adcock ingram

UNAUDITED FINANCIAL RESULTS

for the six-month period ended 31 March 2014

Adding value to life

Consolidated statements of comprehensive income

	Note	Unaudited six months ended 31 March 2014 R'000	Restated* six months ended 31 March 2013 R'000	Restated* year ended 30 September 2013 R'000
REVENUE	2	**2 432 942**	2 357 414	5 229 308
TURNOVER	2	**2 420 476**	2 341 813	5 195 185
Cost of sales		**(1 574 555)**	(1 359 100)	(3 091 486)
Gross profit		**845 921**	982 713	2 103 699
Selling and distribution expenses		**(372 220)**	(287 129)	(666 026)
Marketing expenses		**(103 588)**	(97 289)	(211 930)
Research and development expenses		**(49 199)**	(52 051)	(104 941)
Fixed and administrative expenses		**(205 219)**	(148 903)	(311 831)
Trading profit		**115 695**	397 341	808 971
Non-trading (expenses)/income	3	**(113 819)**	28 099	(25 689)
Operating profit		**1 876**	425 440	783 282
Finance income	2	**5 960**	7 807	21 510
Finance costs		**(57 001)**	(24 026)	(80 018)
Dividend income	2	**6 506**	7 794	12 613
Equity accounted profit attributable to joint ventures		**23 769**	33 342	72 193
(Loss)/Profit before taxation		**(18 890)**	450 357	809 580
Taxation		**(19 011)**	(126 971)	(213 127)
(Loss)/Profit for the period		**(37 901)**	323 386	596 453
Other comprehensive income		**66 947**	56 765	370
Exchange differences on translation of foreign operations		**68 680**	56 232	(772)
Net (loss)/profit on available-for-sale asset, net of tax		**–**	(80)	247
Movement in cash flow hedge accounting reserve, net of tax		**(1 733)**	613	895
Total comprehensive income for the period, net of tax		**29 046**	380 151	596 823
(Loss)/Profit attributable to:				
Owners of the parent		**(41 861)**	317 192	587 844
Non-controlling interests		**3 960**	6 194	8 609
		(37 901)	323 386	596 453
Total comprehensive income attributable to:				
Owners of the parent		**28 100**	372 310	587 203
Non-controlling interests		**946**	7 841	9 620
		29 046	380 151	596 823
Basic (loss)/earnings per ordinary share (cents)		**(24,8)**	188,0	348,6
Diluted basic (loss)/earnings per ordinary share (cents)		**(24,8)**	187,8	348,3
Headline (loss)/earnings per ordinary share (cents)		**(23,0)**	188,1	350,4
Diluted (loss)/headline earnings per ordinary share (cents)		**(23,0)**	187,9	350,2

* *Please refer to note 1.2*

Consolidated statement of changes in equity

	Attributable to owners of the parent						
	Issued share capital R'000	Share premium R'000	Retained income R'000	Non-distri-butable reserves R'000	Total attribut-able to ordinary share-holders R'000	Non-controlling interests R'000	Total R'000
Balance at 30 September 2012 (restated*)	16 872	547 400	2 502 510	356 229	3 423 011	125 500	3 548 511
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	7 841	380 151
Profit for the period			317 192		317 192	6 194	323 386
Other comprehensive income				55 118	55 118	1 647	56 765
Dividends			(195 128)		(195 128)	(1 236)	(196 364)
Balance at 31 March 2013 (restated*)	16 858	523 697	2 624 482	420 016	3 585 053	131 944	3 716 997
Share issue	6	1 498			1 504		1 504
Movement in treasury shares	(32)	(21 131)			(21 163)		(21 163)
Share-based payment expense				4 408	4 408		4 408
Acquisition of non-controlling interests in Ayrton Drug Manufacturing Limited			(27)		(27)	(62)	(89)
Total comprehensive income			270 652	(55 759)	214 893	1 779	216 672
Profit for the period			270 652		270 652	2 415	273 067
Other comprehensive income				(55 759)	(55 759)	(636)	(56 395)
Share issue expenses incurred by subsidiary				(3 669)	(3 669)		(3 669)
Dividends			(145 010)		(145 010)	(5 744)	(150 754)
Balance at 30 September 2013 (restated*)	16 832	504 064	2 750 097	364 996	3 635 989	127 917	3 763 906
Share issue	46	6 857			6 903		6 903
Share-based payment expense				13 252	13 252		13 252
Acquisition of non-controlling interests in Ayrton Drug Manufacturing Limited			(64)		(64)	(150)	(214)
Total comprehensive income			(41 861)	69 961	28 100	946	29 046
Loss for the period			(41 861)		(41 861)	3 960	(37 901)
Other comprehensive income				69 961	69 961	(3 014)	66 947
Dividends			–		–	(1 391)	(1 391)
Balance at 31 March 2014 (unaudited)	**16 878**	**510 921**	**2 708 172**	**448 209**	**3 684 180**	**127 322**	**3 811 502**

