2019 ANNUAL REPORT

INDIES PHARMA JAMAICA LIMITED

"Caring for the Nation's Health"

www.indiespharma.com

Member of Bioprist Group

2019 ANNUAL REPORT
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THE COMPANY

THE COMPANY

Indies Pharma Jamaica Limited is a pharmaceutical distribution company which was incorporated in Jamaica on 9 December 2003 and co-founded by a medical doctor, Dr. Guna Muppuri, and his wife Mrs. Vishnu Muppuri.

The Company sold its first pharmaceutical on 18 April 2005, and today distributes over 150 prescription and non-prescription or 'over the counter' generic pharmaceutical products for Bioprist Holdings Limited under the 'Bioprist Pharmaceuticals' brand.

The Company is headquartered in a commercial complex in Freeport, Montego Bay, Jamaica. Its retail unit, the Trident Pharmacy business is located nearby in Sam Sharpe Square, Montego Bay, Jamaica. The Company currently services customers across all 14 parishes of the island, including over 400 pharmacies, private and public hospitals and government agencies including the National Health Fund as well as medical practitioners, and directly to individual end users. The Company strives to provide unique, quality and affordable pharmaceutical and complementary products, and to maintain efficient and effective product distribution across the island. It also aims to be a leading and trusted pharmaceutical distribution company with strong customer relationships, a commitment to brand and product development, and a large and reliable distribution network.

The Company continues to be managed by its founding members and the newly appointed Non- Executive Directors, with the support of a professional team of approximately 60 Plus employees.

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Mission & Vision

MISSION

"Caring for the Nation's Health"

Our Vision

- *Making Medicines available & affordable for everyone.*
- *Creating stable employment opportunities in Jamaica.*

Our Objectives

- *Welfare of the 'common man' and the 'Nation' in its entirety by way of the role of the (Generic) Pharmaceuticals on our economy.*

- *To be an equal opportunity company geared towards growth & development of 'everyone' committed in its interests" while trying to be a strategic partner for the major manufacturers & suppliers.*

- *To become a one-stop shop for the majority of pharmaceutical, health care, consumer & hygiene products and envisage to be a topnotch promoter & distributor focusing towards maintaining a long-term presence in the field of promotion & distribution in Jamaica for now and the Caribbean region later.*

Essence

INDIES PHARMA' is trying to change the old saying, 3 Basic Necessities "Food, Shelter & Clothing" to the new one, 4 basic necessities by adding – "Medicine" to it. Medicine, always being the most crucial element to mankind always dictates the quality & productivity of the human life.

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Mission Statement

"MISSION STATEMENT"

TO BRING SOMETHING MEANINGFUL & GOOD TO THIS 'BLESSED NATION' in its entirety in the fields of **H**ealth care (by sourcing the medicines of highest quality and efficacy) & **E**conomy (by creating more employment) without compromising with the values set by the Governmental regulatory bodies.

TO PROVIDE THE HIGHEST LEVEL OF SATISFACTION & TRUST to the "**P**rescriber, **D**ispenser, **S**tocking client & the **E**nd user (Physician, Pharmacist, Owners of the business & the Patient))" by providing the **N**ation with the **P**roduce (Medicines) of highest quality and efficacy.

TO CREATE A COMMON & A VIABLE PLATFORM FOR OUR PRINCIPALS to **P**romote & **D**istribute their produce in the **L**ocal & **R**egional market while being **L**oyal, **D**edicated & **C**ommitted to the mutual best interests.

TO BE COMMITTED TO BUILD A HEALTHY NATION by introducing innovative & affordable medicines that would contribute to the better health of our fellow citizens through our **Q**ualified, **C**ompetent & highly **M**otivated team while remaining **D**ynamic, **F**lexible, & **C**ompetitive".

INDIES PHARMA JAMAICA
"Caring for the Nation's health"

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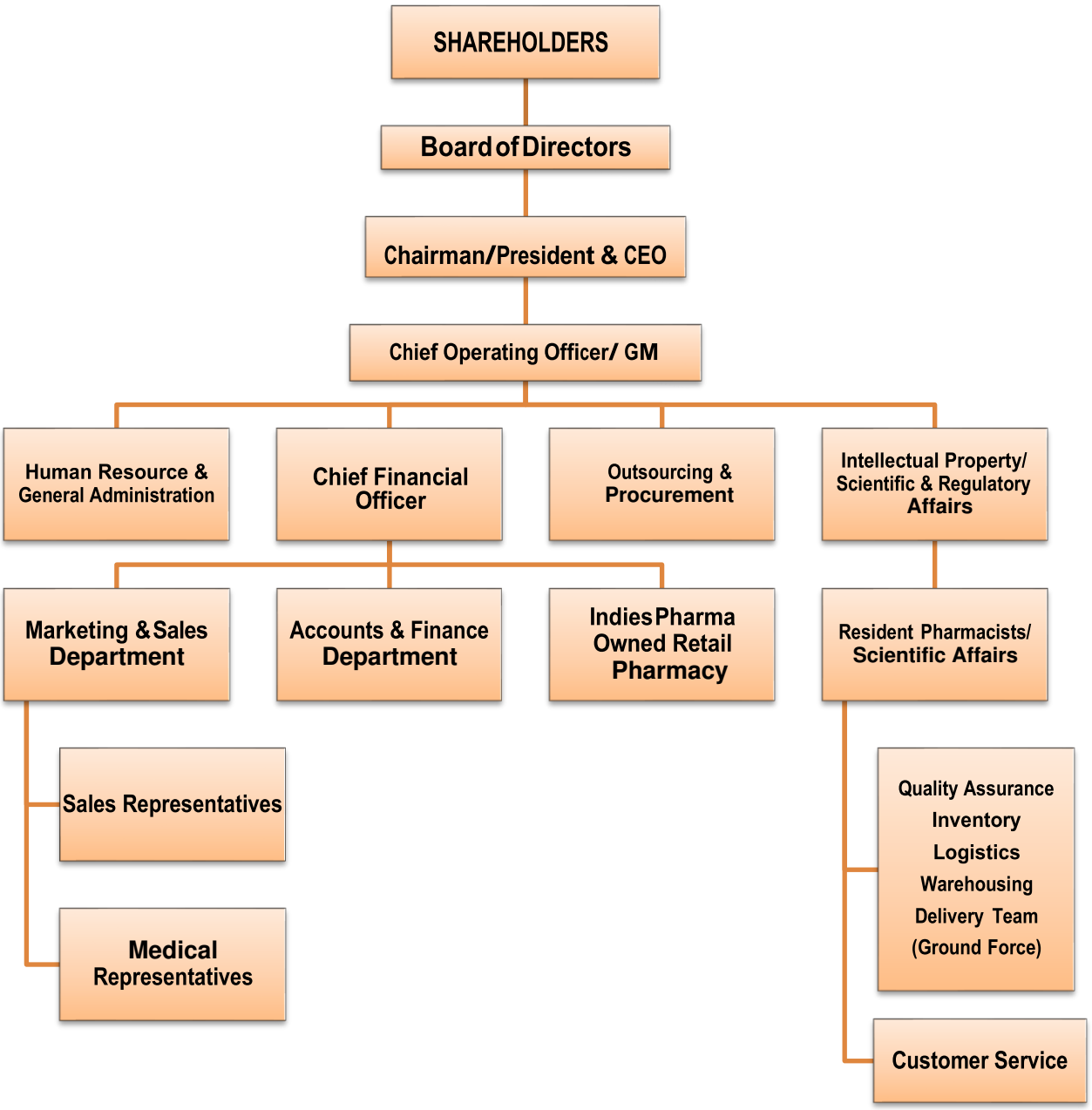
Organizational Structure



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Founder & Chairman's message

"Investing into R & D to yield long-term growth and profits"

On behalf of the Board of Directors of 'Indies Pharma Jamaica Limited', I am pleased to report on the performance of the company for the financial year that ended on 31 October 2019, a year and ten weeks after we got listed on the Junior Stock Market of the Jamaica Stock Exchange.

During this year, we succeeded in building 58 new drug dossiers pending to obtain approvals from the Pharmaceuticals Regulatory Affairs Unit at The Ministry of Health, Jamaica. This strategy will not only enhance our offerings but also will establish us as a force to reckon with in the very short order.

This year marks 14 plus years in operation, and still going, "Impacting the life of the common man in a positive way". Our records reveal a steady growth with year-on-year increase in our revenues and therefore, the net profits. I also wish to express my sincerest gratitude to everyone whose services have contributed to the unprecedented growth and establishment of our medicinal brands as second to none in certain therapeutic segments while allowing to pave the way for the new products.

During the 2018-19 financial year, Indies Pharma recorded year on year increase in its net profit by 13.71% while the target was between 30% to 50%. The main reason to miss the target was due to the five-year cumulative booking of the value of expired goods in the warehouse which we were unable to write off on a yearly basis due to regulatory constraints from the Ministry of Health. Albeit the write off was a one-off situation, the cash flows were not affected while we also mitigated the regulatory factors so that there will not be any more cumulative effect of expired goods at hand. We also had our share of delays in the production of the new product lines that were supposed to have made their entry during this fiscal year.

Despite the above, INDIES recorded a comfortable cruising performance with its organic growth in the sales recorded at $729.45 million and $136.11 million of net profit compared to the prior year being $636.2 million in gross sales and $119.7 million in net profit.

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Our undeterred focus in increasing the market share of existing portfolio of drug cocktails along with imminent approvals of the new products and continued investment into new products, the future is nothing but very optimistic.

With the resources and the groundwork that is already in place, going forward into the new financial year, the management is also more vigilant about management of the near expiry goods along with the production regulation to mitigate the shelf life of the stocks at hand, making us better able to manage, evaluate and measure performance of our operations translating into clearly defined profits.

Our focus for 2019-20 is going to be more than maximizing the market share of existing portfolio of the products, by way of widening of our product range for the traditional ethical segment, non- traditional OTC (Over the counter) Medicines, Supplements, Surgical and Orthopedic Divisions, which offers opportunities for growth allowing us to increase our overall top line and bottom-line revenues.

Substantiating my above statement, we have entered into major agreements for Research & Development of new products for the highly regulated markets. In conclusion, I will say, "Our real journey has just begun through Research and Development of patented drugs and off patented drugs for the highly regulated markets such as United States by way of outsourcing intellectual and R & D capabilities which will eventually expand our target market beyond Jamaica.

On behalf of the Board and the Management, I take this opportunity to thank our most valued customers, regulatory agencies, shareholders, staff of Indies Pharma and Trident Pharmacy for their unconditional support and believing in us and our products and finally, for being part of this maiden voyage.

Finally, let me also use this opportunity to thank the members of the Board and the original founding members for the leadership and guidance which they have provided and for their continued contribution towards planning another successful year ahead for the Company.

Sincerely,

Dr. GUNA MUPPURI
Founding Chairman & CEO

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Co-Founder & COO's message

"HUMBLE & NIMBLE GROWTH"

Following our milestone year 2018 which was the year of listing of INDIES PHARMA on the Junior Market of the JSE, I am pleased to report that 2018-2019 financial year has been one of the reflections of our strategic management that led us towards organic growth, fortified with stability and delivering continued success.

Despite a few unexpected, end of the year but one-off challenges that ate into our bottom-line numbers we continued to grow our year on year net profits by 13.71% with our humble and nimble measures in place.

Since our listing on the Junior market of JSE, the stock price remained stable, closing the year ended October 31st, 2019 at a value of $3.16c per share compared to 3.27c per share on the 31st October 2018.

We continued to keep the company debt free while our working capital at hand was optimally used to invest into 'Research & Development' of new products resonating with our long-term growth objectives.

Going forward, with most strategies in place, the new fiscal year appears to be bright and we are optimistic about delivering the continued positive results.

During this year, Indies Pharma continued its major role in supporting the academic activities related to the Medical and Pharmacy fraternities in addition to its usual philanthropic initiatives.

For and behalf of the Board of Directors, I take this opportunity to express our gratitude to our staff, customers and investors for their continued support. We are all humbled by the faith that you have placed in our company and our management. We will continue to strive for excellence as INDIES soars to newer and greater heights.

