

STATEMENT OF FINANCIAL POSITION

		As at	
	Note	31 March 2019 Shs	31 March 2018 Shs
CAPITAL EMPLOYED			
Share capital	1	182,248,000	182,248,000
Share premium		723,949,006	723,949,006
Retained earnings		<u>567,210,345</u>	<u>646,887,342</u>
Shareholders' funds		<u>1,473,407,351</u>	<u>1,553,084,348</u>
Non-current liabilities			
Borrowings	2	440,411,283	420,757,885
Deferred tax	3	<u>108,453,371</u>	<u>213,625,429</u>
		<u>548,864,654</u>	<u>634,383,314</u>
		<u>2,022,272,005</u>	<u>2,187,467,662</u>
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	4	1,604,914,731	1,242,061,402
Intangible assets	5	120,109,976	144,052,550
Investment in associate	6	<u>5,813,188</u>	<u>5,813,188</u>
		<u>1,730,837,895</u>	<u>1,391,927,140</u>
Current assets			
Inventories	7	787,962,753	928,180,899
Trade and other receivables	8	948,219,092	1,161,789,015
Cash and cash equivalents	9	<u>2,207,461</u>	<u>1,149,674</u>
		<u>1,738,389,306</u>	<u>2,091,119,588</u>
Current liabilities			
Borrowings	1	1,013,509,278	808,487,795
Trade and other payables	10	<u>433,445,918</u>	<u>487,091,271</u>
		<u>1,446,955,196</u>	<u>1,295,579,066</u>
Net current assets		<u>291,434,110</u>	<u>795,540,522</u>
		<u>2,022,272,005</u>	<u>2,187,467,662</u>

STATEMENT OF PROFIT OR LOSS

	Note	12 month year ending 31 March 2019 Shs	15 month period ending 31 March 2018 Shs
Revenue	11	2,173,478,896	2,843,702,049
Cost of sales	12	<u>(1,765,008,108)</u>	<u>(2,011,020,952)</u>
Gross profit		408,470,788	832,681,097
Other operating income	13	8,798,722	10,014,320
Depreciation on property, plant and equipment and amortisation of intangible assets	14	(98,788,488)	(114,716,883)
Administrative expenses	15	(286,104,899)	(350,794,966)
Other operating expenses	16	<u>(82,802,626)</u>	<u>(82,577,851)</u>
Operating (loss)/profit		(50,426,503)	294,605,717
Finance (costs)	17	<u>(134,422,552)</u>	<u>(65,839,702)</u>
(Loss)/profit before tax		(184,849,055)	228,766,015
Tax	18	<u>105,172,058</u>	<u>3,551,690</u>
(Loss)/profit for the year		<u>(79,676,997)</u>	<u>232,317,705</u>

STATEMENT OF CHANGES IN EQUITY

	Share capital Shs	Share premium Shs	Retained earning Shs	Total Shs
Period ended 31 March 2018				
At start of year	182,248,000	723,949,006	414,569,637	1,320,766,643
Profit for the year	-	-	232,317,705	232,317,705
At end of year	182,248,000	723,949,006	646,887,342	1,553,084,348
Year ending 31 March 2018				
At start of year	182,248,000	723,949,006	646,887,342	1,553,084,348
(Loss) for the year	-	-	(79,676,997)	(79,676,997)
At end of year	182,248,000	723,949,006	567,210,345	1,473,407,351

NOTES (CONTINUED)

	2019 Shs	2018 Shs
1 Share capital		
Authorised, issued and fully paid:		
92,946 (2016: 92,946) ordinary shares of Shs. 1,000 each.	92,946,000	92,946,000
89,302 (2016: 89,302) preference shares of Shs. 1,000 each.	89,302,000	89,302,000
	182,248,000	182,248,000
2 Borrowings		
The borrowings are made up as follows:		
Non-current		
Bank term loans	425,500,103	412,858,253
Finance leases	14,911,180	7,899,632
	440,411,283	420,757,885
Current		
Bank term loans	151,626,906	86,959,159
Finance leases	2,734,724	5,211,510
Inventory loan (Note 16)	757,377,187	599,217,581
Bank overdraft (Note 16)	101,770,462	117,099,545
	1,013,509,278	808,487,795
Total borrowings	1,453,920,561	1,229,245,680