* *Please refer to note 1.2*

Consolidated statements of financial position

	Unaudited 31 March 2014 R'000	Restated* 31 March 2013 R'000	Restated* 30 September 2013 R'000
ASSETS			
Property, plant and equipment	**1 637 077**	1 540 260	1 648 709
Intangible assets	**1 457 593**	1 513 099	1 435 716
Other financial assets	**136 695**	139 653	139 646
Other non-financial asset	**39 972**	–	36 987
Loans receivable	**–**	7 250	–
Investment in joint ventures	**197 321**	149 111	174 237
Deferred tax	**8 513**	338	7 829
Non-current assets	**3 477 171**	3 349 711	3 443 124
Inventories	**1 471 878**	1 278 985	1 523 076
Trade and other receivables	**1 394 501**	1 440 667	1 548 059
Cash and cash equivalents	**149 041**	42 865	97 592
Taxation receivable	**104 362**	45 515	86 368
Current assets	**3 119 782**	2 808 032	3 255 095
Total assets	**6 596 953**	6 157 743	6 698 219
EQUITY AND LIABILITIES			
Capital and reserves			
Issued share capital	**16 878**	16 858	16 832
Share premium	**510 921**	523 697	504 064
Non-distributable reserves	**448 209**	420 016	364 996
Retained income	**2 708 172**	2 624 482	2 750 097
Total shareholders' funds	**3 684 180**	3 585 053	3 635 989
Non-controlling interests	**127 322**	131 944	127 917
Total equity	**3 811 502**	3 716 997	3 763 906
Long-term borrowings	**1 005 227**	3 720	2 253
Post-retirement medical liability	**16 038**	15 941	15 108
Deferred tax	**120 079**	91 364	121 564
Non-current liabilities	**1 141 344**	111 025	138 925
Trade and other payables	**1 116 433**	1 015 360	1 295 168
Bank overdraft	**456 739**	939 919	1 307 993
Short-term borrowings	**5 874**	304 365	103 071
Cash-settled options	**23 201**	34 373	39 150
Provisions	**41 860**	35 704	50 006
Current liabilities	**1 644 107**	2 329 721	2 795 388
Total equity and liabilities	**6 596 953**	6 157 743	6 698 219

