



2019-2020

1st Quarter Unaudited Financial Report ending 31 January 2020

INDIES PHARMA JAMAICA LIMITED

“Caring for the Nation’s Health”

www.indiespharma.com



2019-2020

1st Quarter Unaudited Financial Report

Period ending 31 January 2020



INDIES PHARMA JAMAICA LIMITED

"Caring for the Nation's Health"

RELEASE TO SHAREHOLDERS

UNAUDITED FINANCIAL RESULTS FOR THE THREE MONTHS ENDED 31 JANUARY 2020.

The Board of Directors of Indies Pharma Jamaica Limited is pleased to present to our shareholders our first quarter unaudited financial results for the financial period ended January 31, 2020.

	3 Months Ended 31-January-2020	3 Months Ended 31-January-2019	Year over year	Audited Year Ended October 31, 2019
Revenue	193,722,062.82	168,182,612.86	15.2%	729,451,037.00
Gross Profit	127,858,532.00	118,242,509.17	8%	460,673,193.00
Comprehensive Income	39,609,620.21	48,606,860.48	-19%	136,111,691.98
Earnings per share (EPS)	0.03c	0.04c	-25%	0.10c
Total Assets	927,288,202	755,997,602	23%	770,905,886
Shareholder's Equity	734,840,633	717,278,777	2.5%	695,231,013

For the three months ended January 31, 2020, Indies Pharma Jamaica limited achieved revenues of J\$193.72 million, representing an increase of 15.2% or J\$25.5 million over the corresponding period in 2019.

Growth was also achieved in profitability, as total gross profit for the three-month period was J\$127.85 million, representing an 8% or J\$9.61 million compared with 2019. Net profit decreased to J\$39.61 million from \$48.61Mil, a J\$9.0 million or 19% reduction over the three months when compared with the corresponding period in the previous year.

Earnings per share (EPS) for the three-month period decreased to J\$0.03 cents per share compared to J\$0.04 cents in the prior period 2019. This book value EPS of J\$0.03 reflects a 25% or J\$0.01 decrease in shareholders' equity over the corresponding period in 2019. Additionally, the Indies Pharma stock price closed at J\$3.00 on January 31, 2020, representing an increase 100% or J\$1.50 per share since the company's Junior Market Listing on the Jamaica Stock Exchange (JSE).

Administrative and other expenses increased to J\$91.8 million, which represents a J\$19.7 million rise compared to same period in the prior year, mainly due to costs related to increases in business activity. Significant increases were incurred for rent, lease and set-up costs for the new facility in Freeport, Montego Bay.

Shareholders' equity increased by 2.5% or J\$17.6 million to J\$734.8 million when compared to the similar quarter in the previous year, as a result of the revaluation of company's asset and an increase in retained earnings for the period.

Liabilities increased by 397% (J\$153.7 million) this was predominantly due to the adoption of IFRS 16 'Leases' which requires the lessee to record a liability for the remaining contractual life of the lease payments. There has also been an increase in trade payables.

- ❖ The company currently has no debt, which indicates its good financial health and shows that it is in a good position for future growth.
- ❖ The Company's liquidity position remains very healthy with a current ratio of 7.93:1, meaning that the company has J\$7.93 of current assets for every J\$1 of current liabilities.

Sincerely Yours



Vishnu V. Muppuri (Mrs.)
Co-Founder, Executive Director & COO

12 March 2020.

INDIES PHARMA JAMAICA LIMITED
Unaudited Statement of Comprehensive Income
For the third quarter ended January 31, 2020

	Three Months Ended January 31, 2020	Three Months Ended January 31, 2019	Audited Year Ended October 31, 2019
	\$	\$	\$
\$REVENUE	193,722,063	168,182,613	729,451,037
COST OF SALES	(65,863,531)	(49,940,104)	(268,777,844)
GROSS PROFIT	127,858,532	118,242,509	460,673,193
Other operating income	698,370	109,005	782,450
Administrative and other expenses	128,556,903	118,351,515	461,455,644
	(91,776,745)	(72,083,989)	(338,121,941)
PROFIT FROM OPERATION	36,780,157	46,267,527	123,333,703
Exchange Gain/(Loss)	2,829,463	716,791	4,707,387
Finance Cost (Loan Interest)	-	(77,048)	(196,728)
NET PROFIT BEFORE TAXATION	39,609,620	46,907,270	127,844,361
Taxation	-	-	3,117,744
NET PROFIT FOR THE PERIOD	39,609,620	46,907,270	130,962,105
OTHER COMPREHENSIVE INCOME			
Profit on the sale of Fixed Assets		1,699,589	5,149,587
TOTAL COMPREHENSIVE INCOME	39,609,620	48,606,860	136,111,692
	0.03c	0.04c	0.10c

