

SUN PHARMA EAST AFRICA LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 2015

PATEL SHAH JOSHI & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

SUN PHARMA EAST AFRICA LIMITED

REPORT AND FINANCIAL STATEMENTS - 31 MARCH 2015

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SUN PHARMA EAST AFRICA LIMITED

DIRECTORS AND OTHER PARTICULARS - 31 MARCH 2015

DIRECTORS	Thomas Kurusinkal Antony Rajesh Kushalchand Shah
REGISTERED OFFICE	Plot No. L R 209/13257/1 3rd Floor, Centre Point Parklands Road P O Box 41684 - 00100 NAIROBI
SECRETARY	P V R Rao CPA(K), CPS(K) P O Box 41684 - 00100 NAIROBI
INDEPENDENT AUDITORS	Patel Shah Joshi & Associates Certified Public Accountants P O Box 41684 - 00100 NAIROBI
BANKER	Diamond Trust Bank Cross Road Branch P O Box 28575 - 00100 NAIROBI

SUN PHARMA EAST AFRICA LIMITED

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their first report together with the audited financial statements of the company for the period ended 31 March 2015.

PRINCIPAL ACTIVITY

The main activity of the company is distributing pharmaceutical products, medical devices and/or biotechnology products.

RESULTS

The loss for the period amounting to K Sh 975,078 has been adjusted to the revenue reserves.

DIVIDEND

The directors do not recommend the payment of any dividend for the period under review.

DIRECTORS

All present directors continue in office in the ensuing year.

INDEPENDENT AUDITORS

Messrs Patel Shah Joshi & Associates appointed during the period are eligible for re-appointment as independent auditors in accordance with Section 159 (2) of the Companies Act.

ON BEHALF OF THE BOARD

DIRECTOR
NAIROBI

Date: _____

SUN PHARMA EAST AFRICA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PERIOD ENDED 31 MARCH 2015

The Companies Act requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results of the company. It also requires the directors to ensure that the company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the company and of its operating results.

The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of these financial statements, as well as adequate systems on internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Director

Director

Date: _____

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUN PHARMA EAST AFRICA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of the company set out on pages 5 to 12. These financial statements comprise the statement of financial position as at 31 March 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to error or fraud; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are 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 assessments of the risks of material misstatement of the financial statements, whether due to error or fraud. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company as at **31 March 2015** and of its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

Report required under Kenyan Companies Act

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. Proper books of account have been kept by the company in so far as it appeared from our examination of those books. The financial statements of the company are in agreement with the books of account.

Patel Shah Joshi & Associates
Certified Public Accountants

Nairobi
.....**2015**

K V S K Sastry
M No: 2105
Certificate of Practice No: P1228

SUN PHARMA EAST AFRICA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2015

	Notes	10 Months 2015 K Sh
Income		- -----
Direct Cost		
Drug registration and lab analysis		(299,250) -----
Gross loss		(299,250)
Administration costs		(1,078,719) -----
Loss before tax	2	(1,377,969)
Tax	3	402,891 -----
Net loss for the period		(975,078) -----
Other comprehensive loss for the period		- -----
Total comprehensive loss for the period		(975,078) =====

Independent auditors' report - page 4

The accounting policies and notes on pages 9 to 12 form an integral part of these financial statements.

SUN PHARMA EAST AFRICA LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

ASSETS	Notes	2015 K Sh
Non-current assets		
Deferred tax asset	4	402,891 -----
Current assets		
Accounts receivable	5	220,417
Cash and cash equivalents	6	8,916,114 -----
		9,136,531 -----
Total assets		9,539,422 =====
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	7	100,000
Revenue deficit		(975,078) -----
		(875,078) -----
Non-current liabilities		
Borrowings	8	9,790,300 -----
Current liabilities		
Accounts payables	9	624,200 -----
Total equity and liabilities		9,539,422 =====

Independent auditors' report - page 4

The accounting policies and notes on pages 9 to 12 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on2015 and signed on its behalf by:-

DIRECTOR

DIRECTOR

SUN PHARMA EAST AFRICA LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2015

	Share capital K Sh	Revenue reserve K Sh	Total K Sh
Total comprehensive loss for the period	-	(975,078)	(975,078)
Transaction with owners			
Share capital introduced	100,000	-	100,000
	-----	-----	-----
Balance as at 31 March 2015	100,000	(975,078)	(875,078)
	=====	=====	=====

Independent auditors' report - page 4

The accounting policies and notes on pages 9 to 12 form an integral part of these financial statements.

SUN PHARMA EAST AFRICA LIMITED

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2015

	Notes	10 Months 2015 K Sh
Operating activities		
Cash used in operations	10	(974,186)

Net cash used in operating activities		(974,186)

Financing activities		
Share capital introduced	7	100,000
Proceeds from loan	8	9,790,300

Net cash generated from financing activities		9,890,300

Increase in cash and cash equivalents		8,916,114
		=====
Movement in cash and cash equivalents		
At the start of the period		-
Increase during the period		8,916,114

At the end of the period	6	8,916,114
		=====

Independent auditors' report - page 4

The accounting policies and notes on pages 9 to 12 form an integral part of these financial statements.

