



**lenmed**  
Embrace every day

Preliminary  
statements for  
the year ended  
**29 February 2016**



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# Statement of financial position

Figures in Rands

	GROUP	
	2016	2015
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	1 620 905 603	1 133 985 417
Goodwill	29 935 259	22 406 819
Investment in associates	206 888 475	190 626 548
Deferred taxation	27 841 121	27 488 212
	<b>1 885 570 458</b>	1 374 506 996
<b>Current Assets</b>		
Inventory	27 160 427	31 771 295
Trade and other receivables	375 782 224	307 063 791
Taxation	2 822 215	262 709
Cash and cash equivalents	140 025 882	121 933 118
	<b>545 790 748</b>	461 030 913
<b>TOTAL ASSETS</b>	<b>2 431 361 206</b>	1 835 537 909
<b>EQUITY AND LIABILITIES</b>		
<b>Equity and Reserves</b>		
Stated capital	219 843 313	219 483 313
Other Reserves	411 749 185	257 936 365
Accumulated profits	830 512 488	677 988 621
Non-controlling interest	31 303 784	18 389 737
	<b>1 493 408 770</b>	1 173 798 036
<b>Non-Current Liabilities</b>		
Long term liabilities	354 755 129	175 926 742
Loans from minorities	127 169 407	93 683 360
Deferred taxation	116 014 510	91 360 033
	<b>597 939 046</b>	360 970 135
<b>Current Liabilities</b>		
Trade and other payables	203 964 203	144 007 746
Current portion of long term liabilities	68 380 576	92 426 709
Short term loan	–	11 000 000
Provisions	29 782 170	20 339 722
Taxation	4 256 216	4 014 299
Bank overdraft	33 630 225	28 981 262
	<b>340 013 390</b>	300 769 738
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2 431 361 206</b>	1 835 537 909

# Statement of comprehensive income

## Figures in Rands

	GROUP		
	2016	2015	% change
<b>Profit and Loss</b>			
Revenue	1 379 225 009	1 230 247 232	12
Cost of sales	(374 861 351)	(363 703 469)	(3)
<b>Gross profit</b>	<b>1 004 363 658</b>	866 543 763	16
Other income	48 072 482	37 696 107	28
Operating costs	(863 785 539)	(760 691 690)	(14)
<b>Profit before interest and taxation</b>	<b>188 650 601</b>	143 548 180	31
Share of profit from associates	28 516 547	32 061 661	(11)
Investment income	3 644 387	13 256 878	(73)
Finance costs	(16 699 622)	(29 218 938)	43
<b>Profit before taxation</b>	<b>204 111 913</b>	159 647 781	28
Taxation	(45 397 244)	(34 165 370)	(33)
<b>PROFIT FOR THE YEAR</b>	<b>158 714 669</b>	125 482 411	26
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit and loss</i>			
Gain on property revaluation	53 941 439	-	
Gross property revaluation	71 442 217	-	
Tax effect on property revaluation	(17 500 778)	-	
<i>Items that may be reclassified subsequently to profit and loss</i>			
Foreign currency translation reserve	107 504 157	18 770 096	473
<b>Total other comprehensive income</b>	<b>161 445 596</b>	18 770 096	760
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>320 160 265</b>	144 252 507	122
<b>Profit for the year attributable to:</b>			
Non-controlling interests	6 190 802	2 401 672	158
Lenmed Investments Ltd equity holders	152 523 867	123 080 739	24
	<b>158 714 669</b>	125 482 411	26
<b>Total comprehensive income attributable to:</b>			
Non-controlling interests	12 913 807	3 108 626	315
Lenmed Investments Ltd equity holders	307 246 458	141 143 881	118
	<b>320 160 265</b>	144 252 507	122

# Headline earnings

## Figures in Rands

	GROUP	
	2016	2015
<b>Profit for the year attributable to Lenmed</b>	<b>152 523 867</b>	123 080 739
Add: Net effect after tax on Pharmed sale (includes CGT of R8 195 157)	-	6 098 219
Less: Profit of disposal of assets net of tax	(139 194)	(2 861)
Less: Profit on acquisition of stock and debtors net of taxation and minorities	-	(151 418)
Less: Bargain purchase price on acquisition of associate	-	(1 317 186)
	<b>152 384 673</b>	127 707 493
<b>Variance</b>	<b>19.3%</b>	