Sincerely Yours

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

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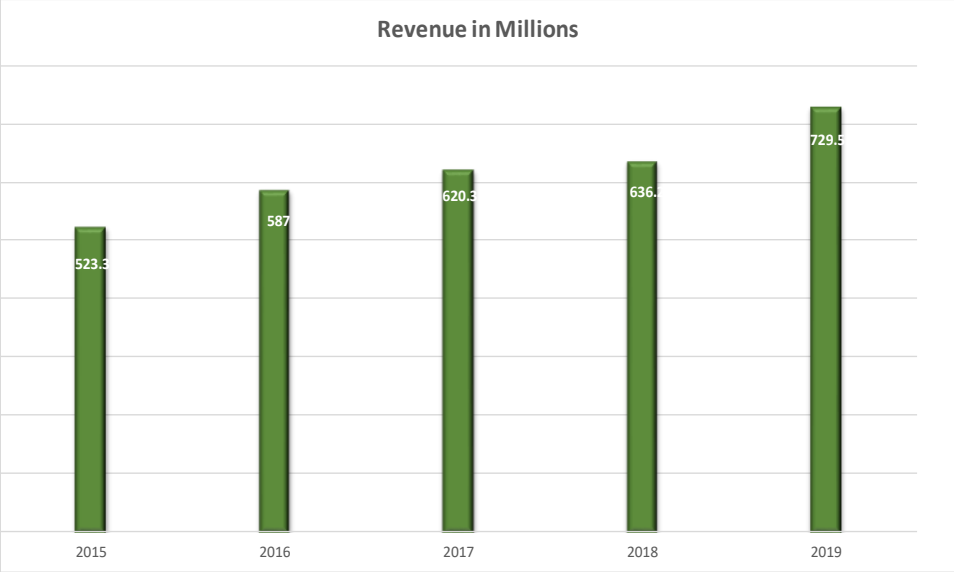
Financial Performance & Highlights

FIVE YEAR FINANCIAL REVIEW

FIVE YEAR FINANCIAL REVIEW

	2015	2016	2017	2018	2019
Assets	556,996,973	504,622,179	825,492,150	851,259,572	770,905,886
Liabilities	216,916,853	239,247,884	505,499,261	182,623,397	75,674,873
Shareholders' Equity	340,080,120	265,374,295	319,992,889	668,636,175	695,231,013
Comprehensive Income	66,380,747	(74,706,064)	140,201,581	119,701,287	136,111,692
Number of Stocks Units issued October 31,2019	1,158,553,500	1,158,553,500	1,158,553,500	1,332,536,649	1,332,536,649
Earnings per Stock Unit	$0.06	-$0.06	$0.12	$0.08	$0.10



Revenue grew by J$523.3M in 2015 to J$729.5M in fiscal year 2019

Revenue grew by 39% from J$523.3M in 2015 to J$729.5M in the fiscal year 2019

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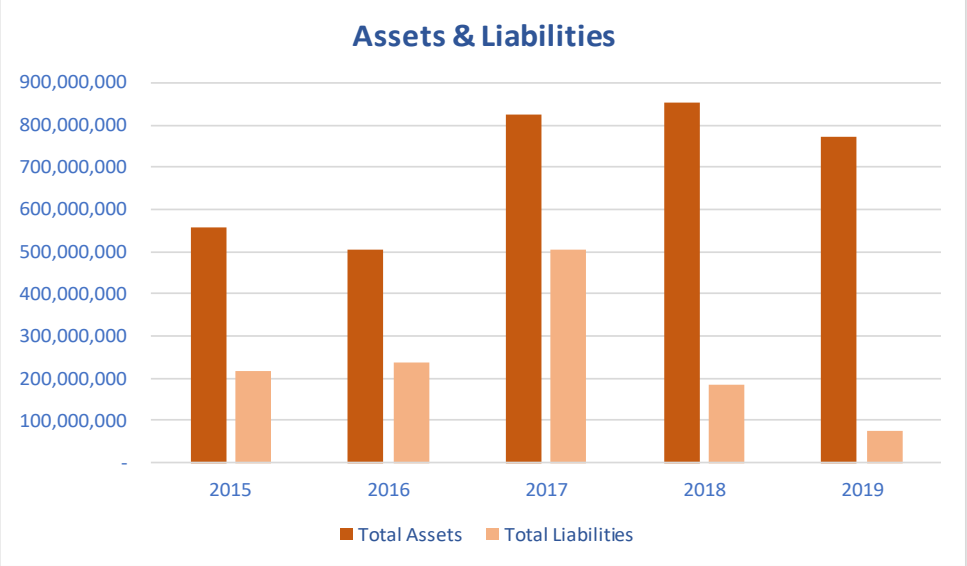
Financial Performance & Highlights

FIVE YEAR FINANCIAL REVIEW

J$'000	2015	2016	2017	2018	2019
REVENUE	**523,289,327**	**587,005,510**	**620,349,804**	**636,174,735**	**729,451,037**
COST OF SALES	(128,845,052)	(217,692,713)	(208,755,519)	(243,383,661)	(268,777,844)
GROSS PROFIT	**394,444,275**	**369,312,796**	**411,594,285**	**392,791,074**	**460,673,193**
Other operating income	8,604,483	3,240,053	1,446,514	813,221	782,450
	403,048,758	372,552,849	413,040,799	393,604,295	461,455,643
Administrative and other expenses	(333,804,223)	(249,162,644)	(224,867,500)	(239,866,994)	(338,121,941)
PROFIT FROM OPERATION	**69,244,535**	**123,390,205**	**188,173,299**	**153,737,302**	**123,333,702**
Exchange Gain/(Loss)		-	-	(4,482,462)	4,707,387
Finance Cost- Loan Interest	(10,869,944)	(13,046,456)	(15,827,852)	(11,209,463)	(196,728)
NET PROFIT BEFORE TAXATION	**58,374,591**	**110,343,749**	**172,345,447**	**138,045,377**	**127,844,360**
Taxation	(12,232,074.00)	(31,116,334)	(35,043,865)	(18,344,089)	3,117,744
NET PROFIT FOR THE PERIOD	**46,142,517**	**79,227,415**	**137,301,582**	**119,701,288**	**130,962,104**
OTHER COMPREHENSIVE INCOME					
Profit on Disposal of Fixed Asset					5,149,587.00
TOTAL COMPREHENSIVE INCOME					**136,111,691.00**



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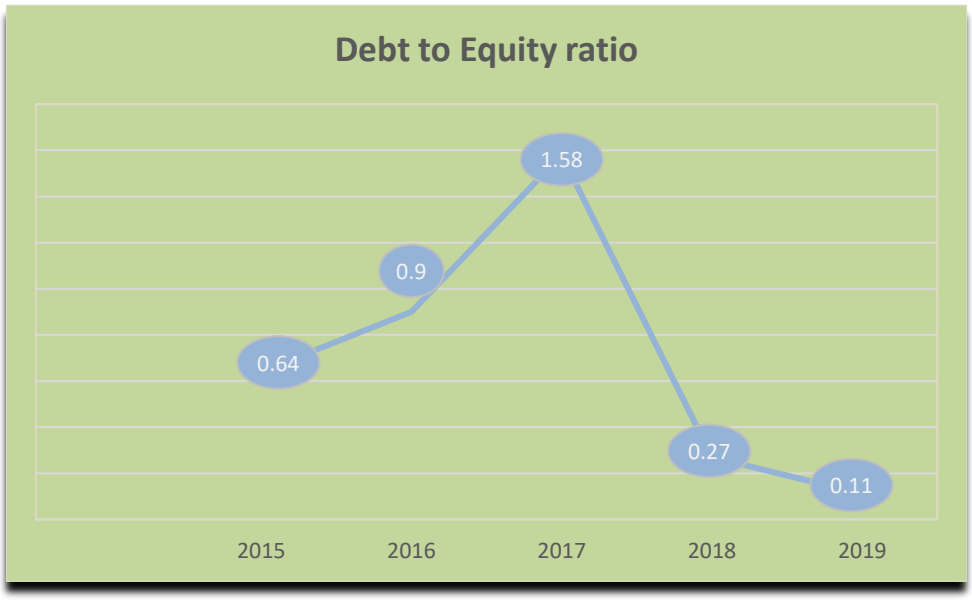
IMPORTANT RATIOS



	2015	2016	2017	2018	2019
Debt to Equity Ratio	0.64	0.9	1.58	0.27	0.11
Return on Equity	14%	30%	43%	18%	20%
Return on Assets	8%	16%	17%	14%	18%
Current Ratio	2.89	8.64	1.99	4.42	8.24

Debt to Equity ratio: *Our company has maintained an acceptable debt to equity ratio (1.5 – 2.0) that has decreased significantly over the last year, down to 0.11 in 2019 as shown in line chart below. This ratio is an indicator of excellent financial health and positioned us in a good position for an impeccable future growth.*

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Management Discussion & Analysis

31 December 2019.

PUBLIC RELEASE

Management Discussion and Analysis

INDIES PHARMA JAMAICA LIMITED

2018-2019 Fiscal year – AUDITED FINANCIAL REPORT

During the 2019 financial year, Indies Pharma experienced a moderate growth in the net profit by 13.71% (year on year) contrary to declined profits by 13% in 2018 over 2017.

We were able to achieve this growth with our strategic management in place in addition to our organic and stable growth, a true reflection of our continued success with enhanced profitability.

While we projected 30% to 50% growth in the net profits from the prior year, a onetime write off, of the five-year cumulative expired goods eroded our bottom-line numbers allowing us to settle with 13.71% growth in the year on year net profits. Had it not for the onetime write off, of the five-year expiry goods value and a onetime tax penalty we would have easily achieved in excess of $166Mil profit or 39% increase compared to prior year.

NEGATIVE IMPACT OF FIVE YEAR CUMULATIVE STOCKPILES OF EXPIRY GOODS & RISK MITIGATION:

- *At the end of the year, expired goods valued at almost $46Mil had to be written off and it is a matter of regulatory issue. This was due to the delays by the Ministry of Health officials who consistently failed to visit us for the past 5 years despite our several requests to write off the expired goods on a yearly basis.*
- *This regulatory constraint eventually led to increase in the stockpiles of expired products that were written off as a one of situation further eroding into our net profits this year.*
- *The average true negative impact it had on our bottom-line profits for this year was no less than $36Mil and it is a non-recurrent one-off situation.*
- *The write off was a one-off situation and the cash flows remained unaffected. We have now successfully mitigated the adverse regulatory factors and do not anticipate any more negative cumulative effect of expired goods at hand.*

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- *The management is also more vigilant about management of the near expiry date goods along with the production planning to mitigate the shelf life of the stocks at hand, making us better able to manage, evaluate and measure performance of our operations translating into clearly defined profits.*

DELAYS IN ADDING THE NEW LINE OF PRODUCTS:

We also had our share of delays in the production of the new product lines that were supposed to have made their entry during this fiscal year. However, the same were destined for launch during the Q1 of upcoming fiscal year which shall be clearly seen in the Q1 results of the fiscal year ahead of us.

NEW STAFF, ADMINISTRATIVE & MARKETING COSTS:

- *During the 2018 - 2019, new staff members in the accounting and marketing were hired and therefore the staff wages went up by $8.4Mil.*
- *Marketing costs went up to propel the sales in the 2019-2020 financial year. The costs increased at an average of J$1.5Mil per month due to aggressive ad campaign in relation to over the counter products which is yet to deliver the results.*
- *Fuel and Vehicle maintenance escalated due to increased fuel costs and foreign exchange losses.*

INCREASE IN WAREHOUSING AND RENTAL COST AND MEASURES TO CAPITALIZATION:

- *As of March 2019, the company incurred a sizable additional rental expense due to increased need for warehousing space over and beyond the existing space.*
- *The net realization of this expense is almost $38.3Mil for 9 months of 2019 and this will be annualized going forward and shall remain as a recurrent item for the next couple of years.*
- *This recurrent expense generated a new spirit, propelling the management to aggressively pursue investment into land and buildings so that the rental expense shall be capitalized as an asset to the company.*

OTHER NON-RECURRENT & ONE OFF ITEMS:

- *We incurred Tax penalty of $8.9Mil from the previous year which was an oversight from the prior year.*

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- *This year we were also hit by ransomware and therefore, the software upgrades, security and IT expenses went up as high as $6Mil, which is also a one-off item. With this experience we bolstered the data recovery platforms with remote storage subscription in addition to physical backup done and stored off site on a weekly basis.*

IMPACT OF NON-ANNOUNCEMENT OF NHF PROCUREMENT TENDER RESULTS:

- *The delays in the announcement of the extendedly delayed NHF tender procurement results also has its share in the low turnover of the sales in the last quarter of 2019.*
- *Going by all indications, the results will be announced in Q2 of 2020 which will certainly boost our Government sales and profitability.*

Despite the above factors, INDIES PHARMA was able to register a positive performance of $729.45 million in gross revenues and $136.11 million in net profit (13.7% increase in net profit) compared to prior year's $636.2 million in gross revenues and $119.7 million in net profit.

Sincerely yours

Dr. Guna Muppuri

Founder, Chairman & CEO
Indies Pharma Jamaica Limited

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Notice of Annual General Meeting - AGM

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Indies Pharma Jamaica Limited (the "Company") will be held on ***Thursday May 28, 2020 at 10:30 a.m.*** *at the* ***Indies Pharma Distribution Center, Bioprist HQ Building, 1A Pimento Way, Freeport, Montego Bay, St. James*** *to consider and, if thought fit, pass the following resolutions:*

SPECIAL RESOLUTIONS

1. ***Amendment to the articles of incorporation***

To approve the adoption of the amended Articles of Incorporation of the Company if there are any?

Special Resolution no. 1:

'To approve the adoption of any special resolution'

ORDINARY RESOLUTIONS:

1. ***RECEIPT OF AUDITED ACCOUNTS***

To receive the Audited Accounts for the financial year of the company ended October 31, 2019 together with the reports of the Directors and Auditors thereon, The Company is asked to consider, and if thought fit, pass the following resolution:

Ordinary Resolution no. 1:

'That the Audited Accounts for the financial year of the Company ended October 31, 2019, together with the Reports of the Directors and Auditors thereon be and are hereby adopted'.

2. ***TO ELECT DIRECTORS.***

The Directors retiring by rotation in accordance with Regulation 99 of the Company's Articles of Incorporation are Messrs. Guna Muppuri, Vishnu Muppuri, Aubyn Hill, Norman Dunn, Trevor McCartney and Dev Singh, who being eligible for re-election, offer themselves for re-election. The Company is being asked to consider, and if thought fit, pass the following resolutions:

Ordinary Resolution No. 2

"That the Directors retiring by rotation, be re-elected by a Single Resolution."

Ordinary Resolution No. 3

"That Messrs. Guna Muppuri, Vishnu Muppuri, Aubyn Hill, Norman Dunn and Trevor McCartney, be and are hereby re-elected as Directors of the Company."

3. DIRECTORS REMUNERATION:

To authorize the Board of Directors to approve the Remuneration of the Directors. The Company is asked to consider, and if thought fit, to pass the following resolution:

Ordinary Resolution no. 4:

'That the amount shown in the Audited Accounts for the year ended October 31, 2019 as fees to the Directors for services as Directors, be and is hereby approved'.

4. APPOINTMENT AND REMUNERATION OF AUDITORS

To appoint the Auditors and authorize the Board of Directors to fix the remuneration of the Auditors.