** Please refer to note 1.2*

Consolidated statements of cash flows

	Unaudited six months ended 31 March 2014 R'000	Restated* six months ended 31 March 2013 R'000	Restated* year ended 30 September 2013 R'000
Cash flows from operating activities			
Operating profit before working capital changes	**149 757**	526 686	1 074 282
Working capital changes	**(35 753)**	(405 360)	(576 688)
Cash generated from operations	**114 004**	121 326	497 594
Finance income, excluding receivable	**4 895**	10 394	18 699
Finance costs, excluding accrual	**(52 736)**	(19 153)	(71 230)
Dividend income	**16 506**	21 502	34 990
Dividends paid	**(1 391)**	(196 364)	(347 118)
Taxation paid	**(38 914)**	(84 684)	(189 861)
Net cash inflow/(outflow) from operating activities	**42 364**	(146 979)	(56 926)
Cash flows from investing activities			
Decrease in other financial assets	**–**	–	409
Acquisition of Cosme business, net of cash	**–**	(821 593)	(821 593)
Purchase of property, plant and equipment	**(62 167)**	(149 143)	(319 577)
Decrease in loans receivable	**–**	2 922	–
Proceeds on disposal of property, plant and equipment	**5**	–	377
Net cash outflow from investing activities	**(62 162)**	(967 814)	(1 140 384)
Cash flows from financing activities			
Acquisition of non-controlling interests in Ayrton Drug Manufacturing Limited	**(214)**	(253)	(342)
Proceeds from issue of share capital	**6 903**	3 595	5 099
Purchase of treasury shares	**–**	(27 312)	(48 475)
Share issue expenses incurred by subsidiary	**–**	–	(3 669)
Increase in borrowings	**1 005 402**	3 608	3 924
Repayment of borrowings	**(100 000)**	(200 000)	(402 980)
Net cash inflow/(outflow) from financing activities	**912 091**	(220 362)	(446 443)
Net increase/(decrease) in cash and cash equivalents	**892 293**	(1 335 155)	(1 643 753)
Net foreign exchange difference on cash and cash equivalents	**10 410**	4 014	(735)
Cash and cash equivalents at beginning of period	**(1 210 401)**	434 087	434 087
Cash and cash equivalents at end of period	**(307 698)**	(897 054)	(1 210 401)

* *Please refer to note 1.2*

Notes to the consolidated financial statements

1 BASIS OF PREPARATION

1.1 Introduction

The abridged unaudited interim results have been prepared in compliance with the Listings Requirements of the JSE Limited, International Financial Reporting Standards (IFRS), the requirements of the International Accounting Standards (IAS) 34: *Interim Financial Reporting*, SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act, No. 71 of 2008.

Mr Andy Hall, Deputy Chief Executive and Financial Director, is responsible for this set of financial results and has supervised the preparation thereof in conjunction with the Finance Executive, Ms Dorette Neethling.

1.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amended IFRS standards and interpretations during the year:

a) The adoption of the following standards and interpretations did not have any effect on the financial performance or position of the Group:

* IFRS 10: *Consolidated Financial Statements;*
* IAS 27: *Consolidated and Separate Financial Statements;*
* IFRS 12: *Disclosure on Interest in Other Entities;*
* IFRS 13: *Fair Value Measurement; and*
* IAS 19: *Employee Benefits.*

b) The adoption of the following standards impacts the disclosure of the financial position of the Group, but does not impact the performance of the Group:

* IAS 28: *Investments in Associates and Joint Ventures; and*
* IFRS 11: *Joint Arrangements.*

The application of IAS 28 and IFRS 11 impacted the Group's recording of its interest in the joint ventures: Adcock Ingram Limited (India) and National Renal Care (Pty) Limited. Prior to the transition, the Group's share of the assets, liabilities, revenue, income and expenses of these joint ventures was proportionately consolidated. Upon adoption of IAS 28 and IFRS 11, the Group is required to account for its share in these entities using the equity method. This was applied retrospectively and the comparative information for the reporting periods in 2013 are restated. The detailed disclosures on the impact of the restatement of the September 2013 figures can be found in Annexure I to the Annual Financial Statements for the year ended 30 September 2013. The only change to the revised figures reflected in that Annexure is an allocation of R33,5 million between Fixed and administrative expenses and Selling and distribution expenses.

