SUN PHARMA EAST AFRICA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 MARCH 2026

PATEL SHAH JOSHI & ASSOCIATES

P O BOX 41684 00100

NAIROBI

SUN PHARMA EAST AFRICA LIMITED

REPORT AND FINANCIAL STATEMENTS - 31 MARCH 2026

CONTENTS **PAGES**

SUN PHARMA EAST AFRICA LIMITED

DIRECTORS AND OTHER PARTICULARS - 31 MARCH 2026

DIRECTORS	Kamlesh Sati Rajesh Khushalchand Shah
REGISTERED OFFICE	Plot No. L R 209/13257/1 3rd Floor, Centre Point Parklands Road P O Box 41684 - 00100 NAIROBI
PRINCIPAL PLACE OF BUSINESS	Plot No. L R 209/20162 T402, Fourth Floor, Park Place 2nd Avenue Parklands P O Box 66180 - 00800 NAIROBI
SECRETARY	Richard Maina Kamami Certified Public Secretary (Kenya) P O Box 14474 - 00100 NAIROBI
INDEPENDENT AUDITORS	Patel Shah Joshi & Associates Certified Public Accountants P O Box 41684 - 00100 NAIROBI
BANKER	Diamond Trust Bank Kenya Limited 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 annual report together with the audited financial statements of the company for the year ended 31 March 2026.

PRINCIPAL ACTIVITY

The main activity of the company is dealing in human pharmaceuticals - Import, marketing, and whole-sale distribution.

RESULTS AND DIVIDEND

The profit for the year amounting to K Sh 36,682,094 (2025: K Sh 28,374,699) has been adjusted to the revenue reserves.

The directors do not recommend the payment of any dividend during the year under review.

DIRECTORS

The directors who held office during the year and to the date of this report are set out on page 1. All the present directors continue in office in the ensuing year.

STATEMENT AS TO DISCLOSURES TO THE COMPANY'S AUDITOR

The directors in office at the date of this report confirm that, to the best of their knowledge and belief,

a) all the relevant audit information was availed to the company's auditor; and

b) they took all the steps required to be taken so as to be aware of any relevant audit information and to establish that the Company's auditor is availed with such information.

INDEPENDENT AUDITORS

Messrs Patel Shah Joshi & Associates are eligible for re-appointment as independent auditors in accordance with Section 717 (2) of the Companies Act, 2015.

ON BEHALF OF THE BOARD

DIRECTOR

Date:

SUN PHARMA EAST AFRICA LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 MARCH 2026

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year, that give a true and fair view of the financial position of the company as at the end of the financial year and of its profit and loss for the year. It also requires the directors to ensure that the company keeps proper accounting records that:

a) show and explain the transactions of the company;

b) disclose, with reasonable accuracy, the financial position of the company; and

c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act, 2015.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

i) design, implementing and maintaining such internal controls as they determine necessary to enable the presentation of the financial statements that are free from material misstatements, whether due to fraud or error;

ii) selecting suitable accounting policies and applying them consistently; and

iii) making accounting estimates and judgments that are reasonable in the circumstances.

Having made an assessment of the company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities

Approved by the board of directors on ....14/05/... 2026 and signed on its behalf by:

Director

Date

Director

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

Opinion

We have audited the accompanying financial statements of Sun Pharma East Africa Limited set out on pages 6 to 22. These financial statements comprise the statement of financial position for the year ended 31 March 2026, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company for the year ended 31 March 2026 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibility for the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

Auditors' responsibility for the financial statements (continued)

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude, on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal requirements

In our opinion the information given in the report of the directors on page 2 is consistent with the financial statements.

As required by the Kenyan Companies Act, 2015 we report to you, based on our audit, that:

i) 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;

ii) in our opinion proper books of account have been kept by the company, so far as appears from our examination of those books; and

iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report was **CPA K V S K Sastry**, Practising Certificate No. P1228.