## Statement of changes in equity

Figures in Rands

	Stated capital	Revaluation reserve	Foreign currency translation reserve	Share-based payment reserve	Accumulated profits	Equity attributable to Group	Non-controlling interest	Total
<b>GROUP</b>								
Balance at 1 March 2014	219 283 313	176 544 490	59 004 765	511 273	554 907 882	1 010 251 723	15 281 111	<b>1 025 532 834</b>
Profit for the year	-	-	-	-	123 080 739	123 080 739	2 401 672	<b>125 482 411</b>
Other comprehensive income	-	-	18 063 141	-	-	18 063 141	706 954	<b>18 770 095</b>
Share-based payment accrual	-	-	-	3 812 696	-	3 812 696	-	<b>3 812 696</b>
Issue of share capital	200 000	-	-	-	-	200 000	-	<b>200 000</b>
<b>BALANCE AT 1 MARCH 2015</b>	<b>219 483 313</b>	<b>176 544 490</b>	<b>77 067 906</b>	<b>4 323 969</b>	<b>677 988 621</b>	<b>1 155 408 299</b>	<b>18 389 737</b>	<b>1 173 798 036</b>
Increase in minority on acquisition of shares	-	-	-	-	-	-	240	<b>240</b>
Profit for the year	-	-	-	-	152 523 867	152 523 867	6 190 802	<b>158 714 669</b>
Other comprehensive income	-	53 714 916	101 007 675	-	-	154 722 591	6 723 005	<b>161 445 596</b>
Share-based payment reversal	-	-	-	(909 771)	-	(909 771)	-	<b>(909 771)</b>
Issue of share capital	360 000	-	-	-	-	360 000	-	<b>360 000</b>
<b>BALANCE AT 29 FEBRUARY 2016</b>	<b>219 843 313</b>	<b>230 259 406</b>	<b>178 075 581</b>	<b>3 414 198</b>	<b>830 512 488</b>	<b>1 462 104 986</b>	<b>31 303 784</b>	<b>1 493 408 770</b>

# Statement of cash flows

## Figures in Rands

	GROUP	
	2016	2015
<b>Cash flows from operating activities</b>		
Profit for the year	158 714 669	125 482 411
Finance costs	16 699 622	29 218 938
Income tax	45 397 244	34 165 370
Depreciation and amortisation	45 338 527	36 588 456
Interest income	(3 644 387)	(13 256 878)
(Profit)/Loss on disposal of property, plant and equipment	(236 077)	3 974
Profit on disposal of investment	-	(2 096 938)
Capital issued in respect of long service awards	360 000	200 000
Share-based payment accrual	(909 771)	3 812 696
Income from associates	(28 516 547)	(33 378 847)
Foreign currency translation adjustments	(29 350 952)	103 956
<b>Operating cash flow before working capital changes</b>	<b>203 852 328</b>	180 843 138
<b>Working capital changes</b>		
Decrease/(Increase) in inventory	4 610 868	(242 276)
(Increase) in trade and other receivables	(68 718 433)	(57 627 302)
Increase in trade and other payables and accruals	68 579 802	11 250 499
<b>Cash generated by operating activities</b>	<b>208 324 565</b>	134 224 059
Interest income	3 644 387	13 256 878
Finance costs	(16 699 622)	(29 218 938)
Income tax paid	(40 914 046)	(46 866 657)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>154 355 284</b>	71 395 342

# Statement of cash flows

## Figures in Rands

	GROUP	
	2016	2015
<b>Net cash from operating activities</b>	<b>154 355 284</b>	71 395 342
<b>Cash flows from investing activities</b>		
Property, plant and equipment acquired	(263 189 747)	(79 381 652)
- to maintain operating capacity	(33 080 093)	(33 008 554)
- to expand operating capacity	(230 109 654)	(46 373 098)
Proceeds on disposals of property, plant and equipment	411 812	15 264
Proceeds on disposal of associate	-	96 411 801
Decrease in loan to associate	14 486 920	14 474 740
Increase in Investment in associates	(2 232 300)	(3 368 615)
Business combination effected	(34 170 663)	-
<b>NET CASH (UTILISED IN)/GENERATED BY INVESTING ACTIVITIES</b>	<b>(284 693 978)</b>	28 151 538
<b>Cash flows from financing activities</b>		
Net loans (repaid)/raised	143 782 255	(47 786 748)
Loans raised	214 484 209	6 324 410
Loans paid	(70 701 954)	(54 111 158)
Issue of shares to minorities	240	-
<b>NET CASH GENERATED BY/(UTILISED IN) FINANCING ACTIVITIES</b>	<b>143 782 495</b>	(47 786 748)
Increase in cash and cash equivalents	13 443 801	51 760 132
Cash and cash equivalents at beginning of the year	92 951 856	41 191 724
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>106 395 657</b>	92 951 856

## Accounting policies

### 1. BASIS OF PREPARATION

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting Standards and the Companies Act of South Africa. These policies have been consistently applied to all years presented, unless otherwise stated.

The annual financial statements have been prepared on the historical cost basis except for the revalued land and buildings.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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