	Unaudited six months ended 31 March 2014 R'000	Restated* six months ended 31 March 2013 R'000	Restated* year ended 30 September 2013 R'000
2 REVENUE			
Turnover	**2 420 476**	2 341 813	5 195 185
Finance income	**5 960**	7 807	21 510
Dividend income	**6 506**	7 794	12 613
	2 432 942	2 357 414	5 229 308

	Unaudited six months ended 31 March 2014 R'000	Restated* six months ended 31 March 2013 R'000	Restated* year ended 30 September 2013 R'000
3 NON-TRADING (EXPENSES)/INCOME			
Transaction costs	**(91 003)**	–	(34 630)
Impairment of intangible asset	**(3 008)**	–	–
Impairment of long-term receivable	**(2 951)**	–	–
Share-based payment expenses	**(16 857)**	(14 320)	(33 478)
Foreign exchange gain on Cosme acquisition	**–**	42 419	42 419
	(113 819)	28 099	(25 689)
4 SEGMENT REPORTING			
Turnover			
Southern Africa	**2 190 708**	2 227 939	4 809 518
OTC	**734 119**	906 058	2 002 279
Prescription	**975 032**	856 707	1 852 759
Hospital	**481 557**	465 174	954 480
Rest of Africa	**135 725**	80 585	220 635
India	**106 114**	39 718	178 041
	2 432 547	2 348 242	5 208 194
Less: Intercompany sales	**(12 071)**	(6 429)	(13 009)
	2 420 476	2 341 813	5 195 185
Contribution after marketing expenses (CAM) and operating profit			
Southern Africa	**343 509**	570 590	1 137 098
OTC	**150 553**	322 121	707 403
Prescription	**148 765**	178 204	321 704
Hospital	**44 191**	70 265	107 991
Rest of Africa	**21 743**	17 531	48 253
India	**10 459**	14 925	49 586
	375 711	603 046	1 234 937
Less: Intercompany	**(5 598)**	(4 751)	(9 194)
CAM	**370 113**	598 295	1 225 743
Less: Other operating expenses[1]	**(368 237)**	(172 855)	(442 461)
Research and development	**(49 199)**	(52 051)	(104 941)
Fixed and administrative	**(319 038)**	(120 804)	(337 520)
Operating profit	**1 876**	425 440	783 282
[1] Other operating expenses are managed on a central basis and are not allocated to operating segments.			
Total assets			
Southern Africa	**5 164 501**	4 924 576	5 285 204
Pharmaceuticals	**4 452 677**	4 305 599	4 585 199
Hospital	**711 824**	618 977	700 005
Rest of Africa	**277 116**	85 748	286 104
India	**1 155 336**	1 147 419	1 126 911
Total assets	**6 596 953**	6 157 743	6 698 219

	Unaudited six months ended 31 March 2014 R'000	Restated* six months ended 31 March 2013 R'000	Restated* year ended 30 September 2013 R'000
5 INVENTORY			
The amount of inventories written down recognised as an expense in profit or loss	**25 594**	17 029	38 283
6 CAPITAL COMMITMENTS			
– contracted	**33 452**	235 873	34 737
– approved, but not contracted	**73 406**	54 024	117 342
	106 858	289 897	152 079
7 HEADLINE (LOSS)/EARNINGS			
Earnings per share is derived by dividing earnings attributable to owners of Adcock Ingram for the period, by the weighted average number of shares in issue.			
Headline (loss)/earnings is determined as follows:			
(Loss)/Earnings attributable to owners of Adcock Ingram	**(41 861)**	317 192	587 844
Adjusted for:			
Impairment of intangible asset	**3 008**	–	–
Loss on disposal of property, plant and equipment, net of tax	**24**	167	3 065
Headline (loss)/earnings	**(38 829)**	317 359	590 909
8 SHARE CAPITAL	**Number of shares '000**	Number of shares '000	Number of shares '000
Number of ordinary shares in issue	**201 589**	201 066	201 128
Number of A and B shares held by the BEE participants	**(25 944)**	(25 944)	(25 944)
Number of ordinary shares held by the BEE participants	**(2 571)**	(2 255)	(2 571)
Number of ordinary shares held by Group company	**(4 285)**	(4 285)	(4 285)
Net shares in issue	**168 789**	168 582	168 328
Headline earnings and basic earnings per share are based on:			
Weighted average number of shares	**168 622**	168 696	168 618
Diluted weighted average number of shares	**168 697**	168 868	168 753

