Dis-Chem Pharmacies Limited
("Dis-Chem" or "the Company")
(Incorporated in the Republic of South Africa)
(Registration number 2005/009766/06)
Share code: DCP
ISIN: ZAE000227831

PROVISIONAL REVIEWED ANNUAL CONDENSED CONSOLIDATED RESULTS
FOR THE YEAR ENDED 28 FEBRUARY 2018

TURNOVER UP 13.3%
ADJUSTED HEADLINE EARNINGS UP 19.7%
RETURN ON EQUITY 50%
DIVIDENDS 31.5 cps

COMMENTARY

Overview
Earnings attributable to shareholders, headline earnings and adjusted headline earnings increased by 11.7%, 12.1% and 19.7% respectively from the prior year.

Earnings per share, headline earnings per share and adjusted headline earnings per share are 79.6, 79.6 and 78.7 cents per share, an increase of 6.1%, 6.6% and 13.7% respectively from the prior year. This was negatively impacted by the increase in the weighted average number of shares (WANOS) which increased to 860 073 376 as at 28 February 2018 compared to WANOS of 816 617 238 for the comparative period. The increase in WANOS was as a result of the weighting effect of the Group restructure prior to the listing on the JSE.

Trading and financial performance
Group turnover increased by 13.3% to R19.6 billion from the prior year.

- Retail turnover increased by 15.0% from the prior year with like-for-like (LFL) turnover increasing by 6.6%.
- Product inflation was estimated at 2.9% for the year.
- Wholesale turnover increased by 19.6% from the prior year.

Group turnover growth was as a result of maturing store base as well as the addition of 21 stores in the current year resulting in 129 stores at February 2018.

All core categories experienced strong volume growth as a result of maturing and increasing space. As a result the Group continues to gain market share in the core categories.

CJ Distribution – representative of the wholesale segment – increased turnover by 19.6% as it reached 79% of total stock supply into the Group's retail stores.

Wholesale space, which now totals 80 123 m2 was increased with the addition of the Cape Town space (15 693m2) which was completed at the end of July 2017. Management believe that the wholesale space is now fully invested and will be able to accommodate retail and wholesale strategies for the next three to five years.

Post year-end CJ Distribution has acquired – pending competition commission approval – a regional wholesaler in Cape Town. This acquisition adds scale to the wholesale operations and provides opportunities to unlock retail and wholesale synergies.

Total income – aggregation of gross profit and other income – increased by 13.3% to R5.46 billion from the prior comparative period (2018 margin: 27.9%; 2017 margin: 27.9%). On an adjusted basis, as described below, total income increased by 15.7% to R5.45 billion from the prior comparative period (2018 margin: 27.8%; 2017 margin: 27.2%). The increase is a direct result of better trade terms with suppliers as the Group continues to increase market shares in core categories.

Operating profit remained consistent from the prior comparative period at R1.13 billion (2018 margin: 5.8%; 2017 margin: 6.5%). On an adjusted basis, as described below, operating profit increased by 5% to R1.11 billion (2018 margin: 5.7%; 2017 margin: 6.1%) from the prior comparative period.

The Group's retail segment increased operating profit by 19.4% .This strong retail performance is due to a maturing store base, good margin management and 21 new stores that were added to the Group.

Countering the increased operating profit in the retail segment, as a result of the costs associated with the 20.2% increase in wholesale space, the wholesale segment extended operating losses to R169 million.

Net finance costs decreased by 28.9% to R160 million from the prior comparative period. The decrease is primarily due to the settlement of R153 million of term debt in the financial year.

Total assets increased by 21% or R1.2 billion from the prior comparative period. The increase is due to the fixed assets and working capital requirements of the new retail stores and additional wholesale space. The acquisition of Optipharm Proprietary Limited on 1 April 2017 has also contributed to the increase in total assets. Total capital expenditure of R374 million comprised of R296 million of expansionary expenditure and R78 million of replacement expenditure.