Ordinary Resolution no. 5:

'To authorize the Board of Directors to appoint Auditors of the Company by way of a tender by the Company and to fix the remuneration of the Auditors'.

Ordinary Resolution no. 6:

'That the Board of Directors are hereby authorized to appoint BDO CHARTERED ACCOUNTANTS, Auditors of the Company to hold office until the next fiscal year 2020 / Annual General Meeting or, by way of a tender and at a remuneration to be fixed by the Directors of the Company'.

5. OTHER ROUTINE BUSINESS

To deal with any other business that is considered routine and appropriate for the Annual General Meeting.

Ordinary Resolution no. 7:

'To transact any other ordinary business of the Company that can be transacted at an Annual General Meeting'.

*Dated this **21st Day of FEBRUARY 2020***

BY ORDER OF THE BOARD

VENICE WILLIAMS-GORDON (Mrs.)
Company Secretary

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Form of PROXY

FORM OF PROXY

INDIES PHARMA JAMAICA LIMITED

Reg. office: Unit 5 Trade Center, Catherin Hall, Howard Cooke Boulevard
Montego Bay, Jamaica (West Indies).

I/We

_____of_____

_____

in the Parish of_____being member/members of the above named company hereby appoint_____ of _____or failing him/her_____of _____as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the **Indies Pharma Distribution Center, Bioprist HQ Building, 1A Pimento Way, Freeport, Montego Bay, St. James on Thursday, May 28, 2020 at 10:30 a.m.** and at any adjournment thereof.

Signed this_____day of_____2020

Signature _____

Notes:

1. An instrument appointing a proxy, shall, unless the contrary is stated thereon be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed.
2. If the appointer is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized in writing.
3. In the case of joint holders, the vote of the senior will be accepted to the exclusion of the votes of others, seniority being determined by the order in which the names appear on the register.
4. To be valid, this form must be received by the Registrar of the Company at the address given below not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.
5. The proxy form should bear stamp duty of One Hundred dollars ($100.00) which may be in the form of adhesive stamp duly cancelled by the person signing the proxy form.

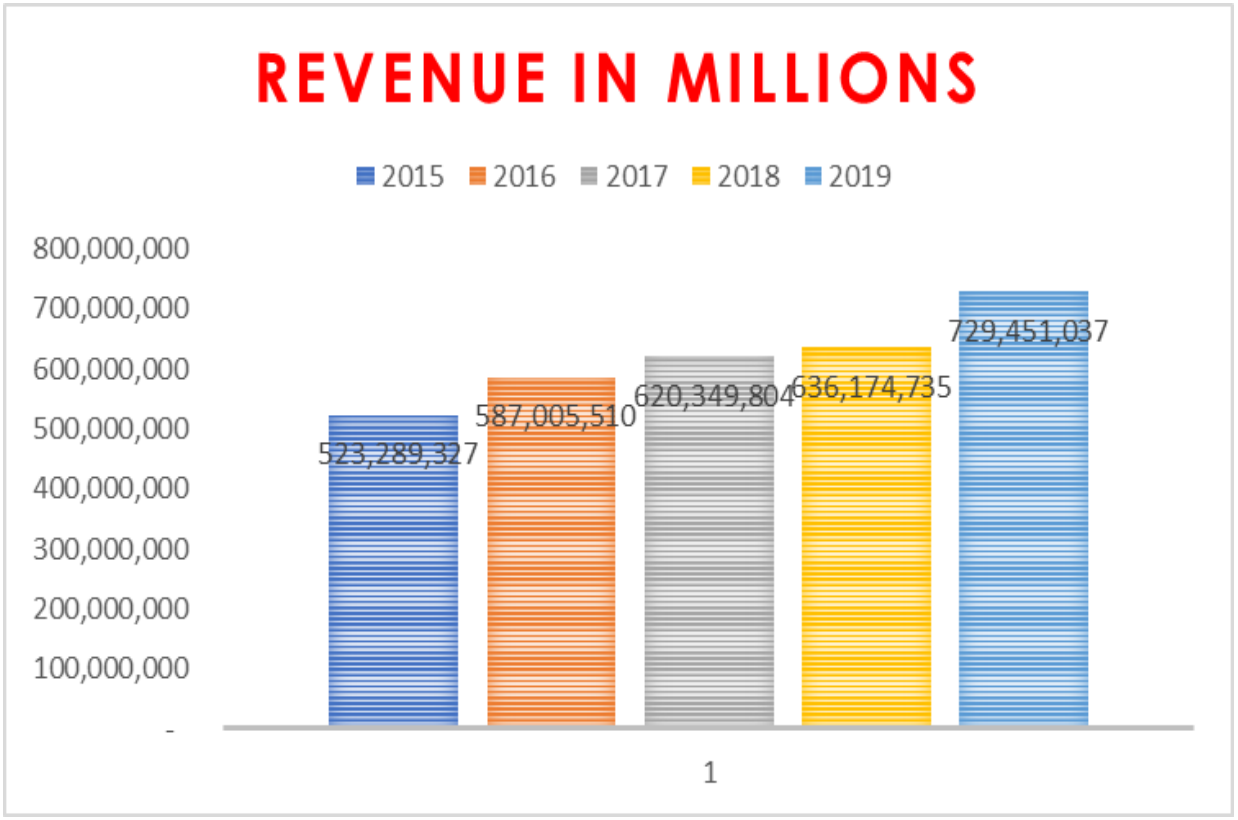
REGISTRAR AND TRANSFER AGENTS
SAGICOR BANK JAMAICA LIMITED
R.Danny Williams Building, Pedestrian Mall
Ground Floor 28-48 Barbados Avenue,
Kingston 5, Jamaica.

Executive Director's Report

DIRECTORS REPORT

The Directors of INDIES PHARMA JAMAICA LIMITED are pleased to present their Annual Report for the 12 months ending 31 October 2019.

FINANCIAL HIGHLIGHTS



Revenue grew by 39% from J$523.3M in 2015 to J$729.5M in the fiscal year 2019

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Profit on Disposal of Fixed Asset					5,149,587.00
TOTAL COMPREHENSIV INCOME					**$136,111,691.00**

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LIST OF DIRECTORS:

The Directors of the Company as at October 31, 2019 are:

- Dr. Guna S. Muppuri (Executive Chairman, CEO & Director)
- Mrs. Vishnu V Muppuri (Executive Director & COO)
- Mr. Aubyn Hill (Non-Executive Director)
- Dr. Norman Dunn (Non-Executive Director)
- Prof. Dr. Trevor McCartney (Non-Executive Director)
- Mr. Dev Kumar Singh (Non-Executive Director)

The Directors to retire by rotation in accordance with the Articles of Incorporation are Senator Aubyn Hill, Dr. Norman Dunn and Prof. Trevor McCartney but, being eligible, all will offer themselves for re-election.

AUDITORS:

In furtherance of good corporate governance, the Board of Directors will propose that the office of Auditors of the Company be put to tender but, until the next fiscal year ending on 31st October 2020 the existing Auditors of the Company be continued.

We wish to thank all our Customers, employees, agents and shareholders for their continued support and contribution to the Company's performance.

Dated this 21st day of FEBRUARY 2019.

BY ORDER OF THE BOARD

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

©INDIES PHARMA JAMAICA LIMITED

Board of Directors

DR. GUNA MUPPURI

Executive Chairman, Director, Founder, President & CEO

*An entrepreneur at heart, Dr. Guna Muppuri is a Medical Doctor by profession and the **F**ounder of the Company. He has over 20 years' experience in the medical field inclusive of 15 years' experience as the founder and Chief Executive Officer of the Company. He currently sits on the Audit and Compensation committees of the Board.*

Dr. Muppuri, holds a MBBS degree from the S.V University Medical College in Tirupati, India. He migrated to Jamaica in early 1992 and has worked in various capacities (private and public) as a medical officer in the Jamaican health care system.

He is also served as the President of the Business Process Industry Association of Jamaica and is a member of the Dean's Advisory Board for the School of Health Professions University of Alabama at Birmingham, USA, Member of the Board of Directors for The University of Common Wealth Caribbean (UCC) in Jamaica, iss currently a Director of Bioprist Pharmaceuticals NA LLC, USA, Bioprist Holdings Inc., Bioprist Las Americas Limited, Bioprist Pharmaceuticals Limited (India), Bioprist (BPO ICT) Knowledge Parks, Bioprist Institute of Health and Medical Sciences – BIHMS and WINFRA Development Consortium Limited – Las Marinas Resort Condominiums & Winfra Homes.

In 2008, Dr. Muppuri received the 'Good Physician of the Year' inaugural award from the Medical Association of Jamaica, in 2015 he was nominated for the "Civic Leadership Award" by the American Chamber of Commerce, and in 2016 he was nominated the "Entrepreneur of the Year Award" by the Jamaica Chamber of Commerce.

Dr. Muppuri also engages in other business ventures, including developing IT BPO Knowledge Parks and real estate.

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VISHNU MUPPURI (Mrs.)

Co-Founder, Executive Director & Chief Operations Officer

Vishnu Muppuri is the Chief Operations Officer of the Company. She has over 14 years' experience with the Company in this capacity.

Mrs. Muppuri holds a Master of Science in Food and Nutrition Sciences (Honors) from Sri Venkateswara University, Tirupati, Andhra Pradesh, India. Following obtaining her masters degree in 1992, she lectured at the Sri Krishnaveni Junior College in Chittoor-Andhra, Pradesh, India in the Department of Food Science and Nutrition for 2 years prior to joining her life partner Dr. Guna Muppuri in 1994 in Jamaica.

She currently serves on the Board of Bioprist Group of companies in addition to Bioprist Pharmaceuticals North America, Bioprist Pharmaceuticals, India and GMP Greenfield India Limited.

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SENATOR AUBYN HILL

Non-Executive Independent Director and Mentor

Senator Hill is a Non-executive Director and Mentor of the Company and Chairs the Audit and Compensation committees of the Board.

He is currently the Chief Executive Office of Corporate Strategies Ltd.,and has over 35 years working experience in the private sector. In early 1980s he led a start-up team to open a branch of American Express International Banking Corporation (AEIBC) in Sri Lanka, and success there led to promotion to Amex Bank in Bahrain.

Prior to his work in Sri Lanka, Senator Hill had worked with Amex Bank in New York, Rome, and Mumbai.

During his 21 years as a banker in the Middle East, Senator Hill assisted in and led the restructuring of two major banks — Burgan Bank in Kuwait and the National Bank of Oman, where he served as CEO.

He has also led the management team at the National Commercial Bank Jamaica Limited (NCB). Senator Hill sits on various corporate boards, including that of Jamaica Broilers Group Limited, Salada Foods Jamaica Limited and also serves on the University Council, which governs four campuses of the University of the West Indies. He also serves as chairman of both the National Water Commission and the National Irrigation Commission.

In March 2016, he was appointed to the Senate — Jamaica's Upper House of Parliament — and he was subsequently elected as Deputy President of the Senate. Senator

Hill is also the Special Investment Ambassador and Envoy to India as well as the Executive Director of the Economic Growth Council. His academic qualifications include an MBA from Harvard Business School, which he earned in 1978.

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Professor. TREVOR McCARTNEY, D.M., M.B.B.S, F.R.C.S, F.C.C.S,
Non-Executive Independent Director

Prof. McCartney is a non-executive director of the Company and sits on the Audit and Compensation committees of the Board.

He has over 30 years' experience as a General Surgeon and Administrator in the medical field. Since 1983, he has held the position of Consultant Surgeon with the St. Joseph's Hospital (Kingston), the Andrews Memorial Hospital (Kingston), the Nuttall Memorial Hospital, and the Maxfield Medical Centre.

He is also a Medical Consultant to Guardian Life (Kingston). He previously held the positions of Consultant Surgeon (1983- 2007), Chairman, Department of surgery (1987-1992), and Senior Medical Officer (1989-2007) with the Kingston Public Hospital; and Consultant Surgeon and Medial Chief of Staff (2007-2015), Chief Executive Officer (2008-2013) and Honourary Consultant Surgeon (1983-2007) with the University Hospital of the West Indies.

Dr. McCartney is also the Chief of Medical Staff at the University Hospital of the West Indies, Deputy Dean and a Professor of Surgery at the Faculty of Medical Sciences, University of the West Indies, Mona. He previously served as Associate Senior Lecturer and Associate Lecturer in Surgery at the same institution.

Dr. McCartney is the Chairman of the Medical Relations Committee, Sagicor Jamaica Limited. He has previously held positions on the Boards of the Blue Cross of Jamaica, Kingston Public Hospital, South East Regional Health Authority, and the Medical Council of Jamaica. Dr. McCartney is a past student of the Faculty of Medical Sciences, University of the West Indies, and the University of Edinburgh, Scotland. He completed his residency in DM (Surgery) at the University of the West Indies. He also attended Jamaica College.

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DR. NORMAN DUNN, PharmaD, BH(M), J.P. MP.

Non-Executive Independent Director

Dr. Dunn is a non-executive director of the Company and sits on the Audit and Compensation committees of the Board.

He is a Pharmacist and businessman with over 25 years of experience in the pharmaceutical industry. He owns a line of pharmacies trading under the name, the Supermed Group.

Dr. Dunn is currently the First Vice-President of Caribbean Association of the Pharmacists, Former Acting Chairman of the Pharmacy Council of Jamaica, Vice Chairman of the South East Regional Health Authority, and a member of the Board of the Pembroke High School. Previously, he has held board positions with the Jamaica Association of Pharmacy Owners (Founding Vice President), the Pharmaceutical Society of Jamaica, the Health Corporation of Jamaica, and National Health Fund.

