



**2019-2020**

**2<sup>nd</sup> Quarter Unaudited Financial Report ending 30 April 2020**

**INDIES PHARMA JAMAICA LIMITED**

“Caring for the Nation’s Health”

[www.indiespharma.com](http://www.indiespharma.com)



**2019-2020**  
**2<sup>nd</sup> Quarter Unaudited Financial Report**  
**Period ending 30 April 2020**



# INDIES PHARMA JAMAICA LIMITED

"Caring for the Nation's Health"

## RELEASE TO SHAREHOLDERS

### UNAUDITED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 April 2020.

The Board of Directors of Indies Pharma Jamaica Limited is pleased to present to our shareholders our second quarter unaudited financial results for the financial period ended April 30, 2020.

	3 Months Ended 30 - April - 2020	3 Months Ended 30 - April - 2019	Year over year	6 Months Ended 30 - April - 2020	6 Months Ended 30 - April - 2019	Year over year	Audited Year Ended October 31, 2019
Revenue	207,240,447	193,115,311	7.3%	400,962,510	361,297,924	11%	729,451,037.00
Gross Profit	150,268,956	132,944,698	13%	278,127,488	251,187,207	10.7%	460,673,193.00
Comprehensive Income	69,233,200	36,019,987	92.2%	108,842,820	84,626,847	28.6%	136,111,691.98
Earnings per share (EPS)	0.05c	0.03c	66.7%	0.08c	0.06c	33.3%	0.10c
Total Assets	1,441,882,489	721,349,906	99.9%	1,441,882,489	721,349,906	99.9%	770,905,886
Shareholder's Equity	874,787,718	646,695,833	35.3%	874,787,717	646,695,833	35.3%	695,231,013

For the six months ended April 30, 2020, Indies Pharma Jamaica limited achieved revenues of J\$400.962 million, representing an increase of 11% or J\$39.66 million over the corresponding period in 2019. Growth was also achieved in profitability, as total gross profit for the six-month period was J\$278.12 million, representing an 10.7% or J\$26.94 million compared with 2019.

Net profit increased significantly to J\$108.84 million from \$84.63 Mil, a J\$24.21 million or 28.60% increase over the six months when compared with the corresponding period in the previous year.

Earnings per share (EPS) for the six-month period increase to J\$0.08 cents per share compared to J\$0.06 cents in the prior period 2019. This book value EPS of J\$0.08 reflects a 33.3% or J\$0.02 increase in shareholders' equity over the corresponding period in 2019.

Despite severe fluctuations and downward performance of the stock market due to COVID19 pandemic, Indies Pharma stock price closed at J\$2.35 on April 30, 2020, representing an increase 56.7% or J\$0.85 per share since the company's Junior Market Listing on the Jamaica Stock Exchange (JSE) in August 2018.

Administrative and other expenses increased to J\$173.89 million, which represents a J\$1.51 million increase compared to same period in the prior year, mainly due to costs related to increase in business activity. Significant increases were incurred for depreciation and lease costs. Also, the adoption of IFRS 16 'leases' which requires the lessee to record a liability for the remaining contractual life of the lease payments. There has also been a slight decrease in trade payables.

Shareholders' equity increased by 35.3% or J\$228.09 million to J\$874.78 million when compared to the similar quarter in the previous year, as a result of the revaluation of company's asset and an increase in retained earnings for the period.

Current liabilities increased by 562% (J\$467.26 million), predominantly due to the short-term loan borrowed to purchase land which will be used for the construction of Indies Pharma Ja Ltd Corporate Office and warehousing.

- ❖ The company currently incurred a debt of \$398.75 mil, which represent land cost for corporate head office and warehousing.
- ❖ The Company's liquidity position remains healthy with a current ratio of 1.58:1, meaning that the company has J\$1.58 of current assets for every J\$1 of current liabilities.