In the current year the Group has improved its overall working capital position from 43 days to 36.4 days. The improvement was principally due to a concerted effort by management to extend creditors days which have increased from 61 days at February 2017 to 73 days at February 2018. The Group is expected to maintain the overall working capital position between 35 and 40 days going forward.

Directorate

With effect from 3 May 2017, MSI Gani joined the board as a non-executive independent director. No other changes have been made to the board.

Outlook

The Group expects that the consumer will continue to remain constrained despite improving sentiment. As was the case previously, the resilient markets in which the Group operates will offer protection against the weak environment; the Group is well positioned to benefit from additional consumer disposable income. For the eight weeks to 26 April 2018, Group turnover increased by 11% from the prior year.

The Group remains focussed on adding retail stores and scale to its base and leveraging off an invested cost base in both the Retail and Wholesale segments.

The finacial information in this outlook paragraph has not been audited, reviewed or reported on by the Group's external auditors

Dividends declaration

Notice is hereby given that a gross final cash dividend of 12.73600 cents per share, in respect of the year ended 28 February 2018 has been declared based on 40% of adjusted headline earnings. The number of shares in issue at the date of this declaration is 860 084 483. The dividend has been declared out of income reserves as defined in the Income Tax Act, 1962, and will be subject to the South African dividend withholding tax ("DWT") rate of 20% which will result in a net dividend of 10.18880 cents per share to those shareholders who are not exempt from paying dividend tax. Dis-Chem's tax reference number is 931586144.

The salient dates relating to the payment of the dividend are as follows:

Last day to trade cum dividend on the JSE:	Tuesday, 22 May 2018
First trading day ex dividend on the JSE:	Wednesday, 23 May 2018
Record date:	Friday, 25 May 2018
Payment date:	Monday, 28 May 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 23 May 2018 and Friday, 25 May 2018, both days inclusive. Shareholders who hold ordinary shares in certificated form ("certificated shareholders") should note that dividends will be paid by cheque and by means of an electronic funds transfer ("EFT") method. Where the dividend payable to a particular certificated shareholder is less than R100, the dividend will be paid by EFT only to such certificated shareholder. Certificated shareholders who do not have access to any EFT facilities are advised to contact the company's transfer secretaries, Computershare Investor Services Proprietary Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196; on 011 370 5000; or on 0861 100 9818 (fax), in order to make the necessary arrangements to take delivery of the proceeds of their dividend.

Shareholders who hold ordinary shares in dematerialised form will have their accounts held at their CSDP or broker credited electronically with the proceeds of their dividend.

Approval

The provisional reviewed annual condensed consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the directors on 3 May 2018.

On behalf of the board

Ivan Saltzman	Rui Morais
Chief Executive Officer	Chief Financial Officer

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year to 28 February 2018 (Reviewed) R'000	Year to 28 February 2017 (Audited) R'000	% change
Revenue	20 275 054	17 897 313	13.3%
Turnover	19 560 462	17 268 475	13.3%
Cost of sales	(14 790 890)	(13 059 154)	(13.3%)
Gross profit	4 769 572	4 209 321	13.3%
Other income	686 271	604 861	13.5%
Other expenses	(4 330 728)	(3 679 386)	(17.7%)
Transaction costs for listing	–	(8 074)	
Operating profit	1 125 115	1 126 722	(0.1%)
Net financing costs	(160 082)	(225 240)	28.9%
– Finance income	28 321	23 977	
– Finance costs	(188 403)	(249 217)	
Share of profit from associates	–	501	
Profit before taxation	965 033	901 983	7.0%

Taxation	(266 706)	(246 871)	(8.0%)
Total comprehensive income for the year, net of tax	698 327	655 112	6.6%
Profit attributable to:			
– Equity holders of the parent	684 279	612 346	
– Non-controlling interests	14 048	42 766	
Earnings per share (cents)			
– Basic	79.6	75.0	
– Diluted	79.6	75.0	