3 Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2016: 30%). The movement on the deferred tax account is as follows:

	2019	2018
	Shs	Shs
At start of year	213,625,429	217,177,119
Charge to profit or loss (Note 6)	<u>(105,172,058)</u>	<u>(3,551,690)</u>
At end of year	<u>108,453,371</u>	<u>213,625,429</u>

Deferred tax liabilities/(assets) in the statement of financial position and deferred tax charge/(credit) to profit or loss are attributable to the following items:

	At start	Charge/(credit)	At end
	of period	to profit or	of period
	Shs	loss	Shs
		Shs	Shs
Deferred tax liabilities			
Property, plant and equipment			
- accelerated tax depreciation	<u>291,586,215</u>	<u>107,007,881</u>	<u>398,594,095</u>
Deferred tax (assets)			
Tax losses carried forward	(86,309,053)	(202,215,002)	(288,524,055)
Provision for leave days	(2,255,124)	1,844,558	(410,566)
Unrealised exchange differences	<u>10,603,391</u>	<u>(11,809,494)</u>	<u>(1,206,103)</u>
	<u>(77,960,786)</u>	<u>(212,179,939)</u>	<u>(290,140,725)</u>
Net deferred tax liabilities	<u>213,625,429</u>	<u>(105,172,058)</u>	<u>108,453,371</u>

NOTES (CONTINUED)

4 Property, plant and equipment

Year ended 31 March 2019

	Buildings Shs	Leasehold land Shs	Motor vehicles Shs	Plant and machinery Shs	Computers Shs	Furniture and equipment Shs	Generator Shs	Capital-work-in progress Shs	Total Shs
Cost									
At start of year	696,624,983	2,500,000	28,737,418	1,174,665,861	67,162,105	15,727,479	6,562,500	53,319,579	2,045,299,925
Additions	104,855,857	-	-	339,389,310	1,496,629	4,276,368	-	11,623,654	461,641,817
At end of year	801,480,840	2,500,000	28,737,418	1,514,055,171	68,658,734	20,003,847	6,562,500	64,943,234	2,506,941,742
Depreciation									
At start of year	154,742,283	555,550	20,291,236	575,086,093	40,368,469	6,159,354	6,035,539	-	803,238,523
Charge for the year	17,966,419	-	2,111,546	69,302,053	7,677,896	1,730,575	-	-	98,788,488
At end of year	172,708,702	555,550	22,402,782	644,388,145	48,046,364	7,889,928	6,035,539	-	902,027,011
Net book value	628,772,137	1,944,450	6,334,636	869,667,026	20,612,369	12,113,918	526,961	64,943,234	1,604,914,731

NOTES (CONTINUED)

5 Intangible assets	2019 Shs	2018 Shs
Cost		
At start of year	256,919,187	217,866,758
Additions	3,411,900	39,052,429
At end of year	260,331,087	256,919,187
Amortisation		
At start of year	112,866,637	81,979,989
Charge for the year	27,354,474	30,886,648
At end of year	140,221,111	112,866,637
Net book value	120,109,976	144,052,550
6 Investment in associate	% Holding	
342 Ordinary shares of Ethiopian Birr 1,000 each in Regional Bioequivalence Centre Limited	24.98%	
	5,813,188	5,813,188
7 Inventories		
Packing materials	136,089,553	172,073,071
Raw materials	320,012,828	581,941,554
Finished goods	207,311,158	133,677,740
Work in progress	172,835,457	33,354,960
Goods in transit	28,213,758	7,133,574
Provision	(76,500,000)	
	787,962,753	928,180,899
8 Trade and other receivables		
Trade receivables	851,771,282	996,760,852
Less: provision for impairment	-	(11,413,945)
Net trade receivables	851,771,282	985,346,908
Other receivables	47,208,054	133,591,698
Amounts due from directors (Note 19)	22,823,967	27,147,578
Receivable from related parties (Note 19)	26,415,789	15,702,831
	948,219,092	1,161,789,015
Movement in impairment provisions		
At start of year	11,413,945	-
Write off	(11,413,945)	-
Additions	-	11,413,945
At end of year	-	11,413,945