* *Please refer to note 1.2*

INTRODUCTION

Adcock Ingram is a leading South African manufacturer, marketer and distributor of a wide range of healthcare products. The Group enjoys a sizeable share of the private pharmaceutical market with a strong presence in over the counter (OTC) brands. The Group is South Africa's largest supplier of hospital and critical care products and its footprint extends to other territories in sub-Saharan Africa and India. The Group's extensive product portfolio includes branded and generic prescription medicines, OTC/fast moving consumer goods (FMCG) brands, intravenous solutions, blood collection products and renal dialysis systems.

OPERATIONAL PERFORMANCE

The poor operational performance for the reporting period under review is regrettable and unfortunate. There are a number of sector specific reasons for the Group's under-performance, not least, the generally negative market conditions during the period under review, margin pressures through an under recovery of increasing input and overhead costs, these substantially arising through unfavourable currency conversion rates, compounded by inflation of certain key overheads and an unusually prolonged adverse product sales mix.

The Group was also the target in a protracted contest for shareholder control and not unexpectedly, the drawn out and exacting corporate and regulatory processes preoccupied certain key management and they, together with the Board of directors (Board), became embroiled by the demands of these events and actions. It was inevitable that there would be economic consequences under such circumstances and apart from significant but identifiable legal and professional costs, the negative commercial effects of this prolonged distraction, though specifically unquantifiable, must to a lesser or greater extent, be revealed in the disappointing results set out above. Shareholder control issues were finally resolved towards the end of February 2014, when a consortium led by the Bidvest Group acquired a material interest in the Company, forcing the termination of the proposed offer and scheme of arrangement between the Company and CFR Pharmaceuticals (Chile).

FINANCIAL REVIEW

Turnover

Sales were negatively impacted by a sharp slow-down in the over the counter (OTC) and prescription generics portfolios in Southern Africa. Nevertheless, total Group turnover, which included the turnover of Datlabs (Zimbabwe) and Cosme (India) for the six-month period increased by 3,4% to R2,421 million (2013: R2,342 million).

Profits

Gross profit for the six-month period decreased by 13,9% to R846 million (2013: R983 million).

Gross profit as a percentage of sales was under extreme pressure as a result of an unfavourable product sales mix and Rand depreciation. The adverse currency exchange rates impacted negatively on the cost of imported active ingredients and other materials, compounded by cost input inflation and the under recovery of fixed costs with certain facilities running below capacity, particularly the oral liquids facility in Clayville.

Comparable operating overhead costs increased by 24,7% to R730 million (2013: R585 million). The significant increase relates substantially to the inclusion of costs incurred at Datlabs and Cosme for the first time amounting to R84 million. Non-trading expenses of R114 million include R91 million relating to the failed CFR bid process.

Net finance costs were R51 million, compared to R16 million in the comparative period as the average borrowings increased following the acquisition of Cosme.

After net finance costs, dividends received and equity accounted profits from joint ventures, a loss before tax of R19 million (2013: R450 million profit) was recorded. A tax liability of R19 million has been provided for, as expenditure relating to the CFR corporate actions are not deductible for tax purposes. This results in a loss after tax of R38 million, compared to a profit of R323 million recorded in 2013.

Headline loss

A headline loss of R39 million was recorded for the six months ended 31 March 2014, compared to 2013 headline earnings of R317 million. This translates into a loss per share of 24,8 cents (2013: earnings of 188,0 cents) and a headline loss per share of 23,0 cents (2013: earnings of 188,1 cents) in the current period. Absent the costs of the CFR corporate actions, headline earnings per share on this basis would have been 29,1 cents compared to the headline loss of 23,0 cents reflected above.

Cash flows

Cash generated from operations was R114 million (2013: R121 million) after working capital increased by R36 million.

Trade accounts and other receivables decreased by R154 million and remain well controlled. Inventory decreased by R24 million despite the overall exchange rate impact.

