

HEALTHCARE GLOBAL (KENYA) PRIVATE LIMITED
CONSOLIDATED ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2022

Healthcare Global (Kenya) Private Limited
Consolidated annual report and financial statements
For the year ended 31st March 2022

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Healthcare Global (Kenya) Private Limited
Consolidated company information
For the year ended 31st March 2022

Board of directors	Dr. B.S. Ajalkumar Venkat Shailesh Guntu Srinivasa Raghavan Venkatavaradhan
Company secretary	Strategic Registrars P.O. Box 42213 - 00100 Nairobi Kenya.
Registered office	L.R. No. 209/1260, Kenya Re-Towers Off Regaff Road, Upper Hill P.O. Box 30033-00100 Nairobi, Kenya.
Independent auditor	Five Elements Advisory Certified Public Accountants P.O. Box 13684 - 00800 Nairobi, Kenya.
Principal bankers	Bank of Baroda (Kenya) Limited Koinange Street Branch P.O. Box 1243-00100 Nairobi, Kenya.
Country of incorporation and domicile	Kenya
Date of incorporation	February 4, 2013
Company Registration Number	CPR/2013/92492
Tax Reference Number	P 051411621J
Holding Company	Healthcare Global (Africa) Private Limited Incorporated in Mauritius

*Healthcare Global (Kenya) Private Limited
Consolidated report of the directors
For the year ended 31st March 2022*

The directors submit their report together with the audited financial statements for the year ended 31st March 2022

Incorporation

The company is domiciled in Kenya where it is incorporated as a private company limited by shares under the Kenyan Companies Act, 2015. The address of the registered office is set out on page 1.

Directorate

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

Principal activities

The group is engaged in providing medical services and is specialised in cancer care. The group operates principally in Kenya. There have been no material changes to the nature of the group's business from the prior year.

Results and dividends

The loss for the year is Shs. 113,454,659 (2021: (144,040,491) has been added to retained earnings.

The board of directors does not recommend the declaration of a dividend for the year (2022: Nil).

Statement as to disclosure to the company's auditor

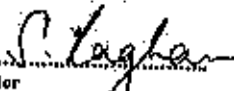
With respect to each director at the time this report was approved:

- (a) there is, so far as the director is aware, no relevant audit information of which the company's auditor is unaware; and
- (b) the director has taken all the steps that the director ought to have taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Terms of appointment of the auditor

The directors approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KSh 200,000 plus VAT has been charged to profit or loss in the year.

By order of the board


.....
Director

Nairobi 9 SEPTEMBER 2022

Healthcare Global (Kenya) Private Limited
Consolidated statement of directors' responsibilities
For the year ended 31st March 2022

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 or loss for that 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 Kenyan Companies Act, 2015.

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

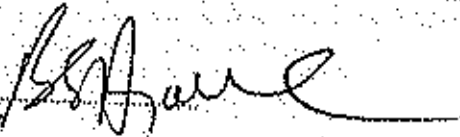
- i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) selecting suitable accounting policies and applying them consistently; and
- iii) making accounting estimates and judgements 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.

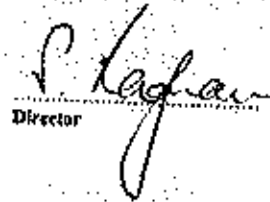
The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on 9 SEPTEMBER, 2022 and signed on its behalf by:

Director



Director





**CONSOLIDATED REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF HEALTHCARE GLOBAL (KENYA) PRIVATE LIMITED**

Opinion

We have audited the consolidated accompanying financial statements of Healthcare Global (Kenya) Private Limited, set out on pages 6 to 21, which comprise the balance sheet as at 31st March 2022, the profit and loss account and other comprehensive income, statements of changes in equity and cash flows for the year 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 as at 31st March 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of 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, and 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.

Other information

The directors are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015, as set out below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 for Small and Medium-sized Entities 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.

Auditor's responsibilities for the audit of 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 judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to 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 of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one for resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- 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 on 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 matters prescribed by the Kenyan Companies Act, 2015

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

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Simant Prakash, P/no. 2065.

