolute majority of the issued shares with a right to vote. If there is no quorum at the first shareholders' meeting, that meeting is adjourned and at that adjourned meeting the quorum is shareholders holding a simple majority of the shares with the right to vote;
- 1.1.7 shareholders have a statutory pre-emptive right to acquire, *pro rata* to their shareholding at the time, new shares to be issued by a company as result of a capital increase or of the capitalisation of reserves or of other company funds. The new share issue must be approved by way of an ordinary resolution and shareholders have thirty days from the date of the publication of the pre-emptive rights exercise notice to exercise their pre-emptive rights. In respect of listed companies, if the shareholders do not follow their pre-emptive rights, the new shares may then be offered to any other persons for a further thirty-day period, but on terms not more favourable than initially offered to the shareholders, and thereafter to other persons on any terms, provided that such offer is made through a stock exchange. A valuation opinion by an independent expert is required for consideration payable for the issue of shares by a company in a form other than cash;
- 1.1.8 dissenting shareholders have the right to require a company to purchase their shares, at the market value thereof (in accordance with a specific formula prescribed by law), in certain instances including without limitation, in the event of any change in corporate form, a merger, a disposal of 50% or more of the company's assets or the creation or amendment of any share preferences;
- 1.1.9 an offer to acquire control of a listed company must be made *pro rata* to all shareholders;
- 1.1.10 a mandatory offer must be made to shareholders in certain circumstances, including if a person acquires two-thirds or more of a listed company's shares or if a person acquires control of a company which in turn controls a listed company and the value of such listed company represents 75% or more of the holding company's net consolidated assets;

- 1.1.11 minority shareholders are entitled to require a company to acquire their shares if persons(s) acquire at least 95% of the company's shares;
  - 1.1.12 Chilean law does not expressly regulate the provision of financial assistance by a company for the acquisition of securities in the company;
  - 1.1.13 a company is required to distribute, annually, at least 30% of its distributable profits to shareholders (assuming no accrued losses are in place which need to be absorbed first);
  - 1.1.14 a company may only enter into a related party transaction if it is in the general interest of the company and is on arm's length commercial terms. Directors who have an interest in a transaction are obliged to advise the board of their interest, and the transaction must be approved by a majority of disinterested directors (Chilean law and CFR's Corporate Governance Code also requires that related party transactions be approved by the CFR directors' committee). All approved related party transactions have to be notified to shareholders at the next shareholders' meeting. If a majority of directors are interested, the transaction has to be approved unanimously by the disinterested directors, failing which, by shareholders by way of a special resolution. If shareholders are required to approve a related party transaction, the board is obliged to appoint an independent expert to opine on the fairness of the transaction, and each director is obliged to furnish the shareholders with his opinion regarding the fairness of the transaction. Related party transactions below a prescribed value threshold, transactions that are in the ordinary course of business as determined by the board following the procedures contemplated under Chilean law and transactions between a company and its 95% or more controlled subsidiaries do not need to comply with the procedures contemplated above (including approval by the directors' committee and, in some cases, by shareholders by way of a special resolution, being authorised to be executed only) and only require the approval of the CFR board;
  - 1.1.15 the board is obliged to provide shareholders, in a timely manner, with sufficient information regarding the affairs of the company. This includes the publication of an annual report (including audited annual financial statements), and the obligation to provide the SVS with quarterly financial statements. All listed companies have to approve a Guideline on the Handling of Relevant Information to the Market;
  - 1.1.16 shareholders representing at least 10% of a company's shares are entitled to require the board of directors to call a shareholders' meeting;
  - 1.1.17 listed companies are required by the SVS to have a Code of Corporate Governance, approved by the board, which regulates the actions of directors, employees, suppliers and contractors and a Code of Ethics for directors and employees;
  - 1.1.18 directors owe fiduciary duties under Chilean law to the company as a whole and not to the shareholders who may have elected them. The fiduciary duties of a director include the duty of diligence and care and the duty of loyalty to the company, which requires a director to act in defence of the company's interests and to refrain from doing anything that might harm such interests;
  - 1.1.19 CFR's by-laws provide that any dispute, of any nature, between shareholders, or between any shareholder and CFR or the CFR board, shall be resolved by an *ex-aequo et bono* arbitrator appointed by mutual agreement and in the absence of such an agreement, by the courts of Santiago.
- 1.2 The termination of CFR's secondary listing on the Main Board of the JSE would not require any shareholder approval and would only require the approval of the CFR Board.