Total capital expenditure for the six months amounted to R62 million (2013: R149 million) which included the completion of the tableting facility at Wadeville.

Subsequent to September 2013, the final instalment of R100 million was repaid on the capex loan facility. A secured term loan of R1 billion was concluded with Nedbank, replacing a portion of the bank overdraft. The secured loan incurs interest payable quarterly in arrears and the capital is due for repayment in December 2018.

BUSINESS OVERVIEW

Southern Africa

This segment encompasses all of the businesses in the Southern African region namely OTC, Prescription and Hospital. Overall, the region posted a sales decrease of 1,7%.

OTC turnover reduced by 19% to R734 million (2013: R906 million), driven by a decline in the independent wholesale channel, strong competition and through consumers continuing to buy down due to economic pressure.

Turnover in the **Prescription** business increased by 13,8% to R975 million (2013: R857 million). This was impacted by the introduction of new products and success in being awarded certain ARV and other oral dosage tenders. The branded portfolio performed well but sales in the generics portfolio were disappointing.

Hospital turnover increased by 3,5% over the comparable period to R482 million (2013: R465 million). The renal portfolio continues its growth trend, but blood products and medicine delivery sales were marginally lower.

Rest of Africa and India

Revenue in the Rest of Africa, with the inclusion of Datlabs in Zimbabwe, increased 68% over the comparative period.

In **Ghana** sales increased by 10,3% to R60 million (2013: R55 million). Certain Adcock Ingram products in Ghana were negatively impacted due to registration issues. The Ghanaian government also introduced a new 17,5% Value Added Tax (VAT) rate replacing a zero VAT rating previously applicable to locally manufactured pharmaceuticals. This has generally dampened activity in the market place and could impact negatively on sales in the short to medium term.

In **East Africa**, sales increased to R21 million (2013: R14 million), driven by expansion into Uganda and Rwanda and further product registrations in Tanzania.

In **Zimbabwe** sales were negatively impacted by the overall cash crisis experienced in the market due to low national government spending and delayed settlement of invoices from the local government.

Although the periods of operations are not fairly comparable, sales of R106 million were recorded in **India** during the period under review compared to R40 million in 2013. The performance to date has not been optimal for various reasons but management now have a sound understanding of the immediate market, the staffing and regulatory environment. Following the material investment of R782 million in January 2013, management remains optimistic about the future prospects of the Cosme business as the Indian team has developed a solid platform from which to grow the business.

REGULATORY ENVIRONMENT

The Department of Health (DOH) announced a Single Exit Price (SEP) increase of 5,8%, implemented in March 2014 for the Prescription and OTC businesses and in April 2014 for Hospital products.

The Company is supportive of the introduction of regulations controlling complementary and alternative medicines (CAMS), in order to maintain quality, safety and efficacy of this category of medicines. Adcock Ingram, through its membership of an industry association, continues to engage with the Medicines Control Council (MCC) to gain clarification on their objectives.

At this stage, pending finality on the definition of a complementary medicine and any regulatory final implementation plan, it is not possible to quantify whether there will be any material impact on the CAMS business.

PROSPECTS

Adcock Ingram, operating primarily in the South African market, remains concerned that the DOH approved SEP increase of 5,8% is insufficient to offset the impact of the weak Rand on active ingredient prices, and local wage and utilities inflation.

Sales recovery and margin pressure therefore remains of concern in the short term.

The Company is currently implementing substantive changes to its internal structures and processes in order to create more defined but decentralised business units. The changes will *inter alia* create autonomous operating divisions with separate focused strategies to best manage the challenges and opportunities in each of the Adcock Ingram businesses, while at the same time, facilitating full accountability in each case.

These changes, in the process of implementation, are expected to be completed by 1 July 2014, hopefully triggering a renewed focus of the Group's business operations, so as to restore the Company's profitability at the earliest possible time. The full financial outcome of these systems and structural changes is yet to be finalised and the impact could result in further consequential expenditure and impairments which will affect the Group's audited results for the period ending 30 June 2014.