Simant Prakash

Certified Public Accountants
Nairobi

9 SEPTEMBER 2022



Healthcare Global (Korea) Private Limited
 Consolidated financial statements
 For the year ended 31st March 2022

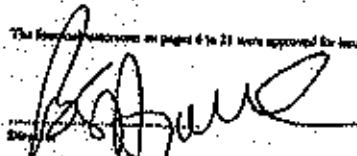
STATEMENT OF PROFIT OR LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2022

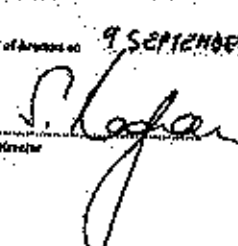
	Notes)	Group		Company	
		2022 KSh	2021 KSh	2022 KSh	2021 KSh
Revenue	4	94,130,316	105,767,126	-	-
Cost of goods sold		(24,917,132)	(26,962,275)	-	-
Gross Profit		69,213,184	78,804,851	-	-
Other incomes	5	1,888,390	1,982,031	38,934	-
Administrative expenses		(125,308,761)	(49,859,608)	(24,160,902)	(9,801,014)
Establishment expenses		(46,131,200)	(135,414,252)	(1,098,178)	(159,534,537)
Finance costs	6	(11,427,842)	560,965	(928,087)	(1,294,663)
Loss before tax		(114,766,030)	(142,026,457)	(26,178,219)	(171,230,232)
Tax expense	8	1,311,121	(1,014,034)	-	-
Loss for the year		(113,454,909)	(143,040,491)	(26,178,219)	(171,230,232)
Other comprehensive income:					
Exchange gains (losses) on translating foreign operations		-	1,267,013	-	-
Other comprehensive income for the year net of taxation		-	1,267,013	-	-
Total comprehensive loss for the year		(113,454,909)	(141,773,478)	(26,178,219)	(171,230,232)
Loss attributed to:					
Owners of Healthcare Global (Korea) Private Limited		(95,436,223)	(134,548,179)	(26,178,219)	(171,230,232)
Non-controlling interest		(17,968,633)	(9,492,308)	-	-
Total comprehensive loss attributed to:		(113,454,909)	(144,040,487)	(26,178,219)	(171,230,232)
Owners of Healthcare Global (Korea) Private Limited		(95,436,223)	(133,181,144)	(26,178,219)	(171,230,232)
Non-controlling interest		(17,968,633)	(9,492,308)	-	-
		(113,454,909)	(142,673,452)	(26,178,219)	(171,230,232)

Healthcare Global (Group) Private Limited
 Consolidated financial statements
 For the year ended 31st March 2022
BALANCE SHEET AS AT 31ST MARCH 2022

	Notes	Group		Company	
		2022 KSh	2021 KSh	2022 KSh	2021 KSh
EQUITY					
Share capital	0	11,071,040	11,071,040	11,071,040	11,071,041
Share subscription money	11	763,378,506	641,831,891	793,339,504	641,831,891
Non-controlling interest		32,285,416	30,372,464	-	-
Retained earnings		(122,848,334)	(277,341,823)	(102,340,151)	(277,341,823)
Total equity		456,447,850	412,712,509	499,470,432	375,241,609
Non-current liabilities					
Borrowings	12	8,718,814	14,474,431	-	-
Deferred tax	10	179,824	1,483,805	-	-
		8,898,638	15,958,236	-	-
REPRESENTED BY		465,346,488	428,670,745	499,470,432	375,241,609
Non-current assets					
Property, plant and equipment	13	243,791,826	211,792,478	244,803	1,902,447
Intangible assets	14	139,260,324	143,057,244	34,969	40,110
Investment in subsidiaries	20	-	-	492,193,200	276,042,700
Investment in jointly controlled entity	21	51,725,606	33,735,607	32,725,606	33,735,608
		394,657,552	364,580,729	749,796,578	551,680,865
Current assets					
Trade and other receivables	15	21,486,493	41,192,548	2,765,023	9,760,440
Trade receivables		5,271,775	404,833	-	-
Inventories	16	797,385	543,799	-	-
Cash at bank and in hand	19	14,527,991	1,396,610	17,216,152	405,078
		26,092,859	42,933,957	29,981,175	10,165,518
Current liabilities					
Borrowings	12	7,229,243	2,122,658	-	-
Bank overdraft	22	64,214,201	64,296,743	-	-
Trade and other payables	18	226,145,493	54,906,000	40,811,679	39,350,804
		297,588,937	119,325,401	40,811,679	39,350,804
Net current liabilities		(271,496,078)	(76,391,444)	(10,830,504)	(29,185,286)
		456,447,850	412,712,509	499,470,432	375,241,609

