



2019-2020

3rd Quarter Unaudited Financial Report - ending 31 July 2020

INDIES PHARMA JAMAICA LIMITED

“Caring for the Nation’s Health”

www.indiespharma.com



2019-2020

3rd Quarter Unaudited Financial Report

Period ending July 31, 2020



INDIES PHARMA JAMAICA LIMITED

"Caring for the Nation's Health"

RELEASE TO SHAREHOLDERS

UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 31 JULY 2020.

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

	3 Months Ended 31 - July -2020	3 Months Ended 31- July-2019	Year over year	9 Months Ended 31- July - 2020	9 Months Ended 31-July-2019	Year over year	Audited Year Ended Oct 31, 2019
Revenue	164,870,772	214,515,381	-23.1%	565,833,282	575,813,306	-1.7%	729,451,037
Gross Profit	119,252,123	135,823,320	-12.2%	397,379,611	387,010,527	2.7%	460,673,193
Comprehensive Income	50,639,247	33,616,074	50.6%	159,482,067	118,242,921	34.9%	136,111,692
Earnings per share (EPS)	0.04c	0.03c	33.3%	0.12c	0.09c	33.3%	0.10c
Total Assets	1,303,229,345	746,389,089	74.6%	1,303,229,345	746,389,089	74.6%	770,905,886
Shareholder's Equity	738,871,833	680,311,906	8.6%	738,871,833	680,311,906	8.6%	695,231,013

For the Nine months ended July 31, 2020, Indies Pharma Jamaica limited achieved revenues of J\$565.83 million, representing a decrease of 1.7% or J\$9.98 million over the corresponding period in 2019. This outcome resulted from the delay in shipments due to Covid-19 which led to items being out of stock.

Though revenue was decreased, growth and profitability for the nine-month ended July 2020 is shown through an increase in Gross profit and Net profit of 2.7% or J\$10.369 million and 34.9% or J\$41.239 million, respectively.

Administrative and other expenses decreased by J\$29.693 million compared to the same period in the prior year. This was mainly due to the decline in rent, vehicle expenses, IT, security, and lack of one-off expenses such as Interest penalty.

- ❖ Earnings per share (EPS) for the nine-month period increased to J\$0.12c/share compared to J\$0.09c/share in the prior period 2019.
- ❖ This book value EPS of J\$0.12c/share reflects a 33.3% or J\$0.03c/share increase in shareholders' equity over the corresponding period in 2019.
- ❖ Additionally, the Indies Pharma stock price closed at J\$2.94c on July 31, 2020, representing an increase of 96% or J\$1.44c per share since the company's Junior Market listing on the 15 Aug, 2018, on the Jamaica Stock Exchange (JSE).
- ❖ The Company paid dividends of \$186.555 million on the 30 July 2020.

Shareholders' equity increased by 8.6% or J\$58.559 million when compared to the similar quarter in the previous year. The reason for this is the revaluation of company's asset and an increase in retained earnings for the period.

Liabilities increased by 754% (J\$498.280 million) this was predominantly due to loan for the purchase of land which will be used for the construction of Indies Pharma Ja Ltd Corporate Office and 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.

- ❖ The Company's liquidity position remains healthy with a current ratio of 1.27:1, meaning that the company has J\$1.27 of current assets for every J\$1 of current liabilities.
- ❖ The current return on equity (ROE) is 21.5% compared to 17.4% in the similar period in the prior year. This shows a strong indication of how well Indies Pharma Jamaica Limited is managing its assets to create profits.

Sincerely Yours



Vishnu V. Muppuri (Mrs.)
Co-Founder, Executive Director & COO
31 August 2020.

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

	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Nine Months Ended July 31, 2020	Nine Months Ended July 31, 2019	Audited Year Ended Oct 31, 2019
	\$	\$			\$
REVENUE	164,870,772	214,515,381	565,833,282	575,813,306	729,451,037
COST OF SALES	(45,618,649)	(78,692,061)	(168,453,671)	(188,802,779)	(268,777,844)
GROSS PROFIT	119,252,123	135,823,320	397,379,611	387,010,527	460,673,193
Other operating income	666,032	226,557	1,515,031	370,574	782,450
Administrative and other expenses	119,918,157	136,049,877	398,894,644	387,381,102	461,455,644
	(72,652,112)	(103,858,487)	(246,041,425)	(275,734,716)	(338,121,941)
PROFIT FROM OPERATION	47,266,044	32,191,391	152,853,218	111,646,386	123,333,703
Exchange Gain/(Loss)	3,373,202	1,509,949	5,928,849	1,728,940	4,707,387
Finance Cost (Loan Interest)	-	(85,265)	-	(281,994)	(196,728)
NET PROFIT BEFORE TAXATION	50,639,247	33,616,074	158,782,068	113,093,334	127,844,361
Taxation	-	-	-	-	3,117,744
NET PROFIT FOR THE PERIOD	50,639,247	33,616,074	158,782,068	113,093,334	130,962,105
OTHER COMPREHENSIVE INCOME					
Profit on the sale of Fixed Assets	-		699,999	5,149,587	5,149,587
TOTAL COMPREHENSIVE INCOME	50,639,247	33,616,074	159,482,067	118,242,921	136,111,692
EARNINGS PER SHARE	0.04c	0.03c	0.12	0.09	0.10c