Patel Shah Joshi & Associates
Certified Public Accountants

Nairobi
....................**2026**

SUN PHARMA EAST AFRICA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026 K Sh	2025 K Sh
Revenue	**3**	1,520,856,456	1,394,154,869
Cost of sales	**4**	(1,049,654,553)	(996,913,514)
Gross profit		**471,201,903**	**397,241,356**
Other (loss) / income	**5**	(8,867,094)	38,598,038
Administration expenses	**6**	(96,889,186)	(91,369,224)
Selling and distribution expenses	**7**	(301,384,973)	(283,253,827)
Other operating expenses - Depreciation	**8**	(8,274,229)	(8,707,198)
Operating profit		55,786,421	52,509,145
Finance costs	**9**	(397,137)	(883,656)
Profit before tax		55,389,284	51,625,489
Tax	**10**	(18,707,190)	(23,250,790)
Net profit after tax		36,682,094	28,374,699
Other comprehensive income		-	-
Total comprehensive income for the year transferred to statement of changes in equity		**36,682,094**	**28,374,699**

Report of the independent auditors - page 4 & 5
The accounting policies and notes on pages 10 to 22 form an integral part of these financial statements.

SUN PHARMA EAST AFRICA LIMITED

STATEMENT OF FINANCIAL POSITION AS ON 31 DECEMBER 2026

ASSETS	Notes	2026 K Sh	2025 K Sh
Non-current assets			
Furniture, equipment & vehicles	11	7,161,060	8,217,788
Right-of-use asset	12	4,671,762	10,900,777
Intangible assets	13	94,250	66,700
Deferred tax	14	15,868,699	34,468,668
		27,795,771	53,653,933
Current assets			
Inventories	15	519,948,931	714,422,239
Trade and other receivables	16	632,538,471	480,070,086
Cash and cash equivalents	17	6,875,258	32,605,892
Tax recoverable		-	1,886,283
		1,159,362,660	1,228,984,500
Total assets		**1,187,158,431**	**1,282,638,433**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	18	100,000	100,000
Revenue deficit		(111,831,778)	(148,513,872)
		(111,731,778)	(148,413,872)
Non-current liabilities			
Lease liabilities	19	-	5,974,701
		-	5,974,701
Current liabilities			
Lease liabilities	19	6,070,524	7,532,613
Trade and other payables	20	1,292,817,351	1,417,544,991
Tax payable		2,334	-
		1,298,890,209	1,425,077,604
Total equity and liabilities		**1,187,158,431**	**1,282,638,433**

Report of the independent auditors - page 4 & 5
The accounting policies and notes on pages 10 to 22 form an integral part of these financial statements

The financial statements were approved by the Board of Directors on ...14/05...2026 and signed on its behalf by:

DIRECTOR

DIRECTOR

SUN PHARMA EAST AFRICA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2026

	Share capital K Sh	Revenue reserve K Sh	Total K Sh
Balance as at 01 April 2024	100,000	(176,888,571)	(176,788,571)
Total comprehensive income for the year	-	28,374,699	28,374,699
Balance as at 31 March 2025	**100,000**	**(148,513,872)**	**(148,413,872)**
Total comprehensive income for the year	-	36,682,094	36,682,094
Balance as at 31 March 2026	**100,000**	**(111,831,778)**	**(111,731,778)**

Report of the independent auditors - page 4 & 5
The accounting policies and notes on pages 10 to 22 form an integral part of these financial statements.

SUN PHARMA EAST AFRICA LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2026

	Notes	2026 K Sh	2025 K Sh
Operating activities			
Cash used in operations	**20**	(26,036,069)	(22,903,155)
Tax paid		(104,887)	(281,152)
Net cash used in operating activities		(26,140,956)	(23,184,306)
Investing activities			
Acquisition assets	**11**	(1,132,276)	(2,091,300)
Proceeds from disposal of fixed assets		107,310	-
Net cash used in investing activities		(1,024,966)	(2,091,300)
Financing activities			
Payment of lease liabilities	**18**	(7,833,934)	(7,532,613)
Net cash used in financing activities		(7,833,934)	(7,532,613)
Decrease in cash and cash equivalents		**(34,999,856)**	**(32,808,219)**
Movement in cash and cash equivalents			
At start of the year		32,605,892	103,687,244
Decrease during the year		(34,999,856)	(32,808,219)
Effect of exchange rate fluctuations		9,269,222	(38,273,132)
At end of the year	**16**	**6,875,258**	**32,605,892**

Report of the independent auditors - page 4 & 5
The accounting policies and notes on pages 10 to 22 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented as below:

a) Statement of compliance

The financial statements are prepared in compliance with IFRS Accounting Standards as issued by International Accounting Standards Board and the interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRIC) and the requirements of the Kenyan Companies Act, 2015, as amended.