The financial statements on pages 4 to 23 were approved for issue by the board of directors on 9 SEPTEMBER 2022 and were signed on their behalf by:


 Director


 Director

Healthcare Global (Kenya) Private Limited
 Consolidated financial statements
 For the year ended 31st March 2022

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2022

	Share capital Shs	Share application money Shs	Foreign currency translation Shs	Non-controlling interest Shs	Retained earnings Shs	Total Shs
Group						
At 1st April 2020	11,071,080	563,666,059	5,755,705	59,864,772	(149,936,494)	490,421,122
Loss for the year	-	-	-	(9,492,308)	(134,548,179)	(144,040,487)
Addition	-	77,965,832	1,367,033	-	-	79,332,865
Transfer between reserves	-	-	(7,122,740)	-	7,122,740	-
At 31st March 2021	11,071,080	641,631,891	-	50,372,464	(277,361,933)	425,713,502
At 1st April 2021	11,071,080	641,631,891	-	50,372,464	(277,361,933)	425,713,502
Loss for the year	-	-	-	(19,968,438)	(95,486,211)	(113,454,659)
Addition	-	143,707,617	-	181,399	-	143,889,017
At 31st March 2022	11,071,080	785,339,508	-	32,585,416	(372,848,154)	456,147,850

	Share capital Shs	Share application money Shs	Foreign translation Shs	Non-controlling interest Shs	Retained earnings Shs	Total Shs
Company						
At 1st April 2020	11,071,081	563,666,059	16,682,169	-	(122,413,870)	468,605,439
Loss for the year	-	-	-	-	(171,230,232)	(171,230,232)
Addition	-	77,965,832	-	-	-	77,965,832
Transfer between reserves	-	-	(16,682,169)	-	16,682,169	-
At 31st March 2021	11,071,081	641,631,891	-	-	(277,361,933)	375,341,039
At 1st April 2021	11,071,081	641,631,891	-	-	(277,361,933)	375,341,039
Loss for the year	-	-	-	-	(26,178,219)	(26,178,219)
Addition	-	143,707,617	-	-	-	143,707,617
Transfer between reserves	-	-	-	-	-	-
At 31st March 2022	11,071,081	785,339,508	-	-	(303,540,151)	492,870,437

Heathrow Global (Kenya) Services Limited
Consolidated financial statements
For the year ended 31st March 2022

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH 2022

	Notes	Group		Company	
		2021 KSh	2021 KSh	2021 KSh	2021 KSh
Cash flows from operating activities					
Loss for the year		(214,766,070)	(149,026,457)	(26,178,310)	(171,330,212)
Adjustments for:					
Depreciation and amortisation		39,883,526	35,040,185	173,235	314,355
Impairment loss		-	74,784,779	-	157,665,064
Bank loan interest		9,461,028	(1,174,805)	-	-
Loan processing fees		1,050,000	700,000	-	-
Foreign currency translation		-	1,247,035	-	-
Change in the value of financial assets		-	-	-	(13,324,660)
Operating loss before working capital changes		(75,612,576)	(30,334,767)	(26,004,601)	(24,375,191)
Decrease (increase) in trade and other receivables		24,999,134	9,349,239	(4,643)	8,853,822
Decrease (increase) in investments		(212,462)	(141,799)	-	-
Decrease (increase) in trade and other payables		261,346,872	(31,058,347)	20,925,875	(86,346,873)
Cash freed (absorbed) from operations		150,301,188	(52,225,674)	(5,079,022)	(10,877,796)
Tax		-	1,817,347	-	-
Net cash freed (absorbed) from operating activities		150,301,188	(50,408,327)	(5,079,022)	(10,877,796)
Cash flows from investing activities					
Purchase of property, plant and equipment		(217,002,160)	(5,401,879)	(161,490)	(594,690)
Purchase of intangible assets		-	(52,440)	-	-
Investment in subsidiaries		-	-	(122,177,500)	-
Proceeds from disposal of property, plant and equipment		210,906	-	272,276	(79,466)
Net cash used in investing activities		(216,791,254)	(5,454,319)	(122,617,500)	(79,466)
Cash flows from financing activities					
Repayment of borrowings		(5,592,893)	740,074	-	-
Repayment of preferred loans		-	(17,902,390)	-	-
Bank loan interest		(9,461,028)	1,174,361	-	-
Loan processing fees		(1,660,000)	(700,000)	-	-
Share capital issued		183,390	-	-	-
Share application money received		142,707,617	77,065,853	143,707,617	77,065,853
Net cash generated from (used in) financing activities		127,622,086	33,677,797	143,707,617	77,065,853
Increase (decrease) in cash and cash equivalents		(16,868,080)	(32,932,159)	14,621,095	(2,479,096)
Cash and cash equivalents at start of the year		(64,992,132)	(24,076,318)	(92,071)	(8,864,172)
Cash and cash equivalents at end of year		(81,860,212)	(57,008,477)	(77,450)	(11,343,268)