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

	Nine Months Ended July 31, 2020	Nine Months Ended July 31, 2019	Audited Year Ended October 31, 2019
	\$	\$	\$
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	698,282,578	86,418,684	137,134,530
Lease Property Related Companies			9,975,378
CURRENT ASSETS			
Inventories	134,819,488	188,267,932	156,936,210
Receivables	269,361,039	197,037,823	292,978,798
Taxation recoverable	-	2,465,744	2,541,479
Cash and cash equivalents	134,759,856	70,876,115	114,778,721
Related companies	-	137,795,577	-
Director's Current Account	66,006,384	63,527,214	56,560,769
	<u>604,946,767</u>	<u>659,970,405</u>	<u>623,795,978</u>
TOTAL ASSETS	<u>1,303,229,345</u>	<u>746,389,089</u>	<u>770,905,886</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	244,576,999	244,576,999	244,576,999
Revaluation reserve	182,337,065	105,773,595	110,923,182
Retained earnings	311,957,769	329,961,312	339,730,832
	<u>738,871,833</u>	<u>680,311,906</u>	<u>695,231,013</u>

INDIES PHARMA JAMAICA LIMITED
Unaudited Consolidated Statement of Financial Position
(Continued)
For the third quarter ended July 31, 2020

	Nine Months Ended July 31, 2020	Nine Months Ended July 31, 2019	Audited Year Ended October 31, 2019
	\$	\$	\$
NON-CURRENT LIABILITIES			
Long term loans/Lease	88,460,208		-
Deferred taxation	-	4,068,274	-
	88,460,208	4,068,274	-
CURRENT LIABILITIES			
Payables	46,728,161	59,424,076	67,414,295
Short Term loans	398,750,000		8,260,578
Related Company (Royalty)	1,250,000	2,584,834	-
Related Companies	25,356,743	-	-
Taxation	3,812,400		-
	475,897,304	62,008,910	75,674,873
TOTAL EQUITY AND LIABILITIES	1,303,229,245	746,389,089	770,905,866

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 Consolidated Statement of Changes in Equity
For the third quarter ended July 31, 2020

	Number of Stock Units \$	Share Capital \$	Capital Reserve \$	Retained Earnings \$	Total \$
Balance at 1 November 2018	1,332,536,649	244,576,999	105,773,595	318,285,581	668,636,175
IFRS 9 Financial Instruments		-			
Dividends				(106,602,931)	(106,602,931)
Other Comprehensive Income					
Other Comprehensive Income				35,742	35,742
Prior year adjustment					
NET PROFIT				118,242,921	118,242,921
Balance at 31 July 2019	1,332,536,649	244,576,999	105,773,595	329,961,312	680,311,906
Balance at 31 October 2019	1,332,536,649	244,576,999	110,923,182	339,730,832	695,231,013
Balance at 1 November 2019	1,332,536,649	244,576,999	110,923,182	339,730,832	695,231,013
Dividend Paid				(186,555,131)	(186,555,131)
Revaluation			70,713,884		70,713,884
Total Comprehensive Income					
Other Comprehensive income			699,999		699,999
NET PROFIT		-	-	159,482,067	159,482,067
Balance at July 31 2020	1,332,536,649	244,576,999	182,337,065	311,957,769	738,871,833

INDIES PHARMA JAMAICA LIMITED
Unaudited Consolidated Statement of Cash Flows
For the third quarter ended July 31, 2020

	Nine Months Ended July 31, 2020	Nine Months Ended July 31, 2019	Audited Year Ended Oct 31, 2019
	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit	158,782,068	113,093,334	130,962,105
Adjustment for			
Depreciation	36,966,858	8,102,042	12,261,523
Interest expense	7,111,205	281,994	196,728
Gain on asset Disposal	-	5,149,587	-
Interest Income	(287,443)	(191,125)	(319,279)
			(2,913,922)
Taxation	-	-	(3,117,744)
	202,572,687	126,435,831	137,069,411
Changes in operating assets and liabilities			
Trade Receivables	23,617,759	69,370,621	(26,570,354)
Inventories	22,116,722	(33,074,410)	(1,742,688)
Trade payables	(20,686,134)	12,874,685	20,864,904
Related company	12,108,747	(48,840,103)	65,544,959
Directors a/c	(9,445,615)	(26,747,567)	(19,781,122)
GCT Recoverable	1,270,921	(2,303,769)	(61,313)
	231,555,086	97,715,289	175,323,797
Taxation paid		(23,596,616)	(7,974,000)
Net Cash used in operating activities	231,555,086	74,118,672	167,349,797
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	287,443	191,125	319,279
Purchase of fixed assets	(417,645,060)	(5,404,879)	(60,271,652)
Disposal Proceed of fixed assets	700,000	8,450,000	8,450,000
Net cash used in investing activities	(416,657,616)	3,236,246	(51,502,373)