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 28 February 2018 (Reviewed) R'000	As at 28 February 2017 (Audited) R'000
ASSETS		
Non-current assets	1 664 286	1 191 740
Property, plant and equipment	1 182 394	995 401
Intangible assets	300 461	40 310
Deferred taxation	181 431	156 029
Current assets	5 465 123	4 704 921
Inventories	3 947 937	3 233 911
Trade and other receivables	1 113 313	1 091 901
Loans receivable	113 876	72 270
Taxation receivable	9 998	12 141
Cash and cash equivalents	279 999	294 698
Total assets	7 129 409	5 896 661
EQUITY AND LIABILITIES		
Equity and reserves	1 632 057	1 106 902
Share capital	6 155 554	6 140 554
Common control reserve	–	(990 991)
Retained earnings/(loss)	98 546	(4 042 661)
Other reserves	(4 622 043)	–
Non-controlling interest	55 147	23 581
Total equity	1 687 204	1 130 483
Non-current liabilities	1 388 846	1 522 378
Finance lease liability	621 543	622 907
Operating lease obligation	213 198	179 162
Contingent consideration	54 500	73 309
Loans payable	499 605	647 000
Current liabilities	4 053 359	3 243 800
Trade and other payables	3 255 259	2 641 215
Employee-related obligations	146 014	125 391
Deferred revenue	81 292	95 364
Contingent consideration	21 749	24 003
Finance lease liability	9 943	2 390
Loans payable	198 798	173 659
Taxation payable	32 790	14 719
Bank overdraft	307 514	167 059
Total equity and liabilities	7 129 409	5 896 661
Net asset value per share (WANOS) (cents)	196.17	138.43
Net asset value per share (actual shares at year-end) (cents)	196.17	131.56

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Retained earnings/ (loss) R'000	Common control reserve R'000	Other reserves R'000	Non-controlling interest R'000	Total R'000
Balance at 29 February 2016	1 352 074	361 483	(990 991)	–	117 117	839 683
Total comprehensive income for the year	–	612 346	–	–	42 766	655 112
Acquisition of non-controlling interests	–	(515 438)	–	–	(100 885)	(616 323)
Acquisition of subsidiary	–	–	–	–	4 510	4 510
Shares issued during the year	4 830 774	–	–	–	–	4 830 774
Capitalised share costs for listing	(42 294)	–	–	–	–	(42 294)
Shares repurchased during the year	–	(3 631 052)	–	–	–	(3 631 052)
Dividends paid	–	(870 000)	–	–	(39 927)	(909 927)
Balance at 28 February 2017	6 140 554	(4 042 661)	(990 991)	–	23 581	1 130 483
Total comprehensive income for the year	–	684 279	–	–	14 048	698 327
Change in ownership interest in subsidiaries	–	50 179	–	–	26 104	76 283

Shares issued during the year	15 000	–	–	–	–	15 000
Transfer to other reserves (1)	–	3 631 052	990 991	(4 622 043)	–	–
Dividends paid	–	(224 303)	–	–	(8 586)	(232 889)
Balance at 28 February 2018	6 155 554	98 546	–	(4 622 043)	55 147	1 687 204

(1)The transfer relates to the moving of non-operating related items to a separate reserve.

	Year to 28 February 2018 (Reviewed) cents	Year to 28 February 2017 (Audited) cents
Dividend per share		
– Interim paid	18.7	109.5
– Final declared/ paid	12.8	7.3