Dr. Dunn received a Diploma in Pharmacy (Honours) from the University of Technology (formerly the College of Arts Science and Technology) (1987), a Bachelor of Science in Management, Accounts and Economics (1997) and a Master of Science in International Business (2000), both from the University of the West Indies, Jamaica. He then went on to achieve a Bachelor of Pharmacy (2009) and a Doctor of Pharmacy (2013) from the University of Technology Jamaica.

Dr. Dunn has made presentations at numerous local and regional conferences on various topics including Pharmacoeconomics and advancing the business of pharmacy. In 2013 he received the Badge of Honour for Meritorious Service from the Government of Jamaica. He has received many awardsin his various capacities, including the Award for Entrepreneurship from UTECH/CIPPAR Aluminum (2012), award for outstanding contribution as a Justice of the peace to the Parish of Saint Andrew, by the St. Andrew Justices of the Peace and Lady Magistrates' Association (2016), Entrepreneurship and Star award from the Caribbean Association of Pharmacist (2012), and the UPA Peer Awards, COPPAR Alumni and Jamaica Pharmacist Image Maker Awards Alumni from the University of Technology Jamaica (2017).

Dr. Dunn is a Justice of the Peace for the Parish of St. Andrew, Jamaica. He is a member of the Jamaica Labour Party and currently serves as the Member of Parliament for Southeast St. Mary. In the past, he was a member of the Jamaica Defence Force (National Reserve).

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Mr. DEV KUMAR SINGH MBA.,
Non-Executive Independent Director

Mr Dev Kumar Singh is a non-executive director of the Company, currently employed in the capacity of COO at ***LEADING PHARMA LLC*** *in New Jersey, United States of America.*

A highly motivated, innovative and professional leader with proven track record in developing and executing a marketing program and building the organizations from scratch.

Established green field pharma projects in India and UAE. He was the head of LIFE Pharma Dubai and was also part of the Sr. Management team at Jubilant Life Sciences Limited India, Accure Labs India where his role was pivotal in building midsize organizations to Global Pharma business.

He brings to the board his 24 years of experience in International Pharmaceuticals Formulations functions, Business Development, Marketing Strategies and Campaigns, establishing new projects including the green field pharma projects, General Management, P&L for the business, Product launches, Training and Consultations.

Commercially inclined senior leader who understands organizations wide imperatives, working with multicultural workforce in various countries, handling diverse projects / roles within Pharmaceutical Formulations sector.

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Corporate Data – Committees

CORPORATE GOVERNANCE AND ACCOUNTABILITY

The Board has established the following committees in accordance with the Securities Act and regulations made thereunder, and Junior Market Rules of the JSE. The members of each committee of the Board and a summary of its terms of reference are as follows:

AUDIT AND COMPLIANCE COMMITTEE	TERMS OF REFERENCE
Senator Aubyn Hill (Independent Chairman)	Oversight of good fiscal discipline, financial reporting, timely disclosure, and compliance.
Dr. Norman Dunn (Independent Member)	
Dr. Trevor McCartney (Independent Member)	

COMPENSATION COMMITTEE	TERMS OF REFERENCE
Senator Aubyn Hill (Independent Chairman)	Oversight of the Company's remuneration arrangements of the Directors and senior officers.
Dr. Norman Dunn (Independent Member)	
Dr. Trevor McCartney (Independent Member)	
Dr. Guna Muppuri (Member)	

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Corporate Data:
Connected Party Share holding

INDIES PHARMA JAMAICA LIMITED

SHAREHOLDINGS OF THE TEN LARGEST SHAREHOLDERS
AS AT 31 OCTOBER 2019

S.NO.	NAMES	NUMBER OF SHARES OWNED	PERCENTAGE OWNERSHIP
1	Bioprist Holdings Inc	1,042,858,249	78.26%
2	Sunand Gogineni	44,903,438	3.37%
3	GK Investment Limited	39,761,365	2.98%
4	Venugopal Naidu Kuntamukkala	23,171,070	1.74%
5	VM Wealth Equity Fund	15,000,000	1.13%
6	GK General Insurance Company Limited	7,339,462	0.55%
7	E Penny Barron	7,192,281	0.54%
8	Sagicor Select Fund Limited (Class C Shares) Manufacturing & Distribution	5,763,584	0.43%
9	Jason Carby	5,700,000	0.43%
10	JCSDTS Limited A/C Barita Unit Trust Capital Growth Fund	5,394,866	0.40%
	Total	**1,197,084,315**	**89.84%**
	Other minority shareholders	135,452,334	10.16%
	Total Issued Shares	**1,332,536,649**	**100.00%**

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Corporate Data:
Connected Party Share holding

INDIES PHARMA JAMAICA LIMITED

SHAREHOLDINGS OF DIRECTORS
AS AT 31 OCTOBER 2019

	Names	Connected Party Shares	Number of shares Owned
1	Dr. Guna S. Muppuri	Bioprist Holdings Inc	NIL
2	Mrs. Vishnu Muppuri	Bioprist Holdings Inc	NIL
3	Prof. Trevor McCartney		200,000
4	Dr. Norman Dunn		2,348,500
5	Senator Aubyn Hill		4,418,500
6	Mr. Dev Kumar Singh		NIL

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Corporate Data:
Connected Party Share holding

INDIES PHARMA JAMAICA LIMITED

SHAREHOLDINGS OF SENIOR MANAGERS & EXECUTIVES
AS AT 31 OCTOBER 2019

	Names	Number of Shares Owned
1	Elesia Brown	78,125
2	RICARDO STEPHENSON	771,000
3	RICHARD EDWARDS	NIL
4	SABRINA SERRANT	65,000
5	EBANY GAYLE	77,900
6	DWIGHT BROWN	50,000

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Corporate Data:

Financial Institutions

- *SAGICOR BANK JAMAICA LIMITED*
- *NATIONAL COMMERCIAL BANK JAMAICA LIMITED*
- *FIRST GLOBAL BANK JAMAICA LIMITED*

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Corporate Data:

Professional Services:

Legal Advisors

RATTRAY PATTERSON RATTRAY

ATTORNEYS AT LAW

ATT: MR. GORDON BROWN

ADVANTAGE GENERAL BUILDING

MARKET STREET

MONTEGO BAY, ST. JAMES

Tel: 1-876-371-4877 / 876-940-4204 / 876-940-4200

e-mail: gordon.brown@rattraypatterson.com

Auditors:

BDO CHARTERED ACCOUNTANTS

ATT: MR. DASWELL BROWN

BAYWEST SHOPPING CENTRE

MONTEGO BAY, ST. JAMES

Tel: 1-876-919-5128 / 876-952-2976 / 876-952-3078

e-mail: daswell.brown@bdojamaica.com.jm

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Corporate Data:

Contact information

INDIES PHARMA JAMAICA LIMITED

Attention:

DR. GUNA S. MUPPURI

PRESIDENT & CEO

UNIT 5 TRADE CENTRE, CATHERINE HALL HOWARD

COOKE BOULEVARD. MONTEGO BAY – ST. JAMES.

JAMAICA – WEST INDIES.
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AUDITED

FINANCIAL REPORTS 2019

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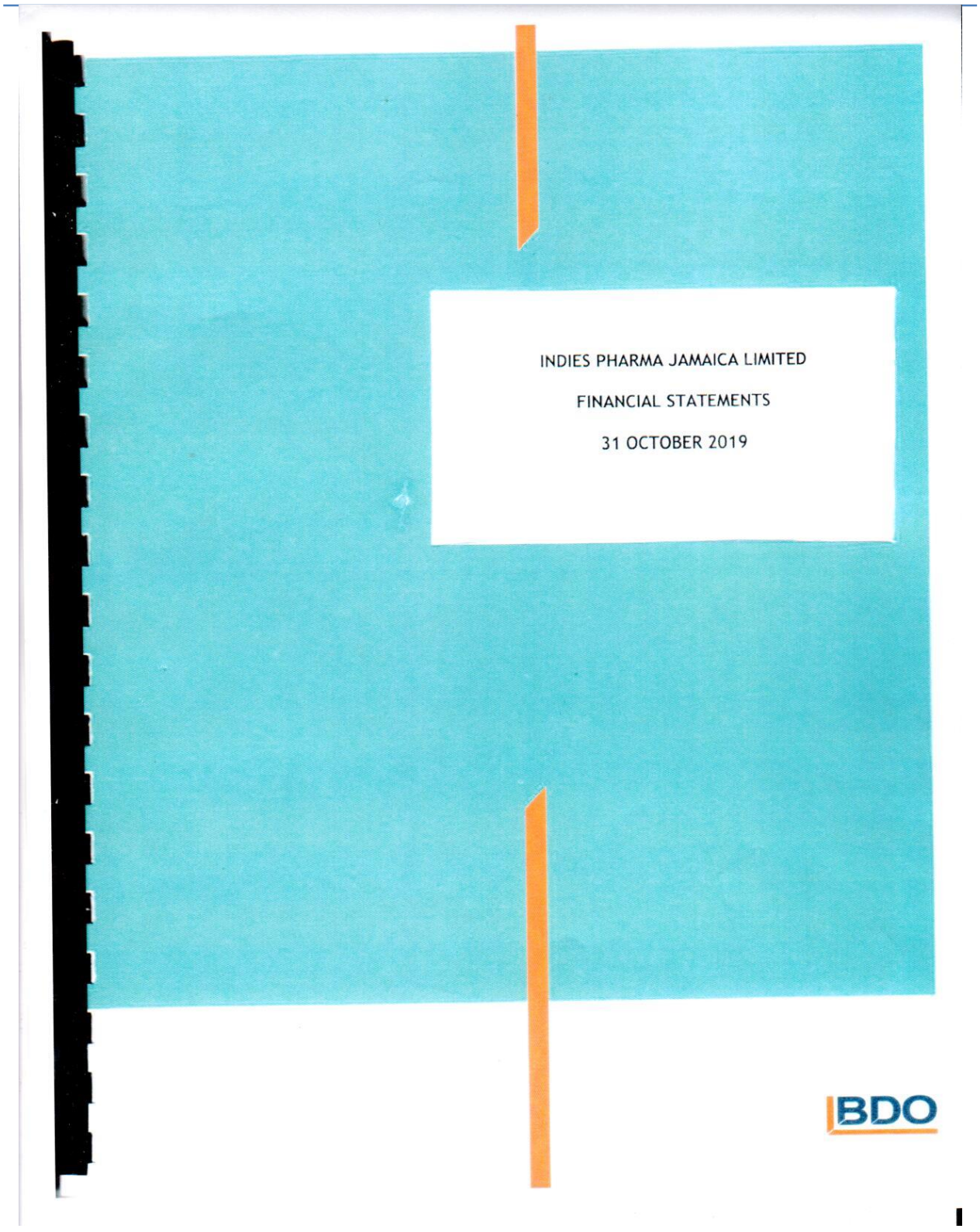

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FINANCIAL STATEMENTS

31 OCTOBER 2019

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Chartered Accountants
Baywest Centre, Harbour Street
Unit #S 302, P.o. Box 819
Montego Bay, Jamaica

INDEPENDENT AUDITORS' REPORT

To the Members of
Indies Pharma Jamaica Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of Indies Pharma Jamaica Limited (the company) set out on pages 5 to 37, which comprise the statement of financial position at 31 October 2019, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 October 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

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 *Auditors' 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) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Partners: R.L. McFarlane, K.A. Wilson, S.M. McFarlane, J. Green-Hibbert, D. Hobson
Offices in Kingston, Mandeville and Ocho Rios
BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

INDEPENDENT AUDITORS' REPORT

To the Members of
Indies Pharma Jamaica Limited

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
Measurement of Expected Credit Losses Refer to note 5(d) (ii) IFRS 9, Financial Instruments, was implemented by the company on 1 November 2018. This new standard is complex and requires the company to recognized expected credit losses (ECL) on financial assets measured at amortized cost. The process of developing an expectation of credit losses requires management to use judgement and estimates which could inherently be subjective and the application of forward looking information. The identification of significant increase in credit risk is a key area of judgement as the criteria determine whether a 12 month or lifetime allowance is recorded. IFRS 9 requires the company to incorporate forward looking information, reflecting a range of possible future economic conditions, in measuring expected credit losses. Significant management judgement is used in determining the economic scenarios (note 5d).	Our audit procedures included: • Obtaining an understanding of the company's implementation process for determining the impact of adoption of the new standard. • Evaluating the techniques and methodologies utilized by the company to estimate the ECLs, and assessed their compliance with the requirements of IFRS 9. • Assessing the reasonableness of the methodologies and assumptions applied, by validating the completeness of the inputs used to derive the loss rates used in determining the ECLs for trade receivables. • Assessment of the adequacy of disclosures in the financial statements. Based on the results of the procedures performed, adjustments of $7,602,156 were considered necessary and management made the adjustment.

Other information

Management is responsible for the other information. The other information comprises the annual Report but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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INDEPENDENT AUDITORS' REPORT

To the Members of
Indies Pharma Jamaica Limited

Other information (cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines 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, management is 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors' 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 auditors' 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:

- 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 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.

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INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Indies Pharma Jamaica Limited

Auditors' Responsibilities for the Audit of the Financial Statements

- 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 auditors' 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 our auditors' 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Indies Pharma Jamaica Limited

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Raynold McFarlane.