INDIES PHARMA JAMAICA LIMITED
Unaudited Consolidated Statement of
Cash Flows (Continued)
For the third quarter ended July 31, 2020

	Nine Months Ended July 31, 2020	Nine Months Ended July 31, 2019	Audited Year Ended Oct 31, 2019
	\$	\$	\$
CASH FLOWS FROM FINANCE ACTIVITIES			
Loan Received	398,750,000	-	4,339,138
Share Issue	-	-	-
Director loan	-	-	-
Interest paid	(7,111,205)	(281,994)	(196,728)
Dividends paid	(186,555,131)	(106,602,931)	(106,602,932)
loan repayment	-	(985,697)	-
Net cash provided by financing activities	205,083,664	(107,870,622)	(102,460,522)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	19,981,135	(30,515,704)	13,386,902
Cash and cash equivalents at beginning of year	114,778,721	101,391,819	101,391,819
CASH AND CASH EQUIVALENT AT YEAR END	134,759,856	70,876,115	114,778,721

1. IDENTIFICATION AND ACTIVITIES

INDIES PHARMA JAMAICA LIMITED is a limited liability company incorporated under the laws of Jamaica on the 09th day of December 2003 and domiciled in Jamaica. The registered office of the company is Unit #5 Montego Bay Trade Centre, Catherine Hall, Montego Bay, St James. The principal activity of the company is the distribution and retailing of pharmaceutical and auxiliary products. The company by special resolution dated 4th November 2014 converted from a private to a public company. The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange on the August 15th, 2018.

2. BASIS OF PREPARATION

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

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

IFRS 16 'Leases'

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

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

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

3. RECEIVABLES

RECEIVABLES	Unaudited Year to date July 2020	Unaudited Year to date July 2019
	\$	\$
Trade Receivables	149,136,210	178,208,157
Prepayments	-	-
Related Party	-	-
Other	120,224,829	18,829,666
	<u>269,361,039</u>	<u>197,037,823</u>

- ❖ **Approximately \$101,281,545 of the 'OTHER' receivables was paid, as a deposit towards drug development for the USA market.**

5. RELATED COMPANIES

RELATED COMPANIES	Unaudited Year to date July 2020	Unaudited Year to date July 2019
	\$	\$
Mercury Wireless Ltd	(34,628)	892,763
Hanolu GVM Holdings Ltd (Intercompany)	884,768	-
Bioprist Holdings Inc	(26,206,883)	136,902,814
	<u>25,356,743</u>	<u>137,795,577</u>

6. LONG-TERM LOANS

LONG-TERM LOANS	Unaudited Year to date July 2020 \$	Unaudited Year to date July 2019 \$
First Global Bank Jamaica Ltd	-	-
National Commercial Bank Ltd	-	-
Sagicor Bank Jamaica Ltd	-	-

7. SHORT-TERM LOANS

SHORT-TERM LOANS	Unaudited Year to date July 2020 \$	Unaudited Year to date July 2019 \$
Bioprist Holdings	398,750,000	-
	398,750,000	-

8. TAXATION

	Unaudited Year to date July 2020 \$	Unaudited Year to date July 2019 \$
Company Tax	(2,029,220)	(2,029,220)
With-Holding Tax	5,841,620	(436,525)
	3,812,400	(2,465,745)

9. LEASE PROPERTY IFRS 16

	Unaudited Year to date July 2020 \$	Unaudited Year to date July 2019 \$
Lease Properties (Indies & Trident)	88,460,209	-
	88,460,209	-

10. EFFECT OF ADOPTION OF IFRS 16

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

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

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

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

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

As of 1st November 2019, the company incurred depreciation charges of \$27,444,305 up to the reporting period 31 July 2020 on the right-of-use assets. Interest expense of \$6,586,633 is also charged on the lease liabilities during the same 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	40,266,541	3.02%
Venugopal Naidu Kuntamukkala	23,171,070	1.74%
VM Wealth Equity Fund	13,695,613	1.03%
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%
TOTAL	1,201,883,063	90.20%
Other Minority Shareholders	130,653,586	9.80%
TOTAL ISSUED SHARES	1,332,536,649	100%

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	-	-
Dev Kumar Singh	NIL	-	-

COMPANY SECRETARY	TOTAL SHAREHOLDING	DIRECT	CONNECTED PARTIES
Venice Williams-Gordon	48,058	48,058	--

MANAGEMENT HOLDINGS

SENIOR MANAGERS / EXECUTIVES	TOTAL SHAREHOLDINGS	DIRECT	CONNECTED PARTIES
Ricardo Stephenson	101,000	101,000	-
Sabrina Serrant	65,000	65,000	-
Ebany Gayle	77,900	77,900	-
Dwight Brown	50,000	50,000	-