Sincerely Yours



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

09 June 2020.

**INDIES PHARMA JAMAICA LIMITED**  
**Unaudited Statement of Comprehensive Income**  
**For the second quarter ended April 30, 2020**

	Three Months Ended April 30, 2020	Three Months Ended April 30, 2019	Six Months Ended April 30, 2020	Six Months Ended April 30, 2019	Audited Year Ended October 31, 2019
	\$	\$			\$
<b>REVENUE</b>	<b>207,240,447</b>	<b>193,115,311</b>	<b>400,962,510</b>	<b>361,297,924</b>	<b>729,451,037</b>
COST OF SALES	(56,971,491)	(60,170,614)	(122,835,022)	(110,110,717)	(268,777,844)
<b>GROSS PROFIT</b>	<b>150,268,956</b>	<b>132,944,698</b>	<b>278,127,488</b>	<b>251,187,207</b>	<b>460,673,193</b>
Other operating income	150,629	35,012	848,999	144,017	782,450
Administrative and other expenses	150,419,585	132,979,710	278,976,487	251,331,225	461,455,644
	(81,612,568)	(99,792,241)	(173,389,313)	(171,876,229)	(338,121,941)
<b>PROFIT FROM OPERATION</b>	<b>68,807,017</b>	<b>33,187,469</b>	<b>105,587,174</b>	<b>79,454,996</b>	<b>123,333,703</b>
Exchange Gain/(Loss)	(273,816)	(497,799)	2,555,647	218,992	4,707,387
Finance Cost (Loan Interest)	-	(119,680)	-	(196,728)	(196,728)
<b>NET PROFIT BEFORE TAXATION</b>	<b>68,533,201</b>	<b>32,569,989</b>	<b>108,142,821</b>	<b>79,477,260</b>	<b>127,844,361</b>
Taxation	-	-	-	-	3,117,744
<b>NET PROFIT FOR THE PERIOD</b>	<b>68,533,201</b>	<b>32,569,989</b>	<b>108,142,821</b>	<b>79,477,260</b>	<b>130,962,105</b>
OTHER COMPREHENSIVE INCOME					
Profit on the sale of Fixed Assets	699,999	3,449,998	699,999	5,149,587	5,149,587
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>69,233,200</b>	<b>36,019,987</b>	<b>108,842,821</b>	<b>84,626,847</b>	<b>136,111,692</b>
<b>EARNINGS PER SHARE</b>	<b>0.05c</b>	<b>0.03c</b>	<b>0.08</b>	<b>0.06</b>	<b>0.10c</b>

**INDIES PHARMA JAMAICA LIMITED**  
**Unaudited Statement of Financial Position**  
**For the second quarter ended April 30, 2020**

	Six Months Ended April 30, 2020	Six Months Ended April 30, 2019	Audited Year Ended October 31, 2019
	\$	\$	\$
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment	703,939,849	86,850,337	137,134,530
Related Companies	6,802,871		9,975,378
<b>CURRENT ASSETS</b>			
Inventories	144,578,046	199,303,620	156,936,210
Receivables	366,726,773	167,180,458	292,978,798
Taxation recoverable	2,567,222	2,460,943	2,541,479
Cash and cash equivalents	153,328,446	80,433,022	114,778,721
Related companies	-	135,591,100	-
Director's Current Account	63,939,281	49,530,425	36,779,647
	<u>731,139,768</u>	<u>634,499,569</u>	<u>623,795,978</u>
<b>TOTAL ASSETS</b>	<b><u>1,441,882,488</u></b>	<b><u>721,349,906</u></b>	<b><u>770,905,886</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	244,576,999	244,576,999	244,576,999
Revaluation reserve	182,337,065	105,773,595	110,923,182
Retained earnings	447,873,653	296,345,240	339,730,832
	<u>874,787,717</u>	<u>646,695,833</u>	<u>695,231,013</u>

**INDIES PHARMA JAMAICA LIMITED**  
**Unaudited Statement of Financial Position**  
**For the second quarter ended April 30, 2020**

	Six Months Ended April 30, 2020	Six Months Ended April 30, 2019	Audited Year Ended October 31, 2019
<b>NON-CURRENT LIABILITIES</b>			
Long term loans/Lease	99,837,466		-
Deferred taxation	-	4,068,274	-
	99,837,466	4,068,274	-
<b>CURRENT LIABILITIES</b>			
Payables	68,507,305	69,875,964	67,414,295
Short Term loans	398,750,000		8,260,578
Related Company (Royalty)	-	709,834	-
Directors loan	-	-	-
Taxation			-
	467,257,305	70,585,799	75,674,873
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,441,882,488</b>	<b>721,349,906</b>	<b>770,905,866</b>