**CFR PHARMACEUTICALS S.A.**

(Incorporated in Chile)

(Securities Regulation Registry number: 1067)

(Registration number: 48102, page 33498 of the Registry of Commerce of Santiago of the year 2010)

(Chilean tax identity number: 76.116.242-K)

(Share code: CRF ISIN: CL0001762831)

(Short name: CFR Pharma)

("CFR" or "the Company")

**FORM OF ELECTION, SURRENDER AND TRANSFER  
IN RESPECT OF THE SCHEME TO BE COMPLETED BY HOLDERS OF  
CERTIFICATED ADCOCK INGRAM ORDINARY SHARES ONLY**

**Important notes concerning this form:**

- This form is only for use in respect of the scheme of arrangement in terms of section 114 of the Companies Act, 2008, proposed by the Adcock Ingram Board between Adcock Ingram and Adcock Ingram Ordinary Shareholders (other than the holder of the Treasury Shares) in terms of which, if implemented CFR Inversiones will acquire all of the Scheme Shares from the Scheme Participants and each Scheme Participant will receive the Scheme Consideration.
- Full details of the Scheme are contained in the Circular to Shareholders of Adcock Ingram dated 18 November 2013 (Circular), to which a copy of this form is attached. Accordingly, all definitions and terms used in this form shall, unless the context otherwise requires or they are otherwise defined herein, have the meaning attributed to them in the Circular.
- A shareholder is not entitled during the period from commencement of trade on the first Business Day following the Scheme LDT until the Scheme Implementation Date to sell CFR Shares on the JSE unless a valid election has been submitted by him or on his behalf, in terms of paragraphs 1.3, 2.2 or 3.2 (as relevant) of the section entitled "Action Required by Adcock Ingram Shareholders" commencing on page 6 of the Circular, in which event he shall be entitled to sell no more than that number of CFR Shares equal to the lower of: (a) the number of CFR Shares that he would have received if he had elected to receive the Scheme Consideration in the Relevant Ratio for all his Scheme Shares and (b) the Relevant Number of CFR Shares multiplied by the number of Scheme Shares for which he has elected the Share Consideration.
- **HOLDERS OF DEMATERIALIZED ADCOCK INGRAM ORDINARY SHARES MUST NOT COMPLETE THIS FORM.**

**INSTRUCTIONS:**

1. You must complete this form in full and return it to the Transfer Secretaries, being Computershare Investor Services Proprietary Limited, either by hand to 70 Marshall Street, Johannesburg, 2001, or by post to PO Box 61763, Marshalltown, 2107, by no later than 12h00 on the Business Day before the Scheme Record Date.
2. A separate form is required for each Scheme Participant.

**PART A: TO BE COMPLETED BY ALL SCHEME PARTICIPANTS WHO RETURN THIS FORM**

Dear Sirs

I/We, the undersigned Scheme Participant, confirm that I/we

- (a) hold ..... Adcock Ingram Ordinary Shares; [to be completed by the Scheme Participant]
- (b) have full legal capacity to contract and, being in possession of a copy of the Circular and the Prospectus or being aware of the contents thereof, hereby irrevocably elect to receive the Share Consideration (in respect of which I/we warrant that I am/we are not a Cash-Only Shareholder as contemplated in the definition of a Cash-only Shareholder and in paragraphs 6.3.1 to 6.3.6 of the Circular), and/or the Cash Consideration as follows (subject to the provisions set out below):

	<b>Number of Adcock Ingram Ordinary Shares</b>
Share Consideration (of the Relevant Number of CFR Shares (approximately 31.5 CFR Shares) for every one Adcock Ingram Ordinary Share) in respect of:	
Cash Consideration (of ZAR73.51 for every one Adcock Ingram Ordinary Share) in respect of:	

**PROVIDED THAT:**

- You can elect to receive the Cash Consideration, the Share Consideration, or a combination of the two.
- In the absence of an election by you or should you fail to complete and deliver the form to the Transfer Secretaries by 12h00 on the Business Day before the Scheme Record Date, you will be deemed to have elected to receive the entire Scheme Consideration in the Relevant Ratio as defined in the Circular.
- A Dissenting Shareholder who subsequently becomes a Scheme Participant pursuant to paragraph 6.8 of the Circular after 12h00 on the Scheme Record Date is deemed to have elected to receive the entire Scheme Consideration in a combination of cash and CFR Shares in the Relevant Ratio.
- Your election is subject to the provisions governing the Maximum Cash Consideration and Maximum Share Consideration in paragraph 6.3 of the Circular read with Annexure 22 of the Circular.