Chartered Accountants

29 January 2020

2019 ANNUAL REPORT
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INDIES PHARMA JAMAICA LIMITED

STATEMENT OF PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 OCTOBER 2019

	Note	2019 $	2018 $
REVENUE	6	729,451,037	636,174,735
COST OF SALES	8	(268,777,844)	(243,383,661)
GROSS PROFIT		460,673,193	392,791,074
Other operating income	7	782,450	813,221
		461,455,643	393,604,295
Administrative and other expenses	8	(338,121,941)	(239,866,994)
PROFIT FROM OPERATION		123,333,702	153,737,301
Exchange gain/loss		4,707,387	(4,482,462)
Finance costs	9	(196,728)	(11,209,463)
NET PROFIT BEFORE TAXATION		127,844,361	138,045,376
Taxation	10	3,117,744	(18,344,089)
NET PROFIT FOR THE YEAR		130,962,105	119,701,287
OTHER COMPREHENSIVE INCOME: Profit on disposal of fixed assets		5,149,587	-
TOTAL COMPREHENSIVE INCOME		136,111,692	119,701,287
Earnings per stock unit - Basic	11	0.10	0.09

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INDIES PHARMA JAMAICA LIMITED
STATEMENT OF FINANCIAL POSITION
31 OCTOBER 2019

	Note	2019 $	2018 $
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	12	137,134,530	92,424,814
Related companies	22	9,975,378	198,610,379
CURRENT ASSETS:			
Inventories		156,936,210	155,193,522
Receivables	13	292,978,798	266,408,444
Taxation recoverable		2,541,480	450,947
Directors' current account	19	56,560,769	36,779,647
Cash and cash equivalents	14	114,778,721	101,391,819
		623,795,978	560,224,379
		770,905,886	851,259,572
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	15	244,576,999	244,576,999
Capital reserve	16	110,923,182	105,773,595
Retained earnings		339,730,832	318,285,581
		695,231,013	668,636,175
NON-CURRENT LIABILITIES:			
Long-term loan	17	-	480,777
Deferred taxation	18	-	3,117,744
Related companies	22	-	123,090,042
		-	126,688,563
CURRENT LIABILITIES:			
Payables	20	67,414,295	46,549,391
Short-term borrowings	21	8,260,578	3,440,663
Taxation		-	5,944,780
		75,674,873	55,934,834
		770,905,886	851,259,572

Approved for issue by the Board of Directors on 29 January 2020 and signed on its behalf by:

Guna Sekhar Muppuri - Director

Vishnu Vandana Muppuri - Director

INDIES PHARMA JAMAICA LIMITED SEAL

2019 ANNUAL REPORT
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INDIES PHARMA JAMAICA LIMITED

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 OCTOBER 2019

	Note	Number of Stock Units	Share Capital	Capital Reserve	Retained Earnings	Total
		$	$	$	$	
BALANCE AT 31 OCTOBER 2017		15,635,000	15,635,000	105,773,595	198,584,294	319,992,889
Subdivision of shares		1,142,918,500	-	-	-	-
Share issue net of transaction cost		173,983,149	228,941,999	-	-	228,941,999
OTHER COMPREHENSIVE INCOME - Net profit for the year		-	-	-	119,701,287	119,701,287
BALANCE AT 31 OCTOBER 2018		1,332,536,649	244,576,999	105,773,595	318,285,581	668,636,175
Effects of change in accounting policy - IFRS 9 Financial Instruments		-	-	-	(2,913,922)	(2,913,922)
RESTATED TOTAL EQUITY AT 1 NOVEMBER 2018		1,332,536,649	244,576,999	105,773,595	315,371,659	665,722,253
Dividends	23	-	-	-	(106,602,932)	(106,602,932)
OTHER COMPREHENSIVE INCOME - Other comprehensive income		-	-	5,149,587	-	5,149,587
Net profit for the year		-	-	-	130,962,105	130,962,105
BALANCE AT 31 OCTOBER 2019		1,332,536,649	244,576,999	110,923,182	339,730,832	695,231,013

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INDIES PHARMA JAMAICA LIMITED

STATEMENT OF CASH FLOWS

YEAR ENDED 31 OCTOBER 2019

	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit	130,962,105	119,701,287
Items not affecting cash resources:		
Depreciation	12,261,523	14,031,068
Interest expense	196,728	11,209,463
Interest income	(319,279)	(433,338)
Effects of change in accounting policy (IFRS 9)	(2,913,922)	-
Taxation expense	(3,117,744)	18,344,089
Operating cash flows before movements in working capital	137,069,411	162,852,569
Change in operating assets and liabilities -		
Inventories	(1,742,688)	11,009,893
Receivables	(26,570,354)	(2,206,294)
Payables	20,864,904	(7,828,093)
Related companies	65,544,959	90,503,345
Directors' current account	(19,781,122)	(14,051,332)
Taxation recoverable	(61,313)	(83,904)
	175,323,797	240,196,184
Taxation paid	(7,974,000)	(41,650,707)
Cash provided by operating activities	167,349,797	198,545,477
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	319,279	433,338
Purchase of property, plant and equipment	(60,271,652)	(1,658,840)
Proceed from disposal of Property, plant and equipment	8,450,000	-
Cash used in investing activities	(51,502,373)	(1,225,502)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Interest paid	(196,728)	(11,209,463)
Borrowing	4,339,138	(386,713,534)
Share issue	-	228,941,999
Dividends paid	(106,602,932)	-
Directors' loan	-	(1,113,520)
Cash used in financing activities	(102,460,522)	(170,094,518)
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,386,902	27,225,457
Cash and cash equivalents at beginning of year	101,391,819	74,166,362
CASH AND CASH EQUIVALENTS AT END YEAR (Note 14)	114,778,721	101,391,819

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NOTES TO THE FINANCIAL STATEMENTS

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1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

(a) Indies Pharma Jamaica Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is Unit #5 Montego Bay Trade Centre, Catherine Hall, Montego Bay, St. James.

(b) The company by special resolution dated 4 November 2004 converted from a private to a public company.

(c) The principal activity of the company is the distribution and retailing of pharmaceutical and auxiliary products.

(d) On 15 August 2018, Indies Pharma Jamaica Limited became a public listed entity on the Junior Market of the Jamaica Stock Exchange. Consequently, the company is entitled to a remission of income taxes for ten (10) years providing it complies with the requirements of the Jamaica Stock Exchange for the Junior Market.

2. FUNCTIONAL AND PRESENTATION CURRENCY:

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency').
These financial statements are presented in Jamaican dollars, which is considered the company's functional and presentation currency, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by the revaluation of certain properties and financial assets that are measured at fair value or revalued amounts. They are also prepared in accordance with the requirements of the Jamaican Companies Act.

The preparation of financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the date of the statement of financial position and the total comprehensive income during the reporting period. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgment in complexity, or areas where assumptions or estimates are significant to the financial statements are discussed in note 4.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New, revised and amended standards and interpretations that became effective during the year.

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following standards amendments are relevant to its operations.

IFRS 9, 'Financial Instruments' (effective for accounting periods beginning on or after 1 January 2018). The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the existing guidance in *IAS 39 Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial assets and liabilities, including a new expected credit loss model for calculating impairment of financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. Although the permissible measurement bases for financial assets - amortized cost, fair value through other comprehensive income (FVOCI) and fair value though profit or loss (FVTPL) - are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognized.

The adoption of IFRS 9 resulted in changes in the accounting policies and disclosures arising from the adoption of consequential amendments to IFRS 7, Financial Instruments: Disclosures. Management has utilized the modified retrospective transition approach and has elected not to restate comparative information in accordance with the transitional provision. The impact on the financial statements on adoption of the new standard is disclosed in note 25 and additional disclosures have been included in Note 4

IFRS 15, 'Revenue from Contracts with Customers' (effective for accounting periods beginning on or after 1 January 2018). This standard was established to provide a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programme'. Under IFRS 15, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, following a five step model.

- Step 1: Identify the contract(s) with a customer (agreement that creates enforceable rights and obligations);

- Step 2: identify the different performance obligations (promises) in the contract and account for those separately;

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New, revised and amended standards and interpretations that became effective during the year (cont'd)

- Step 3: Determine the transaction price (amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services);

- Step 4: Allocate the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct good or service; and

- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation by transferring control of a promised good or service to the customer. A performance obligation may be satisfied at a point in time or over time.

IFRS 15 also includes disclosure requirements to provide comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The adoption of IFRS 15 did not impact the timing or amount of income from contracts with customers and the related assets and liabilities recognized by the company based on the provision of services. Accordingly, the impact on the comparative information is limited to these new disclosures requirements.

Standards, amendments and interpretations to published standards that are not yet effective and have not been early adopted.

The following new standards, amendments and interpretations, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the company's future financial statements.

IFRS 16, 'Leases', (effective for accounting periods beginning on or after 1 January 2019). The standard primarily addresses the accounting for leases by lessees. The standard will result in almost all leases being recognized on the statement of financial position, as it removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short term leases and low-value items valued at US$5,000 or less. The accounting by lessors will not significantly change.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

Standards, amendments and interpretations to published standards that are not yet effective and have not been early adopted (cont'd)

IFRIC 22, foreign Currency Transactions and Advance Consideration, (effective for accounting periods beginning on or after 1 July 2019). IFRIC 22 addresses how to determine the transaction date when an entity recognizes a non-monetary asset or liability (e.g. non-refundable advance consideration in a foreign currency) before recognizing the related asset, expense or income. It is not applicable when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration paid or received at the date of initial recognition of the non-monetary asset or liability. An entity is not required to apply this interpretation to income taxes or insurance contracts that it issues or reinsurance contracts held. The interpretation clarifies that the transaction date is the date on which he entity initially recognizes the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt rives rise to a separate transaction date. The company is currently assessing the impact of this interpretation.

IFRIC 23 'Uncertainty over Income Tax Treatments', (effective for accounting periods beginning on or after 1 January 2019). This interpretation clarifies how to apply the recognition and measurements requirements in IAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognize and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this interpretation. The company is currently assessing the impact of this amendment.

(b) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss. Translation differences on non-monetary financial instruments, such as equities classified as available-for-sale financial assets, are included in equity.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(c) Property, plant and equipment

Items of property, plant and equipment are recorded at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Freehold land and buildings are subsequently carried at fair value, based on periodic valuations by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in capital reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation surplus, or reversal of such a transaction, is recognised in profit or loss.

Depreciation is calculated on the straight line basis at such rate as will write off the carrying value of the assets over the period of their expected useful lives. Land is not depreciated. The annual rates are as follows:

Freehold buildings	2½%
Plant, machinery, furniture, fixtures and equipment	10%
Motor vehicles	20%
Computer equipment	22½%

At the date of revaluation, the accumulated depreciation on the revalued freehold property is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. On disposal of the asset the balance of the revaluation reserve is transferred to retained earnings.

(d) Inventories

Inventories are stated at the lower of cost and fair value less costs to sell, cost being determined on the first-in, first-out basis. Fair value less costs to sell is the estimated selling price in the ordinary course of business, less selling expenses. Obsolete inventory is expensed in cost of sales.

(e) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows. Non financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

cash and cash equivalents, account receivables, related parties and investment securities.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Financial instruments - classification, recognition and derecognition and measurement

A financial instrument is any contract that gives rise to both a financial asset for one entity and a financial liability or equity of another entity. In these financial statements, financial assets comprise cash and cash equivalents, account receivables, related parties and investment securities.

The company adopted IFRS 9 on 1 November 2018 and has elected not to restate comparative information in accordance with the transitional provisions in IFRS 9. As a result, the comparative information provided continues to be accounted for in accordance with the company's previous accounting policy.

Classification

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The company's loans and receivables comprise trade and other receivables and cash and cash equivalents.

Application of the policy from 1 November 2018

Financial assets

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired and the accounting policy for each category as follows:

Fair value through profit or loss

These are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive income in the finance income or expense line. The company does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortized cost

These assets arise principally from the provision of goods and services to customers (for example, trade receivables), but also incorporates other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Financial instruments - classification, recognition and derecognition and measurement (cont'd)

Application for the policy from 1 November 2018

Impairment

Impairment provisions for current and non-current trade receivables are recognized based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized within the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognized based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognized. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognized. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognized.

Recognition and initial measurement

Financial instruments are classified, recognized and measured in accordance with the substance of the terms of the contracts. The company recognizes a financial instrument when it becomes a party to the contractual terms of the instrument. The company initially recognizes receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognized when the company becomes a party to the contractual provisions of the instrument.

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

The company's financial assets measured at amortized cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments and original maturities of three months or less, and for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities in the statement of financial position.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(f) Financial instruments - classification, recognition and derecognition and measurement (cont'd)

Recognition and initial measurement

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial liabilities

The company classifies its financial liabilities at amortized cost

(g) Share capital

Ordinary shares are classified as equity. Incremental cost directly attributed to the issue of ordinary shares are recognized as a deduction from equity.

(h) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

(i) Trade receivables

Trade receivables are carried at original invoiced amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the company will not collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the expected cash flows discounted at the market rate of interest for similar borrowings. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to profit or loss. Other receivables are stated at amortized cost less impairment losses.

(j) Payables

Trade and other payables are stated at amortized cost.

(k) Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(l) Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(m) Current and deferred income taxes

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

(n) Employee benefits

Employee benefits include current and short term benefits such as salaries, statutory contributions paid, annual vacation and sick leave and non-monetary benefits such as medical care.

(o) Revenue recognition

From 1 November 2018, the company adopted IFRS 15 which did not result in any adjustment s to the financial statements.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(o) Revenue recognition (cont'd)

The company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the entity and when specific criteria have been met. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and discounts.

Interest income is recognized in the statement of comprehensive income for all interest bearing instruments on an accrual basis unless collectability is doubtful.

(p) Segment reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. The operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to assess its performance and to make decisions about resources to be allocated to the segment. The CODM has been identified as the Board of Directors, in particular to the executive members, who make strategic decisions.

Based on the internal management reports presented to and reviewed by the CODM, the entire operations of the company are considered as one operating segment.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and assets and liabilities within the next financial year are discussed below:

(i) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D):

(b) Key sources of estimation uncertainty (contd'd)

(ii) Net realizable value of inventories

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. The estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period,

Estimates of net realizable value also take into consideration the purpose for which the inventory is held.