*Approved for issue by the Board of Directors on and signed on its behalf by:*



Guna Sekhar Muppuri – Director



Vishnu Vandana Muppuri – Director



**INDIES PHARMA JAMAICA LIMITED**  
**Unaudited Statement of Changes in Equity**  
**For the second quarter ended April 30, 2020**

	Number of Stock Units \$	Share Capital \$	Capital Reserve \$	Retained Earnings \$	Total \$
<b>Balance at 1 November 2018</b>	<b>1,332,536,649</b>	<b>244,576,999</b>	<b>105,773,595</b>	<b>318,285,581</b>	<b>668,636,175</b>
IFRS 9 Financial Instruments		-			
Dividends				(106,602,931)	(106,602,931)
<b>Other Comprehensive Income</b>					
Other Comprehensive Income				35,742	35,742
<b>Prior year adjustment</b>				35,742	35,742
<b>NET PROFIT</b>				<b>84,626,847</b>	<b>84,626,847</b>
<b>Balance at 30 April 2019</b>	<b>1,332,536,649</b>	<b>244,576,999</b>	<b>105,773,595</b>	<b>296,345,239</b>	<b>646,695,833</b>
<b>Balance at 31 October 2019</b>	<b>1,332,536,649</b>	<b>244,576,999</b>	<b>110,923,182</b>	<b>339,730,832</b>	<b>695,231,013</b>
<b>Balance at 1 November 2019</b>	<b>1,332,536,649</b>	<b>244,576,999</b>	<b>110,923,182</b>	<b>339,730,832</b>	<b>695,231,013</b>
Revaluation			70,713,884		70,713,884
<b>Total Comprehensive Income</b>					
Other Comprehensive income			699,999		699,999
<b>NET PROFIT</b>		<b>-</b>	<b>-</b>	<b>108,142,821</b>	<b>108,142,821</b>
<b>Balance at 30 April 2020</b>	<b>1,332,536,649</b>	<b>244,576,999</b>	<b>182,337,065</b>	<b>447,873,653</b>	<b>874,787,717</b>

**INDIES PHARMA JAMAICA LIMITED**  
**Unaudited Statement of Cash Flows**  
**For the second quarter ended April 30, 2020**

	Six Months Ended April 30, 2020	Six Months Ended April 30, 2019
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit	108,142,822	79,477,260
Adjustment for		
Depreciation	25,083,125	5,037,861
Interest expense	4,814,709	196,728
Gain on asset Disposal	-	5,149,587
Interest Income	(159,063)	(144,017)
Taxation	-	-
	<b>137,881,593</b>	<b>89,717,419</b>
<b>Changes in operating assets and liabilities</b>		
Trade Receivables	(73,747,975)	99,227,986
Inventories	12,358,164	(44,110,098)
Trade payables	1,093,010	23,326,573
Related company	(15,058,055)	(49,287,032)
Directors a/c	(7,378,512)	(12,750,778)
GCT Recoverable	25,743	(2,014,564)
	55,173,969	104,109,505
Taxation paid		(20,811,448)
<b>Net Cash used in operating activities</b>	<b>55,173,969</b>	<b>83,298,057</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	159,063	144,017
Purchase of fixed assets	(411,418,598)	(65,515)
Disposal Proceed of fixed assets	700,000	3,450,000
<b>Net cash used in investing activities</b>	<b>(410,559,535)</b>	<b>3,528,502</b>



**INDIES PHARMA JAMAICA LIMITED**  
**Unaudited Statement of Cash Flows**  
**For the second quarter ended April 30, 2020**

	Six Months Ended April 30, 2020	Six Months Ended April 30, 2019
	\$	\$
<b>CASH FLOWS FROM FINANCE ACTIVITIES</b>		
Loan Received	398,750,000	-
Share Issue	-	-
Director loan	-	-
Interest paid	(4,814,709)	(196,728)
Dividends paid	-	(106,602,931)
loan repayment	-	(985,697)
<b>Net cash provided by financing activities</b>	<b>393,935,291</b>	<b>(107,785,356)</b>
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>38,549,725</b>	<b>(20,958,797)</b>
Cash and cash equivalents at beginning of year	<b>114,778,721</b>	<b>101,391,819</b>
<b>CASH AND CASH EQUIVALENT AT YEAR END</b>	<b>153,328,446</b>	<b>80,433,022</b>