NOTES (CONTINUED)

8 Trade and other receivables (continued)

The carrying amounts of the company's trade and other receivables are denominated in the following currencies:

	2019	2018
	Shs	Shs
Kenya Shilling	538,929,104	661,819,610
United States Dollar	409,289,987	499,969,405
	<u>948,219,092</u>	<u>1,161,789,015</u>

As of 31 March 2019, trade receivables amounting to Shs. 148,574,186 (2018: Shs. 52,939,946) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2019	2018
	Shs	Shs
4 to 12 months	<u>148,574,186</u>	<u>52,939,946</u>

No other classes within trade and other receivables contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

9 Cash and cash equivalents

	2019	2018
	Shs	Shs
Cash at bank and in hand	<u>2,207,461</u>	<u>1,149,674</u>

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

Cash at bank and in hand	2,207,461	1,149,674
Bank overdraft (Note 9)	(101,770,462)	(117,099,545)
Inventory loan (Note 9)	(757,377,187)	(599,217,581)
	<u>(856,940,187)</u>	<u>(715,167,451)</u>

The carrying amounts of the company's cash at bank and cash in hand are denominated in the following currencies:

	2019	2018
	Shs	Shs
Kenya Shilling	122,348	601,888
Euro	744,642	21,990
United States Dollar	1,340,471	525,796
	<u>2,207,461</u>	<u>1,149,674</u>

10 Trade and other payables

Trade payables	371,317,554	458,819,592
Other payables	8,895,420	25,436,205
Payable to related parties (Note 19)	53,232,943	2,835,474
	<u>433,445,918</u>	<u>487,091,271</u>

NOTES (CONTINUED)

10 Trade and other payables (continued)

The carrying amounts of the company's trade and other payables are denominated in the following currencies:

	2019 Shs	2018 Shs
Kenya Shilling	212,866,530	449,466,718
Euro	-	5,022,973
United States Dollar	220,579,388	32,601,580
	<u>433,445,918</u>	<u>487,091,271</u>

The maturity analysis of trade and other payables is as follows:

Year ended 31 March 2019

	0 to 3 months months Shs	4 to 12 months months Shs	Total Shs
Trade payables	55,697,633	315,619,921	371,317,554
Other payables	8,895,420	-	8,895,420
Payable to related parties	-	53,232,943	53,232,943
	<u>64,593,053</u>	<u>368,852,865</u>	<u>433,445,918</u>

Period ended 31 March 2018

Trade payables	68,822,939	389,996,653	458,819,592
Other payables	25,436,205	-	25,436,205
Payable to related parties	-	2,835,474	2,835,474
	<u>94,259,144</u>	<u>392,832,127</u>	<u>487,091,271</u>

NOTES (CONTINUED)

	12 month period ending 31 March 2019 Shs	15 month period ending 31 March 2018 Shs
11 Revenue		
Revenue from sale of pharmaceutical products	<u>2,173,478,896</u>	<u>2,843,702,049</u>

MANUFACTURING ACCOUNT

	12 month period ending 31 March 2019 Shs	15 month period ending 31 March 2018 Shs
12 COST OF SALES		
Opening stock of finished goods and work in progress	167,032,700	215,295,201
Cost of raw and packing materials consumed (12.1)	1,385,137,179	1,526,766,096
Production costs (12.2)	413,887,444	435,992,354
Closing stock of finished goods and work in progress	<u>(201,049,215)</u>	<u>(167,032,700)</u>
Total cost of sales	<u>1,765,008,108</u>	<u>2,011,020,952</u>
(12.1) COST OF RAW AND PACKING MATERIALS CONSUMED		
Opening stock of raw and packaging materials	807,637,947	481,375,242
Purchases	1,078,433,746	1,679,839,720
Freight and forwarding	26,389,473	173,189,081
Closing stock of raw and packaging materials	<u>(527,323,986)</u>	<u>(807,637,947)</u>
Total cost of raw and packaging materials consumed	<u>1,385,137,179</u>	<u>1,526,766,096</u>
(12.2) PRODUCTION COSTS		
Salaries and wages	240,801,527	271,503,232
Lab consumables	24,801,606	26,731,073
Electricity and water	50,266,892	47,844,026
Analysis and inspection	226,246	7,340,429
KBS levy	400,000	800,000
Fuel and gas	32,478,292	26,920,800
Repairs and maintenance	31,110,600	21,206,789
Sanitation expense	4,953,617	6,943,667
General expenses	<u>28,848,664</u>	<u>26,702,339</u>
Total production costs	<u>413,887,444</u>	<u>435,992,354</u>