For the Kenyan Companies Act, 2015 reporting purposes, the balance sheet is represented by the statement of financial position and profit or loss account by the statement of profit or loss and other comprehensive income in these financial statements.

The financial statements comprise the statement of profit or loss and other comprehensive income, statements of financial position, statement of changes in equity, statement of cash flows and explanatory notes. Income and expenses, excluding the other components of other comprehensive income, are recognized in the statement of profit or loss and other comprehensive income. Other comprehensive income is recognized in the statement of profit or loss and other comprehensive income and comprises items such as gains / (losses) on revaluation of property, plant and equipment. Transactions with the owners of the company in their capacity as owners are recognized in the statement of changes in equity.

The company presents its statement of financial position broadly in the order of liquidity. An analysis regarding the recovery or settlement within twelve months after reporting date (current) and more than twelve months after reporting date (non-current) is presented in the notes to the financial statements.

b) Going concern

The company's management assessed its ability to continue as a going concern and was satisfied that it had the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

c) Use of estimates and judgements

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

It also requires the directors to exercise judgement in the process of applying the accounting policies adopted by the company. Although such estimates and assumptions are based on the directors' knowledge of the information available, actual results may differ from such estimates.

The judgements and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognized in the year of such revision. The areas involving judgements and the sources of uncertainty in estimations which are likely to leave a significant risk of resulting in material adjustment within the next financial year, are disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

1. PRINCIPAL ACCOUNTING POLICIES

d) Basis of measurement

These financial statements are prepared under the historical cost basis, except for property and equipment which are measured at fair value. They are presented in Kenya Shillings (K Sh).

e) Key sources of uncertainty in estimation

In the application of accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and other sources are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revision to the estimates are recognized prospectively. The directors carry out judgements in the following areas in the process of applying the company's accounting policies that have significant effect on the amounts recognized in the financial statements:

(i) Useful life of equipment

Critical estimates are made by the directors in determining the useful lives of equipment over which they are depreciated. These estimates are continuously evaluated and are based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the prevailing circumstances.

(ii) Impairment of non-financial assets

Equipment and intangible assets are considered for impairment if there is reason to believe that such impairment is necessary. Factors taken into consideration in reaching such decision include the economic viability of the asset itself and if it is a component of a larger economic unit, the viability of such unit. Future cash flows expected to be generated by the assets are projected, taking into account market conditions and expected useful lives of the assets. The present value of such cash flows, determined using appropriate discount rate, is compared to the current net asset value; and if lower, the assets are impaired to the present value.

(iii) Provisions & Accruals

Provisions are recognized when the firm has present obligation as a result of a past event, and it is probable that an outflow of resources embody economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

f) Depreciation

Depreciation is charged on fixed assets so as to write off their cost over their expected useful lives using the reducing balance method, at the following annual rates:-

Motor vehicles	25 %
Office equipment	12.5 %
Furniture & equipment	12.5 %
Computer & related equipment	30%

g) Intangible assets

The cost of computer software is capitalised on the basis of the total sums incurred by the company to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of five years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

1. PRINCIPAL ACCOUNTING POLICIES

h) Inventories

Inventories are consistently valued by the directors at the lower of cost and net realizable value with due allowance for any obsolete and slow moving items. Cost is determined by the weighted average cost method. Net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

i) Trade and other receivables

Trade receivables are carried at original invoiced amounts less provision for impairment. A provision for impairment is established when there is objective evidence that the company will not be able to collect the amounts due. Such provisions are recognised in the statement of profit or loss as bad debts in the year in which they are identified.

j) Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and balances at bank .Bank overdrafts are classified with borrowings in the current liabilities on the statement of financial position.

k) Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed.

l) Foreign exchange flactuations

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 exchange fluctuations are dealt with in the statement of profit or loss.

m) Taxation

Tax is provided at the rate of thirty per cent based on the results for the year as adjusted in accordance with the current tax legislation.

n) 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 income tax.

o) Revenue recognition

Sales represents invoices raised during the year net of discounts and credit notes and excluding Value Added Tax (VAT).