NOTES

1. General information

Healthcare Global (Kenya) Private Limited ("the consolidation") is domiciled in Kenya where it is incorporated under the Kenyan Companies Act, 2015 as a private company limited by shares. The address of its registered office and principal place of business is L.R. No. 2697/1/260, Kenya Re-Towers, P.O. Box 30833-00100 Nairobi. The principal activity of the company is engaged in providing medical services and is specialised in cancer care.

2. Basis of preparation and summary of significant accounting policies

These financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board. The financial statements are presented in Kenya Shillings (KSh). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year.

Revenue recognition

Revenue from sales of goods is recognised when the goods are delivered and title has passed. Revenue from sale of services is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and sales-related taxes collected on behalf of the Government of Kenya.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Income tax

Tax expense represents the aggregate amount included in profit or loss for the period in respect of current tax and deferred tax.

Current tax is the amount of income tax payable or refundable in respect of the taxable profit or loss for the current and prior periods, determined in accordance with the Kenyan Income Tax Act.

Deferred tax is determined on differences arising between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences), using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the asset is recovered or the liability is settled.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. However, for investment property that is measured using the fair value model, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.

Deferred tax liabilities are recognised for all taxable temporary differences except those arising on the initial recognition of an asset or liability, other than through a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

NOTES (CONTINUED)

2. Basis of preparation and summary of significant accounting policies (continued)

Translation of foreign currencies

All transactions in foreign currencies are initially recorded in Kenya Shillings, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in profit or loss.

Share capital and share premium

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of the par value is classified as 'share premium' in equity.

Financial assets

Trade and other receivables are initially recognised at the transaction price. Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

Property, plant and equipment

All categories of property, plant and equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets. All other items of property, plant and equipment are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost is transferred from the revaluation surplus reserve to retained earnings. Revaluation of property, plant and equipment is done after every three years.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

Investment property

Property held for capital appreciation is classified as investment property. Investment property whose fair value cannot be measured reliably without undue cost or effort is measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of the property less its residual value over its estimated useful life, using the straight-line method.

Intangible assets

Intangible assets comprise purchased computer software and are stated at cost less accumulated amortisation and any accumulated impairment losses. They are amortised over their estimated life of three years using the straight-line method. If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

NOTES (CONTINUED)

2. Basis of preparation and summary of significant accounting policies (continued)

Impairment of non-financial assets

At each reporting date, property, plant and equipment, investment property and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognized as assets of the company at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in-first out method. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads based on normal operating capacity, but exclude borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling.

Financial liabilities

Financial liabilities are initially recognised at the transaction price (less transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

Employee benefits - post-employment benefits

The company accrues for obligation to pay terminal gratuities, based on employee's years of service and salaries at the balance sheet date. The company does not fund this obligation in advance.

Newhouse Group (Private) Limited
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NOTES (CONTINUED)

2. Basis of preparation and summary of significant accounting policies (continued)

Employer benefits - post-employment benefits (continued)

The company and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statutes and the company's contributions are charged to the profit and loss accounts in the year in which they relate.

3. Judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the company, the directors make certain judgements and estimates that may affect the amounts recognised in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed in each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any revisions to such judgements and estimates are recognised in the year in which the revision is made.

a) Significant judgements made in applying the company's accounting policies

The judgements made by the directors in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

Deferred tax

Whether it is probable that future taxable profits will be available against which temporary differences can be utilised.

Gratuity

Judgements have been made by the directors in determining the provision for gratuity which is based on the number of years worked and the collective bargaining agreements.