## **1. IDENTIFICATION AND ACTIVITIES**

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

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

## **2. BASIS OF PREPARATION**

These condensed unaudited interim financial statements for the 'Six Months ended April 30, 2020' have been prepared in accordance with IAS 34 – Interim Financial Reporting. The interim financial statements should be read in conjunction with the audited financial statements ended 31<sup>st</sup> October 2019 which have been prepared in accordance with The International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB). The accounting policies are consistent with those applied to the audited financial statements for the year ended 31 October 2019, except for the adoption of IFRS 16 'Leases' which became effective 1 January 2019.

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

### **IFRS 16 'Leases'**

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

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

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



### 3. RECEIVABLES

	2020 \$	2019 \$
Trade Receivables	170,011,189	149,808,645
Prepayments	4,578,326	103,028
Related Party	135,590,400	-
Other	56,546,858	17,268,786
	<b><u>\$366,726,773</u></b>	<b><u>\$167,180,458</u></b>

❖ Approximately \$41,907,956 of the 'OTHER' receivables amount \$56,546,858 was paid as a deposit towards the ANDA - abbreviated new drug development for the USA market.

### 4. RELATED COMPANIES

	2020 \$	2019 \$
Mercury Wireless Ltd	6,000,000	700
Bioprist Holdings Inc	802,871	135,590,400
	<b>6,802,871</b>	<b>135,591,100</b>

### 5. LONG-TERM LOANS

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

## 6. SHORT-TERM LOANS

	2020 \$	2019 \$
First Global Bank Jamaica Ltd	-	-
National Commercial Bank Ltd	-	-
Sagicor Bank Jamaica Ltd	-	-
Bioprist Holdings Inc	398,750,000	-
	<u>398,750,000</u>	<u>-</u>

## 7. TAXATION

	2020 \$	2019 \$
Company Tax	(2,029,220)	(2,029,220)
With-Holding Tax	(538,002)	(431,724)
	<u>(2,567,222)</u>	<u>(2,460,944)</u>

## 8. LEASE PROPERTY IFRS 16

	2020 \$	2019 \$
Lease Properties (Indies & Trident)	99,837,466	-
	<u>99,837,466</u>	<u>-</u>

## 9. EFFECT OF ADOPTION OF IFRS 16

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

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

	<b>November 1, 2019</b>
Operating Lease commitments disclosed as at 31 October 2019	\$134,140,590.00
Discounted using the incremental borrowing rate at the date of initial application	\$114,824,756.00
<b>Lease Liabilities recognized on adoption of IFRS 16 on 1 November 2019</b>	<b>\$114,824,756.00</b>

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

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

On 1 November 2019, the company incurred depreciation charges of \$18,800,953 to 30 April 2020 on the right-of-use assets and interest expense of \$4,592,993 to 30 April 2020 on the lease liabilities during the period.

## TOP TEN (10) SHAREHOLDERS

SHAREHOLDERS	NUMBER OF UNITS	SHAREHOLDING %
Bioprist Holdings Inc.	1,042,858,249	78.26%
Sunand Gogineni	44,903,438	3.37%
GK Investments Limited	39,761,365	2.98%
Venugopal Naidu Kuntamukkala	23,171,070	1.74%
VM Wealth Equity Fund	15,000,000	1.13%
SAGICOR Select Fund Limited (Class C Shares) Manufacturing & Distribution	10,688,828	0.80%
GK General Insurance Company Limited	7,439,961	0.56%
E Penny Barron	7,192,281	0.54%
JCSD Trustee Services Limited A/C Barita Unit Trust Capital Growth Fund	5,967,082	0.45%
Jason Carby	5,700,000	0.43%
<b>TOTAL</b>	<b>1,202,682,274</b>	<b>90.26%</b>
Other Minority Shareholders	129,854,375	9.74%
<b>TOTAL ISSUED SHARES</b>	<b>1,332,536,649</b>	<b>100%</b>

## SHAREHOLDINGS OF DIRECTORS

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

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

## MANAGEMENT HOLDINGS

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