All other income is recognised on receipt basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

1. PRINCIPAL ACCOUNTING POLICIES

p) Leases

IFRS 16 'Leases' (issued in January 2016) effective for annual periods beginning on or after 1 January 2019, replaces IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a lease and their interpretations (SIC-15 and SIC-27). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all the leases, with a term of more than 12 months, unless the underlying asset is of low value. A Lessee is required to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The adoption of this standard has a material impact on the financial statements, significantly increasing the entitiy's recognised assets and liabilities. The entity has leased a rental unit No. T402 (4,505 Sq.ft) situated on the fourth floor of the building known as Park Place erected on LR no.209/20162 Nairobi. The lease is reflected in the statement of financial position as a right-of-use asset and a lease liability. The right-of-use asset and lease liabilities were measured at the present value of the remaining lease payments as at 31 March 2026.

q) Comparative figures

Comparative figures are adjusted, wherever necessary, to conform to the changes in the presentation for the current year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

2. MEASURES FOR THE FORTHCOMING YEAR

a) Marketing Strategy

During the year 2025-26 The company intends to focus in building institutional businesses, the restructuring of the target market was done in the previous year and now the company will try to consolidate and grow in these new expanded territories. The company intends to continue its aggressive focus in Cardiology,Diabeto, Central Nervous Systems (CNS) and general range to push the business further with launch of 30 new products in this year. Crossland Div for the Otho Range of Products will start contributing in the business in this year. The focus will also remain to develop the outstation markets to become meaningful players in these regions. 5 upcountry expansions will open new pockets of business.

b) Operational efficiency

The Company carried out a goal setting exercise for all divisions. The focus was on market detailing, intensifying the reach to hospitals and doctors and providing useful feedback for management action and follow-up. This gave the company more operational control during the year thus no much change will happen in the year 2025-26.

c) Staffing

During 2025-26, the company has a plan to expand field staff by 5 staff to cover more territories and in July (Under EM Head approval) expansions of 10 Pharmacy Reps & 2 Supervisors and also increased 2 office staff .

d) Cost reduction

During 2025-26, the Company will not see any major changes in the expense head.

OUTLOOK 2025-26

The company projects to achieve better sales growth compared to the previous year. However, the company will leverage the soft credit terms availed by the parent company to ensure constant availability of the entire range of products and will enhance the marketing and promotion efficiencies through constant feed-back initiative introduced during the year, and improving control over the sales and marketing team. No changes are expected in the operating costs and hence will maintain almost the same cost in 2025-26.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

	2026 K Sh	2025 K Sh
3. REVENUE		
Revenue from contracts with customers	1,520,856,456	1,394,154,869
	===========	===========
4. COST OF SALES		
Opening stock	714,422,239	549,391,276
Purchases	818,982,247	1,131,871,075
Product registration and regulatory fees	36,198,999	30,073,402
Closing stock	(519,948,931)	(714,422,239)
	------------------	------------------
	1,049,654,553	996,913,514
	===========	=========
5. OTHER (LOSS) / INCOME		
Foreign exchange fluctuations	(9,269,216)	38,273,137
Interest income	357,403	324,901
Gain on asset disposal	44,719	-
	----------------	----------------
	(8,867,094)	38,598,038
	=========	=========
6. ADMINISTRATION EXPENSES		
Amortisation	53,650	33,350
Audit fees	580,000	580,000
Bank charges	866,279	850,931
Computer expenses	255,200	255,200
Directors' remuneration	18,829,604	20,706,819
Education allowance	3,717,097	-
Electricity and water	196,337	182,988
Insurance	8,385,471	6,126,440
Licences	103,500	197,900
Motor vehicles running expenses	173,112	205,844
Postage, telephone and internet	792,611	729,405
Printing & stationery	436,481	371,898
Professional fees	639,253	2,968,028
Repairs and maintenance	515,914	453,105
Salaries and wages	49,615,562	45,550,354
Secretarial fees	24,210	25,000
Staff welfare	2,258,610	1,848,729
Subscription	-	30,000
Travelling expenses	9,158,984	9,158,828
Training & development	287,310	968,404
Work permit and immigration expenses	-	126,000
	----------------	----------------
	96,889,186	91,369,224
	=========	=========