Revaluation of property, plant and equipment

Judgements have been made by the directors with regard to the valuation assumptions made on the valuation of property, plant and equipment.

4. Revenue

Sales of goods

	<u>Group</u>		<u>Company</u>	
	2022	2021	2022	2021
	USD	USD	USD	USD
	<u>91,230,316</u>	<u>105,707,126</u>		

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NOTES (CONTINUED)

	Group		Company	
	2022 KSh	2021 KSh	2022 KSh	2021 KSh
5. Other income				
Parking income				
Sundry income	342,094	262,031	-	-
Gain on disposal of assets	1,507,345	1,700,000	-	-
	<u>38,951</u>	<u>-</u>	<u>38,951</u>	<u>-</u>
	<u>1,848,590</u>	<u>1,962,031</u>	<u>38,951</u>	<u>-</u>
6. Finance costs				
Bank loan interest				
Loan processing fee	9,401,028	(3,174,341)	-	-
Discount	1,060,000	700,000	-	-
Unrealised exchange gain	74,529	-	-	-
Realised foreign exchange gain/(loss)	943,494	(212,569)	943,494	(212,569)
	<u>(51,209)</u>	<u>2,125,903</u>	<u>14,593</u>	<u>2,187,230</u>
	<u>11,427,842</u>	<u>(560,965)</u>	<u>958,087</u>	<u>1,894,661</u>
7. Loss before tax				
(a) The following items have been recognized as expense in determining profit before tax:				
Employee benefits expense (Note 3(b))	70,113,247	62,465,987	19,426,492	7,440,989
Operating lease rentals expense	5,384,958	8,266,642	573,000	1,380,000
Depreciation of property, plant and equipment	<u>24,825,306</u>	<u>26,463,022</u>	<u>300,232</u>	<u>293,020</u>
(b) Employee benefits expense				
Salaries and wages	70,026,647	62,376,587	19,419,492	7,440,989
- National Social Security Fund	<u>86,600</u>	<u>89,400</u>	<u>7,000</u>	<u>-</u>
	<u>70,113,247</u>	<u>62,465,987</u>	<u>19,426,492</u>	<u>7,440,989</u>

Meritours Global (Kings) Private Limited
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NOTES (CONTINUED)

	Group		Company	
	2021	2020	2021	2020
	KSh	KSh	KSh	KSh
1. Tax expense				
Current income tax	-	546,511	-	-
Deferred income tax	(1,511,371)	467,501	-	-
Income tax expense	<u>(1,511,371)</u>	<u>1,014,014</u>	<u>-</u>	<u>-</u>

The tax expense for the year differs from the theoretical amount that would result from applying the statutory tax rate of 30% (2020: 30%) to profit before tax as follows:

	Authorized capital KSh	Issued and paid up capital KSh	Authorized capital KSh	Issued and paid up capital KSh
At 1st April 2020 and 31st March 2021	<u>16,000,000</u>	<u>11,071,061</u>	<u>16,000,000</u>	<u>11,071,061</u>
At 1st April 2021	16,000,000	11,071,061	16,000,000	11,071,061
Issued during the year				
At 31st March 2022	<u>16,000,000</u>	<u>11,071,061</u>	<u>16,000,000</u>	<u>11,071,061</u>

The total authorized number of Authorized shares is 400,000 (2021: 400,000) with a par value of KSh 20 each.
 The total authorized number of Issued shares is 553,554 (2021: 553,554) with a par value of KSh 20 each.

Healthcare Global (Wynn) Private Limited
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 NOTES (CONTINUED)

10. Deferred tax

Deferred tax is calculated using the currently enacted corporate tax rate of 30%. The movement on the deferred tax account is as follows:

	Group		Company	
	2021 \$K	2021 \$K	2021 \$K	2021 \$K
At start of the year	(1,415,205)	-	-	-
Warrant off in current year	1,311,371	(1,415,205)	-	-
At end of the year	(103,834)	(1,415,205)	-	-

Deferred tax assets and liabilities, deferred tax charges in the profit and loss account and in equity are attributable to the following items:

	Group			Company		
	At 1st April 2021 \$K	(Charged) to profit & loss \$K	At 31st March 2021 \$K	At 1st April 2021 \$K	(Charged) to profit & loss \$K	At 31st March 2021 \$K
Deferred tax liabilities (assets)						
Accelerated capital allowances	(1,415,205)	1,311,371	(103,834)	-	-	-
Deferred tax liabilities (assets), net	(1,415,205)	1,311,371	(103,834)	-	-	-
Deferred tax liabilities (assets)						
Accelerated capital allowances	(1,415,205)	(467,591)	(1,482,796)	-	-	-
Deferred tax liabilities (assets), net	(1,415,205)	(467,591)	(1,482,796)	-	-	-

11. Share application money

The funds have been received for allotment of shares which was not done as at the year end

	Group		Company	
	2021 KSh	2021 KSh	2021 KSh	2021 KSh
Share application funds	381,319,508	441,611,491	785,339,508	441,611,491

12. Borrowings

	Group		Company	
	2021 KSh	2021 KSh	2021 KSh	2021 KSh
Non-current At fair value	2,718,834	16,471,431	-	-
Current At fair value	7,226,161	2,122,632	-	-
	13,891,196	21,594,063	-	-

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NOTES (CONTINUED)

11. Property, plant and equipment (Group)

	Motor vehicles KSh 25%	Furniture and fixtures KSh 12.5%	IT equipment's KSh 30%	Buildings KSh 1%	Machinery & equipment's KSh 12.5%	Medical equipment's KSh 12.5%	Leasehold improvements KSh	Capital work in progress KSh	Total KSh
Cost									
At 01st April 2020	2,168,455	14,326,373	4,272,570	191,239,519	15,426,951	443,469,975	-	2,264,344	689,273,187
Additions	-	503,163	1,405,753	-	1,104,793	2,824,169	-	-	3,608,818
Transfer	-	-	-	-	-	2,127,597	3,240,743	(7,368,344)	-
Disposal	-	-	-	-	-	-	-	-	-
At 31st March 2021	2,168,455	14,829,536	5,678,323	191,239,519	16,531,744	450,423,741	5,240,743	-	685,881,066
Accumulated depreciation									
At 01st April 2020	1,380,573	2,489,206	2,313,041	38,101,370	10,428,865	287,347,111	-	-	347,650,166
Charge for the year	196,922	901,301	679,543	3,926,544	636,947	19,939,354	158,315	-	28,688,022
Carrying amount									
At 31st March 2021	890,910	8,519,027	3,365,282	149,218,005	15,894,812	307,857,465	158,315	-	311,767,878
Cost									
At 01st April 2021	2,168,455	14,891,536	5,312,022	191,239,519	16,531,744	450,423,741	5,240,743	-	685,881,066
Additions	-	-	397,880	-	-	-	3,370,436	254,331,444	257,009,360
Disposal	-	-	(124,722)	-	-	-	-	-	(124,722)
At 31st March 2022	2,168,455	14,891,536	5,356,022	191,239,519	16,531,744	450,423,741	7,611,183	354,331,444	942,533,904
Accumulated depreciation									
At 01st April 2021	1,577,545	8,372,511	2,933,020	42,027,014	11,065,312	307,857,465	158,315	-	374,143,188
Additions	-	-	(112,118)	-	-	-	-	-	(112,118)
Disposal	-	-	727,841	-	-	-	-	-	727,841
Charge for the year	147,228	823,066	727,841	3,926,544	683,242	17,831,972	725,413	-	24,865,605
Carrying amount									
At 31st March 2022	443,183	3,695,961	1,728,723	145,283,061	15,749,054	325,689,237	883,728	354,331,444	541,731,026

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NOTES (CONTINUED)

13(Cont.) Property, plant and equipment (Company)

	Motor vehicles KSh	Furniture and fixtures KSh	IT equipment's KSh	Total KSh
Cost				
At 01st April 2020	2,068,455	59,100	247,042	2,374,597
Additions	-	-	294,690	294,690
Disposal	-	-	-	-
At 31st March 2021	2,068,455	59,100	541,732	2,669,287
Accumulated depreciation				
At 1st April 2020	1,289,754	3,076	80,550	1,373,380
Charge for the year	194,875	7,003	91,342	293,020
Carrying amount At 31st March 2021	1,484,429	10,079	171,892	1,666,400
	584,026	49,021	369,840	1,002,887
	Motor vehicles KSh	Furniture and fixtures KSh	IT equipment's KSh	Total KSh
Cost				
At 01st April 2021	2,068,455	59,100	541,732	2,669,287
Additions	-	-	162,400	162,400
Disposal	-	-	(272,370)	(272,370)
At 31st March 2022	2,068,455	59,100	431,762	2,559,317
Accumulated depreciation				
At 1st April 2021	1,484,429	10,079	171,892	1,666,400
Disposal	-	-	(152,118)	(152,118)
Charge for the year	146,007	6,128	148,098	300,232
Carrying amount At 31st March 2022	1,630,436	16,207	167,872	1,814,514
	438,020	42,893	263,890	744,803