NOTES (CONTINUED)

	12 month period ending 31 March 2019 Shs	15 month period ending 31 March 2018 Shs
13 Other operating income		
Other income	<u><u>8,798,722</u></u>	<u><u>10,014,320</u></u>

SCHEDULE OF OTHER EXPENDITURE

	12 month period ending 31 March 2019 Shs	15 month period ending 31 March 2018 Shs
14 DEPRECIATION ON PROPERTY, PLANT AND EQUIPMENT		
Depreciation on property, plant and equipment	98,788,488	114,716,883
	98,788,488	114,716,883
15 ADMINISTRATIVE EXPENSES		
Employment:		
Salaries and wages	75,888,257	103,952,925
Staff medical expenses	6,413,982	7,381,996
Staff welfare expenses	20,470,264	34,890,821
Work permit	3,515,010	2,649,010
Total employment costs	106,287,513	148,874,752
Other administrative expenses:		
Directors' remuneration	48,282,528	60,352,407
Travelling and entertainment	26,451,099	37,856,262
Postages and telephones	4,109,823	6,760,324
Printing and stationery	7,310,953	10,038,169
Advertising	14,193,083	9,271,097
Vehicle running expenses	12,421,026	15,045,851
Audit fees		
- Current year	1,541,000	2,085,978
- Underprovision in prior years		
Legal and professional fees	34,254,338	35,783,617
Bank charges	14,561,401	8,471,448
Provision for bad debts		11,413,945
Donations	139,595	418,000
Subscriptions	687,958	1,657,991
Miscellaneous expenses	8,685,496	2,765,125
Bad debts written off	7,179,086	
Total other administrative expenses	179,817,387	201,920,214
Total administrative expenses	286,104,899	350,794,966
16 OTHER OPERATING EXPENSES		
Establishment:		
Rent and rates	9,105,109	9,755,675
Security	2,499,306	2,892,974
Repairs and maintenance	16,827,225	11,524,252
Insurance	16,244,501	23,692,553
Licences	10,772,012	3,825,748
Amortisation of intangible assets	27,354,474	30,886,648
Total other operating expenses	82,802,626	82,577,851

SCHEDULE OF OTHER EXPENDITURE (CONTINUED)

	12 month period ending 31 March 2019 Shs	15 month period ending 31 March 2018 Shs
17 FINANCE COSTS		
Bank overdraft interest	11,380,135	4,057,345
Bank term loans interest	105,332,775	95,335,611
Finance lease interest	2,056,957	1,356,446
Foreign exchange (gain)/loss	15,652,685	(34,909,701)
	<hr/>	<hr/>
Total finance costs	<u>134,422,552</u>	<u>65,839,702</u>

NOTES (CONTINUED)

	12 month period ending 31 March 2019 Shs	15 month period ending 31 March 2018 Shs
18 Tax		
Current tax	-	-
Deferred tax (credit) (Note 10)	(105,172,058)	(3,551,690)
	<u>(105,172,058)</u>	<u>(3,551,690)</u>
The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic rates as follows:		
Profit before tax	(184,849,055)	228,766,015
Tax calculated at a tax rate of 30% (2018: 30%)	(55,454,717)	68,629,805
Tax effect of:		
- capital expenditure eligible for 150% deduction	(63,266,361)	(52,444,799)
- expenses not deductible for tax purposes	-	16,635,001
- Other differences	13,549,019	(36,371,696)
Tax charge	<u>(105,172,058)</u>	<u>(3,551,690)</u>