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

		2026	2025
7.	**SELLING AND DISTRIBUTION EXPENSES**	**K Sh**	**K Sh**
	Marketing expenses	140,878,052	133,560,259
	Salaries and wages	105,277,741	94,643,237
	Travelling expenses	55,229,181	55,050,331
		301,384,973	283,253,827
8.	**DEPRECIATION CHARGE**		
	Computer & computer equipment	936,651	1,092,268
	Motor vehicles	756,044	1,008,059
	Office equipment	79,868	66,255
	Furniture, fittings & equipment	272,651	311,601
	Right-of-use asset	6,229,015	6,229,015
		8,274,229	8,707,198
9.	**FINANCE COST**		
	Finance charge on leases	397,137	883,656
		397,137	883,656
10.	**TAX**		
	This comprises:		
	Current tax	107,221	97,470
	Deferred tax charge - Note 14	18,599,969	23,153,320
	Tax charge	18,707,190	23,250,790

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

	2026	2025
Profit before tax	55,389,284	51,625,489
Tax calculated at the rate of 30%	16,616,785	15,487,647
Tax effects of:		
Expenses not deductible for tax purposes	2,062,460	7,725,883
Permanent difference on motor vehicles restriction	27,945	37,260
Tax charge	18,707,190	23,250,790

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

11. FURNITURE, EQUIPMENT AND VEHICLES

	Furniture & Equipment	Office Equipment	Motor Vehicles	Computers& Related Equipments	Total
	K Sh	K Sh	K Sh	K Sh	K Sh
COST					
As at 01 April 2025	3,521,286	689,535	7,742,196	6,430,522	18,383,538
Additions during the year	-	175,160	-	875,916	1,051,076
Disposal during the year	-	-	-	(182,480)	(182,480)
As at 31 March 2026	3,521,286	864,695	7,742,196	7,123,958	19,252,135
DEPRECIATION					
As at 01 April 2025	1,340,076	225,752	4,718,024	3,881,898	10,165,750
Disposal	-	-	-	(119,889)	(119,889)
Charge for the year	272,651	79,868	756,044	936,651	2,045,214
As at 31 March 2026	1,612,727	305,620	5,474,068	4,698,660	12,091,075
CARRYING VALUES					
As at 31 March 2026	1,908,559	559,075	2,268,128	2,425,298	7,161,060
As at 31 March 2025	2,181,210	463,783	3,024,172	2,548,624	8,217,788

12. RIGHT-OF-USE ASSET

	Opening Balance	Depreciation for the period	Closing Balance
	K Sh	K Sh	K Sh
Rental Unit No. T402			
4th floor Park Place	10,900,777	6,229,015	4,671,762
	10,900,777	6,229,015	4,671,762

Right-of-use asset represents the ongoing long-term lease held by the company as a lessee. The carrying value represents the unutilized portion of the lease. The depreciation during the year represents the portion applicable for the lease rentals for the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

13. INTANGIBLE ASSETS

	2026 K Sh	2025 K Sh
As at 01 April 2025	133,400	133,400
Addition during the year	81,200	-
As at 31 December 2025	214,600	133,400
Amortisation		
As at 01 April 2025	66,700	33,350
Charge for the year	53,650	33,350
As at 31 December 2025	120,350	66,700
Net book value	94,250	66,700

Addition for the year relate to installation of time master software.

14. 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	(34,468,668)	(57,621,988)
Charge to profit or loss - Note 10	18,599,969	23,153,320
At end of year	(15,868,699)	(34,468,668)

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

	01-April 25	Charge to P / L	31-Mar-26
Deferred tax asset	K Sh	K Sh	K Sh
Accelerated tax depreciation	464,262	375,326	839,588
Tax losses carried forward	(37,147,437)	23,071,510	(14,075,927)
Deferred tax asset			
Unrealised exchange loss	-	(2,824,108)	(2,824,108)
Deferred tax liability			
Unrealised exchange gain	2,214,507	(2,022,759)	191,748
Net deferred tax asset	(34,468,668)	18,599,969	(15,868,699)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

15. INVENTORIES

	2026 K Sh	2025 K Sh
Stock-in-trade	423,744,043	583,498,890
Merchandise-in-transit	96,204,888	130,923,349
	519,948,931	714,422,239

16. TRADE AND OTHER RECEIVABLES

Trade receivables	603,877,648	456,126,473
Deposits and prepayments	7,375,425	6,777,176
Other receivables	21,285,397	17,166,437
	632,538,471	480,070,086

17. CASH AND CASH EQUIVALENTS

Cash in hand	38,406	140,953
Balances at bank	6,836,852	32,464,939
	6,875,258	32,605,892