SUN PHARMA EAST AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Accounting convention

These financial statements were prepared under the historical cost convention. They are in compliance with International Financial Reporting Standards.

b) Cash and cash equivalents

Cash and cash equivalents represents cash at bank.

c) Accounts receivable

Receivables and other advances are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts.

d) Accounts payable

Accounts payable are non interest bearing financial liabilities and are carried at amortised cost, which is measured at the fair value or contractual value of the consideration to be paid in future in respect of goods and services supplied by suppliers, whether billed to the organisation or not, less any payments made to the suppliers.

e) Translation of foreign currencies

Assets and liabilities in foreign currency are translated into Kenya shillings at the rate of exchange ruling at the statement of financial position date. Transactions during the year in foreign currency are translated at the rate of exchange ruling at the transaction date. Any gains and losses in exchange rate translations are dealt with in the statement of profit or loss and other comprehensive income.

f) Deferred tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

g) Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Any difference between the proceeds received (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowing as an interest expense. Borrowings are classified as current liabilities unless the company has unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

SUN PHARMA EAST AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

10 Months
2015
K Sh

2. OPERATING LOSS

is stated after charging:

Auditors' remuneration	20,000
Salaries & wages	964,537
	=====

3. TAX

This comprises:

Current tax	-
Deferred tax credit - note 4	(402,891)

Tax credit	(402,891)
	=====

The tax on the company's loss before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

Net loss before tax	(1,377,969)

Tax calculated at the rate of 30%	(413,391)
-----------------------------------	-----------

Tax effects of :-

Expenses not deductible for tax purposes	10,500

Tax credit	(402,891)
	=====

4. DEFERRED TAX

Deferred taxes are calculated, in full, on all temporary differences under the liability method using an enacted tax rate of 30 %. The movement of deferred tax account is as follows:

At start of year	-
Credit to profit or loss	(402,891)

At end of year	(402,891)

Deferred tax asset and deferred tax credit in the statement of profit or loss is attributable to the following items:

	13-June-14	Credit to P / L	31-Mar-15
	K Sh	K Sh	K Sh
Deferred tax asset			
Tax losses carried forward	-	(402,891)	(402,891)
	-----	-----	-----
Net deferred tax asset	-	(402,891)	(402,891)
	=====	=====	=====

SUN PHARMA EAST AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

10 Months
2015
K Sh

5. ACCOUNTS RECEIVABLE

Prepaid expenses 220,417
=====

6. CASH AND CASH EQUIVALENTS

Cash at bank 8,916,114
=====

For the purpose of the statement of cash flows , the year end cash and cash equivalents the above.

7. SHARE CAPITAL

Authorized, Issued & fully paid-up:

1,000 Ordinary Shares of K Sh 100 each 100,000
=====

8. BORROWINGS

Non - current

Sun Pharma Global FZE 9,790,300
=====

The company as at year end had a loan outstanding amounting to USD 107,260 obtained for working capital purposes from the related party. The loan attracts interest at the rate of 4% p.a payable quarterly, the interest will accrue as from 01-04-2015. The loan repayments will commence on or after 30-09-2015.

9. ACCOUNTS PAYABLES

Provisions and accruals 296,200
Due to director 328,000

624,200
=====

10. CASH USED IN OPERATIONS

Reconciliation of net loss before tax to cash used in operations:

Net loss before tax (1,377,969)
Adjustments for:
Increase in receivables (220,417)
Increase in payables 624,200

Cash used in operations (974,186)
=====

SUN PHARMA EAST AFRICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

10 Months
2015
K Sh

11. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties.

Outstanding balances with related party included in borrowings - Note 8

Sun Pharma Global FZE	9,790,300
	=====

Outstanding balances with related party included in payable - Note 9

Due to director	328,000
	=====

12. INCORPORATION AND DOMICILE

The Company is incorporated in Kenya under the Companies Act and is domiciled in Kenya.

13. CURRENCY

These financial statements are presented in Kenya Shillings (K Sh).

14. FINANCIAL RISK MANAGEMENT POLICIES

The company's activities expose it to a variety of financial risks including credit and liquidity risks, effects of changes in foreign currency, interest rates as well as changes in market prices of company's products. The company formulates its policies and closely monitors its response initiatives to manage the financial risks arising there from on pricing, liquidity management, credit and interest rate management, market and employment and management of capital.

The company consistently implements the policies formulated and updated from time to time. The overall policies remained the same as prior years and are expected to continue so in the next financial year. The company's overall risk management programme focuses on unpredictability of changes in business environment and seeks to minimise the potential adverse effects of such risks on its performance by setting acceptable levels of risk.

SUN PHARMA EAST AFRICA LIMITED

Annex I

**DETAILED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2015****10 Months
2015
K Sh**

Income	-

Less: DIRECT COST	
Drug registration and lab analysis	299,250

Gross loss	(299,250)
ADMINISTRATION	
Audit fees	20,000
Accountancy fees	10,000
Bank charges	15,849
Company incorporation expenses	35,000
Immigration & work permit expenses	8,333
NSSF employer contribution	800
Professional fees	25,000
Salary & wages	963,737

	1,078,719

Net loss before tax	(1,377,969)
	=====