Scheme Participants should be aware that their elections may not be given effect to in full, and are dependent on the aggregation of the elections and deemed elections made by all Scheme Participants

Signature of Adcock Ingram Ordinary Shareholder/Scheme Participant:	<b>Stamp and address of agent lodging this form (if any)</b>
Assisted by me (if applicable):	
(State full name and capacity):	
Date: 2013	
Telephone number (Home): (    )	
Telephone number (Work): (    )	
Cellphone number:	

**NOTES TO PART A:**

- (1) Applications under this form are irrevocable and may not be withdrawn once submitted.
- (2) Scheme Participants should consult their professional advisors in case of doubt as to the correct completion of this form.
- (3) In terms of section 95(1)(h) of the Companies Act, the offer to Adcock Ingram Ordinary Shareholders, in terms of the Scheme, to receive the Share Consideration as a part or the whole of their Scheme Consideration constitutes an offer to the public, and a prospectus is required to be registered in terms of section 99(3)(a)(ii) of the Companies Act. The prospectus was registered by the Companies and Intellectual Properties Commission on 18 November 2013. Pursuant to section 108(1) of the Companies Act, a company that has offered securities to the public must not allot such securities or accept any subscription for any of those securities unless: (a) the subscription has been made on an application form that has been attached to or accompanied by a prospectus, or (b) it is shown that the applicant, at the time of the application, was in fact in possession of a copy of the prospectus or was aware of its contents. This form constitutes the application form contemplated in section 108(1)(a) of the Companies Act.
- (4) If this form is returned to the Transfer Secretaries, Computershare Investor Services Proprietary Limited, it will be treated by CFR as a conditional offer of subscription which is made subject to the Scheme becoming operative. In the event of the Scheme not becoming operative for any reason whatsoever, the offer for subscription for the Share Consideration shall lapse.
- (5) Persons who have acquired Adcock Ingram Ordinary Shares after the date of the issue of the Prospectus can obtain copies of the form, the Circular and the Prospectus from the Transfer Secretaries of Adcock Ingram, being Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107).
- (6) If the instructions set out in this form, the Prospectus and Circular are not fully complied with, CFR reserves the right to accept such applications in whole or in part at its discretion.
- (7) No receipts will be issued for documents lodged unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts, if required. Signatories may be called upon for evidence of their authority or capacity to sign this form.
- (8) Any alteration to this form must be signed in full and not initialled.
- (9) If this form is signed under a power of attorney, then such power of attorney, or a notarially certified copy thereof, must be sent with this form for noting (unless it has already been noted by Adcock Ingram or the Transfer Secretaries). This does not apply in the event of this form bearing a JSE broker's stamp.
- (10) Where the Scheme Participant is a company or a close corporation, unless it has already been registered with Adcock Ingram or the Transfer Secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form must be submitted if so requested by Adcock Ingram and/or CFR.
- (11) If this form is not signed by the Scheme Participant, such Scheme Participant will be deemed to have irrevocably appointed the Transfer Secretaries to implement the Scheme Participant's obligations under the Scheme on his/her behalf.
- (12) Where there are any joint holders of any Scheme Shares, only that holder whose name stands first in the register in respect of such Scheme Shares need sign this form.
- (13) A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries.