INDIES PHARMA JAMAICA LIMITED
Unaudited Statement of Financial Position
For the third quarter ended January 31, 2020

	Three Months Ended January 31, 2020	Three Months Ended January 31, 2019	Audited Year Ended October 31, 2019
	\$	\$	\$
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	244,921,719	86,315,566	137,134,530
Related Companies		229,269,781	9,975,378
CURRENT ASSETS			
Inventories	160,603,054	164,849,415	156,936,210
Receivables	367,699,150	137,803,964	292,978,798
Taxation recoverable	2,556,481	-	2,541,479
Cash and cash equivalents	90,103,202	95,483,067	114,778,721
Related companies	-	-	-
Director's Current Account	61,404,597	34,434,442	36,779,647
	682,366,483	440,412,254	623,795,978
TOTAL ASSETS	927,288,202	755,997,602	770,905,886
EQUITY AND LIABILITIES			
EQUITY			
Share capital	244,576,999	244,576,999	244,576,999
Revaluation reserve	110,923,182	105,773,595	110,923,182
Retained earnings	379,340,452	366,928,184	339,730,832
	734,840,633	717,278,778	695,231,013

	Three Months Ended January 31, 2020	Three Months Ended January 31, 2019	Audited Year Ended October 31, 2019
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NON-CURRENT LIABILITIES

Long term loans/Lease	106,438,195	711,916	-
Deferred taxation	-	3,117,744	-
	106,438,195	3,829,660	-

CURRENT LIABILITIES

Payables	84,134,374	3,454,896	67,414,295
Short Term loans	-	308,197	8,260,578
Related Company (Royalty)	1,875,000	12,816,698	-
Directors loan	-	-	-
Taxation	-	18,309,374	-
	86,009,374	34,889,165	75,674,873

**TOTAL EQUITY AND
LIABILITIES**

927,288,202	755,997,602	770,905,866
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Approved for issue by the Board of Directors on and signed on its behalf by:



Guna Sekhar Muppuri – Director



Vishnu Vandana Muppuri – Director



INDIES PHARMA JAMAICA LIMITED
Unaudited Statement of Changes in Equity
For the first quarter ended January 31, 2020

	Number of Stock Units \$	Share Capital \$	Capital Reserve \$	Retained Earnings \$	Total \$
Balance at 1 November 2018	1,332,536,649	244,576,999	105,773,595	318,285,581	668,636,175
Total Comprehensive Income Income for the period					
Prior year adjustment				35,743	35,743
NET PROFIT		-	-	48,606,860	48,606,860
Balance at 31 January 2019	1,332,536,649	244,576,999	105,773,595	366,928,184	717,278,778
Balance at 1 November 2019	1,332,536,649	244,576,999	110,923,182	339,730,832	695,231,013
Dividend paid				-	-
Total Comprehensive Income					
Prior year adjustment				-	-
NET PROFIT		-	-	39,609,620	39,609,620
Balance at 31 January 2020	1,332,536,649	244,576,999	110,923,182	379,340,452	734,840,633

INDIES PHARMA JAMAICA LIMITED
Unaudited Statement of Cash Flows

	Three Months Ended January 31, 2020	Three Months Ended January 31, 2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	39,609,620	46,907,270
Adjustment for		
Depreciation	12,559,056	2,849,249
Interest expense	2,296,497	77,048
Gain on asset Disposal	-	1,699,589
Interest Income	(85,719)	(109,005)
Taxation	-	-
	54,379,453	51,424,152
Changes in operating assets and liabilities		
Trade Receivables	(74,720,352)	128,604,480
Inventories	(3,666,844)	(9,655,893)
Trade payables	16,720,079	(43,094,495)
Related company	50,334	(134,064,328)
Directors a/c	(4,843,828)	(5,496,161)
GCT Recoverable		1,485,142
	(12,081,157)	(10,797,104)
Taxation paid		
Net Cash used in operating activities	(12,081,157)	(10,797,105)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	85,719	109,005
Purchase of fixed assets	(10,383,584)	(65,515)
Disposal Proceed of fixed assets		5,000,000
Net cash used in investing activities	(10,297,866)	5,043,490