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Year to 28 February 2018 (Reviewed) R'000	Year to 28 February 2017 (Audited) R'000
Cash flow from operating activities	348 473	159 160
Cash inflow from trading operations	1 323 624	1 276 127
Movement in working capital	(295 931)	218 460
Finance income received	23 836	23 977
Finance costs paid	(164 424)	(201 997)
Taxation paid	(305 743)	(247 480)
Dividends paid	(232 889)	(909 927)
Cash flow from investing activities	(396 050)	(221 539)
Additions to property, plant and equipment and intangible assets		
– To maintain operations	(78 242)	(73 234)
– To expand operations	(295 586)	(148 225)
Proceeds on disposal of property, plant and equipment and intangible assets	1 123	7 432
Acquisition of subsidiary, net of cash acquired	–	(7 512)
Acquisition of assets and liabilities in business combination, net of cash acquired	(23 345)	–
Cash flow from financing activities	(107 577)	1 446 517
Proceeds from issue of share capital	–	4 381 052
Costs capitalised to issue share capital	–	(42 294)
Repurchase of shares	–	(3 631 052)
Long–term loans (repaid)/received	(153 410)	800 000
Contingent consideration	(22 941)	–
Finance lease repayment	(6 226)	(351)
Change in ownership interest in subsidiaries	75 000	–
Acquisition of non-controlling interests	–	(60 838)
Net (decrease)/increase in cash and cash equivalents	(155 154)	1 384 138
Cash and cash equivalents at beginning of year	127 639	(1 256 499)
Cash and cash equivalents at end of year	(27 515)	127 639

EARNINGS PER SHARE

	As at 28 February 2018 (Reviewed) R'000	As at 28 February 2017 (Audited) R'000
Reconciliation of profit for the year to headline earnings		
Profit attributable to equity holders of the parent	684 279	612 346
Net (profit)/ loss on disposal of property, plant and equipment and intangible assets	(25)	423
Insurance recovery of property, plant and equipment from third parties	–	(3 245)
Taxation	7	790
Headline earnings	684 261	610 314
Items deemed to relate to capital structure of the Group		
Finance lease obligation renegotiation	–	(80 136)
Operating lease renegotiation	–	(29 208)
Items related to neither Retail nor Wholesale general operations		
Fair value (gain)/loss relating to non-hedging derivatives	(10 650)	35 812
Items not expected to reoccur		
Transaction costs on listing	–	8 074
Taxation	2 982	20 589
Adjusted headline earnings	676 593	565 445
Earnings per share (cents)		
– Basic	79.6	75.0
– Diluted	79.6	75.0
Headline earnings per share (cents)		
– Basic	79.6	74.7

– Diluted	79.6	74.7
Adjusted headline earnings per share (cents)		
– Basic	78.7	69.2
– Diluted	78.7	69.2

	As at 28 February 2018 (Reviewed)	As at 28 February 2017 (Audited)
Reconciliation of shares in issues to weighted average number of shares in issue		
Total number of shares in issue at beginning of the year	859 273 673	5 296 308
Shares issued during the year before the share split weighted for the period outstanding	–	62 383
Share in issue before the share split	859 273 673	5 358 691
Share split	–	798 444 959
Shares repurchased after the share split during the year weighted for the period outstanding	–	(54 858 637)
Shares issued after the share split during the year weighted for the period outstanding	799 703	67 672 225
Total weighted number of shares in issue at the end of the year	860 073 376	816 617 238

On 30 September 2016, a 150-for-1 share split took place and therefore increased the number of shares in issue. This has been taken into account in the above calculation of the weighted average number of shares as if the shares were in issue for the whole year.

The total weighted average number of shares in issue for the year equals the total weighted average diluted number of shares in issue for the year as the Group has no share options or other instruments that would result in a dilutive impact.

SEGMENTAL INFORMATION

The Group has identified two reportable segments being Retail and Wholesale.