(iii) Allowance for expected credit losses on receivables

In determining amounts recorded for impairment of accounts receivable in the financial statements, management makes judgements regarding indicators of impairment, that is, whether there are indicators that suggest there may be a measurable decrease in the estimated future cash flows from accounts receivable, for example, repayment default and adverse economic conditions.

Management also makes estimates of the likely estimated future cash flows from impaired accounts receivable, as well as the timing of such cash flows. Expected credit losses (ECL) is applied to determine impairment of financial assets. When measuring ECL, the company considers the maximum contractual period over which the company is exposed to credit risk. All contractual terms are considered when determining the expected life. The expected life is estimated based on the period over which the company is exposed to credit risk and where the credit losses would be mitigated by management actions.

5. FINANCIAL RISK MANAGEMENT:

The company is exposed through its operations to the following financial risks:
- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Market risk, and
- Liquidity risk

In common with all other businesses, the company's activities expose it to a variety of risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks to minimize potential adverse effects on the financial performance of the company and the methods used to measure them.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them unless otherwise stated in this note.

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5. FINANCIAL RISK MANAGEMENT:

(a) Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Due from related party
- Bank overdraft
- Borrowings

(b) Financial Instrument by category

	2019 $	2018 $
Financial assets - loans and receivables -		
Related parties	9,975,378	198,610,379
Cash and cash equivalents	114,778,721	101,391,819
Receivables	292,978,798	266,408,444
Total financial assets	417,732,897	566,410,642
Financial liabilities - at amortized cost -		
Payables	66,967,750	46,549,391
Loans and borrowings	8,260,578	3,921,440
Related parties	446,545	123,090,042
Total financial liabilities	75,674,873	173,560,873

(c) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes, cash and cash equivalents, receivables, related party balances, payables and long term liabilities.

Due to their short-term nature, the carrying value of cash and cash equivalents, receivables and payables approximates their fair value.

(d) Financial risk factors

The Board of Directors has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The Board receives monthly reports from the financial controller through which it reviews the effectiveness of the process put in place and the appropriateness of the objective and policies it sets.

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Market risk

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from US dollar cash and bank balances. The company manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximizing foreign currency earnings and holding net foreign currency assets.

Concentration of currency risk

The company is exposed to foreign currency risk in respect of US dollar payables and cash and bank balances amounting to US513,133 (2018; US$75,540) and US$214,780 (2018: US$364,918) respectively.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the company to cash flow interest rate risk, whereas fixed rate instruments expose the company to fair value interest rate risk.

The company is primarily exposed to cash flow interest rate risk on its variable rate borrowings. The company analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

Short term deposits and borrowings are the only interest bearing assets and liabilities respectively, within the company. The company's short term deposits and borrowings are due to mature and re-price respectively, within 3 months of the reporting date.

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5. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Interest rate sensitivity

There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

There is no significant exposure to interest rate risk on borrowings.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, due from related company and cash and bank balances.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The company has policies that limit the amount of credit exposure to any one financial institution.

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of trade and other receivables and cash and cash equivalents in the statement of financial position.

Trade receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit policy states that each customer must be analyzed individually for creditworthiness before the company's standard payment and delivery terms and conditions are offered. The company's review includes bank references.

The Board of Directors determines concentrations of credit risk by quarterly monitoring the creditworthiness of existing customers and through a monthly review of the trade receivables' ageing analysis.

Credit limits for all customers are reviewed at least annually, against the customers' payment history, assessment of customers' credit risk and sales department information.

The company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Trade receivables

The expected loss rates are based on the company's historical credit losses experienced over the period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The company has identified the inflation rate of the country in which it offers its service to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The following table provides information about ECLs for trade receivables as at 31 October 2019

Aging	Gross Carrying Amount $	Expected Loss Rate %	ECL Allowance $
Trade receivables:			
0-30 days	48,228,345	1	525,804
31-60 days	17,138,883	4	711,714
61-90 days	2,930,213	1	29,302
90-120 days	14,325,423	9	1,261,929
120 and over	56,756,885	14	7,987,329
	139,379,749		10,516,078

Movements in the impairment allowance for trade receivables as follows:

	2019 $	2018 $
At 1 November 2018 IAS 39	-	-
Restated through opening retained earnings	2,913,922	-
Impairment loss during the year	7,602,156	-
	10,516,078	-

(iii) Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

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NOTES TO THE FINANCIAL STATEMENTS

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Liquidity risk management process

The company's liquidity management process, as carried out within the company and monitored by the Finance Department, includes:

(i) Monitoring future cash flows and liquidity on a bi-weekly basis.
(ii) Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
(iii) Maintaining committed lines of credit.
(iv) Optimizing cash returns on investments.

The table below presents the undiscounted cash flows (both interest and principal cash flows) of the company's financial liabilities based on contractual rights and obligations as well as expected maturity.

Cash flows of financial liabilities

The maturity profile of the company's financial liabilities, based on contractual undiscounted payments, is as follows:

	Within 1 Year J$	1 to 2 Years J$	2 to 5 Years J$	Over 5 Years J$	Total J$
31 October 2019					
Payables	66,967,750	-	-	-	66,967,750
Short term loans	8,260,578	-	-	-	8,260,578
Related companies	-	-	-	446,545	446,545
Total financial liabilities (contractual maturity dates)	75,228,328	-	-	446,545	75,674,873
31 October 2018					
Payables	46,549,391	-	-	-	46,549,391
Long term loans	700,000	500,000	-	-	1,200,000
Related companies	-	-	-	123,090,042	123,090,042
Total financial liabilities (contractual maturity dates)	47,249,391	500,000	-	123,090,042	170,839,433

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5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Financial risk factors (cont'd)

(iv) Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the company defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The board of directors also monitors the level of dividends to stockholders.

There are no particular strategies to determine the optimal capital structure. The company met the capital requirements of at least $50,000,000 for listing on the Junior Market of the Jamaica Stock Exchange. There are no other external capital maintenance requirements to which the company is subject.

6. REVENUE:

	2019 $	2018 $
Sale and distribution of pharmaceutical products	729,451,037	636,174,735

7. OTHER OPERATING INCOME:

	2019 $	2018 $
Interest received	319,279	433,338
Commission	62,646	211,691
Miscellaneous	400,525	168,192
	782,450	813,221

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NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2019

8. EXPENSES BY NATURE:

Total cost of sales, administrative, selling and other operating expenses

	2019 $	2018 $
Cost of sales recognized as an expense	268,777,844	243,383,661
Salaries, wages and statutory contributions	133,794,566	119,443,363
Directors' fees	2,805,279	2,670,000
Telephone	3,729,898	3,238,627
Electricity	6,227,090	4,204,992
Water rates	326,035	305,842
Rent	46,128,927	7,832,834
Audit and accounting fees -		
Current year	3,400,000	2,700,000
Prior year	-	91,041
Assets tax	-	206,986
Subscription and donations	707,924	631,769
Gift	1,725,502	858,486
Printing, stationery and office supplies	3,355,950	3,106,786
Security	5,081,885	4,307,039
Insurance	8,665,205	8,167,161
Repairs and maintenance - furniture and equipment	7,480,749	2,918,215
Maintenance fee - building	471,816	52,784
Trade licence, registration fee and trademark	1,519,975	220,700
Bank charges and interest	3,500,142	2,914,302
Staff welfare	6,416,307	4,534,106
Legal and professional fees	5,950,084	-
Drug permit	262,129	400
Interest and penalty	9,448,053	716,183
Cleaning and Sanitation	291,280	310,000
Contract labour	1,794,102	1,657,345
Advertising and promotion	10,312,667	5,647,985
Packaging	459,443	292,864
Bad debt	-	1,617,871
Bad debt provision	7,602,156	-
Postage and delivery	474,411	529,634
Motor vehicles, travel and entertainment	45,216,637	37,551,881
Royalties	7,500,000	7,500,000
Finance charge	160,531	60,424
Miscellaneous	1,051,676	1,546,306
Depreciation	12,261,522	14,031,068
	606,899,785	483,250,655

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NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

9. FINANCE COSTS:

	2019 $	2018 $
Loan interest expense	196,728	11,209,463

10. TAXATION EXPENSE:

Taxation is based on the operating results for the year, adjusted for taxation purposes, and comprises income tax @ 25%.

	2019 $	2018 $
Current taxation	-	19,540,238
Deferred taxation (Note 18)	(3,117,744)	(1,196,149)
Taxation charge in statement of profit or loss and other comprehensive income	(3,117,744)	18,344,089

The tax on profit before taxation differs from the theoretical amount that would arise, using the applicable tax rate of 25%, as follows:

	2019 $	2018 $
Profit before taxation	127,844,361	138,045,376
Tax calculated at the applicable tax rates	31,961,090	34,511,344
Adjusted for the effects of:		
Expenses not deductible for tax purposes	6,853,067	4,859,175
Net effects of other charges and allowances	(1,251,926)	(2,151,019)
Employment tax credit	-	(8,374,388)
Remission of taxes	(37,562,231)	(9,304,874)
Deferred taxation	(3,117,744)	(1,196,149)
Taxation charge in statement of profit or loss and other comprehensive income	(3,117,744)	18,344,089

In the previous year, income tax was computed based on profits for nine (9) months ended July 31, 2018 as a result of the company's listing on the Junior Market of the Jamaica Stock Exchange effective August 2018. Consequently, the company is entitled to a remission of taxes for ten (10) years providing it adheres to the rules and regulations of the Junior Market of the Jamaica Stock Exchange as follows:

Years 1 - 5	100%
Years 6 - 10	50%

The financial statements have been prepared on the basis that the company will have the full benefits of the tax remission.

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NOTES TO THE FINANCIAL STATEMENTS

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11. EARNINGS PER STOCK UNIT:

	2019 $	2018 $
Net profit attributable to stockholders	136,111,692	119,701,287
Weighted average number of stock unit in issue	1,332,536,649	1,332,536,649
Earnings per stock unit (cents per share)	0.10	0.09

Basic earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the number of ordinary stock units in issue at year end.

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NOTES TO THE FINANCIAL STATEMENTS

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12. PROPERTY, PLANT AND EQUIPMENT:

Year ended 31 October 2019

	Land $	Leasehold Improvements & Building $	Furniture, Fixtures & Equipment $	Computer $	Motor Vehicles $	Signs $	Total $
Net book value							
1 November 2018	27,700,000	32,782,500	1,616,097	2,643,380	27,673,384	9,453	92,424,814
Disposal	-	-	-	-	(3,300,413)	-	(3,300,413)
Additions	-	54,956,860	78,741	-	5,236,051	-	60,271,652
Depreciation	-	(1,057,500)	(266,546)	(1,650,560)	(9,277,465)	(9,452)	(12,261,523)
31 October 2019	27,700,000	86,681,860	1,428,292	992,820	20,331,557	1	137,134,530
At cost or valuation	27,700,000	97,256,860	6,845,577	10,623,309	64,476,518	63,401	206,965,665
Depreciation	-	(10,575,000)	(5,417,285)	(9,630,489)	(44,144,961)	(63,400)	(69,831,135)
31 October 2019	27,700,000	86,681,860	1,428,292	992,820	20,331,557	1	137,134,530

Year ended 31 October 2018

	Land $	Building $	Furniture, Fixtures & Equipment $	Computer $	Motor Vehicles $	Signs $	Total $
Net book value							
1 November 2017	27,700,000	33,840,000	844,896	3,492,002	38,886,351	33,793	104,797,042
Additions	-	-	983,026	675,814	-	-	1,658,840
Depreciation	-	(1,057,500)	(211,825)	(1,524,436)	(11,212,967)	(24,340)	(14,031,068)
31 October 2018	27,700,000	32,782,500	1,616,097	2,643,380	27,673,384	9,453	92,424,814
At cost or valuation	27,700,000	42,300,000	6,766,836	10,623,309	73,440,467	63,401	160,894,013
Depreciation	-	(9,517,500)	(5,150,739)	(7,979,929)	(45,767,083)	(53,948)	(68,469,199)
31 October 2018	27,700,000	32,782,500	1,616,097	2,643,380	27,673,384	9,453	92,424,814

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NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

13. RECEIVABLES:

	2019 $	2018 $
Trade receivables	139,379,749	121,047,186
Less: expected credit loss	(10,516,078)	-
	128,863,671	121,047,186
Prepayments	3,028,790	1,968,534
Shareholders' loan	135,590,400	135,590,400
Other	25,495,937	7,802,324
	292,978,798	266,408,444

14. CASH AND BANK BALANCES:

	2019 $	2018 $
Petty cash	201,121	150,680
Cash on hand	6,852,425	10,765,358
First Global Bank - Savings Account	367,855	367,855
National Commercial Bank Jamaica Limited - Foreign Currency Account	31,098,578	12,723,785
National Commercial Bank Jamaica Limited - Current Account	7,574,261	6,431,988
National Commercial Bank Jamaica Limited - Savings Account	13,965,079	29,740,296
GK Capital Account	6,895,575	34,746,033
Sagicor Bank Jamaica Limited - Current Account	1,762,100	203,637
Sagicor Bank Jamaica Limited - Savings Account	8,255,181	5,324,434
Sagicor Bank Jamaica Limited - Foreign Currency Savings Account	37,806,546	937,753
	114,778,721	101,391,819

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NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

15. SHARE CAPITAL:

	2019 $	2018 $
Authorized -		
4,863,553,500 ordinary shares		
Stated capital -		
Issued and fully paid-		
1,332,536,649 ordinary shares of no par value	244,576,999	244,576,999

In August 2018, the company raised additional capital through an initial public offer.

a) The authorized ordinary shares were increased from 15,535,000 to 4, 863,553,500. On 20 June 2018, the shareholders passed resolution to increase the authorized share capital of the company by 50,000,000 shares bringing the authorized share capital to 65,635,000 shares. The shareholders also approved the sub-division of each share into 74.1, resulting in a total of 4,863,553,500 shares.

b) The sub-division of 74.1 for each of the 15,635,000 shares in issue prior to the public invitation resulted in 1,158,553,500 shares which together with the 173,983,149 shares issued to the general public in August 2018 as part of the company's initial public offering brought the total issued shares to 1,332,536,649.

c) The proceeds of sale of the 173,983,149 shares issued to the general public in August 2018 amounted to $248,802,844 less transaction cost of $19,860,845.