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NOTES (CONTINUED)

	Group		Company	
	2022 KSh	2021 KSh	2022 KSh	2021 KSh
14. Intangible Assets				
Cost				
At 1st April	160,143,947	188,173,899	125,704	73,264
Additions	-	32,440	-	52,450
Impairment of intangible assets	-	(38,267,392)	-	-
	<u>160,143,947</u>	<u>160,143,947</u>	<u>125,704</u>	<u>125,704</u>
Accumulated amortisation				
At start of year	17,066,703	12,512,892	62,594	43,759
Charge for the year	3,856,730	4,233,819	25,141	21,672
	<u>20,923,433</u>	<u>17,086,703</u>	<u>87,735</u>	<u>65,431</u>
Carrying amount				
At 31st March	<u>139,200,524</u>	<u>143,017,244</u>	<u>37,969</u>	<u>60,273</u>
15. Trade and other receivables				
Trade receivables, net	7,900,910	6,074,053	-	-
Other receivables	1,376,777	7,058,740	131,911	91,768
Deposits and prepayments	9,654,150	6,072,266	792,850	930,040
Other receivables, net	12,537,614	41,347,309	3,220,642	8,728,652
	<u>31,669,491</u>	<u>61,182,368</u>	<u>3,220,642</u>	<u>9,760,460</u>
16. Inventories				
Pharmaceutical drugs	237,261	343,792	-	-

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 NOTES (CONTINUED)

	Group		Company	
	2022	2021	2022	2021
	KSh	KSh	KSh	KSh
17. Cash and cash equivalents				
Cash in hand	212,367	144,602	326	10,527
Cash at bank	18,350,424	1,160,606	17,295,609	194,751
Bank overdraft	(64,219,202)	(68,799,711)	-	-
	<u>(45,656,411)</u>	<u>(67,554,503)</u>	<u>17,321,535</u>	<u>605,278</u>
18. Trade and other payables				
Current				
Trade payables	209,206,699	11,022,984	-	-
Provisions	10,851,494	23,041,819	9,637,614	16,682,941
Other payables	6,382,457	388,132	1,222,318	266,132
Payable to related parties (Note 16(i))	36,196,222	10,454,065	60,915,652	48,871,729
Total Trade and other payables	<u>262,636,872</u>	<u>34,906,999</u>	<u>72,775,584</u>	<u>65,820,802</u>
19. Related party transactions				
(i) Key management compensation				
Short term employee benefits	-	7,115,489	19,436,692	18,172,546
(ii) Outstanding balances				
Receivables from related parties				
MP Mash Hospital	24,324,563	26,478,112	-	-
Healthcare Global (Yamalo) Private Limited	1,101,756	1,026,766	1,106,956	1,626,766
Adventra Molecular Imaging Limited	17,656,792	15,187,411	7,717,866	7,731,866
Total related parties receivables	<u>43,083,111</u>	<u>42,692,289</u>	<u>8,824,822</u>	<u>9,358,632</u>
(iii) Payables to related parties				
Cancer Care Kenya Limited	-	-	46,416,069	21,320,642
Healthcare Global Enterprises Limited	19,282,689	3,462,507	4,116,240	3,502,507
Healthcare Global (Africa) Private Limited	17,816,416	14,491,238	17,116,456	16,491,238
Healthcare Global (Uganda) Limited	63,107	497,560	63,107	497,560
Total related parties payables	<u>37,162,312</u>	<u>18,451,307</u>	<u>70,708,272</u>	<u>41,811,947</u>

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NOTES (CONTINUED)

20. Investment in subsidiaries	% holding	% holding	Carrying amount	Carrying amount
	2022	2021	2022	2021
Name of subsidiary	78.5%	78.10%	370,067,700	505,543,860
Cancer care Kenya limited (opening balance)			370,067,700	505,543,860
Less: Impairment of investment in subsidiary			-	(135,476,160)
Add: Additional capital contribution			122,127,500	-
			<u>492,195,200</u>	<u>370,067,700</u>

All the entities are incorporated in Kenya and share the year end of the group.