While the road ahead is likely to be challenging, the Board remains optimistic that management will respond to the task of successfully building on the proud history of the Company over the short to medium term.

CHANGES TO THE BOARD

Professor Matthias Haus was appointed as a member of the Audit Committee with effect from 3 December 2013.

Mr Leon Schönknecht retired as a non-executive director and Mr Andrew Thompson was not re-elected at the annual general meeting of Adcock Ingram on Friday, 31 January 2014.

Dr Khotso Mokhele tendered his resignation as non-executive Chairman of the Board, effective 19 February 2014.

With effect from 24 February 2014, Mr Brian Joffe was appointed as non-executive Chairman of the Board. On 25 February 2014 Mr Michael (Motty) Sacks was appointed as an independent non-executive director and Chairman of the Audit Committee and Mr Clifford Raphiri, an independent non-executive director of Adcock Ingram, was appointed as the lead independent director.

Following the resignation of Dr Jonathan Louw on 1 April 2014, Mr Kevin Wakeford was appointed as the Chief Executive Officer of Adcock Ingram on 3 April 2014.

On 10 April 2014, Mr Lindsay Ralphs, Dr Anna Mokgokong and Mr Roshan Morar were appointed as non-executive directors of the Company. Messrs Morar, Ralphs and Sacks have been appointed as members of the Human Resources, Remuneration and Nominations Committee; Dr Mokgokong and Mr Wakeford have been appointed as members of the Social, Ethics and Transformation Committee; Mr Morar has been appointed as a member of the Audit Committee; and Mr Sacks has been appointed as a member of the Risk and Sustainability Committee.

The Board of the Company as at today is constituted as follows:

Mr B Joffe *(Non-Executive Chairman)*

Mr K Wakeford *(Chief Executive Officer)*

Mr A Hall *(Deputy Chief Executive and Financial Director)*

Prof M Haus *(Independent Non-Executive Director)*

Dr T Lesoli *(Independent Non-Executive Director)*

Mr M Makwana *(Independent Non-Executive Director)*

Dr A Mokgokong *(Non-Executive Director)*

Mr R Morar *(Non-Executive Director)*

Mr L Ralphs *(Non-Executive Director)*

Mr C Raphiri *(Lead Independent Non-Executive Director)*

Mr M Sacks *(Independent Non-Executive Director)*

Dr R Stewart *(Independent Non-Executive Director)*

CHANGE IN FINANCIAL YEAR

Shareholders are advised that for better performance management and other goal directed operational practicalities, the Company's financial year end has been changed from September to June. Accordingly, the next formal results communication will be the audited financial results for the nine months ending 30 June 2014.

DIVIDEND

The Board has resolved that no dividend will be considered prior to the interim results for the six-month period ending 31 December 2014.

By order of the Board

B Joffe
Chairman

K Wakeford
Chief Executive Officer

AG Hall
Deputy Chief Executive and Financial Director

Johannesburg
27 May 2014

Notes

Notes

Corporate information

ADCOCK INGRAM HOLDINGS LIMITED

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

Directors:
Mr B Joffe (Non-Executive Chairman)
Mr K Wakeford (Chief Executive Officer)
Mr A Hall (Deputy Chief Executive and Financial Director)
Prof M Haus (Independent Non-Executive Director)
Dr T Lesoli (Independent Non-Executive Director)
Mr M Makwana (Independent Non-Executive Director)
Dr A Mokgokong (Non-Executive Director)
Mr R Morar (Non-Executive Director)
Mr L Ralphs (Non-Executive Director)
Mr C Raphiri (Lead Independent Non-Executive Director)
Mr M Sacks (Independent Non-Executive Director)
Dr R Stewart (Independent Non-Executive Director)

Company secretary:
NE Simelane

Registered office:
1 New Road, Midrand, 1682

Postal address:
Private Bag X69, Bryanston, 2021

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