**PART B: TO BE COMPLETED BY ALL SCHEME PARTICIPANTS IN ADDITION TO PART A**

**SECTION 1**

Dear Sirs

I/We hereby surrender the Adcock Ingram share certificate/s and/or other documents of title attached hereto with, representing Adcock Ingram Ordinary Shares with a par value of 10 cents each, registered in the name of the person mentioned below and authorise the Transfer Secretaries, conditional upon the Scheme being implemented, to register the transfer of these Adcock Ingram Ordinary Shares into the name of CFR Inversiones:

<b>Name of Adcock Ingram Ordinary Shareholder</b>	<b>Certificate number(s)</b>	<b>Number of Adcock Ingram Ordinary Shares covered by each certificate(s) enclosed</b>
<b>Total</b>		

**SIGNATURE CLAUSE AND DETAILS**

Signature of certificated shareholder:	<b>Stamp and address of agent lodging this form (if any)</b>
Assisted by me (if applicable):	
(State full name and capacity):	
Date: 2013	
Telephone number (Home): (    )	
Telephone number (Work): (    )	
Cellphone number:	

**SECTION 2**

**To be completed in BLOCK CAPITALS by certificated Scheme Participants if they wish the Scheme Consideration to be sent to an address different from their registered address.**

Surname or Name of corporate body:
First names (in full):
Title (Mr, Mrs, Miss, Ms, etc):
Address to which the Scheme Consideration should be sent (if different from registered address):
Postal code:

### SECTION 3

**To be completed in BLOCK CAPITALS by certificated Scheme Participants wishing to receive payment of Cash Consideration by means of the electronic transfer of funds. The option of electronic payment into an Adcock Ingram Ordinary Shareholder's bank account is only applicable if documents of title are received on or before 12h00 on the Business Day before the Scheme Record Date (or such other date as may be announced).**

I/We, being a holder/s of Adcock Ingram Ordinary Shares, hereby request that the Cash Consideration be electronically deposited into my/our bank account, the details of which are as follows:

Name of account holder (no third party accounts):
Bank name:
Branch name:
Branch code:
Account number:
Signature of Adcock Ingram Ordinary Shareholder:
Assisted by me (if applicable):
(State full name and capacity):
Date:
Telephone number (Home): (    )
Telephone number (Work): (    )
Cellphone number:

In terms of FICA, Computershare Investor Services Proprietary Limited will only be able to record the banking details if the following documents are submitted together with the form:

- a certified copy of the Adcock Ingram Ordinary Shareholder's ID document; and
- a certified true copy of the Adcock Ingram Ordinary Shareholder's bank statement.

### SECTION 4

**To be completed in BLOCK CAPITALS by certificated Scheme Participants who are emigrants from the Common Monetary Area and non-residents of the Common Monetary Area (see notes 1 and 2).**

The Scheme Consideration will be forwarded to the authorised dealer in foreign exchange in South Africa controlling the emigrant's blocked assets in terms of the Exchange Control Regulations as nominated below for its control and credited to the emigrant's blocked assets account. Accordingly, Scheme Participants who are emigrants must provide the following information:

Name of authorised dealer:
Account number:
Address:
Postal code:
Signature of Authorised Dealer:

If emigrants make no nomination above, the Scheme Consideration will be held in trust by Adcock Ingram (or any third party nominated by it for this purpose) for the benefit of the Scheme Participants concerned until lawfully claimed by such Scheme Participant for a maximum period of three years, after which such consideration shall be made over to the Guardians Fund. For the avoidance of doubt, no additional interest will accrue pursuant to this paragraph for the benefit of the Scheme Participants on the consideration held by Adcock Ingram. Non-residents must complete Section 4 if they wish the Scheme Consideration to be paid, to an authorised dealer in South Africa.

#### NOTES TO PART B:

- (1) Emigrants from the Common Monetary Area must complete Section 4 of this Part B.
- (2) All other non-residents of the Common Monetary Area must complete Section 4 of this Part B if they wish the Cash Consideration to be paid to an authorised dealer in South Africa.
- (3) If this form is returned with the relevant document(s) of title to Adcock Ingram, it will be treated as a conditional surrender which is made subject to the Scheme becoming operative. In the event of the Scheme not becoming operative for any reason whatsoever, the Transfer Secretaries will, by not later than five Business Days after the date upon which it becomes known that the Scheme will not be operative, return the documents of title to the Adcock Ingram Ordinary Shareholder concerned, by registered post at the risk of such Adcock Ingram Ordinary Shareholder.
- (4) Persons who have acquired Adcock Ingram Ordinary Shares after the date of the issue of the Circular can obtain copies of the form and the Circular from the Transfer Secretaries, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107).
- (5) The Scheme Consideration will not be sent to certificated Scheme Participants unless and until documents of title in respect of the relevant Scheme Shares have been surrendered to the Transfer Secretaries.