21. Investment in jointly control entity	% holding	% holding	Carrying amount	Carrying amount
	2022	2021	2022	2021
Name of company	50%	50%	53,725,606	75,914,491
Advanced molecular imaging limited (opening balance)			53,725,606	75,914,491
Less: Impairment of investment in jointly control entity			-	(22,188,984)
			<u>53,725,606</u>	<u>53,725,607</u>

The carrying amounts of joint ventures are shown net of impairment losses.

The principal activities of the company are in production of Fluoro Deoxy Glucose (FDG) used for injecting cancer patients to diagnose cancer through PET CT, accurately and selling it locally as well as exporting it to the neighbouring countries. The company incorporated and domiciled in Kenya.

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SCHEDULE OF OPERATING EXPENDITURE

	Group		Company	
	2022 KSh	2021 KSh	2021 KSh	2021 KSh
1. DIRECT COST				
Purchase	-	-	-	-
Medical professional charges	3,134,205	2,857,582	-	-
Drug costs	4,631,647	525,770	-	-
Other expenses				
- Previous year	2,060,872	-	-	-
- Current year	2,591,648	2,060,872	-	-
Consultancy and professional fees	8,906,363	16,019,251	-	-
Medical supplies	3,522,497	4,599,244	-	-
	<u>24,917,132</u>	<u>26,062,719</u>	-	-
2. ADMINISTRATIVE EXPENSES				
Employment:				
Salaries and wages	70,026,647	62,376,587	19,419,492	7,440,980
NSSF (Employer contribution)	86,600	89,400	7,000	-
Pension contribution	1,239,461	1,189,855	-	-
Staff training	21,050	367,362	2,400	346,962
Staff medical and welfare	2,921,762	3,851,808	713,731	237,791
	<u>74,295,521</u>	<u>68,677,012</u>	<u>20,142,623</u>	<u>8,225,702</u>
Other administration expenses:				
Advertising	1,764,073	2,113,482	-	42,828
Postages and telephone	166,446	278,272	8,643	88,094
Traveling and entertainment	184,999	324,610	-	48,710
Vehicle running	869,857	1,253,622	278,428	557,206
Printing and stationery	1,273,619	1,535,295	-	2,375
Audit fees				
- Previous year	224,733	-	224,733	-
- Current year	667,000	370,777	232,000	370,777
Computer expenses	743,918	855,564	-	-
Startup duty	1,200,000	200,000	-	-
Legal and professional fees	5,606,445	11,649,067	3,037,876	310,112
General expenses	2,695,078	2,476,955	-	-
Miscellaneous Expenses	32,206	-	26,847	-
Secretarial Fees	34,800	-	34,800	-
Provision for doubtful debts	34,809,310	-	-	-
Bank charges and commissions	739,666	824,806	174,955	155,690
	<u>51,013,241</u>	<u>21,782,596</u>	<u>4,018,282</u>	<u>1,575,312</u>
Total administrative expenses	<u>125,308,761</u>	<u>89,459,608</u>	<u>24,160,905</u>	<u>9,801,014</u>
3. ESTABLISHMENT EXPENSES				
Rent and rates	5,384,958	8,266,642	575,000	1,380,000
Repairs and maintenance	2,784,665	3,994,831	2,900	11,000
Insurance	2,987,289	2,626,024	146,178	130,749
Licenses	1,351,739	785,652	87,027	33,109
Electricity & water	4,492,823	5,433,546	-	-
Security	487,200	532,597	-	-
Impairment of investment				
- Impairment in jointly control entity	-	22,188,884	-	22,188,884
- Impairment in subsidiaries	-	-	-	135,476,160
Impairment of intangible assets	-	56,325,888	-	-
Amortisation of intangible assets	3,816,720	8,597,166	25,141	21,635
Depreciation of property, plant and equipment	24,825,106	26,463,022	261,932	293,020
	<u>46,151,290</u>	<u>135,414,252</u>	<u>1,038,178</u>	<u>159,534,557</u>