	Three Months Ended January 31, 2020	Three Months Ended January 31, 2019
	\$	\$
CASH FLOWS FROM FINANCE ACTIVITIES		
Loan Received		-
Share Issue	-	-
Director loan	-	-
Interest paid	(2,296,497)	(77,048)
Dividends paid	-	-
loan repayment	-	(78,090)
Net cash provided by financing activities	(2,296,497)	(155,137)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	(24,675,519)	(5,908,752)
Cash and cash equivalents at beginning of year	114,778,721	101,391,819
CASH AND CASH EQUIVALENT AT YEAR END	90,103,202	95,483,067

1. IDENTIFICATION AND ACTIVITIES

INDIES PHARMA JAMAICA LIMITED is a limited liability company incorporated under the laws of Jamaica on the 09th day of December 2003 and domiciled in Jamaica. The registered office of the company is Unit #5 Montego Bay Trade Centre, Catherine Hall, Montego Bay, St James. The principal activity of the company is the distribution and retailing of pharmaceutical and auxiliary products.

The company by special resolution dated 4th November 2014 converted from a private to a public company. The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange on the August 15th, 2018.

2. BASIS OF PREPARATION

These condensed unaudited interim financial statements for the 'Three Months ended January 31, 2020' have been prepared in accordance with IAS 34 – Interim Financial Reporting. The interim financial statements should be read in conjunction with the audited financial statements ended 31st October 2019 which have been prepared in accordance with The International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB). The accounting policies are consistent with those applied to the audited financial statements for the year ended 31 October 2019, except for the adoption of IFRS 16 'Leases' which became effective 1 January 2019.

- ❖ The impact of adoption in the new standard is shown in Note 10.
- ❖ The financial statements are expressed in Jamaican Dollars.

IFRS 16 'Leases'

The company has adopted IFRS 16 from 1 November 2019 and has not restated comparatives for the prior reporting period as submitted under the specific transitional provisions in the standard in applying the simplified transition approach. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening statement of financial position on 1 November 2019.

IFRS 16 introduces a single lease accounting model for lessees. It requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use-asset” for virtually all lease contracts. The standard includes an optional exemption for certain short-term leases of low value assets. For lessors the accounting stays almost the same.

Effective 1 November 2019, leases are recognized as a “right -of -use- asset” and a corresponding liability at the date at which the lease asset is available for use by the company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability each period. The right -of- use asset is depreciated over the shorter of the asset's useful life and the lease term on the straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis.

3. RECEIVABLES

	2020	2019
	\$	\$
Trade Receivables	165,119,163	122,627,309
Prepayments	-	145,248
Related Party	-	-
Other	66,989,587	15,031,407
	<u>\$232,108,750</u>	<u>\$137,803,964</u>

- ❖ Approximately \$24,239,250.00 of the 'OTHER' receivables amount \$66,989,587 was paid as a deposit towards acquisition of the real estate for the company INDIES PHARMA.

5. RELATED COMPANIES

	2020	2019
	\$	\$
Mercury Wireless Ltd	-	44,675,135
Winfra Development Consortium Ltd	-	6,561,726
Ironshore Alpha Holdings Inc	-	75,401,798
Beta IRS Holdings Inc	-	54,083,595
Starfish Bay Holding Ltd	-	12,853,202
Hanolu GVM Holdings Ltd (Intercompany)	-	10,690,482
Bioprist Holdings Inc	135,590,400	135,590,400
	135,590,400	339,856,338
Sandy GVM Holdings Ltd (Intercompany)	-	(109,412,654)
Bioprist Las Americas Ltd (Intercompany)	-	(1,173,903)
	-	(110,586,557)