28 February 2018 (Reviewed)	Retail R'000	Wholesale R'000	Intergroup/ consolidation R'000	Total R'000
External customers	17 987 562	1 572 900	–	19 560 462
Inter-segment	–	11 481 381	(11 481 381)	–
Total turnover	17 987 562	13 054 281	(11 481 381)	19 560 462
Cost of sales	(13 619 454)	(12 063 447)	10 892 011	(14 790 890)
Gross profit	4 368 108	990 834	(589 370)	4 769 572
Other income	704 331	47 686	(65 746)	686 271
Other expenses (excluding depreciation and amortisation)	(3 626 131)	(1 166 498)	635 353	(4 157 276)
Depreciation and amortisation	(132 561)	(40 891)	–	(173 452)
Net finance costs	(101 945)	(58 137)	–	(160 082)
Share of profit from associates	–	–	–	–
Profit/(loss) before tax	1 211 802	(227 006)	(19 763)	965 033
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1 446 308	(127 978)	(19 763)	1 298 567
Capital expenditure	(308 842)	(64 986)	–	(373 828)
Total assets	5 247 177	4 332 658	(2 450 426)	7 129 409
Total liabilities	3 211 671	3 117 477	(886 943)	5 442 205
Gross profit margin	24.3%	7.6%		24.4%
EBITDA margin	8.0%	(1.0%)		6.6%
Operating margin	7.3%	(1.3%)		5.8%

28 February 2017 (Audited)	Retail R'000	Wholesale R'000	Intergroup/ consolidation R'000	Total R'000
External customers	15 646 131	1 622 344	–	17 268 475
Inter-segment	–	9 295 733	(9 295 733)	–
Total turnover	15 646 131	10 918 077	(9 295 733)	17 268 475
Cost of sales	(11 853 918)	(9 995 286)	8 790 050	(13 059 154)
Gross profit	3 792 213	922 791	(505 683)	4 209 321
Other income	611 091	90 469	(96 699)	604 861
Other expenses (excluding depreciation and amortisation)	(3 176 755)	(884 352)	535 675	(3 525 432)
Depreciation and amortisation	(126 036)	(35 992)	–	(162 028)
Net finance costs	(125 639)	(99 601)	–	(225 240)
Share of profit from associates	–	–	501	501
Profit/(loss) before tax	974 874	(6 685)	(66 206)	901 983
Earnings before interest, tax, depreciation and amortisation (EBITDA)	1 226 549	128 908	(66 707)	1 288 750
Capital expenditure	(191 249)	(30 210)	–	(221 459)
Total assets	4 711 001	4 329 291	(3 143 630)	5 896 662

Total liabilities	3 123 181	2 955 555	(1 312 557)	4 766 179
Gross profit margin	24.2%	8.5%		24.4%
EBITDA margin	7.8%	1.2%		7.5%
Operating margin	7.0%	0.9%		6.5%

COMMITMENTS

	As at 28 February 2018 (Reviewed) R'000	As at 28 February 2017 (Audited) R'000
Operating lease commitments		
– Within one year	437 145	340 170
– Two to five years	1 652 874	1 274 970
– Over five years	1 064 360	828 567
Finance lease commitments		
– Within one year	70 793	64 040
– Two to five years	292 726	301 292
– Over five years	1 187 783	1 303 571

FAIR VALUE HIERARCHY

The information below analyses financial assets and liabilities that are carried at fair value or financial assets and liabilities that have carrying amounts that differ from their fair values:

2018	Level 1 R'000	Level 2 R'000	Level 3 R'000
Financial liabilities at fair value through profit and loss			
– Derivative liability	–	1 500	–
– Contingent consideration	–	–	76 249
2017			
Financial liabilities at fair value through profit and loss			
– Derivative liability	–	15 783	–
– Contingent consideration	–	–	97 312

The derivatives represent forward exchange contracts (FECs). The fair value of the FEC liability is measured with reference to market data. The key input into this valuation is the forward exchange rate as provided by a reputable bank.

The fair value of the contingent consideration payable is measured with reference to the performance forecasts which can be used to estimate future cash flows. The key inputs into this valuation are the estimated future cash flows and the average discount rate of 11.4% (2017: 12.9%) used to determine the present value of the future cash flows.