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

18. SHARE CAPITAL

Authorized, issued & fully paid-up:		
1,000 Ordinary Shares of K Sh 100 each	100,000	100,000

19. LEASE LIABILITIES

Lease liabilities in the statement of the financial position are made up as follows:

Opening balance	13,507,314	20,156,272
Finance charge	397,144	883,656
Less: Lease payments during the year	(7,833,934)	(7,532,613)
Balance at end of the year	6,070,524	13,507,314
Made-up as follows:		
Non - current portion	-	5,974,701
Current - payable within the next 12 months	6,070,524	7,532,613
	6,070,524	13,507,314

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

20. TRADE AND OTHER PAYABLES

	2026 K Sh	2025 K Sh
Trade payables	24,115,994	26,511,210
Provisions and accruals	14,797,031	28,784,538
Related party balance - Note 22	1,253,904,326	1,362,249,242
	1,292,817,351	1,417,544,991

21. CASH USED IN OPERATIONS

Reconciliation of profit before tax to cash used in operations:

	2026 K Sh	2025 K Sh
Profit before tax	55,389,284	51,625,489
Adjustments for:		
Depreciation	8,274,229	8,707,198
Amortisation	53,650	33,350
Effect of exchange rate fluctuations	(9,269,216)	38,273,132
Finance charge on leases	397,137	883,656
Prior years tax credit reclassification	1,886,283	-
Gain on disposal of motor vehicle	(44,719)	-
Changes in working capital:		
Decrease / (increase) in inventories	194,473,308	(165,030,963)
Increase in receivables	(152,468,385)	(96,704,617)
(Decrease) / increase in payables	(124,727,640)	139,309,600
Cash used in operations	(26,036,069)	(22,903,155)

22. RELATED PARTY TRANSACTIONS

The following arm's length transactions were carried out with parties which are related through common shareholding and / or common directorships.

	2026 K Sh	2025 K Sh
Purchases of goods		
Sun Pharmaceuticals Industries Ltd	1,725,620,842	1,006,460,854

The company carried the following balances in respect of arms-length transactions with related parties under normal course of business:

	2026 K Sh	2025 K Sh
Included in trade and other payables - Note 20		
Sun Pharmaceuticals Industries Ltd	1,253,904,326	1,362,249,242

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

23. STAFF COST

	2026 K Sh	2025 K Sh
Directors' remuneration	18,829,604	20,706,819
Salaries and wages - Administration	49,615,562	45,550,354
Salaries and wages - Marketing	105,277,741	94,643,237
Staff welfare	2,258,618	1,848,729
	157,151,920	142,042,320

The average number of staff in employment during the year was 98 (2025: 93).

24. INCORPORATION AND DOMICILE

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

25. CURRENCY

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

26. 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's overall risk management programme focuses on unpredictability of changes in business environment and seeks to minimize the potential adverse effects of such risks on its performance by setting acceptable levels of risk. The company's financial risk management objectives and policies are detailed below:

a) Capital risk

The company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return through the optimum use of the available resources. The capital structure of the company consists of paid up capital, retained earnings and external borrowings. The company endeavours to maximize the return on each component.

b) Credit risk

The company's credit risk is primarily attributable to trade receivables and trade payables. The company constantly monitors its credit risks on these aspects in line with its overall risk management policies and responds to specific situations within the parameters set. The company does not hedge any risks and has in place policies to ensure that credit is extended to customers with established credit history.

c) Interest rate risk

The interest rate risk exposure arises mainly from interest rate movements on the company's borrowings. Further, the company, from time to time, in order to position itself for expected demand for liquid funds, holds deposits with institutions which also is a subject of interest rate risk. The company manages the risk by a constant contact with the financial markets in order to optimize its revenue and expense and responds to any adverse situations in accordance with the general trends in financial markets.

d) Liquidity risk

The company manages its liquidity risk by intelligent treasury management practices, formulated on the basis of constant assessment of its requirements, present and future and sourcing of funds - internal or external including ploughing back of its own financial resources.

e) Market risk

The company's market risk stems from procurement of its inputs and distribution of its products. The company closely monitors the implementation of its procurement policy, inventory policy as well as credit policy with a view to optimize its market share as well as to respond to external threats. The company regularly reviews its core strengths and seeks to put such strengths to optimum use to maintain its niche in the market - present and future.