16. CAPITAL RESERVE:

	2019 $	2018 $
At 1 November 2018	105,773,595	105,773,595
Movement during year -		
Profit on disposal fixed assets	5,149,587	-
At 31 October 2019	110,923,182	105,773,595
Representing -		
Revaluation surplus on land and building	99,307,105	99,307,105
Profit on sale of fixed assets	11,616,077	6,466,490
	110,923,182	105,773,595

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NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

17. LONG-TERM LOAN:

	2019 $	2018 $
9.9% National Commercial Bank Jamaica Limited Loan 2021	-	1,097,159
	-	1,097,159
Less current portion (Note 21)	-	(616,382)
	-	480,777

National Commercial Bank Jamaica Limited loan is secured by bill of sale over one motor vehicle registered in the company's name.

18. DEFERRED TAXES:

Deferred taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%. The movement on the deferred tax account is as follows:

	2019 $	2018 $
Balance at beginning of year	3,117,744	4,313,893
Credit to statement of profit or loss and other comprehensive income (Note 10)	(3,117,744)	(1,196,149)
	-	3,117,744

Deferred taxation represents accelerated tax depreciation.

19. DIRECTORS' CURRENT ACCOUNT:

Director current account is unsecured and interest free with no fixed repayment terms.

20. PAYABLES:

	2019 $	2018 $
Trade payables	54,289,097	19,442,689
General consumption tax	4,117,522	8,311,396
Other payables and accruals	9,007,676	18,795,306
	67,414,295	46,549,391

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NOTES TO THE FINANCIAL STATEMENTS

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21. SHORT-TERM BORROWINGS:

	2019 $	2018 $
9.9% National Commercial Bank Jamaica Limited - Loan 2021	-	616,382
National Commercial Bank Jamaica Limited - Credit Card Account	7,859,873	2,227,710
Sagicor Bank Jamaica Limited - Credit Card Account	400,705	596,571
	8,260,578	3,440,663

22. RELATED PARTY TRANSACTIONS AND BALANCES:

(a) Key management compensation -

	2019 $	2018 $
Salaries and other short-term benefits	20,256,667	20,064,167
Directors' emoluments -		
Directors' fees	2,805,279	2,670,000
Management remuneration (above)	20,256,667	20,064,167

(b) Year end balances arising from transactions with related companies

	2019 $	2018 $
Due from -		
Beta IRS Holdings Inc.	-	54,034,496
Mercury Wireless Limited	9,975,378	43,419,702
Winfra Development Limited	-	6,561,726
Starfish Bay Holdings Limited	-	10,502,176
Hanolu GVM Holdings Limited	-	8,690,482
Alpha Holdings Limited	-	75,401,797
	9,975,378	198,610,379
Due to -		
Sandy GVM Holdings Limited	-	110,974,441
Bioprist Holdings Limited		10,941,698
Bioprist Las America Limited.	-	1,173,903
	-	123,090,042

The company is related to the above companies by having similar ownership and/or management control. Balances due from and/or due to these companies have no set repayment terms and are interest free. There are guarantees given by related parties for loans extended to the company (see Note 21).

The director's current account

The directors' balances are unsecured, interest free and have no set repayments terms.

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23. DIVIDENDS:

	2019 $	2018 $
Dividends paid at .08 per stock units	106,602,932	-

24. STAFF COSTS:

Staff costs for the year amounted to $133,794,566 - (2018 - $119,443,363), while the number of employees at year end was sixty nine (69) (2018 - 54).

25. CHANGES IN ACCOUNTING POLICIES:

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue Recognition on the company's financial statements.

(a) Impact on financial statements

The company has adopted IFRS 9 and IFRS 15 for the financial year ended 31 October 2019 which resulted in a change in the company's accounting policies. As explained in note 3, IFRS 9 and IFRS 15 were generally adopted without restating comparative information. The reclassifications and adjustments arising from the new impairment rules are therefore not reflected in the statement of financial position at 31 October 2018, but are recognized in the opening retained earnings on 1 November 2018.

The effect of initially applying these standards is mainly attributed to the following;

- An increase in impairment losses recognized on financial assets
- Additional disclosures related to IFRS 9
- Additional disclosures related to IFRS 15

Except for the changes below, the company has consistently applied the accounting policies as set out in note 3 to all periods presented in these financial statements.

(b) IFRS Financial instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, reclassification and measurement of financial assets and financial liabilities, de-recognition of financial instruments and impairment of financial assets.

The adoption of IFRS 9 'Financial Instruments' from 1 November 2018 resulted in changes in accounting policies. The new accounting policies are set out in note 3 above. In accordance with transitional provisions in IFRS 9, comparative figures have not been restated.

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NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

25. CHANGES IN ACCOUNTING POLICIES (CONT'D):

(b) IFRS Financial instruments (cont'd)

The impact of transition to IFRS 9 on opening retained earnings is as follows:

Closing balance under IAS 39 (31 October 2018)	318,285,581
Recognition of expected credit losses under IFRS 9:	
Trade receivables	(2,913,922)
Opening balance under IFRS 9 (1 November 2018)	315,371,659

IFRS 9 contains three principal classification categories for financial assets:

- Amortized cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit or loss (FVTPL)

IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

The following table and the accompanying notes explain the original measurement categories of loans and receivables under IAS 39 and the new measurement categories of amortized cost under IFRS 9 for each class of the company's financial assets as at 1 November 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 November 2018 relates solely to the new impairment requirements.

	Original classification	New classification under IFRS 9	IAS 9 carrying amount at 31 October 2018	Re-Measurement	IFRS 9 carrying amount At 1 November 2018
			$'000	$'000	$'000
Financial assets					
Cash and bank balances	Loans and receivables	Amortized cost	266,408,444	-	266,408,444
Receivables	Loans and Receivables	Amortized cost	121,047,186	(2,913,922)	118,132,264
			387,455,630	(2,913,922)	384,541,708

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NOTES TO THE FINANCIAL STATEMENTS

31 OCTOBER 2019

25. CHANGES IN ACCOUNTING POLICIES (CONT'D):

(c) Impairment of financial assets

The company's trade receivables and cash and cash equivalents are subject to IFRS 9's new expected credit loss model.

Trade receivables

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. This resulted in increased impairment provisions and greater judgement due to the need to factor in forward looking information when estimating the appropriate amount of provisions. In applying IFRS 9 the company considered the probability of a default occurring over the contractual life of its trade receivables balances on initial recognition of those assets.

This resulted in an impact of $2,913,922 to the opening retained earning s as at 1 November 2018

Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, there was no identified impairment loss.

(d) IFRS 15 Revenue Recognition

IFRS 15 replaces the provisions of IAS 18 that relate to revenue recognition. IFRS 15 introduces the principle that revenue must be recognized when the goods or services are transferred to the customer, at the transaction price.

The adoption of IFRS 15 Revenue Recognition from 1 November 2018 resulted in changes in accounting policies. The accounting policies under IAS 18 and IFRS 15 are set out in note 3 above. In accordance with the transitional provisions in IFRS 15, comparative figures have not been restated.

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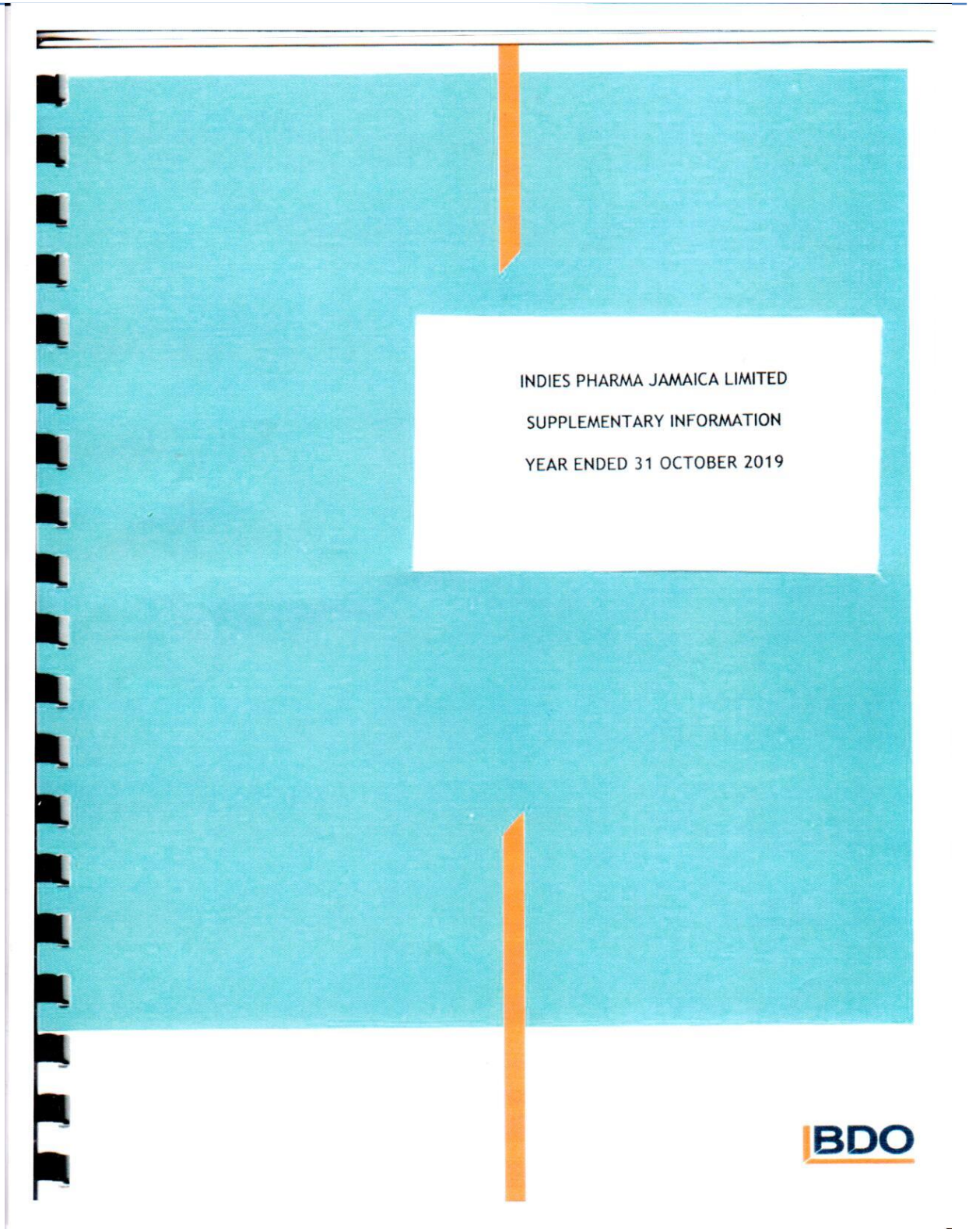

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SUPPLEMENTARY INFORMATION

YEAR ENDED 31 OCTOBER 2019

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COMBINED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 OCTOBER 2019

	2019 $	2018 $
OPERATING PROFIT -		
Pharmaceutical division (page 2)	118,469,816	133,159,037
Trident Pharmacy (page 5)	9,374,545	4,886,339
PROFIT BEFORE TAXATION	127,844,361	138,045,376

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DETAILED STATEMENT OF PROFIT OR LOSS

PHARMACEUTICALS DISTRIBUTION DIVISION

YEAR ENDED 31 OCTOBER 2019

	2019 $	2018 $
SALES	664,056,901	580,288,719
COST OF SALES:		
Opening inventories	148,144,624	159,456,810
Purchases and freight charges	226,912,112	195,866,014
	375,056,736	355,322,824
Closing inventories	(147,754,192)	(148,144,624)
	227,302,544	207,178,200
GROSS PROFIT	436,754,357	373,110,519
Other income -		
Interest	259,810	372,506
Foreign exchange gains	4,707,387	-
Miscellaneous	400,525	168,391
	5,367,722	540,897
	442,122,079	373,651,416
EXPENSES:		
Administrative and other operating (page 3)	215,870,995	139,292,485
Selling and distribution (page 4)	107,624,009	85,447,545
Financial (page 4)	(357,259)	15,752,349
	323,652,263	240,492,379
OPERATING PROFIT	118,469,816	133,159,037

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ADMINISTRATIVE AND OTHER OPERATING EXPENSES

PHARMACEUTICALS DISTRIBUTION DIVISION

YEAR ENDED 31 OCTOBER 2019

	2019 $	2018 $
ADMINISTRATIVE AND OTHER OPERATING EXPENSES:		
Salaries, wages and statutory contributions	80,846,508	71,573,565
Directors' Fees	2,805,279	2,670,000
Telephone	3,550,516	3,062,300
Electricity	5,577,239	3,552,963
Water rates	188,194	158,440
Audit and accounting fees -		
Current year	3,400,000	2,700,000
Prior year	-	91,041
Assets tax	-	271,986
Subscription and donations	707,924	631,769
Gift	1,725,502	858,486
Printing, stationery and office supplies	3,076,332	2,606,703
Security	3,317,984	2,569,052
Insurance	8,267,609	8,009,382
Repairs and maintenance - furniture and equipment	7,063,649	2,434,699
Maintenance fee - building	471,816	52,784
Rent	45,030,853	6,743,834
Trade licence and registration fee	1,427,475	132,200
Motor vehicle	9,445,294	8,054,028
Bank charges and interest	3,333,789	2,772,571
Staff welfare	6,381,952	4,461,205
Legal and professional fees	5,950,084	-
Drug permit	262,129	400
Interest and penalty	9,448,053	716,183
Cleaning and sanitation	291,280	310,000
Miscellaneous	940,421	928,235
Depreciation	12,161,113	13,930,659
	215,670,995	139,292,485