6. LONG-TERM LOANS

	2020	2019
	\$	\$
First Global Bank Jamaica Ltd	-	-
National Commercial Bank Ltd	-	711,916
Sagicor Bank Jamaica Ltd	-	-
	-	711,916

7. SHORT-TERM LOANS

	2020 \$	2019 \$
First Global Bank Jamaica Ltd	-	-
National Commercial Bank Ltd	-	308,197
Sagicor Bank Jamaica Ltd	-	-
GK Investment limited	-	-
	-	<u>308,197</u>

8. TAXATION

	2020 \$	2019 \$
Company Tax	-	18,309,374
With-Holding Tax	-	-
	-	<u>18,309,374</u>

9. LEASE PROPERTY IFRS 16

	2020 \$	2019 \$
Lease Properties (Indies & Trident)	105,424,279	-
	<u>105,424,279</u>	-

10. EFFECT OF ADOPTION OF IFRS 16

On adoption of IFRS 16, the company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate as of 1 November 2019 was 8%.

The table below shows the reconciliation of the operating lease commitments disclosed as at 31 October 2019 to the lease liabilities recognized as at 1 November 2019.

	November 1, 2019
Operating Lease commitments disclosed as at 31 October 2019	\$134,140,590.00
Discounted using the incremental borrowing rate at the date of initial application	\$114,824.756.00
Lease Liabilities recognized on adoption of IFRS 16 on 1 November 2019	\$114,824.756.00

As stated in the accounting policy for the new standard, the transition provisions applied by the company do not require comparative figures to be restated. The total impact of adoption is therefore recognized in the opening statement of financial position on 1 November 2019.

The right-of-use assets were measured at the amount equal to the lease liability. There were onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The adoption of IFRS 16 resulted in an increase in the lease liabilities of \$114,824,756 and a corresponding increase in the right-of-use assets of \$114,824,756

On 1 November 2019, the company incurred depreciation charges of \$9,400,478 to 31 January 2020 on the right-of-use assets and interest expense of \$2,296,495.11 to 31 January 2020 on the lease liabilities during the period.

TOP TEN (10) SHAREHOLDERS

SHAREHOLDERS	NUMBER OF UNITS	SHAREHOLDING %
Bioprist Holdings Inc.	1,042,858,249	78.26%
Sunand Gogineni	44,903,438	3.37%
GK Investments Limited	39,761,365	2.98%
Venugopal Naidu Kuntamukkala	23,171,070	1.74%
VM Wealth Equity Fund	15,000,000	1.13%
SAGICOR Select Fund Limited (Class C Shares) Manufacturing & Distribution	10,688,828	0.80%
GK General Insurance Company Limited	7,439,962	0.56%
E Penny Barron	7,192,281	0.54%
JCSD Trustee Services Limited A/C Barita Unit Trust Capital Growth Fund	5,967,082	0.45%
Jason Carby	5,700,000	0.43%
TOTAL	1,202,682,275	90.26%
Other Minority Shareholders	129,854,374	9.74%
TOTAL ISSUED SHARES	1,332,536,649	100%

SHAREHOLDINGS OF DIRECTORS

DIRECTORS	TOTAL SHAREHOLDINGS	DIRECT	CONNECTED PARTIES
Dr. Guna S. Muppuri	Nil	0	664,748,486
Mrs. Vishnu Muppuri	Nil	0	378,109,763
Prof. Trevor McCartney	200,000	200,000	-
Dr. Norman Dunn	2,348,500	2,348,500	-
Senator Aubyn Hill	4,418,500	4,418,500	-
Dev Kumar Singh	NIL	-	-

COMPANY SECRETARY	TOTAL SHAREHOLDING	DIRECT	CONNECTED PARTIES
Venice Williams-Gordon	48,058.00	48,058.00	--

MANAGEMENT HOLDINGS

SENIOR MANAGERS / EXECUTIVES	TOTAL SHAREHOLDINGS	DIRECT	CONNECTED PARTIES
Ricardo Stephenson	771,000.00	771,000.00	-
Sabrina Serrant	65,000.00	65,000.00	-
Ebany Gayle	77,900.00	77,900.00	-
Dwight Brown	50,000.00	50,000.00	-