

28. COMMITMENTS AND CONTINGENCIES

28.1 OPERATING LEASE COMMITMENTS

The Group has entered into the following material lease agreements in South Africa for premises used as offices and distribution centres for pharmaceutical products. These leases represent more than 95% of the lease commitments of the Group.

	Lease 1 New Road	Lease 2 Durban	Lease 3 Cape Town
Initial lease period (years)	10	12	10
Ending	30 November 2021	31 October 2022	31 August 2022
Renewal option period (years)	10	10	5
Ending	30 November 2031	31 October 2032	31 August 2027
Escalation %	7.3%	8.5%	7.0%

The India leases have not been included in the operating lease commitments, as the India business has been classified as a discontinued operation held-for-sale during the current financial year (refer to note 2.1).

Future minimum rentals payable under all non-cancellable operating leases are as follows:

	2016 R'000	2015 R'000
Within one year	36 028	34 957
After one year but not more than five years	170 620	166 228
More than five years	39 516	86 574
	246 164	287 759

28.2 CAPITAL COMMITMENTS

Commitments contracted for		
Within one year	11 362	7 000
Approved but not contracted for		
Within one year	38 577	33 026
	49 939	40 026

These commitments relate to property, plant and equipment

28.3 GUARANTEES

The Group has provided guarantees to the amount of R6.2 million at 30 June 2016 (June 2015: R15.7 million of which R12.7 million relates to a supplier in India.)

29. RELATED PARTIES

Related party transactions exist between the Company, subsidiaries, joint ventures and key management. All purchasing and selling transactions with related parties are concluded at arm's length and are eliminated for Group purposes, where applicable.

The following entities are considered to be related parties in the current and prior year due to their individual shareholding exceeding 20% and they have representation on the Adcock Ingram Holdings Limited Board of Directors, and therefore are considered to have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the Group.

The Bidvest Group Limited

Purchase of services	31 215	38 310
Balance owing at reporting date	4 681	3 420

Payments to directors and key management are disclosed in notes 6.3 and 6.4