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SELLING, DISTRIBUTION AND FINANCIAL EXPENSES

PHARMACEUTICALS DISTRIBUTION DIVISION

YEAR ENDED 31 OCTOBER 2019

	2019 $	2018 $
SELLING AND DISTRIBUTION:		
Salaries, wages and statutory contributions	44,558,870	39,633,556
Contract labour	1,395,119	1,359,008
Advertising and promotion	9,862,667	5,018,059
Packaging	459,443	292,864
Bad debt	-	1,617,871
Bad debt provision	7,602,156	-
Postage and delivery	474,411	528,334
Motor vehicles, travel and entertainment	35,771,343	29,497,853
Royalties	7,500,000	7,500,000
	107,624,009	85,447,545
FINANCIAL:		
Loan interest	196,728	11,209,463
Loss on exchange	-	4,482,462
Finance charge and commitment fees	160,531	60,424
	357,259	15,752,349

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DETAILED STATEMENT OF PROFIT OR LOSS

TRIDENT PHARMACY DIVISION

YEAR ENDED 31 OCTOBER 2019

	2019 $	2018 $
SALES	65,394,135	55,886,016
COST OF SALES:		
Opening inventories	7,048,898	6,746,605
Purchases and freight charges	43,608,419	36,507,754
	50,657,317	43,254,359
Closing inventories	(9,182,018)	(7,048,898)
	41,475,299	36,205,461
GROSS PROFIT	23,918,836	19,680,555
Other income -		
Interest	59,469	60,832
Commission	62,646	211,491
	122,115	272,323
	24,040,951	19,952,878
EXPENSES:		
Administrative and general (page 6)	(14,666,406)	(15,066,539)
OPERATING PROFIT	9,374,545	4,886,339

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ADMINISTRATIVE AND GENERAL EXPENSES

TRIDENT PHARMACY DIVISION

YEAR ENDED 31 OCTOBER 2019

	2019 $	2018 $
Salaries, wages and statutory contributions	8,389,188	8,236,241
Rent	1,098,074	1,089,000
Telephone	179,382	176,327
Electricity	649,851	652,029
Water rate	137,841	147,402
Printing and stationery and office supplies	279,618	500,083
Contract labour	398,983	298,337
Travel and entertainment	-	1,300
Security	1,763,901	1,739,987
Insurance	397,596	157,779
Repairs and maintenance	417,100	483,516
Bank charges and interest	166,353	142,844
Registration fee	27,500	23,500
Staff welfare	34,355	72,900
Miscellaneous	111,255	614,959
Advertising and promotion	450,000	629,926
Trade licence	65,000	-
Depreciation	100,409	100,409
	14,666,406	15,066,539

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The BDO Member Firm in Jamaica has branch offices located in Mandeville, Montego Bay and Ochi Rios and has been providing clients with personalised service since 1963. BDO provides the full range of professional services, which include assurance, accounting, taxation, company secretarial, accounting support services and various business advisory and corporate finance services to our clients.

BDO, a Jamaican firm, is a member of BDO International Limited, a UK company limited by guarantee and forms a part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member firms.

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Our Strength

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Awards and Accolades

2006 National Quality Award for Excellence in Business by the Bureau of Standards-Jamaica.

2006 Best New Business of the Year Award by the Montego Bay Chamber of Commerce and Industry Jamaica.

2007 Employment Creations Award by the PSOJ as an initiative from Cable and Wireless Jamaica to recognize the entrepreneurial activities in Jamaica for creating sustainable employment.

2008 - National Quality Award for Excellence in Business received from the Prime Minister of Jamaica/Bureau of standards and Ministry of Industry and Commerce-Jamaica

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2009 - Century International Quality ERA Award in Geneva-Switzerland by the Business Initiative Directions from Madrid, Spain in recognition of its Total Quality Management.

2009 - Nation Builder Award by the NCB Foundation – Jamaica for its INNOVATION in the business.

2011 – National Quality Award for Excellence in Business by the Bureau of Standards-Jamaica.

2015 - Nominated for CIVIC LEADERSHIP AWARD by the American Chamber of Commerce in Jamaica under the individual and organization categories.

2016 – Nominated for "2016 ENTREPRENEUR OF THE YEAR AWARD" by the Jamaica Chamber of Commerce.

2018 - Nominated for EXCELLENCE IN CIVIC LEADERSHIP AWARD by the American Chamber of Commerce in Jamaica in the individual category.

2018 – AWARDED for EXCELLENCE IN CORPORATE SOCIALY RESPONSIBILITY by the American Chamber of Commerce in Jamaica.

2018 - Jamaican Pharmaceutical Industry Award awarded by Pharmaceutical Society of Jamaica For Indies Pharma's the sterling contribution to the industry by Indies Pharma.

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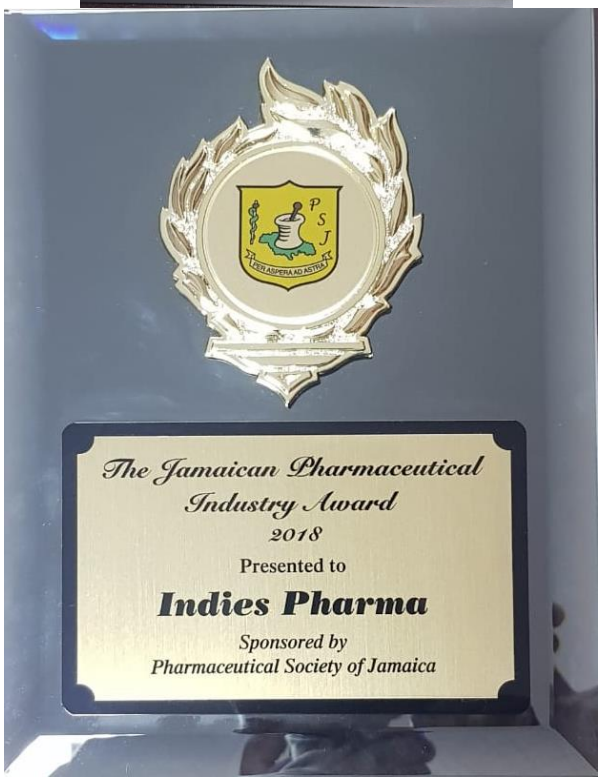

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CSR - Corporate Social Responsibility

Indies Pharma has significantly demonstrated its 'GOOD CORPORATE CITIZEN' role through the following activities:

1. Initiated in 2008 "Freedom From Asthma a Breath Away" by bringing awareness of newer and much safer Anti Asthma inhalers on par with first world Nations by offering a free inhaler to the Asthmatics in Jamaica and encourage them to enroll on NHF program through their medical doctors. This initiative was aimed to have a collective one time savings of J$5.8Million to the end users.

2. In the early 2009 brought immense awareness amongst public, judicial and health care fraternities about the patent laws in Jamaica and made the generic AMLODIPINE available in Jamaica by fighting the global giant in the Pharmaceutical industry (Pfizer). This has made Indies Pharma to earn great respect from the Medial & Pharmaceutical fraternity while it has empowered every Jamaican citizen to access the generic AMLODIPINE at a phenomenally low cost. The fruit of Indies Pharma initiative has saved the Nation directly and indirectly up to J$200 Million per annum until today.

3. In 2009 once again donated US$50,000 worth of Asthma Inhalers to several public hospitals in Jamaica.

THE GLEANER, MONDAY JUNE 30, 2008 | NEWS

Asthmatics to get relief from Indies Pharma

Janet Silvera
Senior Glisson Writer

WESTERN BUREAU

SOME 1,800 asthmatics in the low-income group are to benefit from the Indies Pharma's "Freedom from Asthma Just a Breath Away" social programme, unveiled two weeks ago by the western Jamaica local pharmaceutical company.

In keeping with its motto "Caring for the Nation's Health", the company's president and chief executive officer, Dr. Gaon Muppuri, told The Gleaner that the initiative, valued at J$5.6 million, was about alleviating the pain and distress of the many Jamaicans suffering from bronchial asthma.

Indies Pharma, facilitated by 500 pharmacies islandwide, has donated its brand Salmeterol (Salmeterol 25mcg + Fluticasone 125/250mcg aerosolation) inhalers to needy people affected by the respiratory disease.

"These inhalers are to be offered to two new asthma patients per month, for the next three months," Dr Muppuri explained, adding that new patients are those who could not previously afford the medicine.

They are those who "do not have a valid National Health Fund (NHF) benefit and are willing to enrol immediately for NHF benefits through their physicians and the pharmacists and must have a valid prescription issued by a medical practitioner."

NHF SUBSIDY

Even after the NHF subsidy is applied, Dr Muppuri noted that the asthmatics' prospectuses' economic status remains an uphill task and many are unable to co-pay between J$1,000 and $1,400 for the bronchiolar, the previous brand of Salmeterol.

The company's efforts have been lauded by president of the Pharmaceutical Society of Jamaica, Verna Edwards.

Commenting on the initiative at her organisation's 80th anniversary conference at the Rose Hall Resort and Country Club in Montego Bay yesterday, Edwards said, "It will assist in making the drug more accessible to asthmatics who must be on good maintenance therapy."

According to Edwards, the initiative should also help to take the pressure off the accident and emergency units in the island's hospitals.

INSIBILITY

Research has shown that the majority of asthmatics in Jamaica are affected by their inability to access newer medications. Higher costs associated with the newer medications and lack of comprehensive health insurance plans make it difficult for the medicines to be accessed by the average or lesser income group communities.

"Our aim is to assist 600 asthma patients per month for the next three months," said Dr Muppuri, who noted that the 1,800 patients combined would have an estimated $5.7 million.

He said each new patient will be given one inhaler and thereafter will be able to access the product at a cost of $100 to $200 per inhaler by availing for NHF benefits.

FACT BOX

- Some 35,601 people were seen for asthma at public accident and emergency departments in 2006
- 52.4 per cent or 18,004 were males
- The total number of hospital discharges for asthma in 2006 was 1,818, down from 2,087 in 2005

Golding questions purpose of Patois Bible

PRIME MINISTER Bruce Golding has added his voice to the ongoing debate about a decision by a church group to translate the Bible from English to Patois.

Golding said the plan was a signal that the education system had failed to successfully impart to society the accepted language.

The plan by the Bible Society of the West Indies to publish a Patois version of the Bible, expected to cost $60 million over 12 years, has sparked a raging debate over the relevance and appropriateness of the project.

The prime minister, who was addressing graduates during the annual graduation and prize-giving at the Kingsway High School on Osborne Road, St Andrew, yesterday added his voice to the discussions.

"We've always thought that we needed a second language, but I thought that when we were talking about a second language that we were talking about an international language, whether French, Spanish or German. Something that can allow us easier access to other parts of the world," he said.

"But no, we're talking about Patois, as if there's any other country that will understand what we're saying," added Golding, whose remarks gained resounding applause from the teachers and

4. Has demonstrated its generosity as single largest donor pharmaceutical company donating US$207,000 worth of medical supplies to Haiti Earthquake Relief in the name of JAMAICA.

5. Indies Pharma participates every year actively in promoting continuing education programs in conjunction with the Medical & Pharmacist fraternities in Jamaica so that through this mode the fraternities are empowered to offer better and quality treatment to the patients.

6. 2015 & 2016 conducted knowledge exchange program for Jamaican children with the United States Medical Universities. The program is destined to educate and expose our Jamaican Children to the global developments in Heath Care education and thereby motivating them to become the world class citizens in the modern health care industry.

PERPETUAL CSR PROGRAMS:

From 2018:

- *Annual Student Scholarship program was implemented to support Medical and Pharmacy students attending UWI and UTech.*

- *Support is being extended to "HOPE CLINIC" by Good Shepherded Foundation in Montego Bay, by way of donating free medicines up to $500,000 to $1Million every year to the needy citizens of our society attending the clinic.*

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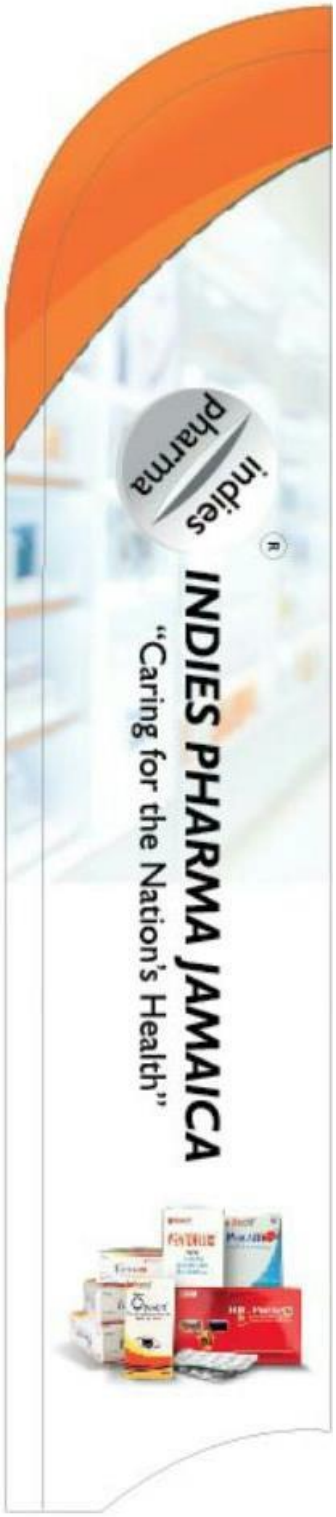
"MAKING MEDICINES

AVAILABLE & AFFORDABLE"



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