	2018 R'000	2017 R'000
Reconciliation of recurring Level 3 fair value movements:		
Opening balance	97 312	–
Acquisitions	–	94 027
Payments	(22 941)	–
Interest	10 744	3 285
Release to other income*	(10 735)	–
Fair value adjustment	1 869	–
Closing balance	76 249	97 312

*Relates to an amount, reflected in other income, that was not paid by the Company due to performance conditions not being met and expected future performances not being met.

A reasonable movement in the unobservable inputs would not significantly impact the fair value of the contingent consideration as at the end of the reporting period and therefore not significantly impact profit after tax or equity.

There were no transfers of financial instruments between Level 1, Level 2 and Level 3 fair value measurements during the year ended February 2018 and 2017.

ADDITIONAL INFORMATION

		2018	2017
Ordinary shares in issue	(000's)	860 084	859 274
Closing share price at 28 February	(R)	34.40	23.98
Twelve-month share price (high)	(R)	39.95	25.27
Twelve-month share price (low)	(R)	21.40	20.60

NOTES TO THE PROVISIONAL REVIEWED CONDENSED CONSOLIDATED RESULTS

1. These condensed consolidated financial results for the twelve months ended 28 February 2018 have been prepared in accordance with International Accounting Standard (IAS) 34 Financial Reporting and the requirements of the Companies Act of South Africa. The Listings Requirements of the JSE require

summarised consolidated financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies and methods of computation used in the preparation of the condensed consolidated financial results are consistent in all material respects with those applied in the Group's annual financial statements as at 28 February 2017 as none of the new standards, interpretations and amendments effective as of 1 March 2017 have had material impact on the annual consolidated financial statements of the Group or the condensed consolidated financial statements of the Group.

The Group's assessment of the financial impact of the adoption of IFRS 15: Revenue from Contracts with Customers, IFRS 9: Financial Instruments and IFRS 16: Leases have identified the following which will impact the financial results:

- IFRS 9: The measurement of provisions against receivables will be revised to comply with the expected credit loss method. We have assessed the impact to not be material. Effective from 1 January 2018.
- IFRS 15: The Group does not expect significant changes to current accounting practices. Accounting for contract liabilities and right of return assets for the Group's return policies could change current accounting practice. The Group currently does not expect changes to how it currently accounts for its customer loyalty programmes, breakage for voucher and similar performance obligations and third party incentives. Areas of possible impact might, however, still be identified as the implementation project is completed but the impact will be less than 1% of current revenue. Effective from 1 January 2018.
- IFRS 16: Leases, predominately relating to stores, will be brought onto the Statement of Financial Position. The quantitative impact of this standard is expected to be material due to the number of store leases in place. Effective from 1 January 2019.

The Group currently intends to adopt IFRS 15 and IFRS 16 by applying the full retrospective approach and IFRS 9 by applying the modified retrospective approach.

The provisional reviewed annual condensed consolidated financial statements have been prepared under the supervision of Mr Rui Manuel Morais CA(SA), the Chief Financial Officer of the Group.

2. Dis-Chem enters into certain transactions with related parties. A finance lease has been entered into with Columbia Falls Property 7 Proprietary Limited on which rental of R59 million was incurred during the year (2017: R57 million). This finance lease obligation amounted to R619 million at 28 February 2018 (2017: R620 million). Rental paid to other related party property companies amounted to R55 million at 28 February 2018 (2017: R26 million).

   Amounts owing from MSDS No.3 Proprietary Limited, Eleador Proprietary Limited and Mathimba Proprietary Limited at 28 February 2018 amounted to R17 million, R3 million and R22 million respectively (2017: R26 million, R3 million and Rnil respectively). Amounts owing to Josneo Proprietary Limited and Minlou Proprietary Limited at 28 February 2018 amounted to R14 million and R3 million respectively (2017: R17 million and R3 million respectively).

   Amounts owing from Dis-Chem Bothomed Proprietary Limited, Dis-Chem Namibia Proprietary Limited and Dunes Walvis Bay Pharmacy Proprietary Limited at 28 February 2018 amounted to R31 million (2017: R9 million).

3. There were no impairments of assets in the current and prior comparable year at a group level. However, during the prior year the Northridge store in Bloemfontein was flooded due to heavy rains which resulted in fixed assets of R0.4 million and inventory of R8 million being written off which had been fully recovered through insurance.

4. During the period, 810 810 shares worth R15 million were issued.

   On 30 September 2016, a 150-for-1 share split took place and therefore increased the number of shares in issue to 794 446 200. In addition, during the prior year 261 135 336 shares were issued for R4.8 billion and 196 307 863 shares were repurchased for R3.6 billion.

5. On 1 April 2017, the group acquired certain assets and liabilities of Optipharm Proprietary Limited, a pharmaceutical courier.

   The fair values of the identifiable assets and liabilities of the company as at the date of acquisition were:

	R'000
Assets	
Property, plant and equipment and software	16 027
Trade receivables	8 767
Other intangibles	121 273
Cash and cash equivalents	5 082
Liabilities	
Finance lease	(1 272)
Trade and other payables	(173 989)
Bank overdraft	(25 000)
Loan payable	(10 000)
Deferred tax	(33 849)
Total identifiable net assets at fair value	(92 961)

Non-controlling interest at fair value	–
Goodwill arising on acquisition	92 961
Purchase consideration transferred	–

The goodwill comprises the value of expected synergies arising from the acquisition which is not separately recognised.

The Group also acquired two pharmacies during the current year for an amount of R3 million.
During the current year, the Group sold 50% of their interest in Oncology Proprietary Limited for R75 million and 10% of their interest in Dis-Chem Maponya for R1 million. Due to the ability to appoint the majority of directors and control the operations of Dis-Chem Oncology, the company is still consolidated by the Group.

During the prior year, the Group acquired an additional interest in the voting shares of Evening Star Trading Proprietary Limited and The Pharmacy Development Academy Proprietary Limited. Prior to 1 September, the Group held 26% and 35% respectively in these companies and now holds 51.3% and 70% respectively. The Group also acquired 100% interest in Platinum Park, a local pharmacy. The total identfiable net assets at fair value amounted to R10.7 million (R1.9 million of which related to cash) with goodwill arising of R8.5 million.

In addition, in the prior year, the company acquired the non-controlling interest of 14 entities for an amount of R461 million in Dis-Chem shares, R60.8 million in cash and R94 million in contingent consideration based on the future performance of the stores.

6. No material subsequent events have taken place since reporting date, except for the potential acquisition of Quenets Proprietary Limited.

   The Quenets acquisition is still awaiting Competition Commission approval and therefore control has not yet passed to Dis-Chem.

7. These provisional reviewed condensed consolidated results have been reviewed by independent external auditors, Ernst & Young Inc. and their unmodified review report is available for inspection at the Company's registered office.

   The review was performed in accordance with ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

SUPPLEMENTARY INFORMATION

Directors
Independent non-executive directors

LM Nestadt	(South African)
MJ Bowman	(South African)
A Coovadia	(South African)
JS Mthimunye	(South African)
MSI Gani	(South African) (Appointed 3 May 2017)

Executive directors

IL Saltzman	(South African)
LF Saltzman	(South African)
RM Morais	(South African)
SE Saltzman	(South African) (Alternate for LF Saltzman)

Company registration number
2005/009766/06

Registered office
23 Stag Road
Midrand
1685

Company secretary
WT Green

Registered auditors
Ernst & Young Inc.
102 Rivonia Road
Sandton
Johannesburg
2196
South Africa

JSE code
DCP

ISIN
ZAE000227831

Sponsor

The Standard Bank of South Africa Limited
3rd Floor, East Wing
30 Baker Street
Rosebank
2196
Johannesburg

Transfer secretaries
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg
2196
South Africa

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